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Public School Funding Formula (House Bill 63) Revisions Update

Laws 2025, Chapter 89 (House Bill 63)

Bill Title: Public School Funding Formula Changes

Sponsors: Rep. G. Andres Romero, Sen. Mimi Stewart

Synopsis: Replace district poverty and mobility factors in the at-risk index with school poverty and exited English learners (EL) factors. Raise basic formula weights for sixth through 12th graders.

House Bill 2 Appropriations

- \$300.7 million to add Family Income Index to at-risk program units
- (\$163.2 million) to remove Title I from at-risk program units
- (\$99.3 million) to remove student mobility from at-risk program units
- \$91.3 million to raise secondary student base membership factors to 1.3
- \$3.5 million to add new exited EL program units
- \$1 million for a hold harmless provision
- **Subtotal: \$133.9 million for formula changes and hold harmless**

Estimated Additional FY26 Fiscal Impact: \$3 million (FIR), \$8.7 million (PED)

Fiscal Notes

Fiscal Impact Report

Provisions of this bill would shift the share of SEG funding substantially in several ways: from schools with higher-income students to schools with lower-income students, from schools with more transient students to all schools, to schools that recently exited students from EL status, and to schools serving secondary students. As a result, charter schools serving higher-income students and no secondary students will experience the largest program unit losses.

LESC Analysis

Of note, the proposed bill would require each charter school to generate its own at-risk index based on the concentration of poverty in each charter school, rather than the current requirement in Section 22-8-6.1 NMSA 1978, that requires a charter school be assigned the at-risk index of the school district in which it is geographically located... These units would not be evenly distributed across all school districts and charter schools; some individual school districts and charter schools may see reduced at-risk units given the changes to the methodology.

PED Analysis

Under these projections, all budget entities, including school districts and charter schools, would see a positive overall change in SEG program cost projections in FY26. After the expiration of hold-harmless provisions, however, the equitable distribution of at-risk funding introduced by HB63/aHEC/aHAFC may result in relative losses for 60 budget entities, based on LESL projections.

HB2 Hold Harmless Language

State-Support Reserve Fund \$40 million transfer (Sec. 10)

The general fund transfer is in fiscal year 2025. Up to one million dollars (\$1,000,000) of this transfer may be used by the public education department to supplement a school district's or charter school's program costs in fiscal year 2026 contingent on enactment of House Bill 63 or similar legislation in the first session of the fifty-seventh legislature, if calculated program units in fiscal year 2026 are less than final program units in fiscal year 2025 and reductions are attributable to implementation of funding formula changes in the bill.

Two conditions to supplement LEA program cost in FY26:

- If FY26 calculated units < FY25 final units and
- Reductions are attributable to implementation of HB63 formula changes

PED Hold Harmless Methodology

HB2 Language Conditions:

- If FY26 calculated units < FY25 final units and
- Reductions are attributable to implementation of HB63 formula changes

PED Hold Harmless Calculation:

- Calculate: (FY26 Grade 6–12 MEM Units + FY26 At-Risk Units + FY26 EL Units)
– (FY25 Grade 6–12 MEM Units + FY25 At-Risk Units) = Hold Harmless Units
- Then allocate the \$1 million based on each eligible LEA's prorated share of the total number of hold harmless units
- **Total hold harmless units calculated: 1,273.86 units or \$8.7 million at current unit value for 20 districts and 37 charters (57 total)**



