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| LFC Requester: | Liu |
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AGENCY BILL ANALYSIS
2023 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply: Date 01/29/23
Original Amendment Bill No: HB85
Correction Substitute

Agency Name
and Code
Sponsor: Rehm Number: PED - 924
Short Person Writing Gregory Frostad
Title: PUBLIC SCHOOL Phone: 505-470-5752 Email: gregory.frostad@ped.nm.gov

SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY23 | FY24 | FY25 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|--------------------|------|----------------------|------------------------------|------------------|
| Total | None | \$37,800 – 59,400* | | | | |

(Parenthesis () Indicate Expenditure Decreases)

*See Fiscal Impact for how range was calculated.

Duplicates/Conflicts with/Companion to/Relates to: None

Duplicates/Relates to Appropriation in the General Appropriation Act: None

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 85 (HB85) would create a new section in the Public School Code to require a school district with student enrollment greater than 40 thousand to prepare a redistricting plan to divide itself into two or more school districts. Each newly created school district would be required to be as similar as possible in geographic size, student membership, and property tax base, and would be required to have least one high school.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

If funding is available, members of the task force - responsible for assisting a school district with its redistricting plan - who are not local school board members or public employees would be entitled to receive per diem and mileage pursuant to the provisions of the Per Diem and Mileage Act.

Subsection F of the bill would allow PED to contract for services with experts in the areas of school district redistricting, taxation, and other specialties necessary for the study.

Budget impact. NCSL sent information regarding the Utah law requiring cost assessment before a district can be divided. It is available as an attachment to this FIR. Challenged in court, the division did occur; its successors are the Jordan School District, now with approximately 58,000 students and the Canyons School District, which now has about 34,000 students. Here is information from the court decision about the cost of the division:

To demonstrate they were substantially interested in and affected by the election from which they were excluded, the voters marshal evidence detailing the detachment's impact—most notably the financial consequences they will experience because of the split. These include both short- and long-term property tax increases, an abiding property tax disparity with the detaching school district, debt servicing obligations, and approximately \$40.5 million in division costs (as opposed to \$25.8 million for the new district). On top of these financial costs lie significant logistical and administrative burdens, including appointing a transition team, allocating property between the districts, and transferring educators and personnel. Finally, the detachment affects the Jordan School District's self-governance in the short term—the district must hold elections for its new school board as a result of the separation—as well as in the long term. [City of Herriman v. Bell](#), 590 F.3d 1176, 1180 (10th Cir. 2010).

Applying this information to the costs of dividing Albuquerque Public Schools in 2023 requires correcting for inflation between 2007 and 2023, but probably not for the relatively small difference in the size of the Utah and New Mexico districts (in 2007, the predecessor district, Jordan, was 41st in the country in size, with 77,000 students, and the Albuquerque School District was 29th, with 92,000 students. Albuquerque Public Schools enrollment in December, 2022 was 69,000. Presumably costs of splitting a district are not much different for districts of these similar sizes. The two Utah districts together now have more students than APS does. According to the Department of Labor [online inflation calculator](#), \$100 in 2007 is worth \$146.63 in December, 2022. Applying this rate to the amounts given in the quoted paragraph above results in the following amounts: \$25.8 million (2007) = \$37.8 million (Dec. 2022); \$40.5 million (2007) = \$59.4 million (Dec. 2022).

SIGNIFICANT ISSUES

Albuquerque Public Schools (APS) would be the only school district impacted by the provisions of this bill. During the 2022-2023 school year, the school district's enrollment was 69,146.

Section 22-4-2 NMSA 1978 allows PED to order the creation of a new school district under only three circumstances:

- receipt of a resolution from the school board of the existing district requesting the new district;
- upon review of the local school board and receipt of a petition bearing signatures from 60

- percent of the registered voters within the geographic area of the proposed district; and
- upon the Secretary of Public Education’s recommendation with PED’s determination that the new district would have a minimum membership of 500, include a high school program, and be in the best interest of public education in both the existing and proposed districts.

