



**Report  
to  
The LEGISLATIVE FINANCE COMMITTEE**



Public Schools Facilities Authority  
Charter School Facilities Lease Assistance and Capital Outlay Planning  
January 14, 2013

**Report #13-01**

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January 14, 2012

Mr. Robert Gorrell, Director  
Public School Facilities Authority  
410 Don Gaspar  
Santa Fe, NM 87505

Dear Mr. Gorrell:

On behalf of the Legislative Finance Committee (Committee), I am pleased to transmit the evaluation, *Charter School Facilities Lease Assistance and Capital Outlay Planning*. The program evaluation team reviewed all charter school leases to determine if leases are providing the best value for the state and also assessed charter school facility budgeting and planning.

The report will be presented to the Committee on January 14, 2012. An exit conference was conducted with the Public Schools Facilities Authority on January 8, 2012 to discuss the contents of the report. The Committee would like a plan to address the recommendations within this report within 30 days from the date of the hearing.

I believe this report addresses issues the Committee asked us to review and hope that all participating entities will benefit from our efforts. We very much appreciate the cooperation and assistance we received from your staff.

Sincerely,

A handwritten signature in cursive script that reads "David Abbey".

David Abbey, Director

Cc: Senator John Arthur Smith, Chairman, Legislative Finance Committee  
Representative Luciano "Lucky" Varela, Vice-Chairman, Legislative Finance Committee  
Representative Henry "Kiki" Saavedra, Legislative Finance Committee  
Representative Rick Miera, Chairman, Legislative Education Study Committee  
Ms. Frances Maestas, Director, Legislative Education Study Committee  
Ms. Hanna Skandera, Secretary-Designate, Public Education Department  
Mr. Hector Balderas, State Auditor, New Mexico Office of the State Auditor

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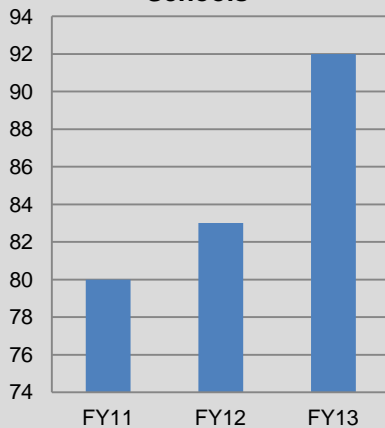
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**FY12 Average Program Cost Per Student**

Public School District	\$6,869
Charter School	\$8,344

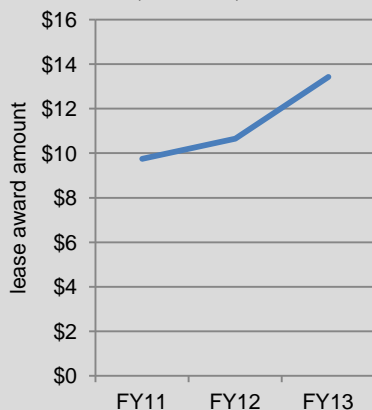
Source: PED Final Funded Run

**Number of New Mexico Charter Schools**



Source: PSCOOTF

**Total Lease Assistance Awards (in millions)**



Source: PSCOOTF

Charter schools are public schools that provide an alternative to traditional public schools for parents, students, and educators. The facilities of charter schools are frequently different from traditional schools, in that most do not have cafeterias, gymnasiums, and science labs. Many have smaller class sizes and lower student-teacher ratios. Charter schools face unique challenges that traditional schools do not, such as securing long-term facilities.

Charter schools are leasing property in various locations such as office buildings, warehouses, churches, and portable buildings. Many leases favor the property owners and once the charter school is committed as a tenant, it's difficult and expensive for schools to move, making negotiations difficult. An attractive solution to avoid relocating is to lease-purchase the building. Many schools have pursued this option, although appraisals are not always conducted, at the potential expense of taxpayers.

Lease assistance costs have, on average, increased almost 22 percent per year for the past nine years and for FY13 total approximately \$13.5 million in annual payments. While many of the leases are within acceptable market rates, others appear to be excessive, with foundations and third parties earning profits from subleases. Causes of high lease rates include profit taking by third parties, additional costs being included in base rents, schools contracting for space in excess of need, inadequate oversight of tenant improvements, and lack of accountability.

The maximum amount of lease reimbursement is capped by either \$733 per student membership (MEM) or the actual lease cost, whichever is less. Where lease costs are greater than the cap, schools use operational budgets to make up the difference, which diverts funding from the classroom. As such, this evaluation assessed the input of lease costs and school operating funding. Charter school representatives have indicated a need for size adjustments, which increase operating budgets, to fund lease costs.

This evaluation focuses on the real estate and financial aspects of charters and include two objectives:

- Review of charter school leases to determine if leases are providing the best value for the state.
- Assess charter school facility budgeting and planning.

**KEY FINDINGS**

**Charter schools pay excessive lease costs at taxpayer expense.** Charter school costs are increasing with payments quadrupling over the past nine years. From 2005 to 2013, the number of charter schools has almost tripled, from 34 schools in 2005 to 96 in 2013. During the same time, facility awards have more than quadrupled from \$2.8 million in FY05 to \$13.4 million in FY13, with no limit on increases. Aside from the recent PSCOC deferring of payments until high lease rates were justified, there have been no requirements for determining if lease cost, tenant improvements, or space needs are reasonable.

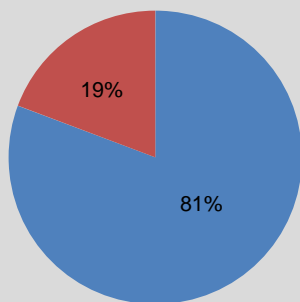
**Charter School  
Operational Fund  
Expenditures on Lease  
Payments**

(in millions)

FY11	FY12	FY13 (Budgeted)
\$5.9	\$5.8	\$8.8

Source: PED

**FY12 Proportion of  
Charters Using  
Operating Budgets  
(OpBud) for Lease  
Payments**



■ Using OpBud for Lease Payments

■ Not Using OpBud for Lease Payments

Source: PED

**Charter school foundations and other third parties are driving the cost of charter leases higher than necessary, costing the state millions of dollars.** Many charters lease their facilities as a sublease executed with a foundation or another third party that are not held accountable to Public Education Department (PED) or the PSFA.

*The New America School – New Mexico* charter school’s sublease was sold for \$1.3 million dollars to private investors, implying that taxpayers are overpaying by *at least* this amount. *The Alma de Arte* charter in Las Cruces pays \$137 thousand a year for a sublease, while the master lease charges \$1 dollar a year. The *ACE Leadership* charter paid \$135 thousand more for the sublease, over three years, than is charged by the master lease for the same property.

**Some charter schools use operational funds to pay for expensive leases and high administrative costs.** For FY13, charters have budgeted \$8.8 million dollars of their operational fund for lease payments, a 52 percent increase from the \$5.8 million spent in FY12. Some schools spend upwards of \$400 thousand on lease payments from their operational budget. These funds represent millions of dollars that could be allocated towards classroom instruction, curriculum, and support services. The ASK Academy, a charter in Rio Rancho, spent 19 percent of their state equalization guarantee (SEG) funds on lease payments. Other charters with reasonable costs or that are in public buildings, such as Amy Biehl, incur no operating budget impact.

**Additional costs and questionable space utilization are major factors in the high cost of charter school leases.** Expenses beyond base rent drive up lease payments for schools. Many tenant improvements, which are allowed after the charter’s first renewal, appear to be mismanaged, creating opportunities for waste and abuse.

Los Puentes Charter School’s lease includes \$1.1 million of tenant improvements that the school cannot account for. Similarly, La Promesa Charter School’s lease includes \$500 thousand of tenant improvements that the school cannot account for. The New America-NM charter school incurred \$1.6 million in leasehold improvements to property that the state will never own and incurred within the charter’s first three years. While the charter school has only a sublease to the property, improvements to infrastructure include sidewalks, parking lot, drainage pond, landscaping, water, wastewater, and electric utilities.

***The space allotted for each school varies greatly with no apparent consequence.*** The La Promesa Charter School is planning a move to a facility that is larger than the Santa Fe Convention center and will pay a rent that is 11 times higher, or \$360 thousand more per year, than the school’s current rent. La Promesa Charter School currently leases a space that is 9 thousand square feet and is planning to move to a 92 thousand square foot facility.

***Nine facility assistance payments were deferred at the September PSCOC meeting until high lease costs were justified.***

***The Charter School Act includes a conflict of interest section that does not cover conflicts regarding foundations.***

***Over \$330 thousand in taxpayer-funded security deposits are held by private property owners.***

***Standardized leases are needed to provide stronger oversight, lower costs, and reduced risks for taxpayers.*** The General Services Department uses standardized leases that allow annual operating cost increases but typically do not include increases to base rent. Many of the charter school leases have complicated and vague references, include steep increases to base rent, and often provide an unfair advantage to the property owner.

**Lack of oversight and planning cost the state millions of dollars.** Poor accountability and lack of planning results in some charters being housed in temporary, inadequate facilities. Many schools are not represented by leasing agents or real estate professionals and are at a disadvantage to negotiate leases and lease purchases. Access to PSFA or PED guidance or oversight prior to executing contracts, similar to the function performed by the General Services Department (GSD), would improve this process. The Coral School, required to abandon the negotiated lease due to unforeseen circumstances, is now in a temporary facility and leasing by the day.

***Many lease purchase agreements are being executed without appraisals to determine value and some without required PED or PSFA approval.*** State law requires charter schools to be in public buildings by 2015, with some exceptions. One exception is a lease purchase agreement and is attractive to many charters (Appendix B).

To date, nine charter schools have received the required PED and PSFA approvals prior to executing a lease purchase agreement. Nine additional schools are in various stages of the lease purchase process, with two schools executing a lease with option to purchase agreement but without receiving the required approval. These include the Great Academy and New American-NM. According to state law, these schools are not eligible for lease assistance.

## **KEY RECOMMENDATIONS**

The Legislature should require lease amounts to be approved by PSCOC and eliminate the \$700 per MEM and replace with justified per-square-foot costs or square foot per MEM as determined by the Council.

The PSCOC and PSFA should require review and provide possible renegotiation assistance for leases above market rates. PSCOC should continue the practice of deferring lease payments until high costs are justified.

The PSCOC and PSFA should classify as ineligible for lease assistance, a charter school not meeting statutory facility standards (see Appendix B)

PSCOC and PSFA should develop and require the use of a standardized PSFA approved lease format.

