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FISCAL IMPACT REPORT

SPONSOR Stewart/Pinto ORIGINAL DATE 3/12/17
LAST UPDATED 3/15/17 HM _____

SHORT TITLE Study Rural Isolation Units SM 142/aSEC

ANALYST Liu

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HM114
Relates to HB541, SB526

SOURCES OF INFORMATION

LFC Files
Legislative Education Study Committee (LESC) Files

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Memorial 142 requests both the LESC and LFC to study the funding formula calculations for rural isolation units.

Synopsis of Memorial

Senate Memorial 142 requests LESC to study the funding formula calculations for rural isolation program units and report any need for changes in the formula for these units.

FISCAL IMPLICATIONS

The bill does not make an appropriation. Costs of the study will be borne by LESC and LFC.

SIGNIFICANT ISSUES

According to the LESC analysis, between 1976 and 1989 state law provided the following formula for calculating rural isolation units:

$$\text{Rural Isolation Units} = 0.5 \times \left(4000 - \frac{ADM}{\text{Senior High Schools}} \right)$$

“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.”

Laws 1989, Chapter 221, provided additional size adjustment program units to school districts and included the following formula for calculating rural isolation units:

$$\text{Rural Isolation Units} = 0.5 \times \left(\frac{4000 - MEM}{\text{Senior High Schools}} \right)$$

“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.”

This formula has remained in statute since 1989. Because rural isolation units are limited to school districts with more than 10 thousand MEM, the 1989 formula will always return a negative number. However, it does not appear that the State Department of Education changed the calculation for rural isolation units following the passage of the 1989 law and the Public Education Department currently calculates rural isolation units as follows:

$$\text{Rural Isolation Units} = 0.5 \times \left(4000 - \frac{MEM}{\text{Senior High Schools}} \right)$$

No school district has generated rural isolation program units since FY11. Prior to that, Gallup-McKinley County Schools (GMCS) was the only school district to generate these units. Rural isolation units were only generated by high schools that were too large to qualify for size adjustment program units; however, declining enrollment in rural high schools led to a decrease in the number of high schools eligible for rural isolation units.

DUPLICATION, RELATIONSHIP

This bill duplicates HM114 and relates to HB541 and SB526, which both change the rural isolation program unit formula to allow GMCS to generate additional funding.

SL/al/jle