



LFC Requester: Carswell

**PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2026 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment   
Correction  Substitute

Date Prepared: January 27 2026

Bill No: HB149

Committee Referrals: Not Printed

**Agency Name and Code:** PED - 924

**Sponsor:** Garratt / Ortez / Johnson

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		
None	None	N/A	NFA

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
None	None	None	N/A	NFA

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY27	FY28	FY29	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	None	None	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: The Executive budget recommendation for FY27 includes \$6,300.0 for School Improvement and Transformation. The LESC recommendation for FY27 includes \$6,000.0 for School Improvement and Transformation.

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: House Bill 149 (HB149) amends statutes governing charter school facility financing and capital outlay participation by expanding access to state-supported financing mechanisms and adjusting cost-sharing requirements for charter school facility projects.

If passed, HB149 would:

- Expand the definition of “qualified entity” under the New Mexico Finance Authority Act to include nonprofit foundations or support organizations organized for the purpose of acquiring, developing, financing or improving a charter school’s facility.
- Authorize the New Mexico Finance Authority (NMFA) to make loans from the charter school facility revolving fund to these charter-supporting nonprofit entities.
- Require that the grant funding to charter schools from the Public School Capital Outlay Fund (PSCOF) for lease assistance be distributed at the highest authorized amount.
- Limit a charter school’s local share of an Educational Adequacy Capital Outlay project to 10 percent.
- Transfer \$20 million from the PSCOF to the Charter School Facility Revolving Fund.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the legislature enacting them, unless a later date is specified. If enacted, this bill would become effective May 20, 2026.

### **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

Current law authorizes charter schools to access state-supported facility financing through the Charter School Facility Revolving Fund administered by the NMFA and through lease assistance grants and capital outlay programs overseen by the Public School Capital Outlay Council and Public School Facilities Authority. These mechanisms provide charter schools state support for facility purchase, construction, renovation, or lease-purchase agreements, subject to eligibility requirements such as charter renewal history, audit review, and compliance with the Public School Lease Purchase Act.

**Expanding the Definition of “Qualified Entity.”** Charter schools often rely on legally separate nonprofit entities to own facilities, hold debt, or enter financing arrangements on the school’s behalf. HB149 amends the New Mexico Finance Authority Act to expand the definition of “qualified entity” to include nonprofit foundations or support organizations specifically organized for the purpose of acquiring, developing, financing, or improving a charter school’s facility.

Consistent with the expanded definition of “qualified entity,” HB149 authorizes NMFA to make loans from the Charter School Facility Revolving Fund to nonprofit foundations or support organizations organized to support a charter school’s acquisition, financing, or improvement of its facility. This would allow NMFA financing to flow directly to the entity that owns or manages a charter school facility, rather than requiring the charter school itself to be the

borrower. HB149 would also allow charter schools to use lease assistance grants for the repayment of principal or interest accrued on a NMFA charter-facility loan, as well as other fees or charges imposed by the NMFA in connection with the loan.

**Maximize Lease Assistance Grant Amounts.** Under existing law, lease assistance grants from the PSCOF are calculated based on a per-student amount and may not exceed a charter school's actual lease costs. The statutory per-student cap was set at \$700 in 2009 and is adjusted annually for inflation. The Public School Capital Outlay Council has discretion to set the per-student award at or below the inflation-adjusted statutory maximum when allocating limited capital outlay resources.

HB149 updates the statutory per-student cap to \$1,052 to reflect cumulative inflation since 2009 and requires that lease assistance grants be awarded at the greatest amount authorized under statute. This would increase the maximum lease assistance available to charter schools and remove the discretion to award less than the statutory maximum, unless limited by actual lease costs.

**Local Share Cap for Educational Adequacy Projects.** HB149 limits a charter school's required local share of a PSCOF project qualified under the Educational Adequacy Category to 10 percent. "Local share" is the portion of a PSCOF project's total cost that is not covered by state grant funding and must be paid by the school district or charter school. Educational Adequacy projects address specific facility deficiencies identified by the Public School Capital Outlay Council, including core building systems and health and safety conditions. Charter schools are currently subject to the same local share calculation formula used for school districts.