PSCOC and PSFA should require tenant improvements be funded by HB33 proceeds and require the use of local match, as provided for by Section 22-20-1 NMSA 1978. Tenant improvements should be approved in advance by



PSFA.

PSCOC and PSFA should set a limit on classroom space per mem in regulation and require schools that exceed that limit to justify this need for lease assistance awards to be given.

PSCOC and PSFA should use lease assistance only for base lease amounts, and prohibit the inclusion of any other costs.

The Legislature should consider amending statute to require new charters or charters relocating (after July 1, 2013) to meet public space and adequacy requirements before students may attend. Remove requirement to “have a plan.”

PSCOC & PSFA should require charter schools submit for approval all leases and amendments.

PED should enter into agreement with PSFA to transfer a portion of the two percent PED withholds from charter school’s SEG for administration/oversight. The amount should be no less than the equivalent of 0.5 percent of state-chartered charter schools’ SEG.



## BACKGROUND INFORMATION

Charter schools are tuition-free public schools that provide a choice in public education for parents, students, and educators. A charter contract between the school and an authorizer will establish the school as a charter. An authorizer can be either the local school district or the Public Education Commission. Charter schools are intended to promote innovation in education and enjoy greater autonomy in curriculum and methods. They also face unique challenges that standard public schools do not, such as securing long-term facilities. Lease assistance is awarded by the Public School Capital Outlay Council (PSCOC) and administered by the Public School Facilities Authority (PSFA). Each year, the number of charter schools continues to expand, as does the responsibility and liability to the state and local school districts.

The lease assistance program is primarily affected by four pieces of legislation.

**Table 1. New Mexico Statutes that affect Charter School Facilities**

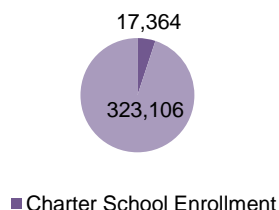
Public Finance Act	22-8 NMSA 1978	Provides the public school funding formula, the state equalization guarantee (SEG), and the official school enrollment or membership count (MEM).
Charter School Act	22-8B NMSA 1978	Provides the charter school application process, legal structure, facility standards, and duties of authorizers.
Public School Capital Outlay Act	22-24 NMSA 1978	Created the Public School Capital Outlay Council (PSCOC), the Public Schools Facilities Authority (PSFA), and the Public School Capital Outlay Oversight Task Force (PSCOOTF). This Act provides capital outlay funding for public schools.
Lease Purchase Act	22-26A NMSA 1978	Details the requirements for schools entering into lease purchase agreements.

Source: NMSA 1978

The Lease Assistance Program started in 2004, as part of the Public School Capital Outlay Fund Section 22-24-4 NMSA 1978. While the program is not specific to charter schools, the program has mainly benefitted charters. The program was initially capped at \$4 million, but the cap was removed and an annual adjustment tied to the Consumer Price Index (CPI) was established. Program awards have increased 377 percent from 2005 to 2013. At the current rate of expansion, an estimated \$50 million annually would be expended by 2021, diverted from other public school capital outlay projects.

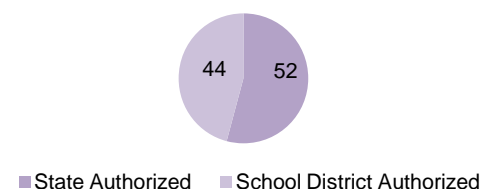
As of the 2011-2012 school year, 96 charter schools exist in the state with the student population exceeding 17 thousand students. The total public school population is approximately 340 thousand, with charter school students accounting for 5 percent of the total. The state-authorized charters make-up 54 percent of the total.

**Chart 1. Number of Students in New Mexico SY12**



Source: PSCOOTF

**Chart 2. Number of State vs. Locally Authorized Charter Schools SY12**



Source: PSCOOTF

At the September 2012 PSCOC meeting, the Council recommended making no increase to the lease assistance awards. This amount is at the discretion of the PSCOC and the amount per MEM (student membership) would remain at \$733. The Council also recommended to defer awards to nine schools until the high cost per square foot was justified. In addition, the award to the NM Virtual Academy was recommended to be deferred until the need and number of students physically present is determined.

The LFC *Evaluation of New Mexico Charter Schools 2010* provided multiple recommendations relevant to lease assistance that were not implemented. This evaluation supports implementation of two of those recommendations originally made in 2010. If implemented, these steps would increase the oversight needed to ensure taxpayer dollars are used efficiently. The two recommendations were:

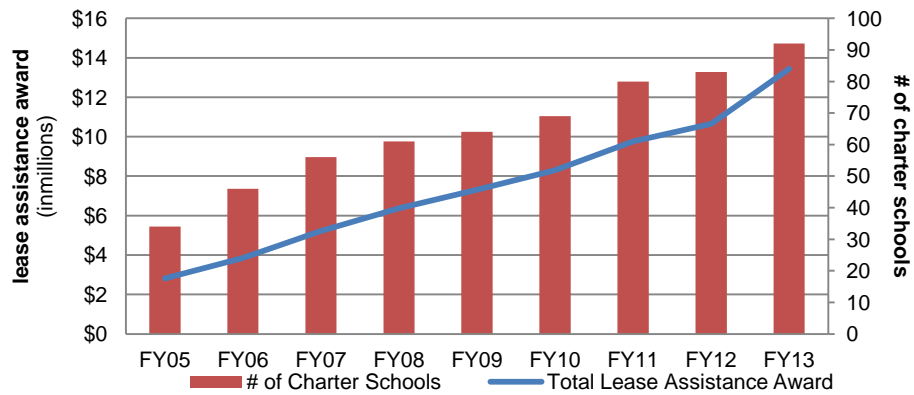
1. Charter authorizers should freeze approval of all new applications until the application and renewal process has increased monitoring and oversight. This recommendation includes closing poorly performing charter schools.
2. Exempt charter schools from receiving small school size adjustments provided for in the current funding formula for public schools.

## FINDINGS AND RECOMMENDATIONS

### CHARTER SCHOOLS PAY EXCESSIVE LEASE COSTS AT TAXPAYER EXPENSE

**Charter school costs are increasing with payments quadrupling over the past nine years.** From 2005 to 2013, the number of charter schools has almost tripled, from 34 schools in 2005 to 96 in 2013. During the same time, facility awards have more than quadrupled from \$2.8 million in FY05 to \$13.4 million in FY13, with no limit on increases. Increased costs can be attributed to lack of oversight, lack of regulation, and third-party markups. There are no requirements for determining if lease cost, tenant improvements, or space needs are reasonable.

**Chart 3. Total Lease Assistance Awards and Charter Schools, FY05-FY13\***



Source: PSCOOTF

\*FY12 numbers are preliminary and FY13 are an estimate

**Average lease rates are sometimes higher than market rates.** The Property Control Division at the General Services Department provided the LFC with a range of current lease rates for E-Occupancy facilities in the Albuquerque area, ranging from \$6 to \$8 per square foot for tenant-ready, triple net charter school leases. In the September 2012 LFC evaluation *Space Utilization and Impact on Capital Planning*, the GSD was credited with renegotiating 28 leases achieving lower lease rates more aligned with market rates. The savings to taxpayers are estimated at \$8.9 million.

The PSCOC distributed PSCOC 2012-2013 *Lease Assistance Awards* dated September 2012, which used data supplied by charter school applications but not validated. At the September 2012 PSCOC meeting, the Council recommended deferring payments to nine schools that reported leases that cost over \$22.50 per square foot. These schools revised their reported square feet of leased space, which lowered the cost per square foot. At the LFC exit conference on January 8<sup>th</sup>, 2013, the PSFA provided revised cost per square foot data for 12 charters. The remainder of the report does not reflect these revised figures but uses the *PSCOC 2012-2013 Lease Assistance Awards* data dated September 2012. The list of charters with revised but self-reported and unverified data, can be found in **Appendix C**.

**Table 2. Charter Schools Located in Albuquerque With Cost per Square Foot Over \$22.50 2012-2013**

School	Total Square Feet of Leased Space	Lease Amount	Cost per Square Foot
New America-NM School	11,752	\$663,479	\$56
Cottonwood Classical Preparatory School	16,969	\$589,830	\$35
Horizon Academy West	17,633	\$522,853	\$30
La Resolana Leadership Academy	4,152	\$118,084	\$28
La Academia de Esperanza	13,679	\$360,000	\$26

Source: PSFA

According to the PSCOC award document in September 2012, the New America-NM School has the highest cost per square foot of any charter school in the state. A new sublease effective September 2012, describes a new base rent amount that is effective December 2012, but the amount was not stated. That amount was requested by the LFC to which the school responded that it could not be provided until December 31, 2012. The school has yet to provide the base rent amount that describes all costs. Table 15 towards the end of this report, identifies outstanding requests for information and includes the New America-NM requests.

The Cottonwood Classical’s Montano lease increased \$108 thousand, or 72 percent in three years, although the lease does not describe any increased square footage or tenant improvements.

**Table 3. Cottonwood Classical Preparatory School Lease with Montano Land LLC**  
(in thousands)

	Annual Rent	Dollar increase	Percent Increase
<b>2010</b>	\$150.00		
<b>2011</b>	\$216.00	\$66.00	44%
<b>2012</b>	\$258.00	\$42.00	19%
<b>Total</b>		\$108.00	72%

Source: Lease Agreements

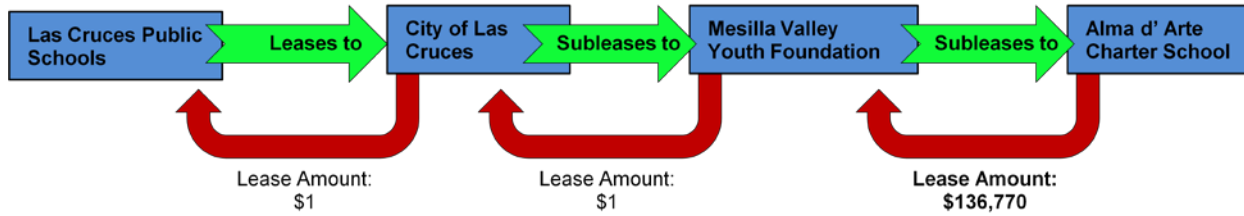
While the Cottonwood Classical Preparatory School had the second highest rent per square foot according to the PSCOC award document in September 2012, a letter from the school to the PSCOC in October 2012, explained that the property owner increased the leased space from 6,000 square feet to 13,265 square feet, or 121 percent. The lease amount remained the same. This increase in square feet causes the cost per square foot to drop from \$43 to \$19. This renegotiation of terms is an example of a good business practice but the change should be reflected in the lease. As the lease is expiring after this year, the school is planning to execute a lease purchase agreement and move to a new location.