PED Hold Harmless Allocations

DISTRICT/CHARTER	Hold Harmless Units	PED Allocation (Share of \$1 million)	Full Scenario (Share of \$8.7 million)
Alma D'Arte Charter	91.5	\$ 71,840	\$ 622,419
Espanola	91.1	\$ 71,538	\$ 619,800
International School At Mesa Del Sol	74.7	\$ 58,610	\$ 507,796
Renaissance Academy Charter School	57.9	\$ 45,419	\$ 393,513
The Great Academy	51.8	\$ 40,646	\$ 352,160
Estancia Valley Classical Academy	46.0	\$ 36,124	\$ 312,978
Horizon Academy West	45.3	\$ 35,543	\$ 307,945
Alice King Community School	44.8	\$ 35,204	\$ 305,007
Mora	40.6	\$ 31,877	\$ 276,182
Chama	32.6	\$ 25,612	\$ 221,901
Digital Arts And Technology Academy	31.8	\$ 25,001	\$ 216,609
Amy Biehl Charter High School	31.7	\$ 24,919	\$ 215,895
New America School	31.6	\$ 24,839	\$ 215,202
New Mexico School for the Arts	31.3	\$ 24,587	\$ 213,018
Carrizozo	31.0	\$ 24,324	\$ 210,740
Montessori of the Rio Grande	29.7	\$ 23,301	\$ 201,878
Magdalena	29.4	\$ 23,098	\$ 200,123
Altura Preparatory School	29.2	\$ 22,893	\$ 198,341
Aztec	28.8	\$ 22,634	\$ 196,097
The Montessori Academy	27.5	\$ 21,624	\$ 187,350
School Of Dreams Academy	26.5	\$ 20,826	\$ 180,440
East Mountain High School	25.8	\$ 20,247	\$ 175,420
Albuquerque Institute of Math & Science	23.9	\$ 18,732	\$ 162,294
Tularosa	22.6	\$ 17,770	\$ 153,962
21st Century Public Academy	22.1	\$ 17,313	\$ 149,997
New Mexico Academy for the Media Arts	21.8	\$ 17,130	\$ 148,412
Corrales International	21.8	\$ 17,105	\$ 148,201
North Valley Academy	21.3	\$ 16,691	\$ 144,610
Capitan	21.2	\$ 16,673	\$ 144,454
Pecos	17.0	\$ 13,377	\$ 115,895
Jefferson Montessori Academy	16.8	\$ 13,162	\$ 114,031
Sidney Gutierrez Middle	15.5	\$ 12,167	\$ 105,414
Mosaic Academy Charter	15.5	\$ 12,149	\$ 105,258
Cimarron	12.7	\$ 9,937	\$ 86,098
Estancia	10.5	\$ 8,219	\$ 71,210
Socorro	10.2	\$ 8,002	\$ 69,326
Hagerman	10.1	\$ 7,952	\$ 68,898
Hondo	9.8	\$ 7,663	\$ 66,395
Coral Community Charter	9.7	\$ 7,579	\$ 65,660
Middle College High School	9.6	\$ 7,564	\$ 65,538
Mosquero	4.6	\$ 3,611	\$ 31,286
Lordsburg	4.5	\$ 3,549	\$ 30,749
Red River Valley Charter School	4.4	\$ 3,461	\$ 29,987
J. Paul Taylor Academy	4.4	\$ 3,423	\$ 29,661
Mccurdy Charter School	4.2	\$ 3,268	\$ 28,314
The Ask Academy	4.1	\$ 3,187	\$ 27,613
Anansi Charter School	3.9	\$ 3,056	\$ 26,478
New Mexico International School	3.6	\$ 2,811	\$ 24,356
Jemez Mountain	3.2	\$ 2,503	\$ 21,690
Dream Dine	3.1	\$ 2,412	\$ 20,901
Reserve	3.0	\$ 2,354	\$ 20,397
Maxwell	2.6	\$ 2,007	\$ 17,391
Taos Municipal Charter	2.3	\$ 1,812	\$ 15,698
Bloomfield	2.1	\$ 1,642	\$ 14,228
Explore Academy	0.9	\$ 737	\$ 6,386
Roots & Wings Community	0.2	\$ 149	\$ 1,292
Rio Gallinas School	0.2	\$ 126	\$ 1,095
TOTAL	1,273.9	\$ 1,000,000	\$ 8,663,988

PED Hold Harmless Trends

Significant Trends

- HB63 increased the at-risk multiplier for the three largest hold harmless awardees
 - All things equal, these awardees should have gained more units this year
 - However, a decrease in enrollment resulted in a larger award under this method because the at-risk multiplier is applied to student counts
- HB63 also increased the at-risk multiplier for half of all awardees (14 districts and 14 charters)

Alma d'Arte	FY25 Final	FY26 Prelim	Change
6 th -12 th MEM	131.0	65.0	-66.0
6 th -12 th Units	163.8	84.5	-79.3
At-Risk Multiplier	0.165	0.277	+0.112
At-Risk Units	21.6	13.7	-7.9
At-Risk Units with FY25 MEM	21.6	36.3	+14.7

Espanola	FY25 Final	FY26 Prelim	Change
6 th -12 th MEM	1,421.0	1,310.0	-111.0
6 th -12 th Units	1,881.6	1,852.9	-28.7
At-Risk Multiplier	0.244	0.392	+0.148
At-Risk Units	667.3	604.9	-62.4
At-Risk Units with FY25 MEM	667.3	1,072.1	+404.8

International School at MDS	FY25 Final	FY26 Prelim	Change
6 th -12 th MEM	142.5	93.0	-49.5
6 th -12 th Units	386.3	314.4	-71.9
At-Risk Multiplier	0.190	0.200	+0.010
At-Risk Units	61.9	38.3	-23.7
At-Risk Units with FY25 MEM	61.9	65.2	+3.3

