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## FISCAL IMPACT REPORT

SPONSOR Lopez ORIGINAL DATE 02/09/21  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Charter School Duties SB 237  
ANALYST Lobaugh

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

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB51 and SB318.

### **SOURCES OF INFORMATION**

LFC Files

#### Responses Received From

New Mexico Attorney General (NMAG)

Public Education Department (PED)

### **SUMMARY**

#### Synopsis of Bill

Senate Bill 237 (SB237) adds language to the state Charter Schools Act which would expand the prohibition of nepotism in charter schools. Specifically, SB237 would prohibit a charter school from employing any immediate family member of (1) the charter school's head administrator, (2) any member of the charter school's governing body, or (3) any charter school employee who would be a direct supervisor of the immediate family member. SB237 specifies that these new prohibitions could not be waived after the effective date of the legislation (June 18, 2021).

SB237 also requires a charter school with existing employees who would be prohibited from employment under the provisions of SB237 to notify the charter school's authorizer (i.e. chartering authority) of the relationship. The chartering authority would be required to work with the charter school to alleviate or mitigate the effects of the nepotism, including identifying who the supervisor of record will be.

SB237 adds language to the state Charter Schools Act requiring charter school chartering authorities to (1) oversee the charter school's compliance with federal and state laws and (2) take

action, following the appropriate steps, when a charter school is not following laws or its own policies and procedures. SB237 also adds language to the state Charter Schools Act specifying that a chartering authority must follow its policies regarding the suspension, revocation, or nonrenewal of a charter school's charter.

### **FISCAL IMPLICATIONS**

SB237 does not contain an appropriation. SB237 does not have a fiscal impact.

### **SIGNIFICANT ISSUES**

Under the state Charter Schools Act, a charter school can be authorized by either (1) the Public Education Commission (PEC), a state commission comprised of 10 elected commissioners who are administratively supported by staff at the Public Education Department (PED), or (2) the school board of a local school district. New Mexico currently has 96 charter schools. Of these 96 charter schools, 54 charter schools are authorized by the PEC and 44 charter schools are authorized by local school boards.

Each charter school is governed by its own governing body of at least five members. A charter school governing body can currently waive the nepotism rule for an immediate family member of the charter school's head administrator. SB237 would prohibit a charter school governing body from waiving the prohibition of nepotism after June 18, 2021.

State law allows charter school authorizers to withhold 2 percent of a charter school's program cost funding from the public school funding formula to fund its administrative support of the charter school (Section 22-8B-13 NMSA 1978). SB237 directs charter school authorizers to use these funds specifically for monitoring and overseeing the charter school and the charter school's governing body.

### **ADMINISTRATIVE IMPLICATIONS**

Charter school authorizers and charter school governing bodies would need to update their nepotism policies and practices to align with the provisions of SB237.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB237 relates to SB318, Charter School Changes, which addresses facilities and capital outlay at charter schools. SB237 also relates to SB51, Charter School Enrollment Preference, which would establish an enrollment preference for the children of employees at charter schools.

CSL/rl/sb