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

|                        |                                    |                            |  |
|------------------------|------------------------------------|----------------------------|--|
| <b>Bill Number</b>     | <u>SB89</u>                        | <b>Sponsor</b>             | <u>Senator Rue &amp; Representative Adkins</u> |
| <b>Tracking Number</b> | <u>.205315.1</u>                   | <b>Committee Referrals</b> | <u>SEC/SFC</u>                                 |
| <b>Short Title</b>     | <u>School District Size Limits</u> |                            |  |
| <b>Analyst</b>         | <u>Force</u>                       | <b>Original Date</b>       | <u>1/30/17</u>                                 |
|                        |                                    | <b>Last Updated</b>        | <u></u>  |

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**BILL SUMMARY**

Synopsis of Bill

Senate Bill 89 (SB89) requires school districts that reach a student population greater than 40 thousand establish a new district within two years. A task force shall be appointed by the Public Education Department (PED), comprising members of the local school board and residents of the existing district, to gather data and report on the existing and proposed districts' geographic boundaries, demographics, membership, assets and liabilities, mill levies, transportation, infrastructure, and any other pertinent considerations.

**FISCAL IMPACT**

The bill appropriates \$150 thousand from the general fund to PED for expenditure in FY18 through FY20 to assist in the creation of new school districts. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

The Public School Facilities Authority (PSFA) notes the state/local match funding formula considers land value within school district boundaries to determine bonding capacity for the school districts; dividing an existing school district into two or more new school districts would alter the state/local share for the existing district and the newly formed districts. The impact on the Public School Capital Outlay fund is indeterminate at this time.

The bill entitles task force members to receive per diem and mileage reimbursement under the Per Diem and Mileage Act.

**SUBSTANTIVE ISSUES**

Only Albuquerque Public Schools (APS) has a student membership greater than 40 thousand, with FY17 enrollment of 84,039 students. The next three largest school districts are Las Cruces Public Schools (24,501), Rio Rancho Public Schools (17,058), and Gadsden Public Schools (13,474).

Under SB89, PED would require APS to divide into three school districts within two years, and appoint a task force to report on membership growth or loss projections; division of assets, liabilities, and indebtedness; capital, infrastructure, and transportation needs; geographic boundaries and population demographics; and other information to PED. The task force would consist of local school board members and residents of the existing school district.

The last time a new school district was created in New Mexico was the formation of Rio Rancho Public Schools (RRPS) in 1994. In that situation the impetus to create the new school district was community-driven. Local businesses and parent-teacher associations, concerned with the growth of the local community and crowding in their schools, commissioned a study that concluded that Rio Rancho, whose students attended 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 public school district. Under SB89, the division of APS into three smaller districts would be imposed by legislative action; it is unclear if there is significant community support for dividing APS into smaller districts.

Logistical and fiscal considerations are not the only issues of import to be considered when dividing existing school districts; other less quantifiable factors arise. Reorganization will result in some students and families being placed 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. Although community residents would sit on the task force that reports to PED on district reorganization, because the division of the original school district is triggered automatically by reaching the student membership threshold, there is no consideration of community input before the reorganization is ordered.

School quality is known to have an impact on community property values, and several studies have examined the effect of school district consolidation. Generally, although they take some time to appear, 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 could result in changes in property values.

## **ADMINISTRATIVE IMPLICATIONS**

PED may need additional staff to support the division of the old district and creation of the new. There would likely be significant administrative requirements placed upon both existing and newly created districts. While resources and personnel would be divided between existing and new school districts, they may be insufficient for the operation of the resulting districts. Additional material, facilities, and personnel may be necessary for the creation and operation of the new districts. Some issues to be addressed may include the hiring of additional personnel, particularly administrators, and the acquisition of adequate office facilities. It is uncertain if two years would be a sufficient amount of time to complete the division and creation of the new school districts.

**TECHNICAL ISSUES**

While the task force required by SB89 to report to PED on school district reorganization includes community members, there is no specificity in the bill regarding the geographic regions of the new or existing school districts from which members may be drawn. It is possible under SB89 that task force resident-members could be drawn from the same neighborhoods, leaving other areas of the existing or new school district under- or unrepresented.

**SOURCES OF INFORMATION**

- LESC Files
- Public School Facilities Authority
- Regional Education Cooperative Association

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