**Charter school foundations and other third parties are driving the cost of charter leases higher than necessary, costing the state millions of dollars.** Many charters lease their facilities as part of a sublease executed with a foundation or another third party that are not held accountable to Public Education Department (PED) or the PSFA. Some of these foundations charge a premium to charter schools to cover operational costs.

*The New America School – New Mexico* charter school’s sublease is valued at \$1.3 million to private investors. The lease purchase agreement, executed September 2012, was not approved by the state prior to execution, even though approval is required. The new sublease references the purchase agreement that sold the interest in the charter school sublease to a private investor. The purchase price for the interest in the sublease was \$1.3 million dollars, implying that taxpayers are overpaying by *at least* this amount.

*Alma d’ Arte* is a Las Cruces charter school that leases its facility from the Mesilla Valley Youth Foundation (MVYF), the school’s foundation. The school subleases the building from MVYF for \$137 thousand a year, the maximum lease assistance payment amount the school is eligible for. MVYF, in turn, subleases from the City of Las Cruces for one dollar annually. The City then leases from Las Cruces Public Schools for one dollar as well. Because the foundation is not accountable to the state, hundreds of thousands of public dollars may be used for other activities or costs associated with the foundation, when the cost to lease the property is only one dollar.

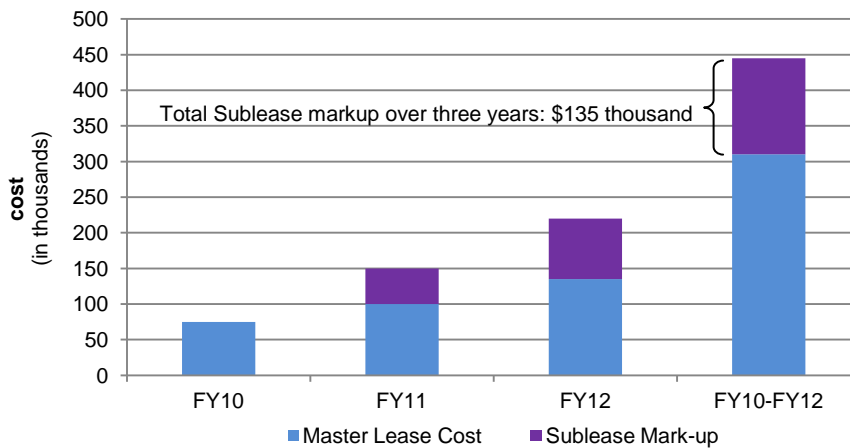
**Chart 4. Sublease Flow Chart and 2013 Lease Payments of Alma D' Arte Charter School**



Source: Lease Agreements

The New Mexico School for Architecture, Construction, and Engineering (ACE) has a facility condition index that the PSFA suggested does not meet adequacy standards, although this has not yet been verified by the PSFA. The school pays a very high lease rate at \$18.33 per square foot, which is one of the highest rents in the state. ACE subleases its facility from the Construction Advancement Program Inc. (CAP). The director of CAP is also the principal of ACE and pays the sublease. Over the past three years, CAP has charged ACE \$135 thousand more than the cost of the lease.

**Chart 5. Construction Advancement Program's Markup on Sublease with ACE Charter School**



Source: Lease Agreements

**Some charter schools use operational funds to pay for expensive lease and high administrative costs.** In FY12, 12 charter schools spent 10 percent or more of their operational budget on leases for their buildings. The ASK Academy, a charter in Rio Rancho, spent 19 percent of their state equalization guarantee (SEG) funds on lease payments. Some schools spend upwards of \$400 thousand on lease payments from their operational budget.

**Table 4. FY12 Operational Fund Expenditures on Lease Payments**

Charter	Percent of Operational Fund
ASK Academy	19%
Albuquerque School of Excellence	18%
Montessori Elementary School	18%
Digital Arts and Technology Academy	17%
New America School	15%
Cesar Chavez Community School	14%
School of Dreams Academy	12%
Academia de Lengua y Cultura	11%
La Resolana Leadership Academy	10%
Cottonwood Classical Preparatory School	10%

Source: PED

**More than half of the charters have increased budgets from operational funds to pay for lease payments in FY13.** Charter schools annually spend approximately \$6 million dollars of SEG funds to pay for their leases. These SEG funds represent millions of dollars that could be allocated towards classroom instruction, curriculum, and support services. For FY13, charters have budgeted \$8.8 million dollars of their operational fund for lease payments, an increase of 52 percent from the \$5.8 million spent in FY12. Much of this increase can be attributed to nine new charters starting services in FY13, but also due to increased lease payments as well.

**Table 5. Charter School Operational Fund Expenditures on Lease Payments**

FY11	FY12	FY13 (Budgeted)
\$5,870,871	\$5,770,974	\$8,771,011

Source: PED

**Small school size adjustments allow some charters to have excessive administrative and lease costs.** Charter schools have noted during funding formula workgroup sessions that size adjustments are integral to their ability to finance their capital needs. Charters receive millions in size adjustments annually, which contribute to their ability to pay for lease payments out of their operational funds. Charter schools receive over \$20 million in size adjustments annually. In FY12, charter schools were awarded \$26 million and 87 percent of charter schools receive size adjustments. The additional funding provided by size adjustments contributes to charters’ ability to spend operational funds to cover lease payments in excess of the lease assistance payments.

Small school size adjustments allow charter schools to spend more money on administrative costs when compared to small school districts receiving size adjustments. School districts with fewer than 200 students spent 18 percent of their operational budgets on administrative costs in FY12, while charters schools, which averaged 211 students in FY12, spent an average of 22 percent of their operational budgets on administrative costs. In 2012, 17 charter schools spent more than 30 percent of their operational funds on administration.

**Table 6. Charter Schools with more than 35 Percent of Operational Expenditures on Administrative and Central Services, FY12**

Charter School	Proportion of Operational Fund Spent on Administrative and Central Services
Village Academy	43%
SIA Tech (School for Integrated Academics & Tech)	43%
The Great Academy	42%
Anthony Charter School	40%
La Resolana Leadership Academy	37%
Walatowa Charter High School	37%
Academy of Trades and Technology	35%

Source: PED

Some charter schools receive small school size adjustments despite scale efficiencies. Southwest Learning Academies receive small school size adjustments, giving them over \$850 thousand in extra funding, despite having many scale efficiencies. Southwest includes a primary school, intermediate school, and high school that serve grades 4-12. The three schools are housed in the same facility and share administrative staff. The LFC has identified this issue in other charters and traditional public schools in past reports.



*Southwest Learning Academies: Pictured Left to Right – (L) Aerial view of Southwest Learning Academies, (R) Hallway within the facility, on the left side of the hallway are classrooms for Southwest Intermediate School, while the right side has classrooms for Southwest Primary School.*

The size adjustments, meant to compensate for scale inefficiencies of small schools, are not appropriate for Southwest because the schools consolidate staff and facilities. Small school size funding contributes to unique expenditures at that school such as aeronautics programming and additional leased space.

## **Recommendations**

### **The Legislature should:**

- Require lease amounts to be approved by PSCOC and eliminate the \$700 per MEM and replace with justified per-square-foot costs or square foot per MEM as determined by the Council.

### **The PSCOC and PSFA should:**

- In PSCOC award determinations, develop and use benchmarks to determine limits for high cost-per-square-foot leases.
- Require review and provide possible renegotiation assistance for leases above market rates. PSCOC should continue the practice of deferring lease payments until high costs are justified.
- Classify as ineligible for lease assistance:
  - A charter school not meeting statutory facility standards after 2015 (see Appendix B);
  - A charter school lease for payment to a foundation or other third party in excess of actual lease cost to property owner;
  - A charter school leasing property from public entities for space already paid for by the public; and
  - Excessive cost per square foot or excessive square footage.

**ADDITIONAL COSTS AND QUESTIONABLE SPACE UTILIZATION ARE MAJOR FACTORS IN THE HIGH COST OF CHARTER SCHOOL LEASES**

**Expenses beyond base rent drive up lease payments for schools.** Additional costs are being included in lease payments, which contribute to higher costs to schools.

*Poor oversight and mismanagement of tenant improvements has been expensive for taxpayers.* Facilities that meet adequacy standards when leased would prevent the need for tenant improvements prior to the first renewal period. According to statute, additional lease payments *may* be used for leasehold improvements after a school’s first renewal, typically five years. Many tenant improvements, however, have occurred prior to the first renewal and appear to be mismanaged, creating opportunities for waste and abuse.

Los Puentes Charter School’s lease includes \$1.1 million of tenant improvements that the school cannot account for. The tenant improvements are incorporated into the school’s current lease, but the school has no documentation of what improvements were made and how they totaled to \$1.1 million. The school subleases from its foundation, which then leases from Charter School Property Solutions, a charter school property development corporation that owns the building and completed the tenant improvements. The specific improvements are not defined in the master lease or the sublease.

Similarly, La Promesa Charter School’s lease includes \$500 thousand of tenant improvements that the school cannot account for. The current lease for La Promesa provides for a \$500 thousand allowance to be paid by the landlord for improvements. The lease identifies the school’s current administrator as the sole representative for the school in this matter. The administrator claimed that the improvements were over \$700 thousand but could not provide any supporting documentation on planned or completed work to the facility. Even with these questionable improvements, the building has a weighted New Mexico condition index (wNMCI) of 33 percent, above the adequacy standard as defined as the state average of 22 percent. The lower the wNMCI, the better the facility.

In addition, the New America School – New Mexico incurred more than 245 percent in increased rent, which was primarily attributed to \$1.6 million in leasehold improvements to property that the state will never own and incurred within the charter’s first three years. While the charter school has only a sublease to the property, improvements to infrastructure include sidewalks, parking lot, drainage pond, landscaping, water, wastewater, and electric utilities. A new school gym will also be constructed on site, paid for by taxpayers. Unless the gym can be relocated, it will remain on site indefinitely (photo of site is provided to the right).



The school has not achieved its first renewal, which makes the leasehold improvement payments inconsistent with statute. For the New America School-NM, the lessor did not make improvements, but the sublessor, which further complicates determining the eligibility of these payments. The sublessor also charged \$25 thousand in development fees, which is included in the rent.