A new school district was last created in New Mexico with the formation of Rio Rancho Public Schools (RRPS) in 1994. Local businesses and parent-teacher associations commissioned a study that concluded Rio Rancho, which was divided between APS and Jemez Valley Public Schools (JVPS), could support its own school district. After the APS and JVPS school boards signed resolutions supporting the creation of the new school district, the New Mexico State Board of Education (predecessor to PED) voted to create an independent Rio Rancho school district. It is important to note that it was the Rio Rancho community that catalyzed the creation of the district, rather than a state legislative requirement.

Logistical and legal considerations are not the only important issues to be considered with this bill. Reorganization could result in some students and families being located within a new district without teachers, faculty, and administrators with whom they may have built valued relationships. Transportation times and costs may change. School-level student growth and achievement factors, as well as graduation rates, may be impacted by the reorganization of student cohorts. Any work done to reorganize school districts into smaller units would be well served by substantial community involvement.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

PED would be required to notify a school district when the school district is required to prepare a redistricting plan, and the school district would be required to complete its plan within two years.

PED would be required to promulgate rules setting forth the procedures for the redistricting of a school district pursuant to the provisions of the bill.

PED would be required to appoint a task force to assist the school district with its redistricting plan. The task force would be required to include local school board members, employees of the school district, representatives of unions that represent school district employees, parents with students who attend public school in the school district, business and other representatives from the attendance areas of the high schools in the school district and other interested persons.

PED would be allowed to contract for services with recognized experts in the areas of school district redistricting, public finance and taxation and other specialties the department determines are necessary for the study.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

Studies have been conducted comparing student outcomes at large school districts with those at smaller school districts, while controlling for variables other than district size. Studies have found that students enrolled in smaller districts tend to perform better on standardized tests than their peers enrolled at large districts. One such study, conducted in California, came to similar conclusions. (See, Driscoll, Halcoussis, and Svorny, "School District Size and Student Performance," *Economics of Education Review*, 2003.) One in six schools in California are in districts of greater than 40 thousand students; the smallest district included in the study tested 101 students. Driscoll, et al, found that school district size hinders educational achievement; students in larger school districts score lower on standardized tests than their peers in relatively smaller school districts. Controlling for variables other than district size separately for elementary and middle schools shows negative results for both sorts of schools, though middle school students appear to experience the most negative impacts related to school district size.

A more recent review, however, conducted for a doctoral dissertation at Sam Houston State University (See Leneer, "School District Size and Academic Performance: A Multi-year Study, 2013), found that Black, Caucasian, and Hispanic students in large school districts experienced statistically significantly higher passing rates on the TAKS english language arts/reading, mathematics, science, social studies, and writing examinations, than students in moderately sized or small school districts. (A small school district would have 100-1,599 students, a moderate-size school district would have 1,600-9,999 students, and a large school district would have 10,000 or more). Further, students in moderately sized districts outscored their counterparts in small districts. The study was confined to Texas public school districts, and was conducted over a six-year period.

School quality is known to have an impact on community property values and several studies have examined the effect of school district consolidation. Generally, studies have indicated long-range effects of consolidation upon home values are positive in census tracts with lower incomes, and negative in high-income census tracts (see. e.g., Ducomb, Yinger, and Zhang, *How Does School District Consolidation Affect Property Values? A Case Study in New York*, December 2013). While the converse cannot be assumed to be true in the case of division of an existing school district, such division may likewise effect property values in undetermined ways.

Below are enrollment numbers for school districts with more than 10 thousand students:

- Las Cruces Public Schools: 23,753
- Rio Rancho Public Schools: 17,826
- Gadsden Independent School District: 12,651
- Gallup McKinley County Schools: 12,206
- Santa Fe Public Schools: 11,491
- Farmington Municipal Schools: 11,188