



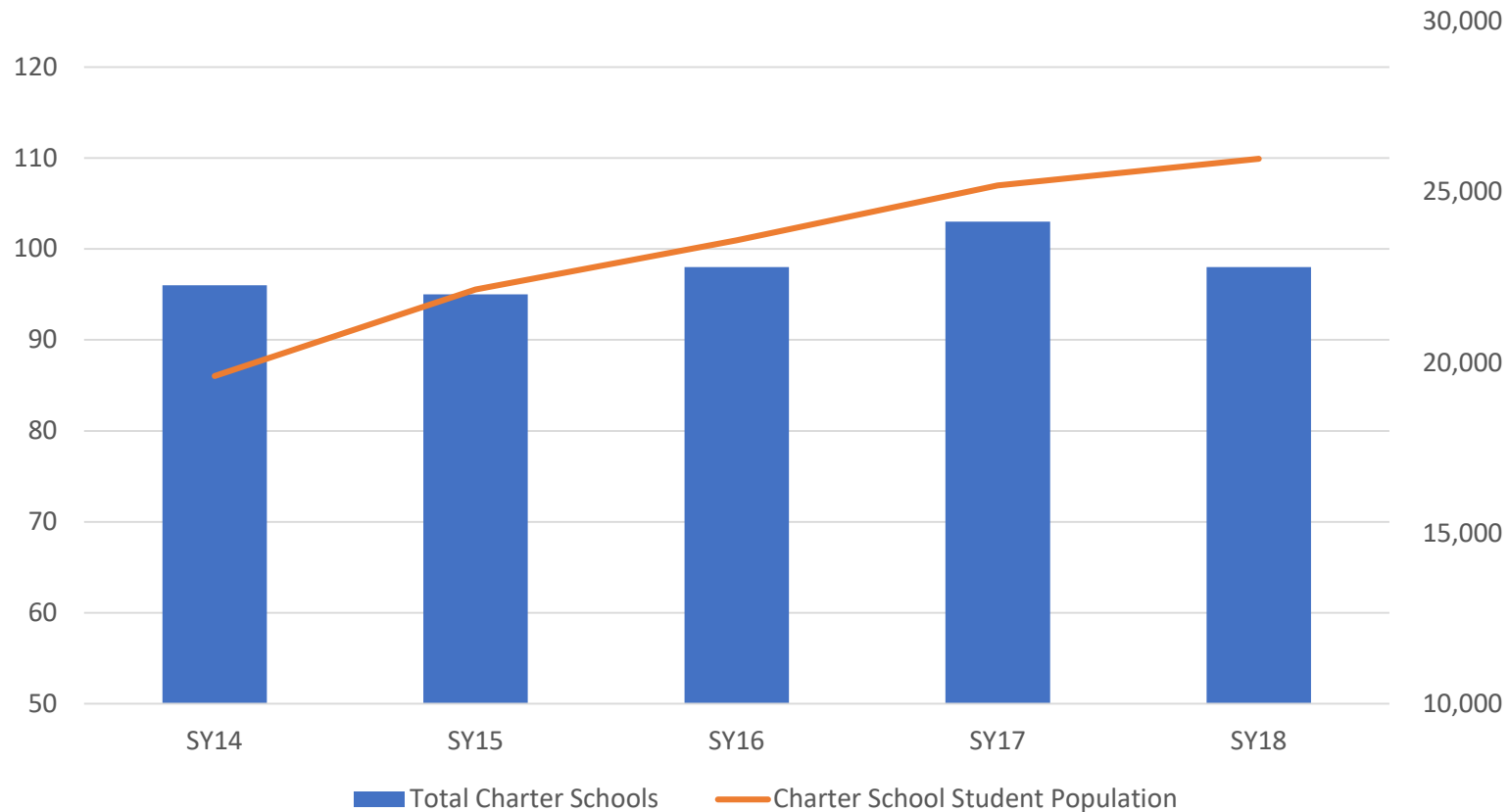
Charter School Facility Financing
Legislative Education Study Committee
Matthew Pahl
November 15th, 2018

