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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 02/03/10  
**LAST UPDATED** 02/10/10    **HB** 74/aHEC

**SPONSOR** Gonzales

**SHORT TITLE** Charter School Oversight for 1 Year    **SB** \_\_\_\_\_

**ANALYST** Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill 124

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

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

Public Education Department (PED)

### SUMMARY

#### Synopsis of House Education Committee Amendment

The House Education Committee amendment to House Bill 74 makes the following changes.

The reporting requirement for charter schools in a planning year are changed to three status reports instead of “quarterly.”

The purpose of the report is “demonstrating that the charter school’s implementation progress is consistent with the conditions, standards and procedures of its approved charter.”

The report content, format and schedule for submission are now required to be agreed on between the chartering authority and the charter school prior to signing the charter contract.

The condition “deviated in a material way from the conditions, standards and procedures of its approved charter during the planning year” for a chartering authority to revoke a charter is struck from the bill.

### Synopsis of Original Bill

House Bill 74 would require locally-chartered charter schools to be subject to oversight by the local district during the charter school’s planning year. The bill would give the local district authorizers the same authority currently afforded to the Public Education Commission (PEC) in terms of their ability to require the charter schools under their authority to demonstrate their “readiness” to commence operations.

### **FISCAL IMPLICATIONS**

The PED reports that House Bill 74 would have no fiscal implications to the department. The DFA notes House Bill 74 implements further administrative oversight there may be some nominal additional expenses incurred as a result of its implementation. However, the proffered changes provided for in the bill will provide greater assurance that first year funding provided to charter schools for their set up is well-spent. The Charter Schools Stimulus Fund received a \$300K appropriation in FY 09 but received nothing in FY 10.

### **SIGNIFICANT ISSUES**

The PED provides the following comments.

The language in this bill would provide consistent oversight authority of charter schools during their planning year to both the local district and the PEC. By adding the local district authorizers to the statutory language, this bill gives the local school district the same oversight authority that the PEC is currently afforded. This bill allows for the local district authorizer to determine if a charter school has met any conditions imposed by the chartering authority at approval, and provides a mechanism to either allow or refuse to allow for the school to commence operations. This mechanism is currently provided for the PEC but not for local districts.

The Charter Schools Division of the Public Education Department has developed and implemented a monitoring tool for state-chartered charter schools during the planning year. This “Planning-Year Checklist” is the basis for the PEC’s decision on allowing schools under their authority to commence operations. This tool would be available for use by local school districts and is posted on the Charter Schools Division’s webpage. The Charter Schools Division would offer trainings to local authorizers to support their planning year oversight.

The DFA makes the following points regarding the impact of House Bill 74.

There are currently 59 district-chartered and 13 state-chartered charter schools registered to operate in New Mexico according to information provided by the Public Education Department (PED).

Charter schools receive start up funds through the Charter Schools Stimulus Fund established in statute at 22-8B-14 NMSA 1978. In FY 09, this fund received an appropriation of \$300K but was not funded in FY 10.

Charter schools offer a school choice to students who seek to have an option to regular public schools. These schools are offered nationwide and come in a myriad of types. Some provide a focus in math and science, some in performing arts and still others in classics or vocational education. In any case, they are expected to provide an education that provides their students with one that is at least equivalent to that offered in a regular public school setting. However, as a recent Stanford University study has pointed out, their track record is often mixed with few having performance exceeding that of public schools. As pointed out in a press release from Stanford, dated June 15, 2009:

“A new report issued today by the Center for Research on Education Outcomes (CREDO) at Stanford University found that there is a wide variance in the quality of the nation’s several thousand charter schools with, in the aggregate, students in charter schools not faring as well as students in traditional public schools.

While the report recognized a robust national demand for more charter schools from parents and local communities, it found that 17 percent of charter schools reported academic gains that were significantly better than traditional public schools, while 37 percent of charter schools showed gains that were worse than their traditional public school counterparts, with 46 percent of charter schools demonstrating no significant difference. “

However, “The report also found that students do better in charter schools over time. While first year charter school students on average experienced a decline in learning, students in their second and third years in charter schools saw a significant reversal, experiencing positive achievement gains.” The Stanford report is entitled, “Multiple Choice: Charter School Performance in 16 States.”

### **ADMINISTRATIVE IMPLICATIONS**

The PED only has oversight authority for state-chartered charter schools. The request for quarterly reports and for submission to the PED may make the process cumbersome for the district and the charter schools. The sponsor may want to align the process used by the PED for state-chartered charter schools as a more flexible process for both entities.

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

House Bill 74 is related to Senate Bill 124 which would repeal the limit on the number of charter schools approved per year or per five year period.

### **TECHNICAL ISSUES**

The PED observes that the language in this bill indicates a deadline of July 1 in any given year to have a decision made by the chartering authority. This deadline would prevent the chartering authority from delaying a decision regarding a school’s ability to begin operations indefinitely.

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

According to the PED, chartering authorities will not have the accountability tool provided for in this bill.

CH/mew