

The bill amends the waiver application process and requirements. Class load size requirements for grades kindergarten through six are also stipulated if a waiver is granted.

Section 3 of HB94 appropriates \$2.0M from the general fund to the Public School Capital Outlay Fund (PSCOF) for expenditure in fiscal year 2025 and subsequent fiscal years to provide additional classroom space for school districts to comply with the proposed load maximums.

FISCAL IMPLICATIONS

As discussed in the significant issues section below, HB94 could result in school districts and individual schools requiring additional classroom spaces to meet lower classroom loading. Schools requiring additional classroom space may need to construct classroom additions, renovate existing spaces, convert support spaces or specialty spaces (art/music) into general classrooms, or use portables. These options will cost varying degrees of funding, which could be substantial to the school districts and/or the state.

It is difficult to estimate the potential funding need for classroom additions given the current unknowns and variables: number of classrooms needed per school, classrooms that could be renovated / converted, potential of classroom additions, etc. Based on current market conditions and economies of scale, smaller construction projects, including classroom additions, tend to have a higher total project cost per square foot than a new full school replacement project. The Public School Facilities Authority (PSFA) estimates that classroom additions could cost approximately \$1 million per classroom, based on recent existing classroom addition projects.

HB94 appropriates \$2 million from the general fund to the Public School Capital Outlay Fund, for expenditure in FY 2025 and subsequent years, for the purpose grant awards to build or acquire additional classroom space for public schools to comply with the class loading maximums required by the bill. The \$2 million appropriation could potentially fund the construction of 1 to 2 classrooms, at one school, assuming 100% state funding. This amount is woefully insufficient to fund the quantity of classroom additions that may be needed across the state. At this time it is difficult to calculate the potential classroom need across the state, and therefore a potential dollar amount that would be needed to fund the addition projects.

If the Public School Capital Outlay Council (PSCOC) is to support and fund the construction of new classroom additions to meet the mandate stipulated in HB94, a new funding program aimed at funding classrooms additions and renovations only, may need to be developed. This funding program would be similar to the current PSCOC Pre-kindergarten funding program (based on need, not the ranking). The PSCOC currently has a Standards-based funding program to fund the replacement, renovation or addition to a public school facility, which has school eligibility thresholds and requirements, set annually based on availability of funding in the Public Schools Capital Outlay Fund (PSCOF). For FY25, the top 100 schools within the FY25 weighted New Mexico Condition Index (wNMCI) Ranking were eligible to apply. Schools not within this threshold, would not be eligible to apply for the construction of additional classrooms, under the current Standards-based program.

Per Section 22-24-5.7, districts receiving PSCOC funding for capital projects, must fund the local match (a calculated percentage) of the total project cost; the state funds the state match (the remaining percentage). If school districts were to receive PSCOC funding for the purpose of constructing additional classrooms, the school districts would be responsible for funding the

local match of a project. Depending on the individual school districts' local matches, the state could fund between 100% (Zuni) to 37% of the total project, through FY26, as the 2023 SB131 temporary provision for the local match reduction is in place. Following FY26, local matches may increase.

Although schools may be mandated to increase the quantity of classrooms to meet the proposed class loading, the school districts may not have available funding to support the capital need to necessary to do so, either as a PSCOC funded project with a local match, or funded in full by the district.

Currently, the PSCOF has decreased funding availability, due to increased construction costs and the large number of PSCOC funded projects. Therefore, the PSCOF could not support this additional funding need at this time.

SIGNIFICANT ISSUES

HB94 would result in a maximum individual class load of 20 students for classes in grades kindergarten through 3rd grade. The following analysis applies to the classroom/space needs that would result from the passage of this bill. This analysis does not address additional issues, such as staffing, scheduling, operations, etc. that fall outside of the Public School Facilities Authority (PSFA) purview.