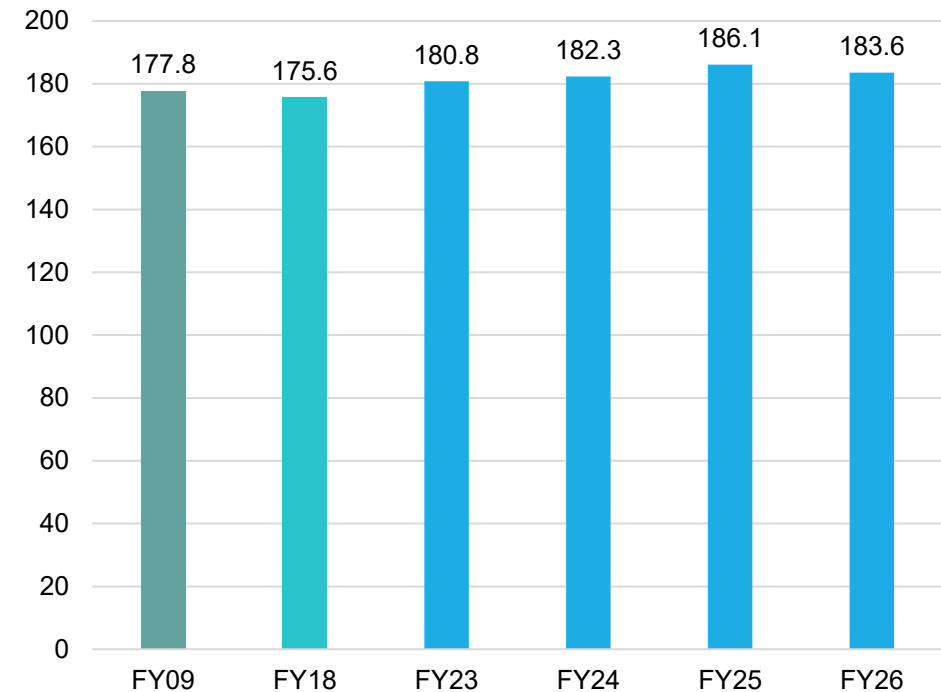
FY26 Program Unit Changes from FY25

DISTRICT/CHARTER	MEM Units	At-Risk Units	Sp.Ed. Units	TCL Units	K-12 Plus Units	Total Units
Alma D'Arte Charter	(79.3)	(7.9)	(8.0)	(4.4)	(2.3)	(9.4)
Espanola	(111.2)	(62.4)	148.4	(9.8)	(37.1)	(107.5)
International School At Mesa Del Sol	(71.9)	(23.7)	0.2	-	(7.1)	(103.9)
Renaissance Academy Charter School	(21.1)	(14.2)	17.7	(36.0)	7.0	(47.9)
The Great Academy	(37.3)	(1.3)	(16.6)	(13.1)	10.7	(28.7)
Estancia Valley Classical Academy	(14.0)	(43.8)	40.3	5.7	(31.3)	(48.8)
Horizon Academy West	40.7	(45.3)	5.7	3.8	2.0	(43.4)
Alice King Community School	(24.6)	(42.1)	8.6	14.5	(10.9)	(57.0)
Mora	(70.9)	(4.1)	(31.4)	11.4	(6.2)	(154.7)
Chama	(39.0)	(5.3)	3.6	(0.0)	(8.9)	(84.6)
Digital Arts And Technology Academy	(2.1)	(29.7)	17.6	-	(7.1)	(21.4)
Amy Biehl Charter High School	(7.9)	(12.5)	(61.0)	(11.3)	-	(92.7)
New America School	(48.5)	16.9	(9.0)	-	(27.9)	(32.7)
New Mexico School for the Arts	5.9	(26.4)	28.5	(10.9)	7.2	4.4
Carrizozo	(19.9)	(11.8)	(16.0)	10.4	0.2	(42.1)
Montessori of the Rio Grande	(4.3)	(29.7)	1.5	0.6	(0.0)	(32.3)
Magdalena	10.0	(58.6)	(2.0)	10.2	-	(33.7)
Altura Preparatory School	5.0	(29.2)	(1.9)	16.9	-	(13.2)
Aztec	(62.2)	(69.4)	(76.6)	(14.3)	(99.4)	(335.5)
The Montessori Academy	21.6	(53.1)	9.7	19.0	10.2	97.0
School Of Dreams Academy	(73.7)	(6.9)	(106.9)	28.7	(22.2)	(186.3)
East Mountain High School	40.2	(54.9)	(4.1)	(11.1)	16.7	(7.5)
Albuquerque Institute of Math & Science	21.4	(44.2)	(5.5)	(1.0)	(6.7)	(36.0)
Tularosa	50.1	(37.4)	67.6	(50.3)	(55.4)	(99.5)
21st Century Public Academy	10.4	(23.7)	28.2	-	(23.6)	(11.7)
New Mexico Academy for the Media Arts	(20.9)	(10.6)	20.2	9.6	3.2	0.7
Corrales International	(9.0)	(15.9)	(0.6)	(0.1)	(0.2)	(4.3)
North Valley Academy	34.6	(11.7)	38.7	(2.6)	0.5	46.8
Capitan	(11.1)	(9.5)	(13.5)	0.1	(21.1)	(75.0)
Pecos	(23.9)	3.9	(9.7)	(15.6)	(27.0)	(94.4)
Jefferson Montessori Academy	(19.4)	(7.0)	22.3	(14.1)	(8.1)	(24.4)
Sidney Gutierrez Middle	7.6	(30.1)	(4.9)	21.9	(2.4)	(7.7)
Mosaic Academy Charter	4.7	(10.5)	(1.1)	(11.1)	(10.8)	(28.3)
Cimarron	(29.6)	(3.8)	0.1	15.1	(1.0)	(53.2)
Estancia	21.7	(24.5)	3.9	(4.4)	7.7	0.0
Socorro	18.0	15.3	(160.9)	(30.5)	(0.8)	(113.0)
Hagerman	15.6	(12.7)	74.6	(1.3)	8.7	46.1
Hondo	(8.1)	5.8	(0.4)	(1.6)	-	(7.9)
Coral Community Charter	(4.3)	(9.7)	20.4	1.2	22.6	27.1
Middle College High School	11.4	(18.2)	6.7	(2.8)	-	(5.8)
Mosquero	(5.1)	7.3	8.6	(9.3)	0.7	11.9
Lordsburg	0.8	3.1	(17.5)	(13.3)	(2.3)	(62.4)