**Table 7. Leasehold improvements  
New America - NM  
(in thousands)**

Job 1250: original improvements	\$639
Job 1252: Phase 2A	\$389
Job 1118: 5th portable classroom	\$108
Job 1455: Phase 3	\$503
Total	\$1,639

Source: Klinger Constructors LLC



Finally, the Albuquerque School of Excellence, with a high cost per square foot, incurred a base rent increase of 96 percent over five years that primarily funded tenant improvements. The school could not provide documentation to support the cost of the improvements. The school has not achieved its first renewal, which makes the tenant improvement payments inconsistent with statute.

**Table 8. Albuquerque School of Excellence**  
(in thousands)

	Annual Rent	Increase \$	Increase %	Cumulative
Year 1	\$300			
Year 2	\$396	\$96	32%	32%
Year 3	\$468	\$72	18%	50%
Year 4	\$528	\$60	13%	63%
Year 5	\$588	\$60	11%	74%
Total		\$288		96%

Source: Lease Agreements

**Eligible costs for lease payments are not defined in regulation or statute.** Types of costs that are allowable expenses for lease payments are not defined. Therefore schools routinely pay for a number of different expenses through lease payments. Types of expenses written into leases and paid for through lease payments include maintenance, facility and infrastructure repair, janitorial services, and utilities. These costs should be paid from a school’s operating budget, be separately accounted for, and not require funding from the PSCOC. In addition, charters pay for school foundation fees and expenses, and school foundation reserves, which require further scrutiny from the schools’ authorizer.

**School districts are collecting the maximum allowable lease payments for portables and land that taxpayers have already paid for.** The Albuquerque Public School (APS) district bills charter schools the maximum rent allowed for portable classrooms that have already been paid for with public funds. This practice complies with statute. The Public Academy for Performing Arts (PAPA) pays the equivalent of \$18 per square foot to APS for the portables, the ninth highest rent per square foot in the state. APS receives \$251 thousand in revenue from PAPA in FY12, which goes into APS’s operating budget.



The Los Carinos de los Ninos Charter School in Espanola is another example of money flowing through a charter school to the district for a building that has already been paid for by taxpayers. Taxpayers are currently paying \$130 thousand in lease assistance annually for Los Carinos Charter School to occupy the old Espanola Middle School building which has been classified by the PSFA as unfit for students and PSFA staff recommended it be demolished.

**The space allotted for each school varies greatly with no apparent consequence.** The La Promesa Charter School is planning a move to a facility that is larger than the Santa Fe Convention center and will pay a rent that is 11 times higher, or \$360 thousand more per year, than the school’s current rent. La Promesa Charter School currently leases a space that is 9 thousand square feet and is planning to move to a 92 thousand square foot facility. The new facility is advertised to cost \$3.65 per square foot, yet the sublease reflects a price of \$4.29 per square foot. The reason for the markup between the advertised price and the price reflected on the sublease is unclear.

The explanation provided for additional space is increased enrollment and planned growth even though the current facility meets the minimum New Mexico Administrative Code (NMAC) space requirements of 32 net square feet per student for grades one through five.

**Table 9. La Promesa Facility Comparison**

	<b>Current Facility</b>	<b>New Facility</b>
MEM (student membership)	251	251
Net Square Footage of Leased Classroom Space	9,000	92,000
Total Lease Payment	\$35,000	\$394,998
Square Foot Per MEM	36	367
Price Per Square Foot	\$3.88	\$4.29
Amount of Lease Assistance Requested	\$35,000	\$190,000

Source: La Promesa Application for Lease Assistance and PSCOC

The minimum square footage per student deemed adequate by PSFA rule ranges from 25 (grades 9-12) to 50 (kindergarten). A number of charter schools exceed this range. There appears to be no oversight regarding a maximum square footage per student and more than one-third of charter schools have over 100 square feet per student in classroom space and seven schools have over 200 square feet per student in classroom space.

**Table 10. Charter Schools With More than Twice the Minimum Classroom Square Feet per MEM Established by PSFA, FY13**

<b>School</b>	<b>Classroom Square Foot Per MEM</b>
La Promesa Charter School (new lease)	367
Carinos Charter School	361
Sidney Gutierrez Middle School	295
The Montessori Elementary School	218
New Mexico School for the Arts	205
The ASK Academy	162
Tierra Encantada Charter High School	161
Native American Community Academy	159
Vista Grande High School	152
Digital Arts and Technology Academy HS	149
Coral Community School	148
Amy Biehl High School	141
El Camino Real Academy	141
Turquoise Trail Charter School	140
Southwest Aeronautics, Mathematics and Science Academy	138
Academy of Trades & Technology	138
SW Primary Learning Center	135
The Learning Community Charter School	124
Red River Valley Charter	122
Taos Integrated School for the Arts	120
San Diego Riverside	116
NM International School	110
Anansi Charter School	109
Mission Achievement and Success	109
William W. & Josephine Dorn Charter Community	108
Ralph J. Bunche Academy	107
SW Intermediate Learning Center	107
East Mountain High School	104
Bataan Military Academy	103
Christine Duncan's Heritage Academy	103
Village Academy	103
The Academy for Technology and the Classics	100

Source: PSFA

***Applications for lease assistance payments include self-reported numbers that are not validated.*** Lease assistance applications from charter schools include self-reported numbers on the amount of square feet of classroom and administration space. These numbers are not verified by PSFA, and may present data quality issues for decisions that rely on the data. Twelve schools revised their square footage numbers for their applications in 2012 because they improperly reported. For example, in their original application for lease assistance for the 2013 school year, Horizon Academy West had previously recorded leasing 17,663 square feet of space. The school had not included their library, computer lab or multipurpose rooms in the calculation, and the leased space was later revised to 33,762 square feet. The complete list of charters with revised numbers can be found in **Appendix C**.

**Standardized leases are needed to provide stronger oversight, lower costs, and reduced risks for taxpayers.**

The General Services Department uses standardized leases that allow annual operating cost increases but typically do not include increases to base rent. Many of the charter school leases have complicated and vague references that often provide an unfair advantage to the property owner. The PSFA has been collecting charter school leases with the school's facility assistance applications since 2010 and has recommended the use of standardized leases to enhance consistency and transparency in charter school leases. Charters should contract for all other services separately from base rent, including contracts for maintenance, janitorial services, and utilities. Of the 96 charter school leases reviewed, the following problems were noted:

- 1) Charter schools do not always provide a copy of the fully executed lease. Until executed, all items are subject to change, including not executing the lease at all, and moving to a new location.
- 2) Leases become complicated when they involve the charter school foundation. Many times, the foundation leases the property and subleases to the charter school. Only in rare instances was a master lease included with the sublease, which is needed for due diligence.
- 3) Charter schools do not always provide a complete set of amendments, needed to perform due diligence.
- 4) Charter schools do not always provide supporting exhibits to identify square footage, expansions, and tenant improvements.
- 5) Some leases are not clear regarding the responsible party for insuring real property. As a result, insurable exposure may be difficult to identify.
- 6) Many leases assign charter schools with responsibility for property maintenance, utilities, insurance, and taxes. If these expenses are rolled into the lease, these are difficult to quantify and complicate inconsistent reimbursements identified as rent.
- 7) Some leases assign charter schools with responsibility for losses such as roof and utility losses, normally born by the landlord.
- 8) Over \$338 thousand in tenant security deposits were identified and is an internal control concern. When a lease terminates, these deposits should revert to their source.

## **Recommendations**

### **The Legislature should:**

- Limit or eliminate lease assistance awards being provided for buildings that are already owned by either the state or the school district.

### **PSCOC and PSFA should:**

- Develop and require the use of a standardized PSFA approved lease format.
- Tenant improvements should not be allowed for charter schools that have not been renewed in accordance with state statute which would eliminate tenant improvement for schools within their first 5 years of existence. For schools with tenant improvements, these improvements need to be approved in advance by PSFA and supporting documentation provided upon completion.
- Require tenant improvements be funded by HB33 proceeds and require the use of local match, as provided for by Section 22-20-1 NMSA 1978.
- Set a limit on classroom space per MEM in regulation and require schools that exceed that limit to justify this need for lease assistance awards to be given.
- Use lease assistance only for base lease amounts, and prohibit the inclusion of any other costs.

## LACK OF OVERSIGHT AND PLANNING COST THE STATE MILLIONS OF DOLLARS

**Poor accountability and lack of planning results in some charters being housed in temporary, inadequate facilities.** Many schools are not represented by leasing agents or real estate professionals and are at a disadvantage to negotiate leases and lease purchases. School principals and governing bodies are negotiating real estate contracts with some of the largest real estate developers in the state as well as businesses from out of state. Access to PSFA or PED guidance or oversight prior to executing contracts, similar to the function performed by the General Services Department (GSD), would improve this process.

An overlap of responsibilities exist between the PED and PSFA. This overlap may lead to fragmented oversight and lack of accountability. For example, both agencies are required to approve lease purchase agreements, but some schools have executed agreements without the required approval of either. The Public School Capital Outlay Oversight Task Force (PSCOOTF) *Review of Charter School Facilities Issues September 24, 2012*, policy consideration #1 was to provide charter schools with a dedicated centralized resource to provide increased facilities knowledge and experience. The dedicated resource could reside in the Charter School Division of the PED or the PSFA.

***Charter schools are being approved before they have facilities resulting in schools with temporary locations and unplanned leases.*** The Public Education Department Charter School Division provides detailed instructions for the charter school application. The application, available on-line, includes evaluation criteria for the facility plans. To achieve a “meets criteria”, a school must provide evidence that efforts have been made to begin a search for an appropriate facility in the desired geographic location. This criteria is lacking because it does not ensure an adequate facility.

The Charter Schools Act, Section 22-8B-4.2(C) NMSA 1978, includes language that dilutes the effectiveness of the law to require adequate facilities. “On or after July 1, 2011, a new charter school shall not open and an existing charter school shall not relocate unless .... the charter school demonstrates, within eighteen months of occupancy or relocation of the charter, *the way* in which the facilities will achieve a rating equal to or better than the average New Mexico condition index”. This 18 month opportunity to demonstrate the way in which facilities will achieve adequacy allows charter schools to gain authorization without adequate and permanent facilities.

For example, the facility that the ASK Academy planned to occupy was not ready in time for the first day of school. The school was forced to find an alternative location and was housed in Cross Point Christian Church for a short time.

Also, the Coral Community School did not provide the new lease to the PSFA for review, because of a last minute change in facilities. While the Coral School is searching for a permanent location, the school is charged a daily rent from the current landlord. The facilities have no playground, no food service, and the classrooms have to be cleared at the close of each Friday so that the landlord, a church, may use the space on weekends.

