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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/13

SPONSOR Smith LAST UPDATED _____ HB _____

SHORT TITLE School Districts Governing Charter Schools SB 358

ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				School District Operating Budgets

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 358 amends the Charter Schools Act to require the local school board of any school district that has more than 10 charter schools located within the geographic boundaries of the district to serve as the governing body of all the charter schools.

FISCAL IMPLICATIONS

The creation of charter schools generally increases administrative duplication as charter schools are serving the same students that were once served by the local school district. The number of charter schools has grown from four in 1995 to 95 in 2013. Each charter school has a governing body of at least 5 members that are responsible for the operation of the school. Requiring the local school board to serve as the governing body of all the charter schools located within their boundaries will eliminate administrative duplication and serve to save administrative costs.

The provisions of this bill as written only apply to Albuquerque Public Schools (APS). There are currently 55 charter schools located within the geographical boundaries of APS. If enacted, the APS Board of Education will be required to oversee these 55 charter schools, including both locally chartered charter schools and state chartered charter schools. Of these 55 charter schools,

20 are locally-chartered charter schools and the remaining are state-chartered charter schools. The PED notes that APS has 1 or 2 staff that supports the board and would have to increase staff considerably in order to provide oversight to all charter schools. It is important to note that APS only receives the 2 percent state equalization guarantee distribution set aside from locally chartered charter schools to provide administrative oversight. The PED receives the 2 percent set aside for state-chartered charter schools. The Legislature may want to consider directing a portion or all of the 2 percent set aside for state-chartered charter schools to APS for carrying out the provisions of this bill.

The PED analysis indicates the impact to APS is difficult to determine but could be significant.

SIGNIFICANT ISSUES

Governing body members are responsible for managing public finances but are not elected officials – the charter application includes procedures for selecting governing body members and qualifications of governing body members. In many cases, governing body members of charter schools are recruited and appointed by the founding member(s) of a charter school. Local school board members are elected officials that the general public is able to reelect or replace if they are generally satisfied or dissatisfied with the member. Requiring the local school board to serve as the governing body of all charter schools located within the school district’s boundaries when there are more than 10 charter schools may increase oversight and accountability for charter school finances and academic outcomes.

The local school board would assume all duties and liabilities of all governing boards of charter schools located within the geographical boundaries of the school district, including the ability to contract, sue and be sued, and would be responsible for managing the charter schools consistent with their charter contracts.

The PED notes the potential existence of a conflict of interest. The local school board serves as the authorizer of locally chartered charter schools. Pursuant to this bill, the local school board would assume governance of locally chartered charter schools within the district and would then be responsible for requesting renewal from itself then having to decide wither to renew or revoke those locally chartered charter schools. Additionally, the board would also be seeking approval from itself of new locally chartered charter schools.

ADMINISTRATIVE IMPLICATIONS

It is possible that the APS Board of Education would need increased administrative support to serve as the governing body of 55 individual charter schools.

RSG/blm:svb