Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR	Brandt	ORIGINAL DATE LAST UPDATED	_,,	НВ	
SHORT TITI	LE Charter School Go	Charter School Governance		SB	273/aSEC
			ANAI	VST	Chavez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 130, SB 148, SB 236

SOURCES OF INFORMATION

LFC Files

Responses Received From
Attorney General's Office (AGO)
Public School Facilities Authority (PSFA)
Public Education Department (PED)

SUMMARY

Synopsis of Senate Education Committee Amendment

The Senate Education Committee Amendment to Senate Bill 273 makes three changes to the original bill.

- Adds "state-charttered charter school" to language requiring that a governing board become qualified as a board of finance for the charter school as required by Section 22-8-38 NMSA 1978. This acknowledges that a school district is the board of finance for a locally-chartered charter school.
- Changes language to ensure that a charter school may offer and pay rewards for information leading to the arrest of juveniles from charter school and not from school district funds.
- Removes Subsection B of Section 5 of the bill that provided that a qualified person appointed to fill a vacancy occurring in the membership of a governing body shall hold that office until the member chooses to vacate the office or the member is replaced by a majority vote of the other governing body members.

Senate Bill 273/aSEC – Page 2

Synopsis of Original Bill

Senate Bill 273, for the Legislative Education Study Committee, restructures the Charter Schools Act to clarify the role of governing bodies and administrators for charter schools. The bill repeals the current section on charter school employees and proposes six new sections of law pertaining to charter schools. It amends the current section of law providing for charter school rights and responsibilities to delete current provisions governing charter school governing bodies and head administrator that would otherwise duplicate provisions of the proposed new section. Additionally, the bill incorporates certain requirements currently required of school boards into requirements for charter school governing bodies, making practices and governance for public schools, whether charter or traditional, more consistent.

FISCAL IMPLICATIONS

This bill makes changes to current laws regarding charter schools and does not have a fiscal impact.

SIGNIFICANT ISSUES

SB 273 provides clarifying language regarding the roles and responsibilities of governing boards and charter school administrators. The changes by section are:

Section 1 creates a single section for charter school governing bodies, currently located in Section 22-8B-4(B) NMSA 1978.

Section 3 expressly applies school discipline, medications and weapons policies applicable to non-charter public schools (see Section 22-5-4.3 NMSA 1978 and Section 22-5-4.7 NMSA 1978) to charter schools.

Section 4 provides the same obligation for a charter school governing board president, secretary and head administrator to obtain surety bonds that exist for the president and secretary of an elected school board and its superintendent.

Section 5 provides for filling governing vacancies that occur on the governing board of a charter school. A qualified person appointed to fill a vacancy occurring in the membership of a governing body shall hold that office until the member chooses to vacate the office or the member is replaced by majority vote of the other governing body members; unlike school district school boards, members of the governing body of a charter school are not limited to the length of their membership by terms or elections. In the event that vacancies occur in a majority of the full membership of a governing body, the secretary shall appoint qualified persons to fill the vacancies until a majority has been appointed; at which time, the majority shall appoint additional members until the membership of the board is complete.

Section 6 provides duties for head administrators of a charter school. This language is similar to language pertaining to local school superintendents.

PSFA notes this bill includes requirements and provisions for the governing body of a charter school which mirror sections from the following sections of law:

• Section 22-5-4 NMSA 1978. Local school boards; powers; or duties.

Senate Bill 273/aSEC - Page 3

- Section 22-5-4.3. School discipline policies; students may self-administer certain medications.
- Section 22-5-4.7 NMSA 1978. Additional student discipline policies; weapon-free schools.
- Section 22-5-7 NMSA 1978. Officers; surety bonds.
- Section 22-5-9 NMSA 1978. Local school board vacancies.
- Section 22-5-14 NMSA 1978. Local superintendent; powers and duties.
- Section 22-8-38 NMSA 1978. Boards of finance; designation.

RELATIONSHIP

SB 236 also amends the Charter Schools Act requiring the Public School Capital Outlay Council to approve lease payments, develop and implement a standardized lease format, and requires a chartering authority to provide oversight of charter school conflict-of-interest documentation.

SB 130 amends language in the Public School Lease Purchase Act referring to "governing body" to include that of a charter school.

SB 148 amends the Public School Code to define certain charter school terms and to clarify certain responsibilities of charter school authorizers.

TECHNICAL ISSUES

Section 2, subsection I provides that governing boards "shall become qualified as a board of finance for the charter school as required by Section 22-8-38 NMSA 1978". PED notes that locally chartered charter school do not receive a board of finance designation but operate under the board of finance of the authorizing district. The legislature may wish to consider on page 3, line 2 inserting "of a state chartered charter school" before "shall". This issue is addressed in the SEC amendment.

Section 2 of SB 273 states that charter schools may offer and pay rewards for information leading to the arrest of juveniles. However, the section states that awards shall be paid from school district funds. PED notes replacing "school district" with "charter school" would allow charter schools to pay such an award, rather than looking to the district to pay the award. This issue is addressed in the SEC amendment.

OTHER SUBSTANTIVE ISSUES

Section 6 of the bill provides for filling vacancies on majority vote of the governing body and states that an appointed member can serve "until the member chooses to vacate the office or the member is replaced by a majority vote of the other governing body members." Further, the bill provides that, if vacancies occur in a majority of the five positions required for a governing body of a charter school, the PED secretary can appoint qualified persons until a majority is appointed. When a majority of the positions are filled, "the majority shall appoint additional members until the membership of the board is complete." PED notes this provision could be problematic both because it allows very few people (three) to decide who is qualified to continue to serve and to appoint such persons to essentially permanent positions. The aspect of PED's concerns related to permanent positions is addressed in the HEC amendment.