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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 1st Session, 2017

Bill Number	<u>HM114/aHEC</u>	Sponsor	<u>Lundstrom, Garcia, H., Johnson, & Alcon</u>
Tracking Number	<u>.208249.1</u>	Committee Referrals	<u>HEC</u>
Short Title	<u>Study Rural Isolation Units</u>		
Analyst	<u>Simon</u>	Original Date	<u>3/11/17</u>
		Last Updated	<u>3/13/17</u>

BILL SUMMARY

Synopsis of HEC Amendment

The House Education Committee Amendment to HM114 (HM114/aHEC) adds the Legislative Finance Committee to the study rural isolation units.

Synopsis of Original Memorial

House Memorial 114 (HM114) requests that the LESC study rural isolation units and the need for change in the public school funding formula calculation of rural isolation units.

FISCAL IMPACT

Legislative memorials do not carry appropriations.

SUBSTANTIVE ISSUES

The Public School Finance Act currently allows school districts with over 10 thousand MEM with a ratio of MEM to senior high schools that are not eligible for size adjustment program units of less than 4,000-to-1 to generate additional program units. No school district has generated these units, commonly known as rural isolation program units, since FY11. Prior to that, Gallup-McKinley County Schools (GMCS) was the only school district to generate these units. HM114/aHEC notes that from 1976 to 2011 GMCS generated rural isolation units. Because rural isolation units are only generated by high schools that were too large to qualify for size adjustment program units, declining enrollment in GMCS high schools has led to a decrease in the number of high schools eligible for rural isolation units.

The Public Education Department has calculated rural isolation units as follows:

$$Rural\ Isolation\ Units = \left[4000 - \left(\frac{MEM}{\#\ of\ High\ Schools} \right) \right] * 0.5$$

As the ratio of total school district membership to the number of high schools not generating size adjustment program units falls below 4,000-to-1, school districts receive additional units. So a school district with a ratio of 3,999-to-1 would generate one-half of a program unit. Because of this equation, the number of high schools that do not receive senior high size adjustment program units determines a school district's eligibility for rural isolation program units. In FY17 GMCS had a total MEM of 11,107 and two regular high schools that did not qualify for senior high size adjustment units. This would give GMCS a ratio of 5,554-to-1, which is larger than the 4,000-to-1 ratio that would allow the school district to qualify for rural isolation units.

OTHER SIGNIFICANT ISSUES

Between 1976 and 1989 state law provided the following formula for calculating rural isolation units:

$$\text{Rural Isolation Units} = 4000 - \frac{ADM}{\text{Senior High Schools}} * 0.5$$

“where ADM is equal to the total district average daily membership including early childhood education full-time equivalent average daily membership and special education average daily membership, and where senior high schools are equal to the number of approved regular senior high schools in the district.”

During the 1989 regular legislative session, the Legislature approved a bill that included the following formula for calculating rural isolation units:

$$\text{Rural Isolation Units} = \frac{4000 - MEM}{\text{Senior High Schools}} * 0.5$$

“where MEM is equal to the total district membership, including early childhood education full-time equivalent membership and special education membership, and where senior high schools are equal to the number of approved regular senior high schools in the district.”

The bill was signed by the governor and chaptered as Laws 1989, Chapter 221. However, it should be noted that because rural isolation units are limited to school districts with more than 10 thousand MEM, the formula included in the 1989 law will always return a negative number. It does not appear that the State Department of Education changed the calculation for rural isolation units following the passage of the 1989 law. A review of rural isolation units received by GMCS in FY08 through FY10 indicates the district was awarded units based on the formula in law prior to 1989.

RELATED BILLS

HM114/aHEC is the duplicate of SM142/aSEC, Study Rural Isolation Units.

HM114/aHEC is related to CS/SB526/aSEC, School District Size Adjustment Program Units, which would adjust the eligibility criteria for rural isolation units to allow GMCS to generate rural isolation units.

SOURCES OF INFORMATION

- LESC Files

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