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FISCAL IMPACT REPORT

ORIGINAL DATE 2/08/17

SPONSOR Stewart LAST UPDATED _____ HB _____

SHORT TITLE SEG Size Adjustment Unit Eligibility SB 279

ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$6,927.4)			Nonrecurring	SAM Charter School Budgets

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB130, SB30, SB200, SB305

SOURCES OF INFORMATION

LFC Files

Legislative Education Study Committee (LESC) Files

No Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 279 amends the Public School Finance Act, defining and excluding any school classified as a supplemental accountability model (SAM) school from generating size adjustment program units through the public school funding formula.

FISCAL IMPLICATIONS

According to LESC, there were 35 schools qualified as SAM schools in FY17, including 15 charter schools that generated 1,740 size adjustment units. Based on the FY17 final unit value of \$3,979.63, the size adjustment funding generated by these schools amounted to \$6.9 million.

Reduction of funds for SAM schools may affect operational decisions and financial flexibility for these specific schools; however, reduction of the 1,740 units generated for size adjustment would likely increase the unit value slightly for all school districts and charter schools. Effectively, the \$6.9 million would be redistributed to all schools through the public school funding formula and would have no impact on the overall appropriation.

SIGNIFICANT ISSUES

The bill defines SAM school as a school whose original, primary mission is to address “the needs of students who are at risk of educational failure as indicated by poor grades, truancy, disruptive behavior, and eligibility for special education services or other factors associated with temporary or permanent withdrawal from school that meets requirements pursuant to [PED] rule.” According to 6.19.8(W) NMAC: “To be eligible as a SAM school, the school must serve a student population where 10 percent or more of the students are 19 years of age or older, or where 20 percent or more of the non-gifted students qualify for special educational services. Additionally the school, when established, must have the primary mission to address the needs of students who are at risk of educational failure as indicated by poor grades, truancy, disruptive behavior, eligibility for special education services, or other factors associated with temporary or permanent withdrawal from school.”

A school will qualify as a SAM school when they serve a higher proportion of returning dropouts or students with disabilities. Utilizing modifications for graduation, career and college readiness, and bonus points, SAM schools must meet all other indicators for high schools, with the exception of these modified indicators:

- 1) graduation cohort assignments will be made at the time the student enters the SAM school, based on the student’s grade at entry;
- 2) career and college readiness participation and success may be demonstrated by meeting benchmark scores on career readiness assessments approved by PED; and
- 3) bonus points can include evidence that the school is meeting goals specialized for the non-traditional student population.

Section 22-8-23 NMSA 1978 specifically excludes “separate schools established to provide special programs, including but not limited to vocational and alternative education.”

The small size adjustment factor in the public school funding formula was originally intended to steer resources to small, rural communities with small schools that do not benefit from economies of scale; however, urban charter schools have also benefitted from size funding. The 2011 joint LFC and LESC funding formula evaluation suggested that charter schools appear to be barred from receiving school size units by statute; however, PED allows charter schools to generate school size units. In FY17, charter school students accounted for 7.2 percent of statewide membership (MEM) but generated 26.6 percent of all size adjustment units. In FY15, LESC noted, “With size adjustment program units accounting for 15.6 percent of their total program units on average, charter schools generate 14 percent more [state equalization guarantee] funding per MEM than the average school district. However, charter school representatives note charter schools deal with obstacles not faced by school districts, such as maintaining adequate facilities without the benefit of a dedicated revenue source through property tax.”

This bill relates to HB130 and SB200, which allows program units to be generated for National Board certified licensed personnel; SB30, which adjusts program units generated over five years for at-risk students, teacher experience, and charter size adjustment; and SB305, which limits SEG distributions to virtual charter schools.

Supplemental Accountability Model Schools

School District	School Site	FY17 Enrollment	FY17 Size Adjustment Funding
1 Alamogordo	Academy Del Sol Alternative	115	
2 Albuquerque	Albuquerque Charter Academy	288	\$542,360
3 Albuquerque	Freedom High	159	
4 Albuquerque	Gordon Bernell Charter	395	\$143,649
5 Albuquerque	La Academia De Esperanza Charter	328	\$546,001
6 Albuquerque	Los Puentes Charter	189	\$629,036
7 Albuquerque	New Futures	146	
8 Albuquerque	Nuestros Valores High Charter	138	\$525,753
9 Albuquerque	Robert F. Kennedy Charter	312	\$575,550
10 Albuquerque	School on Wheels	99	
11 Aztec	Vista Nueva High	51	
12 Belen	Belen Infinity High	86	
13 Bloomfield	Charlie Y. Brown Alternative	87	
14 Central	Career Preparatory Alternative	153	*
15 Deming	Deming Cesar Chaves Charter	133	\$497,577
16 Farmington	Rocinante High	202	
17 Gallup-McKinley	Gallup Central Alternative	237	*
18 Las Cruces	San Andres High (Rio Grande Preparatory Institute)	329	*
19 Los Lunas	Century Alternative High	157	
20 Lovington	New Hope Alternative High	93	*
21 Rio Rancho	Independence High	186	
22 Roswell	University High	126	
23 Santa Fe	Academy at Larragoite	74	*
24 Silver Consolidated	Opportunity High	79	*
25 Taos	Chrysalis Alternative	13	
26 Taos	Vista Grande High Charter	88	\$449,344
27 West Las Vegas	West Las Vegas Family Partnership	19	
28 State Charter	School of Dreams Academy	532	
29 State Charter	Academy of Trades and Tech	118	\$551,911
30 State Charter	ACE Leadership High School	347	\$146,446
31 State Charter	Albuquerque Sign Language	97	\$268,665
32 State Charter	Cesar Chavez Community Charter	204	\$632,140
33 State Charter	New America School (Albuquerque)	328	\$299,742
34 State Charter	New America School (Las Cruces)	314	\$502,006
35 State Charter	The GREAT Academy	172	\$617,241
36	Statewide Total	6,394	\$6,927,422

*Unconfirmed amounts.

Source: LESC Files