Agenda

- Charter School Basics
- Charter School Facility History
- Current Sources for Charter Facility Funding
- The Limited Benefits of Lease Assistance
- Possible Long-term Solutions for Charter Facilities
- Questions to Consider

Charter School Basics

Number of Charter Schools and Number of Students Attending Charter Schools



Charter School Basics

- Charter schools have been a part of New Mexico's public school system since 2002
- There are 96 charter schools in the state
 - Down from 103 in 2015
- 25,000 students attend charter schools
 - About the same as Las Cruces Public Schools

Charter School Basics

- In New Mexico, charter schools are:
 - Free Public schools that are free to any student that chooses to attend
 - New Mexico state law explicitly prohibits private charter schools
 - Governed independently, with high accountability provided by authorizers (the PEC or school district)
 - Committed, through a public contract with their authorizer, to specific academic, financial and organizational performance
 - Funded in an equalized manner with district schools
 - Using unique innovative educational methods and use of space, to meet the needs of the modern learner

Charter School Basics

- Charter schools have blazed a trail for what is possible in New Mexico
- New Mexico charter schools offered the first comprehensive, school-based programming for:
 - Arts
 - Project-based learning
 - STEM
 - Blended learning
 - Early college high schools
 - Virtual learning
 - International Baccalaureate

Charter School Facility History

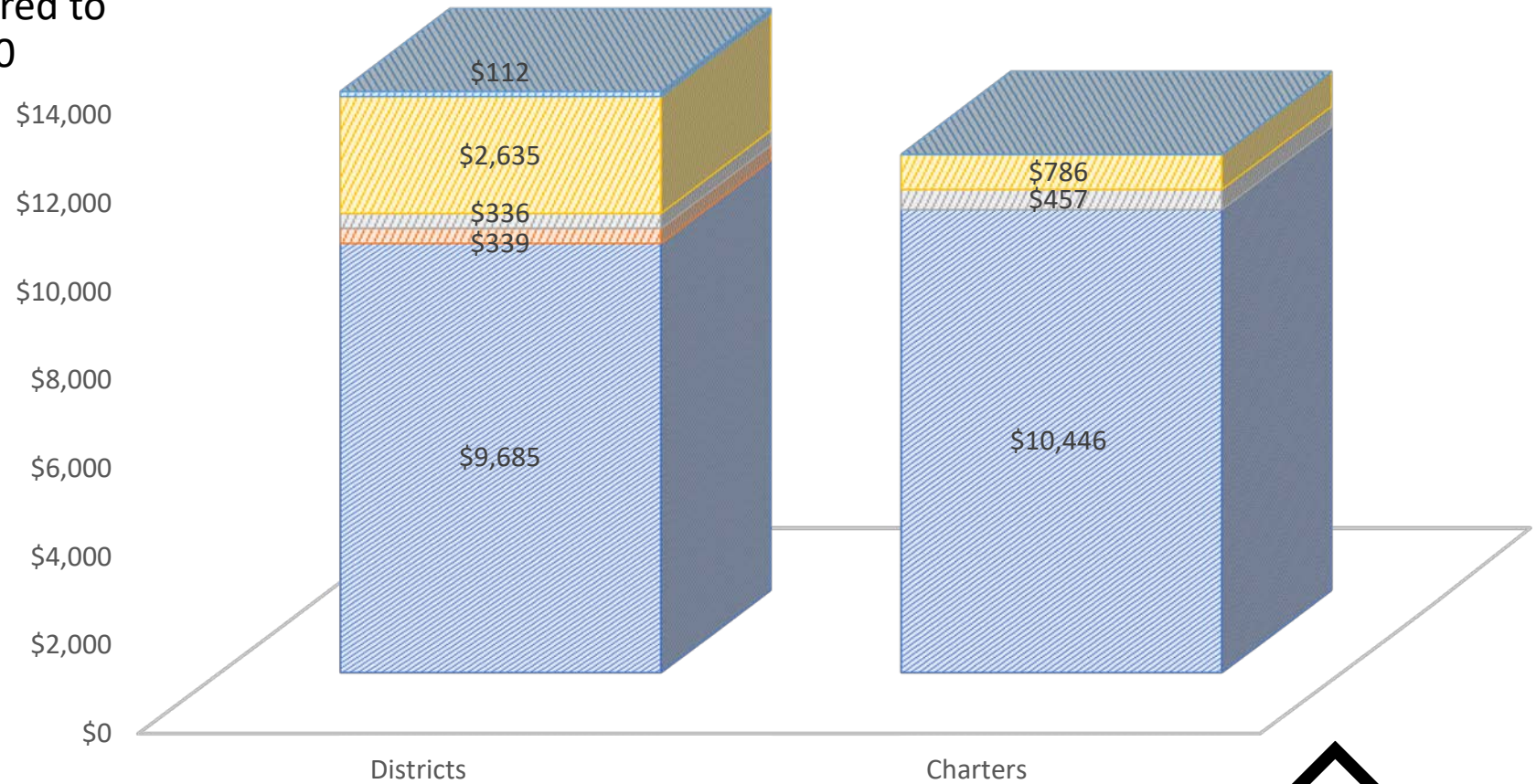
- Facilities were not addressed in the original charter school act
- In 2005, lease assistance program was created to offset disequalization of the SEG occurring due to operational funding used for facilities
- Latest PSCOC financial plan anticipates reducing lease assistance by 20%
- Albuquerque Public Schools began to make investments in long-term facilities for a small number of charter schools, in exchange for their HB33/SB9 funds
- Las Cruces Public Schools has renovated local facilities for charter schools
 - Those schools pay a lease payment to the district with lease assistance