Red River Valley Charter School	(0.2)	(0.1)	(0.9)	(8.5)	(4.0)	(13.4)
J. Paul Taylor Academy	8.1	(9.1)	25.3	(10.5)	(10.0)	(15.4)
McCurdy Charter School	30.5	(41.3)	(4.3)	16.7	(23.9)	(21.8)
The Ask Academy	17.9	(33.2)	38.5	11.2	6.1	40.4
Anansi Charter School	5.7	(8.7)	5.5	(4.5)	(1.8)	(6.0)
New Mexico International School	50.0	(48.1)	18.2	(26.5)	-	(55.9)
Jemez Mountain	(26.3)	(4.8)	(11.1)	20.1	(20.2)	(50.9)
Dream Dine	(10.5)	(3.1)	(2.8)	(1.5)	(2.7)	(21.9)
Reserve	11.6	(6.4)	(8.1)	2.1	1.7	(3.7)
Maxwell	(12.9)	4.2	(8.0)	1.8	-	(14.6)
Taos Municipal Charter	13.7	(10.2)	12.1	(12.2)	(3.0)	(5.6)
Bloomfield	(52.9)	(34.4)	(94.3)	0.2	(12.8)	(220.0)
Explore Academy	161.8	(163.1)	13.8	(9.7)	102.2	185.6
Roots & Wings Community	0.0	(1.5)	(3.2)	(0.2)	(0.2)	(7.4)
Rio Gallinas School	0.8	10.5	(23.7)	-	(0.2)	(14.2)
TOTAL	(302.5)	(1,198.6)	(17.1)	(121.2)	(291.0)	(2,097.4)

School Calendar Trends

- In FY26, 10 school districts, 3 local charters, and 5 state charters switched from a 5-day school week to a 4-day week (1 local charter and 1 state charter switched from a 4-day week to a 5-day week)
 - Of LEAs making the switch to a 4-day week, 12 LEAs received **more** K-12 Plus program units despite decreasing total school days and instructional days per week
- 69 LEAs maintained or extended school calendars (average 2 days longer)
- 118 LEAs shrunk school calendars (average 8 days shorter)
- K-12 Plus program units in FY26 fell by 798.5 units
- The 10 largest districts gained a net total of 196.2 K-12 Plus units

Average New Mexico School Days



Source: PED, LFC Files

Budget and Policy Considerations

Hold Harmless

- Option 1 (\$0): No action
- Option 2 (up to \$7.7 million): Fully or partially cover PED methodology
- Option 3 (up to \$12.8 million): Fully or partially cover all at-risk unit losses
- Option 4 (up to \$5.9 million): Fully or partially cover at-risk unit losses from LEAs that received a lower multiplier
- Option 5 (up to \$3.8 million): Fully or partially cover at-risk unit losses from lower multiplier and fewer total FY26 units

Other Budget Issues

- Salaries and benefits are the largest share of operational costs, so mandates constrain budgets
- Schools relying on nonrecurring sources (i.e. below-the-line) for operations must cut programs when initiatives end
- The SEG formula incentivizes a specific enrollment level rather than scales funding by LEA size
- Large online student enrollments can create significant budgetary shifts, given their high mobility

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