***Exemptions from state adequacy standards and the lack of facility knowledge lead to charter schools being located in challenging facilities.*** Current exemptions allow charter schools to locate in facilities such as office buildings, warehouses, churches, and portable buildings. Such facilities often lack playgrounds or have playgrounds located on blacktop or parking lots, and/or lack lunch facilities and library space. Additionally, the Public School Capital Outlay Work Group *Review of Charter School Facilities Issues September 24, 2012*, reported most charter schools lack a dedicated person or resources with facility knowledge and experience in planning and operations.

**Table 11. Selected Charter School  
Variances from Adequacy Standards**

All Site Recreation and Outdoor PE Standards
Most Classroom Standards
All Physical Education Standards
All Libraries/Media Centers Standards
All Food Service Standards
Most Safe Access and Parking Standards

Source: PSFA

**Table 12. Photographs and Descriptions of Three Charter School Properties for Which Site Visits Were Conducted**

<p>The New Mexico International School (wNMCI=8.88%) is located in an office building with the playground located on a parking lot behind the building. The playground is enclosed by chain link fencing. The open space pictured on the right side is where the students practice lacrosse.</p>		
<p>La Promesa Charter School (wNMCI=32.63%) is located in a church building and two of their classrooms are demarked by cubicle walls adjacent to the eating area.</p>		
<p>The New America School in Albuquerque (no wNMCI available) has a 40 year property lease from a church and the majority of the campus consists of portable buildings.</p>		

*Many schools are leasing portable classrooms for permanent school facilities, which is not a long-term, cost-effective solution.* Four charter schools were identified as existing mainly of portable classrooms. Collectively, these schools pay approximately \$525 thousand for the annual portable rental. The replacement value for each portable, provided by the Public School Insurance Authority (PSIA), is estimated between \$84 thousand and \$99 thousand dollars, depending on condition.

**Table 13. Estimated Replacement Value of Classroom Portables**

Building Condition	Count of Portables	Total Replacement Value	Average
Average	721	\$60,552,000	\$83,983
Excellent	126	\$12,534,000	\$99,476

Source: PSIA Appraisals 2012

After an average of just eight years of payments, an estimated \$525 thousand per year would be saved if the portables were purchased, rather than leased. Because of the lack of long-term planning, taxpayers will pay for these portable classrooms many times over.

**Table 14. Estimated Break-even in Years for Portable Classrooms**

	Number of Portable Classrooms Leased	Annual Portable Expense	Average Cost Per Portable	Number of Years to Buy New Portable for \$100 thousand
Albuquerque Talent Development Secondary Charter	6	\$74,700	\$12,450	8.0
Cottonwood Valley Charter(Socorro)	7	\$93,715	\$13,388	7.4
New America School - NM (Albuquerque)	8	\$105,455	\$13,182	7.5
Public Academy for Performing Arts (PAPA)	22	\$251,172*	\$11,417	8.7

Source: LFC

\*PAPA pays \$251 thousand directly to the Albuquerque Public School District who owns the portables

**New Mexico virtual schools present risk in properly allocating lease assistance payments.** Student attendance at all public schools could be manipulated. Virtual charter schools present a problem in that they could manipulate those numbers to procure additional lease assistance payment funds. State law defines school membership as the average full-time equivalent enrollment using leased classroom facilities on the 80<sup>th</sup> and 120<sup>th</sup> days of the prior school year. Such measurement may provide a path for virtual charters to obtain unnecessarily large lease assistance payments. Virtual schools could manipulate their 80<sup>th</sup> and 120<sup>th</sup> day calculations by inviting local students for events on those days, thereby inflating the actual number of students that use the facility. For example, the school had four students in the facility during a site visit by PSFA in November, and the school administrator noted that between three to ten students attend the school daily. The New Mexico Virtual Academy could invite its 48 San Juan county students to use the facility on the 80<sup>th</sup> and 120<sup>th</sup> days to inflate its numbers.

**Many lease purchase agreements are being executed without appraisals to determine value and some without required PED or PSFA approval.** State law requires charter schools to be in public buildings by 2015, with some exceptions. One exception is a lease purchase agreement and is attractive to many charters (see Appendix B).

To comply with the section 22-20-1 NMSA 1978, the charter school must receive approval from the PED and the PSFA prior to executing a lease purchase agreement. To date, nine charter schools have received PED approval prior to executing a lease purchase agreement. Nine additional schools are in various stages of the lease purchase process, with two schools executing a lease with option to purchase agreement but without receiving the required approval. These include the GREAT Academy and New America-NM.

*Although the law does not require a formal appraisal to value a real estate purchase, only four of the nine approved lease purchase agreements included a formal appraisal.* A professional appraisal would assist in appropriately valuing difficult properties and include the value of any tax-exempt interest payments. This valuation process can be complex but important in preventing excessive payments. For example, the Albuquerque Talent Development Secondary Charter School and their foundation are currently reviewing a proposed lease purchase agreement with their property leaseholder Saylor Family Trust, LLC. The proposed purchase price is \$2.75 million and consists of approximately 3.2 acres of land where the leased portable classrooms are situated. The Bernalillo County Assessor lists the total full market value of the property plus improvements as \$517 thousand.

**Charter school applicants are not required to report potential conflicts of interest regarding facilities.** The charter school application asks only that charters provide evidence that they have searched for a facility for their school. PEC and PED have little oversight over conflicts of interest that can arise from the final leases.

*Charters are not routinely checked for conflicts of interest prior to awarding schools their lease assistance payments.* Conflicts of interest are self-reported to the PSFA for lease assistance payments and are only required of charter schools when they enter into a new lease, regardless of the term. Charter schools can enter into long-term leases or lease-purchase agreements for upwards of 30 years without PSFA holding schools accountable for potential conflicts of interest. Additionally, the conflict of interest questionnaire that charters complete as part of

their lease assistance application might not result in PSCOC consequences for non-compliance. Several schools had conflict of interest policies missing from PSFA records, and one school, Creative Education Preparatory Institute I, indicated that it did not have any written policies regarding conflicts of interest, yet still receives lease assistance payments.

***Potentially inappropriate relationships not addressed by statute or rule are costly.*** Several schools have been identified as having relationships with potential financial interest.

- 1) The Director of the ACE Charter School is also the director of the Construction Advancement Program Inc., the company that leases to the ACE Charter School.
- 2) “Southwest Learning Centers” is the collective name used for four charter schools, including the Southwest Secondary Learning Center (SSLC). SSLC leases a facility at 9904 Montgomery Blvd NE in Albuquerque from Southwest Educational Consultants (SEC) to provide space for SSLC’s Alternative Educational Program as well as additional storage space for the school. The Director is listed by the Public Regulation Commission (PRC) as the registered agent, and a director of SEC. SSLC sub-leases property from SEC; in FY11 the annual lease total was \$114,000 at \$13.41 PSF. The annual lease cost is \$10,000 above the amount paid for the underlying master lease between SEC and the owner of the building prior to building and maintenance expenses. The Director of the SEC claims expenses totaled \$2,884.00 in FY11, leaving the company with a \$7,116 profit. The Director has formally disclosed this interest in SEC as a potential conflict of interest to SSLC’s governing body.
- 3) The executive director of The GREAT Academy in Albuquerque is listed as a director of the Educate America Now Foundation (EANF), a New Mexico non-profit that offers education consulting services. In FY12, The GREAT Academy contracted with the EANF for \$12 thousand. The GREAT Academy is contracting with its executive director’s own non-profit, which also lists his wife as a director. The GREAT Academy’s Executive Director claims that him and his wife are no longer on the board of EANF, but the Public Regulation Commission’s website still lists them as Directors of the non-profit.
- 4) Two foundation members of the foundation for La Promesa Early Learning Center Charter School are also employees of the school and are immediate family members.

## **Recommendations**

### **The Legislature should consider amending statute to do the following:**

- Address conflicts of interests to include foundation board members, school founders, and contracted employees and make funding contingent on avoiding these conflicts.
- Require new charters or charters relocating (after July 1, 2011) to meet public space and adequacy requirements before students may attend. Remove requirement to “have a plan.”
- Clarify that a school district or the state, through PSFA, hold title to charter school property and not individual charter schools through a lease-purchase or purchase agreements.

### **PSCOC & PSFA should:**

- Require state charter schools submit for approval all leases and amendments. PSFA may assist with negotiating lease amounts upon request.
- Require local charter schools to submit for approval all leases and amendments.
- Implement rules to require charter schools certify no conflicts of interest exist, and recertify upon any changes in charter administration or council.
- Implement rules to provide charter schools with increased facilities knowledge and experience.
- Require to use HB33 funds to pay for lease purchase payments rather than facility lease reimbursements.

### **PED should:**

- Enter into agreement with PSFA to transfer a portion of the two percent PED withholds from charter school’s SEG for administration/oversight. The amount should be no less than the equivalent of 0.5 percent of state-chartered charter schools’ SEG.

### **PSCOC should:**

- Consider freezing high cost FY13 requests until PSFA staff ensure no awards are made for:
  - operation & maintenance costs rolled into base lease amounts;
  - unapproved lease purchase agreements;
  - marked up sublease costs due to third parties, including foundations;
  - charters that have yet to renegotiate expensive leases in light of new market conditions.

*The following schools had either denied or did not provide the LFC request for information:*

**Table 15. Request for Information List**

<b>Item Description</b>	<b>Date Requested</b>	<b>Requested From</b>
Master lease agreement between owner and sublessor	12/5/12	La Promesa Charter School
Detailed accounting of the lease agreement - Tenant Work Letter- Section 2 - cost of improvements	12/5/2012	La Promesa Charter School
New America – what’s the base rent for Dec 2012? How does lease terminate if no appropriation? What’s the developers fee?	12/17/2012	New America – New Mexico Charter School



State of New Mexico  
Public School Capital Outlay Council

Chair:  
David Abbey, LFC

Members:  
Paul Aguilar, PED  
Frances Maestas, LESC  
Tom Clifford, DFA



Public School Facilities Authority  
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Joe Guillen, NMSBA  
Raul Burciaga, LCS  
Keith Gardner, Governor's Office

January 10, 2013

Jeff Canney, Program Evaluator  
Legislative Finance Committee  
325 Don Gaspar, Suite 101  
Santa Fe, NM 87501

Dear Mr. Canney

On behalf of the Public School Facilities Authority (PSFA), I am pleased to transmit the agency response in regard to the Legislative Finance Committee (LFC) Program Evaluation of *Charter School Facilities Lease Assistance and Capital Outlay Planning*. Detailed comments and mark-ups of the draft document were provided to the LFC staff at the exit conference which was conducted at your office on January 8, 2013.

