Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (<u>www.nmlegis.gov</u>) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSORRochORIGINAL DATE1/29/18LAST UPDATED2/08/18HB51/aHEC

SHORT TITLE Charter School Activity Participation Zoning

ANALYST Liu

SB

#### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$80.5) - \$80.5			Nonrecurring	Public School Budgets

(Parenthesis ( ) Indicate Expenditure Decreases)

# SOURCES OF INFORMATION

LFC Files

<u>Responses Received From</u> Public Education Department (PED)

<u>No Responses Received From</u> New Mexico Activities Association (NMAA)

#### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 51 apply the provisions of the bill to charter school students entering ninth grade in the 2018-2019 school year and subsequent school years.

#### Synopsis of Original Bill

House Bill 51 amends the Public School Finance Act, removing provisions that allow students to participate in school activities at a public school other than the one in the student's attendance zone. The bill also removes references to NMAA transfer guidelines. The effective date of this bill is July 1, 2018.

#### FISCAL IMPLICATIONS

Section 22-8-23.6 NMSA 1978 allows a school district to generate charter school student activities program units in the funding formula for the number of charter schools students who

#### House Bill 51/aHEC – Page 2

are participating in school district activities governed by NMAA. FY18 preliminary data indicates about 198.5 charter school students are generating program units (0.1 per MEM) at 13 school districts for student activities. Based on the FY18 preliminary unit value of \$4,053.55, the program cost generated for these students totals about \$80.5 thousand. Data on students choosing to participate at a public school outside of their attendance zone is currently not available; however, fiscal impacts of this bill should be limited to a positive or negative range of the \$80.5 thousand. Given the magnitude of program units affected, the estimated budget impacts of this bill are very minimal for these school districts.

School District	FY18 Charter Schools Activities MEM	FY18 Preliminary Charter Schools Activities Program Cost Generated (Unit Factor: 0.1, Value: \$4,053.55)
Albuquerque	105.50	\$42,765
Aztec	2.00	\$811
Carlsbad	2.50	\$1,013
Clovis	4.00	\$1,621
Cobre	0.50	\$202
Farmington	3.50	\$1,419
Gallup	7.50	\$3,040
Logan	0.50	\$202
Los Lunas	4.00	\$1,621
Moriarty	30.00	\$12,161
Rio Rancho	5.50	\$2,229
Socorro	0.5	\$202
Taos	32.50	\$13,174
TOTAL	198.50	\$80,463

PED notes there are no apparent fiscal implications. School districts are eligible to receive funding through "charter school student activities program units" to account for the cost of having charter school students participate in activities at district schools. This bill does not change that funding source nor does it appear to impact the number of students who would participate in the activities. Instead, the bill appears to only impact the school at which students can participate.

### SIGNIFICANT ISSUES

Provisions of this bill remove the clause, "if the student chooses to participate at a public school other than the one in the attendance zone in which the student resides, the student shall be subject to New Mexico activities association transfer guidelines." The following are excerpts of the NMAA Bylaws pertaining to transfers:

### Section 6.6.1 Transfer Students defined:

- A. A Student who enrolls in a high school outside of the attendance boundaries of the Student's bona fide residence. (Exception 6.4 "Open Enrollment Choice")
- B. A Student who resides with someone other than his or her Parent(s), Primary Custodial Parent, Legal Guardian(s).
- C. A Student who transfers to his/her home district school after having made an Open Section VI-13 Enrollment choice at a school outside of his/her attendance zone.
- D. A student attending a private (to include boarding) school after making their Open Enrollment Choice.

### Section 6.6.2 Conditions of Eligibility for Transfer Students

A. A Student must obtain a local school district approved Open Enrollment transfer.

- B. A Student shall submit to the receiving school a transcript of credits and grades showing eligibility at the previous or sending school. The receiving school must have the transcript prior to allowing the transfer Student to begin counting his or her days of ineligibility.
- C. A Student shall be in good standing and eligible at the previous school. The receiving school shall obtain from the previous school, documentation that the Student left the previous school scholastically eligible to participate under NMAA guidelines, had a clean discipline record, acceptable attendance, and no fines, fees, and/or outstanding debts owed to the school.
- D. The Student is eligible immediately for sub-varsity level competition if the student left the previous school in good standing. If not enrolled by the tenth (10) day of the school year, the Student is ineligible until his/her eleventh (11) day of attendance at the new school and after participation in the required number of practices. Senior transfer Students may not compete on the sub-varsity level.
- E. If a Student leaves his/her previous school in good standing (NMAA Petition Form C), the Student is ineligible for varsity level participation for 180 school / 365 calendar days. School days are determined using the official local school district's calendar and does not include summer school. If the student does not leave his/her school in good standing, the student is ineligible in all sports at all levels of competition for 180 school / 365 calendar days or until all disciplinary measures / debts from the sending school have been satisfied.
- F. Failure to achieve an approved school district transfer or providing false information will result in immediate suspension from participation for 180 school/365 calendar days in all sports at all levels.

# **ADMINISTRATIVE IMPLICATIONS**

PED notes this bill might decrease administrative burdens for NMAA, which must process transfer requests and must ensure compliance with its own bylaws and activities participation eligibility requirements. This bill may decrease the number of transfer requests that NMAA must process. NMAA already handles issues related to reports of students who are participating in athletics outside of their allowed school. It is not clear that this is a substantial burden or that the bill will have a substantial impact on the burden.

There does not appear to be an administrative burden at the state level. There also does not appear to be an additional administrative burden to school districts and schools, which must already enforce eligibility requirements.

### **OTHER SUBSTANTIVE ISSUES**

PED notes the bill appears to address a problem arising from one new charter school. According to PED, student athletes at the new charter school Student Athlete Headquarters (SAHQ) are being recruited together as teams to select a specific school as their open enrollment choice and to play together on a team at that school. There are already NMAA bylaws that are in place to discourage "Undue Influence of a Student." This concern has not arisen at any other charter school in the nearly 24 years that New Mexico has had schools of choice.

#### House Bill 51/aHEC – Page 4

### ALTERNATIVES

PED suggests allowing students athletes to participate either in their zoned school or at the school nearest to their charter school that offers the activity of interest.

PED also notes the problem this bill is seeking to resolved could be solved through revisions to the current NMAA bylaws related to eligibility and "Undue Influence of a Student."

# WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Students choosing to participate at a public school other than the one in the attendance zone in which the student resides will be subject to NMAA transfer guidelines and generate charter school student activities program units.

SL/sb/al