

LESC bill analyses are available on the New Mexico Legislature website ([www.nmlegis.gov](http://www.nmlegis.gov)). Bill analyses are prepared by LESC staff for standing education committees of the New Mexico Legislature. LESC does not assume any responsibility for the accuracy of these reports if they are used for other purposes.

**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**53rd Legislature, 1st Session, 2017**

<b>Bill Number</b>	<u>SB207</u>	<b>Sponsor</b>	<u>Sapien</u>
<b>Tracking Number</b>	<u>.205016.5</u>	<b>Committee Referrals</b>	<u>SEC/SFC</u>
<b>Short Title</b>	<u>Clarify a Certain Charter School's Authority</u>		
<b>Analyst</b>	<u>Herz</u>	<b>Original Date</b>	<u>2/3/17</u>
		<b>Last Updated</b>	<u></u>

---

---

**FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

**BILL SUMMARY**

Synopsis of Bill

Senate Bill 207 (SB207) limits the overall charter school enrollment within each school district with fewer than 1,300 students to no more than 10 percent of the school district's total students. The bill addresses concerns about the financial viability of small school districts and statewide funding formula implications if too many students within a small school district attend charter schools. Small school districts are allowed to waive the 10 percent cap and small school districts that currently exceed the 10 percent cap would be grandfathered into the bill.

**FISCAL IMPACT**

While SB207 does not appropriate funds, it could improve efficiency in public school appropriations in the future. In general, smaller school districts have to spend a larger proportion of funding for non-instructional purposes (school buildings, buses, etc.) and the smaller a school district, the more per-student funding the district receives. In addition to student-based funding in the funding formula, small school districts receive two additional sources of funding through the calculation of small size units. First, all school districts with fewer than 4,000 students receive district size units. Second, micro school districts with fewer than 200 students receive micro district size units. Overall, 74 school districts received district size units and 18 school districts received micro district size units. The funding formula awarded over \$18 million in district size and micro district size funding to school districts (excluding charter schools) in FY17.

Because formula funding for state-chartered charter schools bypasses the school district where the charter is located, charter schools in smaller districts have larger impacts on district enrollment. If allowed to grow without limits, charter schools located in small school districts could alter enrollment at public schools in the school district, exacerbating funding inefficiencies.

## **SUBSTANTIVE ISSUES**

Enrollment changes in small school districts create many challenges for small school district administrators. With smaller enrollments, slight changes in enrollment can cause proportionally large changes in funding levels for the school district. Additionally, less predictability in enrollment can cause problems planning district infrastructure use, potentially creating inefficiency.

SB207 could create more predictability for administrators in small school districts without limiting education choices for students and their parents. School district administrators can choose to waive the 10 percent limit on charter school enrollment, allowing increased local control over the needs of students in the district.

Finally, school districts where charter school enrollment already exceeds 10 percent of students will be exempted from the requirements of this bill. According to data from the Public Education Department, the Jemez Valley, Questa, and Cimarron school districts currently have charter school enrollment exceeding 10 percent of total students.

## **OTHER SIGNIFICANT ISSUES**

In 2007, House Bill 1245 (HB1245) was signed into law, prohibiting a charter school from filing an application if the initial enrollment combined with the enrollment of all other charter schools in the district would exceed 10 percent of the total students in the district. This change applied to all schools districts in the state, regardless of size. However, the bill did not address future enrollment growth, so charter school enrollment is allowed to grow beyond 10 percent of total students as long as the limit is not exceeded in the charter school's initial year of operation. The Legislative Finance Committee analysis found that HB1245 could limit small school districts' flexibility in reopening struggling public schools as charter schools (as found in Section 22-2C-7.I NMSA 1978) if reclassifying a school would result in the school district exceeding the 10 percent limit.

Charter schools have continued to expand in the state, but growth has slowed in recent years. From 2011 through 2016, the number of charter schools increased from 81 to 99. During that same period, charter school enrollment grew by over 50 percent, from just over 15 thousand in 2011 to almost 24 thousand in 2016.

## **RELATED BILLS**

Related to HB46, Moratorium on New Charter Schools  
Related to HB273, Charter School Changes

## **SOURCES OF INFORMATION**

- LESC Files
- Public Education Department

**MPH/rab**