The PSFA, as staff to the Public School Capital Outlay Council (PSCOC), welcomes the opportunity to review our ongoing programs and processes and welcome constructive feedback on ways to enhance or make improvements which will benefit the public school districts and charter schools in New Mexico.

As noted in your report, the PSCOC and the Public School Capital Outlay Oversight Task Force have been reviewing various policy considerations to address many of the issues surrounding charter school facilities and funding and will be bringing forth legislation to the 2013 Legislature to clarify and improve the process.

To this end, the PSFA stands ready to assist the Legislative Finance Committee and the Legislature in any way possible.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Gorrell".

Robert A. Gorrell, Director

Cc: David Abbey, Chair, Public School Capital Outlay Council

*Partnering with New Mexico's communities to provide quality, sustainable school facilities for our students and educators*

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January 9, 2013

Legislative Finance Committee  
Attn: Senator John Arthur Smith, Chairman  
State Capitol North  
325 Don Gaspar – Suite 101  
Santa Fe, New Mexico 87501

Dear Senator Smith:

Thank you for the opportunity to review the proposed section of the LFC's report. Unfortunately, our comments cannot be limited to stylistic changes as the LFC staff requested. The "report language" is from our position misleading and makes conclusions that are based on erroneous assumptions and without a factual basis.

Nowhere in the isolated section of the LFC report that we were permitted to review in advance of its release does the LFC staff correctly describe the schools that make up the Southwest Learning Center. We, as the governing council presidents of each of the schools, want to make it clear that there are three charter schools, each authorized by the New Mexico Public Education Commission (PEC), located in the facility at issue. We are sure that you know each of these three schools is a separate legal entity; they are each considered and treated as "separate districts" by the Public Education Department (PED). Each school has its own governing body and undergoes a separate audit as required by law, to name a few of the distinctions (and additional expenses) among the schools. The schools' distinct identities are lost by the report's use of the term "Southwest Learning Academies" (sic); inferring they all exist and are operated as one charter school (or one district); which is not the case. The correct name of the facility at which the three schools operate is the "Southwest Learning Center" and the names of the three charter schools located there are: Southwest Secondary Learning Center, Southwest Intermediate Learning Center and Southwest Primary Learning Center.

As to the stated objectives of this evaluation, the report section provided to us for comment does not mention that Southwest Secondary Learning Center's lease costs are \$7.62/sq.ft.; that Southwest Intermediate Learning Center's lease costs are \$6.06/sq.ft.; or that Southwest Primary Learning Center's lease costs are \$11.08/sq.ft. It is our understanding the LFC was interested in how the schools' lease expenses fare when compared to other charter schools, districts, or even other comparable commercial space in the city the charter school is located in? And further, there is no discussion of the quality of the facilities and whether they represent a good value for the schools and the New Mexico tax payers; one of the stated objectives. We hope that these points are fairly presented in another section of the report. We believe that we have been very

conscientious and diligent in keeping our facility in impeccable condition and that we negotiated a competitive lease that provides a high quality facility; information we had hoped would be conveyed to the LFC.

We are also concerned that rather than concluding that our competitive lease rates and terms enable the three schools to keep facility costs at an acceptable percentage of operational budget, which in turn contributes to our effective, efficient, student-centered allocation of operational resources, the LFC staff has concluded that the small school size adjustment is the only reason our programs can include unique offerings such as an alternative educational setting and an aeronautics program for SSLC – which are required aspects of the charter contract; not an optional perk as suggested by the language of the report. In fact, by a review of Table 6, it is clear that our schools are not on the list of those charters that the LFC staff identified as having “excessive” administrative costs.

Although the LFC report no longer concludes that our schools are “*improperly awarded*” small school size adjustments, the ultimate inference and conclusion is the same. The report still concludes that small school size adjustments are not appropriate for our schools, suggesting that somehow our schools are funded in a manner not contemplated by law. If this report is intended to analyze how or whether it is appropriate for districts (again, we are considered districts) to use dollars generated from the small school size adjustment at any level for capital needs, then it should do that in a manner that examines the data, rather than to assume that it is “not appropriate for Southwest because schools consolidate staff and facilities.” As the report correctly points out, this application of existing law is not unique to our schools, but rather occurs in numerous other districts around the state.

The report also states that “the intent of the size adjustment is to compensate for scale inefficiencies of small schools and that this adjustment is not appropriate for the three charter schools at issue”. Again, this is a much larger conversation beyond the scope of the report. We would, however, like to again point out that this application of existing law occurs in several small school districts such as Des Moines, Mosquero, House and Lake Arthur – to name only a few. All of these districts receive small school size adjustment units for an elementary and a high school which are housed in the same facility.


Finally, we believe that the comment that “small school size funding contributes to unique expenditures at the school such as aeronautics programming and leasing additional space,” is misleading and in fact, incorrect. It is misleading firstly because it again treats all three schools as one entity; and secondly because two of the three schools at issue do not have either one of the programs cited as examples. This statement further ignores that we are three separate charter schools with very specific missions and legally binding agreements with our Authorizer. We are required to prioritize our funds to reach the goals as stated in our charters and negotiated contracts. The schools’ boards prioritize funding to address their distinct programmatic needs - that includes an aviation program (in one of the three schools mentioned above) for which there is a clearly articulated need (466,650 pilots will be needed over the next 20 years to support demand.) The programmatic choices we make about where to focus school operational funds are board decisions. The decisions are made recognizing that by making one choice, we will not be able to provide other options for students such as spending for a band, orchestra, football team,

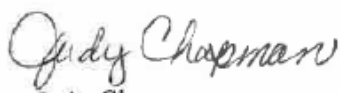
choir, etc.; programs regular districts, and other charter schools choose to fund with their operational dollars.

As to the additional leased space, SSLC's program includes providing an alternative educational setting and individualized direct instruction. Because of the academic rigor of the program at SSLC, and the high expectations set by the parents and staff, students often require additional assistance without distraction. Clearly, the programs and our funding priorities have been rewarded by a 94.5% (>98% for Hispanic students) graduation rate; an award in both 2011 and 2012 by the New Mexico ACT Council for "*significantly increasing ACT composite scores over the past five years. Increasing student participation in the ACT, and improving college readiness*". Additionally, Southwest Intermediate Learning Center is recognized by the NMPED as the top performing middle school in New Mexico – while Southwest Primary Learning Center is one of the top five performing elementary schools in the State!

Consequently, as the Presidents of the three Boards for these high performing charter schools, we request that you include our rebuttal above to be printed in the LFC Report.

Sincerely,

  
Joe Provonzie  
Board President  
Southwest Secondary

  
Judy Chapman  
Board President  
Southwest Intermediate

  
Jerry Duran  
Board President  
Southwest Primary

**Response To the  
Report to the LEGISLATIVE FINANCE  
COMMITTEE**

***Charter School Facilities Lease Assistance and  
Capital Outlay Planning***

*(Presented by LFC staff to the LFC on January 14, 2013)*



**The New Mexico Coalition for Charter Schools**

Prepared by Bruce Hegwer, Ed.D.

Executive Director

January 28, 2013



January 28, 2013

The Honorable John Arthur Smith, Chairman  
Legislative Finance Committee  
State Capital North  
326 Don Gaspar - Suite 101  
Santa Fe, NM 87501

Dear Senator Smith,

Thank you very much for the opportunity for the New Mexico Coalition for Charter Schools (NMCCS) to respond to the report, *Charter School Facilities Lease Assistance and Capital Outlay Planning* that was presented to the Legislative Finance Committee on January 14, 2013. Upon a detailed review of the Report we find the Report to present a false and misleading representation of charter schools and charter school leases. Instead of letting the data determine the findings, it appears that the outcome of the report was preconceived and the data was gathered and organized to present the findings the authors wanted.

We have attached a copy of the Report to this letter and have highlighted incorrect information and provided commentary that presents an explanation and more accurate representation of the information provided in the Report. We have also attached supporting documentation from charter schools that provide correct data and/or a clearer explanation as to the circumstances.

We would like to summarize our response to the Key Findings in the Report:

First, the Report attempts to tie the small school size adjustment charter schools receive to the Lease Assistance Program. The small school size adjustment topic is better suited to another forum. However, the small school size factor is necessary for charter schools to provide the educational programs provided for, and approved, in their charter. Due to their small size and intensive educational programs, the charters have higher costs and the small school size adjustment is crucial for school providing the programs they were designed and authorized, to provide. It is important to note that charter schools are required to meet all of the data submission and reporting requirements as traditional public schools. This places an administrative burden on charter schools that don't have access to other funds that help offset the administrative cost of such requirements.

**Charter schools pay excessive lease costs at taxpayer expense.** This is a false and misleading statement. The increase in the amount of the lease assistance awards is a result in the increase in the number of charter schools receiving funds and the growth in the number of students attending charter schools. It is also significant to note that the standards of facilities increased from only “occupancy” to “adequacy” – driving up the cost of tenant improvements. It is also not factored in that the amount of lease reimbursement per MEM increased from \$300 in 2005 and adjusted to \$600 and the \$700 in 2009. Additionally **Attachment K** clearly articulates the lease assistance application for each charter school and the cost/sq. ft. for each school. *Please note for 2011-2012, the statewide average lease application cost per square foot is \$11.11.*

**Charter School Foundations and other third parties are driving the cost of charter leases higher than necessary, costing the taxpayers millions of dollars.** The use of Foundations to help charter schools is allowed, and encouraged in statute. Foundations incur costs in providing the facilities and procuring third party financing. Any amount paid to the Foundations over the leases assistance award to the charter school helps to offset that costs. The Report "implies that taxpayers are overpaying" but cites only 3 examples where that "may" be the case. A more careful examination of each school portrays a more accurate picture of the value the school is receiving. In addition, the PSFA mandates disclosure of any conflicts or potential conflicts of interests before awarding lease reimbursement grants.

**Some charter schools use operational funds to pay for expensive leases and high administrative costs.** It is true that many charter schools use operational funds to help pay for their lease costs. This is necessary because charter schools do not have access to other funding sources that could be used. Also, differences in interpreting and coding "administrative costs" by PED staff and school business managers leads to incorrect identification of what constitutes administrative costs. Some schools have inaccurately reported costs as administrative costs, when in fact, they should have been categorized differently.

Another factor to consider is that charters are prohibited from budgeting lease payment assistance grants every year because PSCOC does not make them final until several months into the new fiscal year. Every year, therefore, charters must budget 100% of their lease from some other source, and this is almost always the Operational Fund.