**Transfer of Funds.** HB149 includes a one-time transfer of \$20 million from the PSCOF to the Charter School Facility Revolving Fund. The transfer reallocates existing resources to support facility loans for charter schools under the expanded eligibility framework, indicating a transition to loan-based financing mechanisms over direct grant awards.

In combination, these changes prioritize facility cost relief and financial stability for charter schools; however, the bill's provisions may also increase overall demand on the PSCOF and reduce flexibility in the distribution of limited capital resources across competing statewide needs.

## **SIGNIFICANT ISSUES**

During the [2024-25 school year](#), 99 charter schools served approximately 30,000 students in New Mexico, or about 10 percent of the state's total kindergarten through 12th grade enrollment. Of these 99 schools, 60 are authorized by the Public Education Commission (PEC) and 39 are locally chartered through local school boards. Charter schools that choose to purchase or construct a new facility have [limited financing options](#).

HB149 expands the definition of "qualified entity" to include a nonprofit foundation or other support organization organized to support a charter school's facility needs. While this expansion increases access to capital for charter schools, it also raises oversight considerations, as public financing tools would extend to entities that, while not for-profit entities, are not themselves public schools and may be subject to different governance and accountability frameworks.

Additionally, HB149 may result in the use of public funds to support charter school facilities that are owned by private nonprofit foundations or support organizations organized to support a charter school's facility needs. Under existing law, charter schools already receive public support for facilities they do not own through lease assistance and capital outlay projects, and the bill does not authorize direct grant funding to private entities. Instead, HB149 permits state-backed loans to affiliated nonprofit entities that own or finance charter school facilities, with repayment required and use of the facilities tied to public educational purposes. While the bill does not change ownership requirements, the state must weigh the long-term public benefit of financing privately-owned facilities through state support, particularly in cases where a charter school closes or ceases operation.

## **PERFORMANCE IMPLICATIONS**

[Research indicates](#) that the quality and condition of school facilities can influence student outcomes by affecting health, safety, attendance, and the overall learning environment. Studies show that students in well-maintained and modernized facilities tend to have higher achievement and attendance than peers in substandard buildings, and that facility attributes such as [adequate lighting, air quality, and thermal comfort](#) are linked to better academic performance and reduced absenteeism. If HB149 expands access to facilities financing for charter schools, students at impacted facilities will likely experience these benefits.

## **ADMINISTRATIVE IMPLICATIONS**

PED is currently responsible for fiscal and compliance monitoring of charter schools, including review of budgets, audits, and financial condition, and implementation of corrective actions when necessary. PED also coordinates with the Public School Capital Outlay Council, the Public School Facilities Authority, and NMFA to verify charter school eligibility for participation in facility programs.

Although the bill does not create new statutory duties for the department, it may increase PED's coordination and oversight responsibilities by expanding eligibility for NMFA loans to charter-affiliated nonprofits and support organizations and by increasing charter participation in lease assistance, lease-purchase arrangements, and adequacy-based capital outlay programs. As a result, PED may need to review more complex financial arrangements when assessing charter schools and ensure continued compliance with existing charter management and conflict-of-interest requirements.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to:

- [\\*HB63](#), NMFA Water Project Fund Projects, which would authorize the NMFA to make loans or grants from the Water Project Fund to specific water projects
- [HB64](#), Public Project Revolving Fund Appropriations, which would make appropriations from the Public Project Revolving Fund to the Drinking Water State Revolving Loan Fund, Local Government Fund, and Cultural Affairs Facilities Infrastructure Fund

**TECHNICAL ISSUES**

None.

**OTHER SUBSTANTIVE ISSUES**

None.

**ALTERNATIVES**

None.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

**AMENDMENTS**

None.