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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 2nd Session, 2018

Bill Number SM26 **Sponsor** Stewart/Soules/Kernan
Tracking Number .209610.1 **Committee Referrals** SRC/SEC
Short Title Virtual Charter School Work Group
Analyst Herz **Original Date** 1/24/18
Last Updated _____

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

BILL SUMMARY

Synopsis of Memorial

Senate Memorial 26 requests the Legislative Education Study Committee (LESC), in consultation with the Public Education Department (PED), to convene a virtual charter school work group to study virtual charter schools in the state and nationwide in order to make recommendations regarding governance, funding, and accountability best practices.

FISCAL IMPACT

Memorials do not contain appropriations. Depending on the location of the work group meetings, members of the group may generate transportation costs, which could be paid by the members' respective organizations.

SUBSTANTIVE ISSUES

Three virtual charter schools – where students receive their instruction entirely online and are not required to attend classes at a physical location – operate in New Mexico. New Mexico Virtual Academy (NMVA), New Mexico Connections Academy (NMCA), and Pecos Connections Academy (PCA), have enrolled more than 2,700 students in FY18 and collectively serve students who reside in each of the state's 33 counties. Despite this statewide growth in enrollment since NMVA opened in FY13, New Mexico law remains silent regarding virtual charter schools.

Table 1. Virtual Charter School Enrollment, FY18

<i>School</i>	<i>Year Opened</i>	<i>FY18 Enrollment</i>
NMCA	2012	1,717
NMVA	2013	496
PCA	2016	527
Total		2,740

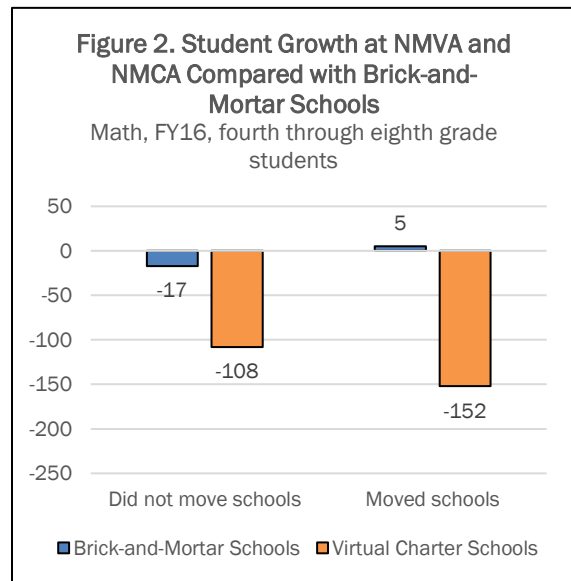
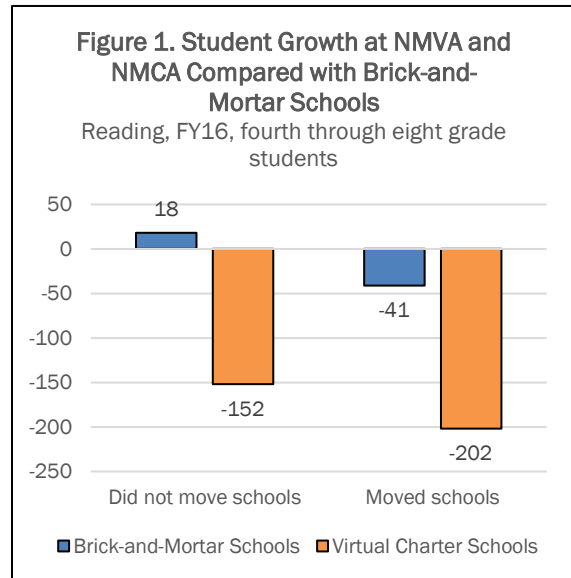
Source: PED

A recent joint program evaluation by LESC and the Legislative Finance Committee (LFC) on the financial responsibility, governance, and student outcomes of virtual charter schools, found that these schools have struggled to produce acceptable student outcomes, demonstrate fiscal responsibility, and comply with state law since opening. According to the report, virtual charter

schools serve lower rates of low-income, English learner, and special education students than the statewide average, yet generally produce lower academic proficiency rates and growth in academic achievement compared with statewide averages. Statewide, 37 percent of students were proficient in reading, and 20 percent were proficient in math in FY17. In FY17, only 18 percent of NMCA students were proficient in reading and 11 percent were proficient in math. Twenty-four percent of NMVA students were proficient in reading and 10 percent were proficient in math for the same year.

Students in public schools generally show a year of growth from one year to the next as measured by the Partnership for Assessment of Readiness for College and Careers scores. Students at NMVA and NMCA, however, are experiencing significantly less than a full year of growth. Students in grades 4 through 8 who spent the entire year at these two schools had the equivalent of 150 fewer days of learning in reading than expected (see Figure 1). If an NMVA or NMCA student moved schools, they experienced about 200 fewer days of learning in reading than expected. Math scores show similar results (see Figure 2).

The report notes the funding formula treats virtual charter schools similarly to brick-and-mortar schools. Despite spending about a third of the amount on instructional staff per student compared with brick-and-mortar schools, and a quarter of the amount per student on plant operations and maintenance, the schools are funded through the same distribution mechanism as traditional brick-and-mortar schools. Also, the three virtual charter schools sent \$7.5 million – 50 percent of the schools’ \$15 million in total funding – to two out-of-state for-profit companies for curriculum and other educational services. Further, because locally chartered virtual charter schools enroll students from around the state, school districts collect revenue for students who reside outside of the district boundaries in the form of the 2 percent administrative set aside.



According to the LESC and LFC program evaluation, while virtual charter schools continue to struggle to meet academic, financial, and administrative standards, charter school authorizers have increased scrutiny of these schools in recent years. In December 2016, the Farmington Municipal Schools Board of Education voted to close NMVA. The decision was the culmination of several years of mounting anxiety about the school’s performance and fiscal practices. At the hearing, the Board of Education cited concerns with NMVA’s graduation rate, math and reading proficiency rates, and lack of a procurement officer. In February 2017, the Board of Education then approved a two-year renewal of NMVA’s charter with more than 25 conditions. Among those conditions, the board prohibited NMVA from renewing its charter with Farmington Municipal Schools beyond

June 30, 2019. Most recently, in December 2017, the Public Education Commission voted to not renew NMCA's charter, citing the school's failure to meet numerous performance standards.

ADMINISTRATIVE IMPLICATIONS

LESC, in consultation with PED, would convene a work group to meet during the 2018 interim to:

- identify best practices from high-performing virtual charter schools;
- research innovative virtual charter school models and how those models affect student and school performance;
- identify best practices from authorizers of virtual charter schools;
- provide recommendations regarding how to address funding for virtual charter schools;
- provide recommendations regarding how to define virtual charter schools in law; and
- provide other findings and recommendations identified as necessary by the work group.

SOURCES OF INFORMATION

- LESL Files

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