Charter School Facility Context

- A few well-intentioned laws are not being fully leveraged or realized
 - Charter facilities must be public buildings
 - Districts must make unused facilities available to charter schools
- A report from NMCCS, in conjunction with the U.S. Department of Education released last year found:
 - 65% of charter schools wanted to enroll more students but did not have the facility space to do so
- Very few charter schools have received capital awards from the Public School Capital Outlay Council

Charter School Facility Context

- Charter funding per student in 2016 was \$10,431 compared to district funding at \$13,060



■ SEG
 ■ Capital Awards
 ■ Lease Assistance
 ■ Capital Maintenance and Improvements
 ■ Emergency Supplemental



Current Sources for Charter Facility Funding

- Lease Assistance
 - Includes lease/purchase agreements
 - Includes private financing
- Occasional capital assistance from districts, to district-authorized charter schools



The Limited Benefits of Lease Assistance

- Public dollars paying for charter facilities leased by charter foundations
- The awards only cover approximately 68% of charter lease cost
- Significant pressure to make long-term investments in the form of a lease purchase agreement
- Advantageous financial terms for a long-term facility?
 - closing costs, cash reserve requirements, higher interest rates
- Needless complications
 - Per MEM distribution

Possible Long-term Charter Facility Solutions

- A long-term charter facility solution should:
- Give a public borrowing option at preferred public market rates
- Include a separate parameters for charter school qualifications
- Prioritize repurposing capital investments the public has already made



Possible Long-term Charter Facility Solutions

- A solution should give a public borrowing option at preferred public market rates
 - Incentivize small cooperatives of HB33 and SB9 funds, in cooperation with school districts, to build facilities for charter schools (see: Albuquerque Public Schools).
 - Provide for incentives of traditional governmental entities in the state to serve as the financial backer of a charter school's investment from NMFA
 - Create or make use of a revolving loan fund, and new award criteria so charter schools can meet their facility needs
 - Renovation of public facilities, purchasing facilities, building facilities, expanding facilities due to demand
 - Enhance charter school access for charter schools to local mill levy bonds

Possible Long-term Charter Facility Solutions

- A solution should include separate parameters for charter school qualifications
 - Include Authorizers
 - Include PSFA
 - Incorporate student waiting lists



Possible Long-term Charter Facility Solutions

- A solution should prioritize repurposing capital investments the public has already made
 - Incentivize co-location in district facilities that meet charter schools
 - Encourage construction of choice campuses that better match current student and family educational needs Green Valley Ranch, Denver Public Schools

Questions?