Per the Statewide Adequacy Standards, 6.27.30 NMAC, "general use classroom" is defined as "a classroom space that is or can be appropriately configured for instruction in at least the areas of language arts (including bi-lingual), mathematics and social studies." Furthermore, the net square footage requirements for specific grade levels are defined as follows (excluding storage):

- (1) Pre-Kindergarten – Kindergarten: 1000 net sf minimum
- (2) Grades 1 – 5: 800 net sf minimum

Depending on the district and school, HB94 could require schools serving kindergarten through 3rd grade to need additional classrooms to meet lower classroom loading, of 20 students per individual class. The demand for additional classrooms would vary by district and school, depending on several variables: vacant or available classrooms, enrollment by grade level, and projected enrollment growth. Final determination of classroom need per district/school depends on the number of student distribution per grade level.

Example: A school may have more second graders one year and more first graders the next, requiring flexible spaces to accommodate shifts.

Example: Under the proposed class loading in the bill, a school with 44 first grade students will now require three classrooms, whereas under current loading the same school only requires two.

Elementary schools tend to be better utilized than middle and high schools, with less available space and classrooms that could be used as additional classroom space if needed, resulting in lower flexibility to create additional space. In some cases, the statewide decline in enrollment has led to vacant classrooms or classrooms used for non-instruction purposes. Some schools have available seats in classrooms, which allows some flexibility to assign students to available seats, per grade level.

Schools Operating Under Capacity

The state has experienced a declining enrollment trend in many school districts that has led to some underutilized schools with vacant classrooms or classrooms used for non-instructional

purposes. In these situations, the districts and schools might be able to create or recapture the additional classrooms needed to accommodate the proposed loading in existing space. Generally, elementary schools operate with higher utilization rates than middle and high schools.

In many of the state’s rural districts, the proposed class loads will not be an issue from a facilities perspective. Per PED 2023-2024 40-Day Enrollment Counts, there are 18 districts (Animas, Carrizozo, Corona, Des Moines, Elida, Grady, Hondo, House, Lake Arthur, Maxwell, Mosquero, Quemado, Reserve, Roy, San Jon, Springer, Vaughn, Wagon Mound) in their entirety operating under the proposed loading. These are generally the smallest districts, with at least one classroom per grade level or subject and without projected increases in enrollment. These districts also tend to have more flexibility in creating space.

Schools Operating At Capacity

Some school districts operate at capacity, or slightly over capacity.

Example: Hobbs elementary schools utilize all their classrooms at 100% utilization throughout the school day, with 98% seat occupancy. As a result, the district has little flexibility in creating additional space. To meet the proposed loading in HB94, the schools would need to create additional classroom space.

In the example below, College Lane Elementary has classrooms operating just above the proposed maximum load. The maximum class load would need to create additional classrooms for some grade levels.

College Lane Elementary - Hobbs - 6 Additional Classrooms Needed						
Grade Levels	2023-24 Enrollment	Existing Classrooms	Avg Student per CR	Proposed Load	Classrooms Needed w/ Proposed Load	Additional Classrooms Needed
KN	82	4	21	20	5	1
1st	85	4	21	20	5	1
2nd	79	4	20	20	4	0
3rd	100	4	25	20	5	1
4th	93	4	23			0
5th	108	4	27			0
Surplus		0				
TOTAL	547	24	23		27	3

Schools Operating At or Over Capacity

HB94 could put a burden on schools with high classroom utilization, operating at or over capacity, requiring schools to create additional classroom space. In these cases, the schools may need classroom additions, renovation, to convert support spaces or specialty spaces (art/music) into general classrooms, or the use of portables. This is especially true for schools without available space. Additions or renovations could require local funding efforts or Public School Capital Outlay funding, which would require a local match to fund a portion of the project.

Schools Districts with Mixed Capacity Schools

For geographically large districts, one area may have more underutilized classrooms, while other areas do not. In some situations, each school within a district may have two to three available classrooms, but there may not be enough available classrooms in bulk in which the school can

create additional space. To balance enrollment to better utilize available classrooms, districts may need to adjust attendance boundaries.