**Additional costs and questionable space utilization are major factors in the high costs of charter school leases.** When a charter school opens, it does so with the intent of not having to move to another location within a short period of time. Thus, some charter schools acquire facilities that are larger than their immediate needs to accommodate future growth as required by their charter contract, which is more cost-effective in the long run.

**Lack of oversight and planning costs the state millions of dollars.** We agree that charter schools need guidance and technical assistance when it comes to facilities. However, we do not believe the costs are as extreme as the Report would have you believe. When confronted with situations where guidance and technical assistance are not provided, charter leaders seek creative solutions to their facilities needs. While there may be one or two instances where a charter school lease may be portrayed accurately in the



Report, the vast majority of charter school leases are reasonable and without a conflict of interest. The vast majority of charter schools are in facilities that are safe and meet the needs of their students and academic programs. We ask that you consider the following:

1. The LFC report generalizes based on a small minority of cases that all charters have issues with facilities, leases, operational expenditures and conflicts of interests. This is incorrect and the large majority of charter schools operate efficiently, effectively, and totally within all laws and regulations.
2. There are programmatic and administrative justifications for charters receiving small school size adjustments.
3. Charters must use operational funds for leases because they do not have consistent and reliable access to capital funds.
4. Charters need a revolving fund to borrow from to purchase and improve leases.
5. Charters need guidance from PSFA/PSCOC concerning what the PSCOC deem reasonable and required lease terms.

We believe that it is important to offer solutions and we do concur that some modifications in the Charter Schools Lease Assistance Program are warranted. Thus, we propose the following:

1. A study of how charter facilities are financed in other states and development of a plan for NM charters.
2. The establishment of a revolving fund for charter facilities.
3. Fund guidance documents for facilities funding, conflict of interests, and facilities acquisition.
4. Standardize coding of expenditures in school budgets.
5. Fund training for business managers and PED budget analysts on coding expenditures.
6. Provide comprehensive list of public facilities available from all sources (local, state, federal).
7. Require districts to automatically include charters in SB-9, HB-33, and GO bond elections.
8. Standardize wording in leases; yet, retain ability for flexibility.
9. After first renewal, extend charter school renewal for up to 10 years so that charters can enter into 10 year leases which should drive down rental costs.
10. Change funding cycle for lease assistance payments so charters do not have to cover lease payments with operational funds until the lease assistance payments start flowing.

Senator John Arthur Smith  
January 28, 2013  
Page 4

11. Fund training for Governing Council members on facilities, leases and conflicts of interests.

Again, thank you very much for allowing the New Mexico Coalition for Charter Schools to respond to the Report. We look forward to answering any questions you may have about our response, and we look forward to working with you, members of the Legislature, and LFC staff to provide the educational system we all want for our students.

Sincerely,

A handwritten signature in black ink that reads "Bruce Hegwer, Ed.D." The signature is written in a cursive style.

Bruce Hegwer, Ed.D.  
Executive Director

## APPENDIX A: PROJECT INFORMATION

### **Evaluation Objectives.**

- Review of charter school leases to determine if leases are providing the best value for the state.
- Assess charter school facility budgeting and planning.

### **Scope and Methodology.**

- Review facility leases
- Assess per square foot costs
- Identify third party lessors and sublessors
- Quantify charter schools diverting funds from operating budget to supplement lease payments beyond reimbursements received
- Review charters using reimbursements to fund tenant improvements
- Review of lease purchase agreements
- Review charter schools paying leases to school districts
- Conduct site visits selected by risk

### **Evaluation Team.**

Jeff Canney, Lead Program Evaluator

Jon Courtney, Program Evaluator

Matthew Pahl, Program Evaluator

**Authority for Evaluation.** LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

**Exit Conferences.** The contents of this report were discussed with the PSFA and the PED on January 8, 2013.

**Report Distribution.** This report is intended for the information of the Office of the Governor; the Public School Facilities Authority; the Public Education Department; Office of the State Auditor; and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Charles Sallee

Deputy Director for Program Evaluation

## APPENDIX B: CHARTER SCHOOL ACT SECTION 4.2

### **22-8B-4.2. Charter school facilities; standards.**

- A. The facilities of a charter school that is approved on or after July 1, 2005 and before July 1, 2015 shall meet educational occupancy standards required by applicable New Mexico construction codes.
- B. The facilities of a charter school whose charter has been renewed at least once shall be evaluated, prioritized and eligible for grants pursuant to the Public School Capital Outlay Act [Chapter 22, Article 24 NMSA 1978] in the same manner as all other public schools in the state; provided that for charter school facilities in leased facilities, grants may be used to provide additional lease payments for leasehold improvements made by the lessor.
- C. On or after July 1, 2011, a new charter school shall not open and an existing charter school shall not relocate unless the facilities of the new or relocated charter school, as measured by the New Mexico condition index, receive a condition rating equal to or better than the average condition for all New Mexico public schools for that year or the charter school demonstrates, within eighteen months of occupancy or relocation of the charter, the way in which the facilities will achieve a rating equal to or better than the average New Mexico condition index.
- D. On or after July 1, 2015, a new charter school shall not open and an existing charter shall not be renewed unless the charter school:
- (1) is housed in a building that is:
    - (a) owned by the charter school, the school district, the state, an institution of the state, another political subdivision of the state, the federal government or one of its agencies or a tribal government; **or**
    - (b) subject to a lease-purchase arrangement that has been entered into and approved pursuant to the Public School Lease Purchase Act [Chapter 22, Article 26A NMSA 1978]; or
  - (2) if it is not housed in a building described in Paragraph (1) of this subsection, demonstrates that:
    - (a) the facility in which the charter school is housed meets the statewide adequacy standards developed pursuant to the Public School Capital Outlay Act and the owner of the facility is contractually obligated to maintain those standards at no additional cost to the charter school or the state; and
    - (b) either: 1) public buildings are not available or adequate for the educational program of the charter school; or 2) the owner of the facility is a nonprofit entity specifically organized for the purpose of providing the facility for the charter school.
- E. Without the approval of the public school facilities authority pursuant to Section 22-20-1 NMSA 1978, a charter school shall not enter into a lease-purchase agreement.
- F. The public school capital outlay council:
- (1) shall determine whether facilities of a charter school meet the educational occupancy standards pursuant to the requirements of Subsection A of this section or the requirements of Subsections B, C and D of this section, as applicable; and
  - (2) upon a determination that specific requirements are not appropriate or reasonable for a charter school, may grant a variance from those requirements for that charter school.

# APPENDIX C: PSCOC LEASE ASSISTANCE AWARD CORRECTIONS

## PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL 2012-2013 LEASE ASSISTANCE AWARD CORRECTIONS

School	Total Sq Ft of Leased Classroom Space	Total Sq Ft of Direct Admin (PED) Actual or Calculated	Total Sq Ft of Remaining Other/Admin Space	Total Sq Ft. Leased Space	Avg. of 80120 Memberships or Estimate per PED	Actual Lease	Cost/Sq Ft	Total Annual Lease Payment per PED MEM	Lease Payment for Classroom and Direct Admin Space	Maximum Allowable Lease Assist @ \$733.36/PED MEM <sup>a</sup>	Maximum Allowable Lease Assist @ \$733.36/PED MEM <sup>b</sup> or Adjusted Lease	change
007 Alice King Community School	16,913.0	607.6	4,293.6	21,604.0	305.0	305,166	14.00	1,000.6	245,215	223,672	223,672	14,667.00
014 Cottonwood Classical Preparatory School	16,153.0	819.0	11,138.0	28,107.0	444.0	589,830	20.99	1,328.4	366,097	325,807	325,807	0.00
021 Horizon Academy West	24,708.0	766.8	8,269.2	33,762.0	430.5	622,853	15.49	1,214.5	384,693	315,707	315,707	0.00
022 La Academia de Esperanza	15,320.0	631.6	4,923.6	20,875.0	321.0	360,000	17.25	1,121.5	275,092	235,405	235,405	0.00
024 La Resolana Leadership Academy	3,310.0	248.0	7,395.0	10,953.0	66.0	102,352	9.34	1,550.8	33,255	48,401	33,255	(15,140.00)
031 New America School	10,006.0	712.5	5,602.5	16,311.0	375.0	614,348	37.66	1,638.3	407,068	275,006	275,006	0.00
081 Middle College High School	3,913.0	245.3	1,897.7	4,256.0	63.5	15,130	3.56	238.3	14,820	46,568	14,820	1,860.30
080 School of Dreams Academy	19,471.0	635.3	1,897.7	22,004.0	323.5	454,978	20.66	1,408.4	415,815	237,239	237,239	0.00
082 William W. & Josephine Dorn Charter Community	9,715.0	183.5	0.0	9,875.5	9.0	68,400	6.92	7,600.0	68,400	6,800	6,800	(56,402.00)
086 New Mexico Virtual Academy	2,631.0	188.0	882.5	3,381.5	12.0	51,018	15.09	4,251.5	40,721	8,800	8,800	0.00
087 New America School-Las Cruces	9,133.0	375.0	7,913.0	17,421.0	150.0	249,522	14.32	1,683.5	138,184	110,003	110,003	0.00
088 Estancia Valley Classical Academy	22,680.0	680.0	0.0	23,540.0	340.0	542,240	14.54	1,006.8	342,240	249,339	249,339	0.00
98	2,303,693	45,227	173,388	2,522,275	20,256.0	19,271,440	10.43	104,782	18,928,237	14,854,738	14,854,738	(56,221)

Line 7: Alice King Community School increase in MEM form 285 to 305 verified by Beverly Aguilar, Senior Budget Analyst PED. Adjustment to award increase from \$206,005.00 to \$ 223,672

Line 14: Cottonwood Classical Preparatory School error in calculation total sq ft. Increased from 16,689 to 28,107. No change in award (MEM)

Line 21: Horizon Academy error on application of calculating sq ft of total leased space. Did not include Library, computer lab, pre-K, and multipurpose room and other. Increase in sq ft from 17,033 total to 33,762 (cost/sq ft \$16.46). No change in award (MEM)

Line 22: La Academia de Esperanza error on application of calculating sq ft of total leased space. Increase in total sq ft from 13,678.5 to 20,875 (cost/sq ft \$17.25) No change in award (MEM)

Line 24: La Resolana Leadership Academy error on application of calculating sq ft of total leased space from 4,152 to 10,954 (cost/sq ft \$9.94). Correction of lease amount from \$118,084 to \$102,352. Adjustment to award decrease \$48,401 to \$33,255 (Lease)

Line 31: New America School classroom sq ft decreased from 16,153 to 10,096. lease decreased from \$683,149 to \$614,348.00 . No change in Award (MEM)

Line 61: Middle College High error in sq ft calculation school is leasing 2 acres plus classroom space of 334 sq ft and 2 double wide portables. Adjustment to award increased from \$13,160 to \$14,820.

