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FISCAL IMPACT REPORT

SPONSOR Nava DATE TYPED 01/31/05 HB _____

SHORT TITLE Charter School Growth Units SB 274

ANALYST Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 120, SB 125

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 274 amends Section 22-8-23.1 NMSA of the Public School Finance Act to add charter schools to the enrollment growth program unit calculation under public school funding formula. In this calculation, charter schools will be considered the equivalent of a school district. The bill also specifies that growth units generated by the charter school will be paid directly to the charter school.

Significant Issues

This bill changes the distribution of the State Equalization Guarantee to some charter schools whose growth in total school membership on the 40th day is equal to or exceeds one percent. Currently, charter schools are not eligible for enrollment growth units under the funding formula. Revenue earned by a charter school for growth will be paid directly to the charter school. This bill supports PEDs and the Governor's initiatives.

The LESC and LFC have both recommended a public school funding formula study in FY2006; changes to the funding formula should wait until the study is complete and changes proposed to the Legislature during the 2006 session.

FISCAL IMPLICATIONS

Changes to the public school funding formula modify the distribution of the state equalization guarantee to school districts and charter schools.

OTHER SUBSTANTIVE ISSUES

This bill will allow a charter school to earn growth units; however, a similar sized school growing just as fast may not if its school district is not growing overall.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

The funding formula will remain unchanged.

POSSIBLE QUESTIONS

1. Can this change to the funding formula be held in abeyance until a formula study is completed and recommendations made to the 2006 Legislature?
2. How many charter schools would qualify for growth units based upon the 2005-06 school year 40th day data?

GAC/lg