Example: A recent utilization study for the Las Cruces Public Schools revealed a total of 38 available classrooms within the Las Cruces Public Schools, but spread across the entire district. Most schools only have two available permanent classrooms.

“Right-Sized” Schools

Several school districts across the state have implemented “right-sizing” initiatives, which resulted in improved overall building utilization. These districts have closed or consolidated schools due to enrollment declines. In some cases, the districts may have demolished these facilities or converted them to non-educational functions. To meet the proposed class loading in HB94, these districts may have to reopen buildings they may have re-purposed for non-educational functions (Moriarty-Edgewood, Las Vegas City). If the former facilities have been demolished, repurposed for other purposes, or are no longer suitable to serve as educational space, the schools would need to create additional classroom space.

Several school districts across the state have “right-sized” their school facilities by replacing the original facilities that were beyond expected life span and over capacity, with facilities that were designed and constructed to meet the needs of the current enrollment. These facilities are much smaller than the original school facilities, as calculated by the maximum allowable square footage calculator. The schools have the appropriate number of classrooms, to meet the current class loading requirements. If HB94 were to take effect, these new facilities may not accommodate the additional classroom need and could require classroom additions.

This bill could also impact schools serving kindergarten through third grade, currently in design or under construction, since the facilities were planned using a target capacity and classroom need count under the existing loading figures. As a result, these projects could face a space deficit upon opening.

Maximum Allowable Square Footage

The PSCOC has established the maximum allowable square foot guidelines for entire facilities, based on the type of school and number of students. The maximum allowable square footage for new and existing schools is calculated using a formula that accounts for all required spaces and square footages for a school, to meet the needs of the projected enrollment. The formula accounts for the current class loading and class needs. The passage of HB94 would require the formula to be modified to account for the mandated decreased class loading maximums (more classrooms), for the specified grades. This would result in higher gross square footages for schools serving kindergarten through third grade (primarily elementary schools and combination schools). PSCOC funded schools that have been designed and constructed within approximately the last decade, would likely be undersized and deficient in square footage and classroom space.

PSCOC wNMCI Ranking

Schools that would experience classroom deficiencies due to the implementation of HB94, would rise in the Public School Capital Outlay Council (PSCOC) annual wNMCI ranking, which is used to prioritize schools in need of capital funding to correct deficiencies. The rise in the ranking would be attributed to the newly deficient square footage associated with the general use classrooms minimum requirements, as defined by the New Mexico Adequacy Standards. This could result in specific schools rising in the ranking.

Portables

School districts with over capacity schools have historically relied on installing portables as temporary classroom space. However, this potential solution for additional classroom needs is problematic. The transfer and installation of portables is costly (could exceed \$100,000, depending on the distance required to transfer) and would require site work improvements (grading, sidewalks, ramps, etc.). Many school districts have made efforts in recent years to dispose of portables in their inventories and may not have the availability needed to support the increased classroom need. Most school portables in the state have surpassed their functional life spans and are in poor condition. The demand for portables may also outpace supply.

PERFORMANCE IMPLICATIONS

HB94 stipulates a three year phased approach to decrease the maximum individual class loads, to occur between the 2025-2026 school year (kindergarten and first grade), and the 2027-2028 school year (third grade). The statute indicates that the class load requirements may be waived upon application if the school district demonstrates the need for additional classroom spaces and teachers, and other requirements are met. However, the individual schools shall not be granted a waiver for more than two consecutive years.

The time and effort required to plan, design and construct additional classrooms across the state would be substantial. Planning studies, including utilization, capacity, and space needs analysis, would be needed to determine the potential classroom needs for individual schools. If design and construction of additions is necessary, a project could take a minimum of three to five years to complete. Therefore, school districts may not be able to create the additional classrooms needed to support the updated class loading requirement, within the given three-year timeframe.

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The maximum individual class load of 20 students for classes in grades kindergarten through grade 3 would not be required, and additional classrooms would not be needed to meet that demand.

AMENDMENTS

N/A