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## FISCAL IMPACT REPORT

SPONSOR Tsosie DATE TYPED 2/25/05 HB \_\_\_\_\_

SHORT TITLE Gallup-McKinley County School District Split SB 1019

ANALYST Baca

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$100.0			Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

### Responses Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 1019 appropriates \$100 thousand from the general fund to the Department of Indian Affairs for expenditure in FY06 to study the feasibility of creating two or more school districts from the Gallup-McKinley County school district.

#### Significant Issues

According to the PED website, the Gallup-McKinley County school district covers a 4,957 square mile area. For the 2004-05 school year, the district has an approved operating budget of approximately \$72 million (\$52.8 million state and \$19 million federal) to provide services to 13,191 students. These students are served in 35 schools: 20 elementary schools, 5 middle schools, 1 junior high school, 7 high schools and 1 charter school.

The district serves six distinct communities: Gallup, Crownpoint, Ramah, Pueblo Pintado, Thoreau and Tohatchi. According to a district transportation official, transportation of students in this district is a large operation as school buses travel nearly 9,000 miles each school day with

the yearly miles traveled approaching the 4 million mile mark. One-way distances from Gallup, where the district's central administration offices are located, to the outlying communities are as follows: Crownpoint 58 miles, Ramah 45 miles, Pueblo Pintado 98 miles, Thoreau 32 miles and Tohatchi 29miles.

The district's student population is nearly 7% Anglo, 11% Hispanic, 81% Native American and less than .5% each Afro-American and Asian. These students are served in 35 schools: 20 elementary schools, 5 middle schools, 1 junior high school, 7 high schools and 1 charter school. Of these, 68.7% receive free lunches and 8.9% are on reduced lunch schedules. Nearly 78% of the student population is on free and/or reduced school lunches.

### **FISCAL IMPLICATIONS**

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

### **OTHER SUBSTANTIVE ISSUES**

A major question that should be considered in the study is whether learning opportunities for students will be improved and whether additional costs if any, associated with "splitting" the district can be justified. Also, while the state provides a high percent of a school district's operating budget and in many cases almost all of the revenue needed for capital outlay projects, a district's property tax base can assume a significant role in how a district can provide services to students. This aspect of the feasibility study also warrants scrutiny attention.

The PED notes that:

Section 22-23A-5 NMSA 1978 established the Indian Education Division within the PED. Section 22-23A-6 NMSA 1978 established the Indian Education Advisory Council and provides that on a semiannual basis, representatives from all tribes, the Governor's Office, the New Mexico Indian Affairs Department, the Legislature, the Secretary of Education and members of the Indian Education Advisory Council shall meet to assist in evaluating, consolidating and coordinating all activities relating to the education of American Indian students. SB 1019 does not provide a role for either the Indian Education Division or the Indian Education Advisory Council in the proposed study.

### **TECHNICAL ISSUES**

The appropriation and the study are assigned to the DIA. The sponsor may wish to consider having the study and appropriation directed to the PED, an agency whose staff has some experience in the conduct and/of contracting for feasibility studies of education related issues.