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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-22-2007

SPONSOR Griego LAST UPDATED 2-26-2007 HB \_\_\_\_\_

SHORT TITLE School Closure Moratorium SB 1126/aSEC/aSCONC/aSFL#1

ANALYST Dearing

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	*NFI	Non-Recurring	General Fund
	*Please see narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to appropriations in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Attorney General's Office (AGO)  
Public Education Department (PED)

### SUMMARY

#### Synopsis of Senate Floor Amendment #1

Action on the Senate Floor amends Senate Bill 1126/aSEC/aSCONC such that;

1. Strike Senate Conservation Committee Amendment 1.
2. On page 1, line 20, strike "shall" and insert in lieu thereof "may be closed by a majority plus one vote if all members of the school board are present and voting or may".

Senate Floor amendments alter the criteria of a school-closing vote from unanimous to a super-majority of one over the majority of local school board members.

Synopsis of SCONC Amendment

The Senate Conservation Committee amends Senate Bill 1126/aSEC such that;

- 1.) On page, 1, line 20, strike “shall” and insert in lieu thereof “may be closed by unanimous vote if all members of the school board are present and voting or may”.
- 2.) On page 1, line 24, after “board” and insert in lieu thereof a comma.
- 3.) On page 2, line 2, after “affiliation” insert “, by simple majority vote”.

Senate Conservation Committee amendments make minor changes to the proposed legislation, thereby clarifying its intention. The amendments allow provisions for maintaining local school board autonomy in decisions regarding closing schools.

Synopsis of SEC Amendment

The Senate Education Committee amends Senate Bill 1126 such that;

1. On page 1, line 24, strike "six" and insert in lieu thereof "five".
2. On page 2, strike lines 12 through 14 in their entirety and renumber the succeeding paragraphs accordingly.
3. On page 3, line 3, strike "six" and insert in lieu thereof "five".
4. On page 3, line 10, strike "six" and insert in lieu thereof "five" and strike "eight" and insert in lieu thereof "seven".

Senate Education Committee amendments makes a slight change to the proposed legislation, thereby altering the legislation. The intent of the changes are such that one of the previously mentioned conditions for consideration of school closing is removed from the bill. Identification of a school for restructuring 2 under the Public Education department’s improvement system has been removed from the list of criteria signaling a school for consideration for closure. Additionally, the text of Senate Bill 1126/aSEC has been altered such that with the removal of that criteria, now only 5 of 7 criteria would need to be met in order to trigger the notification and probationary period process laid out in the provisions of the bill.

Synopsis of Original Bill

Senate Bill 1126 carries no appropriation.

The bill establishes a list of eight criteria signaling a school for consideration for closure. If a school meets 6 of 8 items, there is a notification and 2 year probation. If the school fails to improve in any areas, it can be closed.

**FISCAL IMPLICATIONS**

Senate Bill 1126 does not appear to contain an appropriation component, however, the Attorney General Office notes that by providing any additional funding to local school districts to continue

to operate schools designated for closure, the bill circumvents calculations resulting in the state equalization guarantee distribution for school district operating revenue as set forth in NMSA Section 22-8-25.

### SIGNIFICANT ISSUES

If Senate Bill 1126 is enacted, a local school board may close a school within a two-year period if six of the following criteria are met:

- (1) The school has an enrollment, on the eightieth enrollment day of the most recent school year, of less than seventy-five percent of the school's maximum students capacity published by the school district's administration, excluding portable classrooms;
- (2) The percentage of students living within a school's attendance area that are enrolled in that school on the eightieth day, determined by dividing the number of students living within a school area attending their assigned school divided by the total number of students living within the school zone is less than seventy percent;
- (3) The school has been identified as restructuring 2 under the department's school improvement system;
- (4) The school facility is considered functionally obsolete;
- (5) More than ten years have elapsed since the last facility upgrades or remodels in excess of five hundred thousand dollars (\$500,000);
- (6) The current facility is out of conformity to building or safety codes;
- (7) The current facility needs upgrades or remodeling that exceeds five hundred thousand dollars (\$500,000) in cost; and
- (8) There has been a cumulative drop of twenty-five percent or more in the enrollment of pre-school and school-age children during the prior three-year period.

If a public school meets six of the eight conditions listed, the school's principal, teachers, students, parents and neighborhood shall be formally notified of the school's eligibility for closure, the school shall be placed on probation and shall have the following two academic school years to improve its standing in these areas. If the school is re-assessed and no longer meets 6 of the criteria, it will not be closed.

Testimony throughout the summer regarding funding formula impacts on districts indicates that student enrollment declines are having a devastating impact on medium size districts with a low Training and Experience Index (T&E). Many school districts have worked to cut budgets, staff and other operational expenses and are still falling significantly short in operating budgets.

Further testimony indicated that although the Legislature appropriates sufficient funding to meet school district needs, when it flows through the formula, a number of districts receive less funding than is needed to meet operating expenses while other districts receive more than needed. The funding formula study task force is working on changes to the funding formula and is expected to make recommendations to the Legislature in early fall 07 2008 and will make recommendations to the Legislature in time for the 2008 session.