

LFC Requester:	Sunny Liu
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**AGENCY BILL ANALYSIS
2017 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply: Date 2/2/17
Original **Amendment** **Bill No:** HB46
Correction **Substitute**

Sponsor: Rep. Christine Trujillo **Agency Code:** 924
Short Title: MORATORIUM ON NEW CHARTER SCHOOLS **Person Writing:** Matt Pahl
Phone: 470-9909 **Email:** _____

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
0	0	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
0	0	0	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	(20,000)	(20,000)	(20,000)	(60,000)	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The bill proposed to enact a new section of the Charter Schools Act to establish a moratorium on the Authorization of new charter schools until after January 1, 2020.

FISCAL IMPLICATIONS

This bill will not have any major fiscal implications. Currently a cost of approximately \$20,000 is incurred annually to engage external contractors to review new charter school applications. If this bill were enacted this cost would not be incurred.

There would be no significant impact on overall school funding, as new charter schools are funded based on SEG and student membership. Charter schools do not increase the number of students funded by New Mexico; rather they serve students who would otherwise be served by another school in the public school system. Thus, there should be no major impact on the amount of money spent on school funding.

Over the past two years, there has been no growth in charter schools in New Mexico. Eight new charter schools have opened, and eight schools have closed or have been non-renewed based on a vote by their authorizers. The closure of all eight schools results in 1,789 fewer charter school students.

SIGNIFICANT ISSUES

This bill presents two major issues. First, a charter moratorium would make the state ineligible for certain federal grant programs. The PED continues to seek resources from the federal government to support the improvement of charter schools in the state. In the past year the PED submitted a grant application seeking more than \$30M to support the improvement of authorizing practices, the sharing of best practices among charter schools and traditional public schools, and the start-up of new charter schools. The PED continues to improve upon that grant application in order to secure funding in future years. However, a charter moratorium would make the state ineligible for this grant program.

Further, HB46 may hamper the state's ability to garner federal funds it already receives. With a new federal administration interpreting ESSA, there could be additional requirements surrounding charter schools for standard federal funding streams such as Title funding.

The families of New Mexico continue to seek alternative, quality choices for the education of

their children. The best charter schools throughout the state have unbelievably long waitlists. By enacting a charter moratorium, this bill would deny the families of New Mexico the opportunity to make the best choices for their students' education.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Currently, there is already an authorizing cap that limits the number of charter schools that can be authorized in any year. This bill can be seen as duplicative of that provision.

This bill can be seen as conflicting with the provision of law that states, "If an application is submitted to a chartering authority, it must process the application." It can also be seen as conflicting with the provision that states, "The chartering authority shall receive and review all applications for charter schools submitted to it."

ALTERNATIVES

There are several alternatives to this bill. The first alternative is requiring the closure of poorly performing charter schools. The second alternative is limiting the authority of district authorizers to authorize virtual charter schools that serve students outside the district boundaries. The third alternative is holding all authorizers (the PEC and local districts) accountable to implementing high, quality authorizing practices with rigorous standards for new charter school applicants. Currently, there is already an authorizing cap that limits the number of charter schools that can be authorized in any year. This is another alternative to this bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The implications of not enacting the bill are to leave the new charter application process as it is. The bill will not, with any certainty, result in new charter schools being approved. Rather, the bill would preclude any high-quality applicants from moving forward with offering New Mexico families a high-quality educational choice. Not enacting the bill will allow all new charter school applicants to submit their applications. Not enacting the bill will allow the authorizers and their staff to use their professional judgment in determining if any of the applicants have demonstrated the capacity to operate a high-quality charter school that will improve student achievement in New Mexico.