

**NM  
CCS**

**New Mexico  
Coalition for  
Charter Schools**

# Charter School Facility Financing

Presentation to the NMFA Oversight Committee

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# 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

- 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 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

- 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

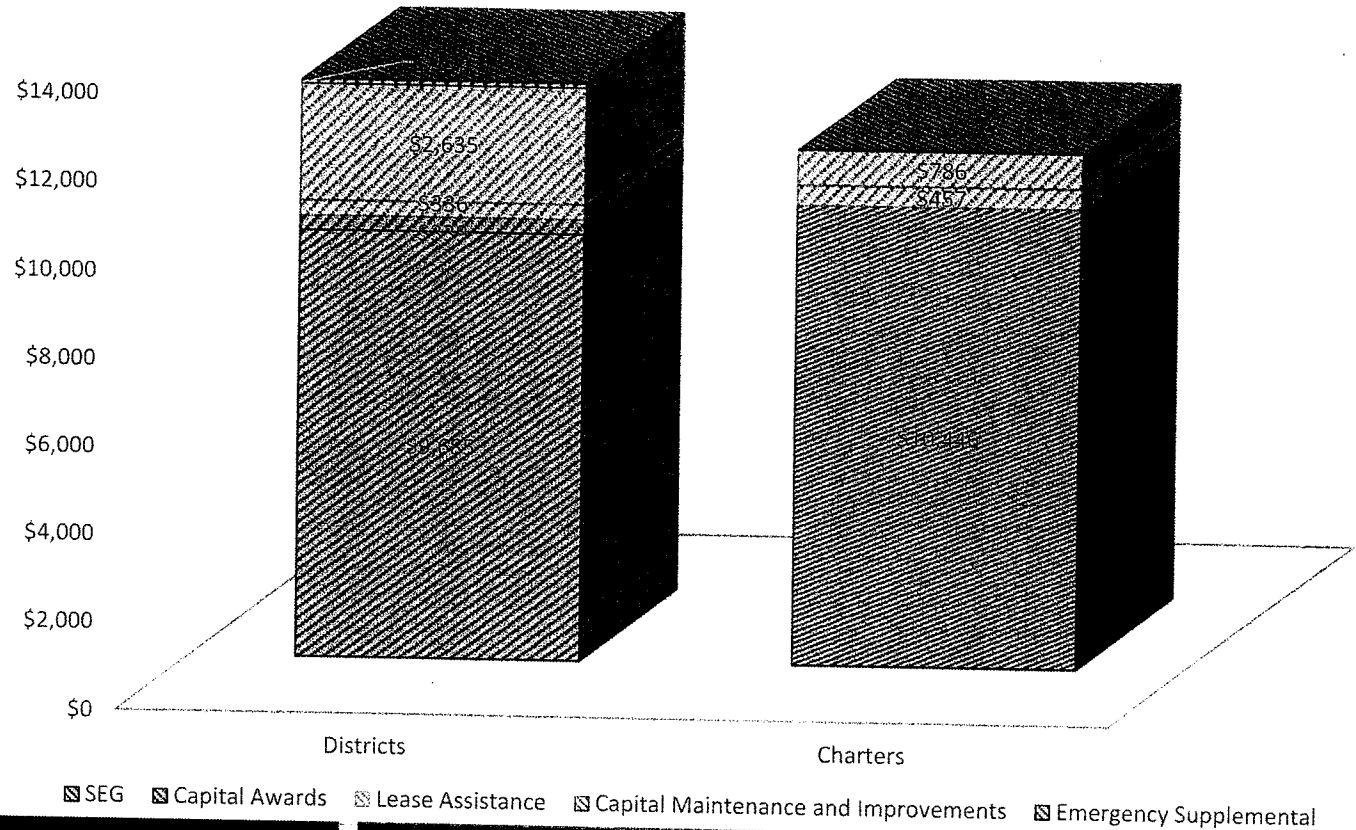
# Charter School Facility Context

- 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

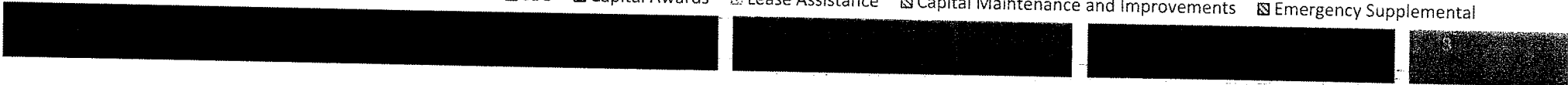


# Charter School Facility Context

- 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?



# Possible Long-term Charter Facility Solutions

- Incentivize co-location in district facilities that meet charter school needs
- Provide clarity in law to provide easier access for charter schools to local mill levy bonds
- Portable allocation
- Create or make use of a revolving loan fund, and new award criteria so charter schools can meet their facility needs through PSCOC award funding process
- Provide for incentives of traditional governmental entities in the state to serve as the financial backer of a charter school's investment from NMFA
- Encourage construction of choice campuses that better match current student and family educational needs
  - Green Valley Ranch, Denver Public Schools



Questions?