Line 66: School of Dreams Academy error in sq ft calculation from total 20,106 sq ft to 22,000 (cost/sq ft \$20.88). No change in award (MEM)

Line 82: William W. & Josephine Dorn Charter School number of students projected estimate 90 to actual students of 9. Adjustment to award decrease \$66,002 to \$6,800.

Line 96: PSFA to validate number of students attending & using classroom space

Line 97: New America School-Las Cruces error in sq ft calculation total of 6,778 to 17,046 (cost/sq ft \$14.87). No change in award (MEM)

Line 98: Estancia Valley Classical Academy errors in sq ft calculation total of 23,680 to 23,470. Lease cost reduced from \$600,000, to \$342,240 (cost/sq ft \$14.58). No change in award (MEM)

2012-2013 Lease Assistance Awards

## APPENDIX D: CHARTER SCHOOL COST PER SQUARE FOOT

**2012-2013 Charter School Cost Per Square Foot**

Location	School	Total Sq. Ft. of Leased Classroom Space	Total Sq. Ft. of Admin. Space	Total Sq. Ft. of Leased Space	Actual Lease	Cost/Sq Ft
Albuquerque	Academia de Lengua y Cultura	6,611	8,912	15,523	\$163,800	\$11
Albuquerque	Academy of Trades & Technology	16,251	2,518	18,769	\$180,120	\$10
Albuquerque	ACE Leadership High School	8,000	4,000	12,000	\$220,000	\$18
Albuquerque	Albuquerque Institute for Math & Science	17,746	627	18,372	\$230,420	\$13
Albuquerque	Albuquerque School of Excellence	24,083	569	24,652	\$455,952	\$18
Albuquerque	Albuquerque Talent Development	13,000	506	13,506	\$206,341	\$15
Albuquerque	Alice King Community School	16,913	4,891	21,804	\$305,166	\$14
Albuquerque	Amy Biehl High School	40,764	1,337	42,101	\$1,200	\$0
Albuquerque	Bataan Military Academy	12,897	714	13,611	\$162,352	\$12
Albuquerque	Cesar Chavez	11,272	8,750	20,022	\$331,001	\$17
Albuquerque	Christine Duncan's Heritage Academy	13,000	339	13,339	\$96,600	\$7
Albuquerque	Cien Aguas International School	14,571	1,487	16,058	\$182,142	\$11
Albuquerque	Corrales International School	15,340	987	16,327	\$291,984	\$18
Albuquerque	Cottonwood Classical Preparatory School	16,153	816	16,969	\$589,830	\$35
Albuquerque	Creative Education Prep. Institute #1	12,513	3,181	15,694	\$155,273	\$10
Albuquerque	Digital Arts and Technology Academy HS	46,391	618	47,009	\$493,313	\$10
Albuquerque	East Mountain High School	37,882	1,964	39,846	\$392,200	\$10
Albuquerque	El Camino Real Academy	58,429	2,961	61,390	\$700,000	\$11
Albuquerque	Gilbert L. Sena Charter H.S.	14,000	711	14,711	\$186,140	\$13
Albuquerque	Gordon Bernell Charter School	12,757	797	13,554	\$175,000	\$13
Albuquerque	Horizon Academy West	16,399	1,234	17,633	\$522,853	\$30
Albuquerque	La Academia de Esperanza	13,050	629	13,679	\$360,000	\$26
Albuquerque	La Promesa Charter School	92,000	527	92,527	\$394,998	\$4
Albuquerque	La Resolana Leadership Academy	3,310	842	4,152	\$118,084	\$28
Albuquerque	Los Puentes	11,017	8,562	19,579	\$304,056	\$16
Albuquerque	Media Arts Collaborative Charter School	7,401	3,399	10,800	\$198,360	\$18
Albuquerque	The Montessori Elementary School	77,500	5,368	82,868	\$678,000	\$8
Albuquerque	Montessori of the Rio Grande	13,939	788	14,727	\$121,755	\$8
Albuquerque	Mountain Mahogany Community	12,846	2,089	14,935	\$120,000	\$8
Albuquerque	Native American Community Academy	62,100	885	62,985	\$284,476	\$5
Albuquerque	New America School	10,096	1,656	11,752	\$663,479	\$56
Albuquerque	NM International School	10,435	309	10,744	\$129,600	\$12
Albuquerque	North Valley Academy	26,880	11,084	37,964	\$530,232	\$14
Albuquerque	Nuestros Valores Charter School	6,827	1,338	8,165	\$97,117	\$12
Albuquerque	Public Academy for Performing Arts	19,200	3,611	22,811	\$411,323	\$18
Albuquerque	Ralph J. Bunche Academy	10,722	300	11,022	\$58,350	\$5
Albuquerque	Robert F. Kennedy Charter High School	19,200	1,746	20,946	\$176,833	\$8
Albuquerque	South Valley Academy	12,300	507	12,807	\$180,125	\$14
Albuquerque	South Valley Preparatory School	9,715	586	10,301	\$128,364	\$12
Albuquerque	SW Intermediate Learning Center	11,880	600	12,480	\$95,074	\$8
Albuquerque	SW Primary Learning Center	14,200	800	15,000	\$90,940	\$6
Albuquerque	SW Secondary Learning Center	19,252	1,268	20,520	\$227,351	\$11
Albuquerque	The Albuquerque Sign Language Academy	4,965	4,545	9,510	\$114,120	\$12
Albuquerque	The GREAT Academy	9,935	5,470	15,405	\$217,767	\$14
Albuquerque	The International School at Mesa del sol	15,309	419	15,728	\$155,000	\$10
Albuquerque	The Learning Community Charter School	26,000	465	26,465	\$240,000	\$9
Albuquerque	Tierra Adentro	10,648	1,627	12,275	\$155,144	\$13

**2010-2013 Charter School Cost Per Square Foot**

Location	School	Total Sq. Ft. of Leased Classroom Space	Total Sq. Ft. of Admin. Space	Total Sq. Ft. of Leased Space	Actual Lease	Cost/Sq Ft
Albuquerque	21st Century Public Academy	15,100	510	15,610	\$170,184	\$11
Aztec	Mosaic Academy	16,780	420	17,200	\$116,000	\$7
Bernalillo	Village Academy	3,900	207	4,107	\$62,400	\$15
Carlsbad	Jefferson Montessori Academy	14,574	1,162	15,736	\$125,634	\$8
Cimarron	Moreno Valley High School	8,370	279	8,649	\$66,000	\$8
Deming	Deming Cesar Chavez	10,661	793	11,454	\$100,000	\$9
Espanola	Carinos Charter School	82,982	994	83,976	\$138,282	\$2
Gadsden	Anthony Charter School	5,760	995	6,755	\$75,000	\$11
Gallup	Middle College High School	334	332	666	\$15,130	\$23
Jemez Valley	San Diego Riverside	11,775	304	12,079	\$76,818	\$6
Jemez Valley	Walatowa High Charter School	3,480	251	3,731	\$46,900	\$13
Las Cruces	Alma d'arte Charter HS	16,349	705	17,054	\$143,000	\$8
Las Cruces	Families and Youth Inc./Las Montanas Charter school	15,840	12,801	28,641	\$359,625	\$13
Las Cruces	John Paul Taylor Academy	9,216	420	9,636	\$132,000	\$14
Las Cruces	La Academia Dolores Huerta	9,257	747	10,004	\$114,661	\$11
Los Lunas	School of Dreams Academy	19,471	635	20,106	\$454,978	\$23
Questa	Red River Valley Charter	7,536	243	7,779	\$46,923	\$6
Questa	Roots & Wings Community School	2,160	1,840	4,000	\$40,044	\$10
Rio Rancho	The ASK Academy	22,150	1,105	23,255	\$374,360	\$16
Roswell	Sidney Gutierrez Middle School	18,564	244	18,808	\$30,756	\$2
Santa Fe	Monte del Sol Charter school	26,895	1,005	27,900	\$253,752	\$9
Santa Fe	New Mexico School for the Arts	36,361	1,669	38,030	\$150,000	\$4
Santa Fe	The Academy for Technology & the Classics	35,739	1,350	37,089	\$260,000	\$7
Santa Fe	The MASTERS Program	6,144	1,545	7,689	\$114,785	\$15
Santa Fe	Tierra Encantada Charter High School	28,875	1,125	30,000	\$135,473	\$5
Santa Fe	Turquoise Trail Charter School	64,935	4,169	69,104	\$350,412	\$5
Silver	Aldo Leopold High School	9,827	995	10,822	\$72,000	\$7
Socorro	Cottonwood Valley Charter School	10,310	405	10,715	\$120,747	\$11
Taos	Anansi Charter School	12,200	317	12,517	\$112,296	\$9
Taos	Taos Academy Charter School	11,338	362	11,700	\$106,800	\$9
Taos	Taos Integrated School for the Arts	14,622	332	14,954	\$144,000	\$10
Taos	Taos Municipal Charter School	9,630	470	10,100	\$142,100	\$14
Taos	Vista Grande High School	15,200	1,000	16,200	\$78,968	\$5
West Las Vegas	Rio Gallinas School	9,865	451	10,316	\$75,300	\$7
Albuquerque	Coral Community School	26,047	9,539	35,586	\$192,000	\$5
Albuquerque	Mission Achievement and Success	20,955	1,293	22,248	\$135,000	\$6
Albuquerque	Sage Montessori Charter School	10,919	2,977	13,896	\$219,140	\$16
Albuquerque	Southwest Aeronautics, Mathematics and Science Academy	37,975	3,025	41,000	\$249,510	\$6
Albuquerque	William W. & Josephine Dorn Charter Community	9,715	285	10,000	\$68,400	\$7
Espanola	La Tierra Montessori School of the Arts and Sciences	6,730	270	7,000	\$64,800	\$9
Espanola	McCurdy Charter School	18,648	1,026	19,674	\$441,989	\$22
Farmington	New Mexico Virtual Academy	2,531	900	3,431	\$51,018	\$15
Gallup-McKinley	Uplift Community School	7,581	539	8,120	\$82,900	\$10
Las Cruces	New America School-Las Cruces	5,383	1,395	6,778	\$249,522	\$37
Moriarty	Estancia Valley Classical Academy	23,000	660	23,660	\$600,000	\$25

Source: PSCOC Lease Assistance Awards