

LFC Requester:	Liu
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**AGENCY BILL ANALYSIS
2023 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 02/16/23
Bill No: SB422

Sponsor: Stewart
Short Title: SCHOOL DISTRICT MEMBERSHIP LIMITATION

Agency Name and Code Number: Agency Name and Code Number: PED - 924
Person Writing: Gregory Frostad
Phone: (505) 470-5752 **Email:** gregory.frostad@ped.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: None

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 422 (SB422) would limit combined charter school enrollment within all school districts, not just small school districts of 1,300 or fewer students, to 10 percent of the school district's total enrollment. The bill would disqualify charter school applicants whose projected enrollment combined with that of other charter schools within a district's boundaries

exceeds 10 percent of their surrounding school district’s enrollment.

The bill contains an emergency clause, meaning it will become effective immediately upon signing by the Governor, should the bill successfully pass both chambers of the Legislature.

FISCAL IMPLICATIONS

This bill does not include an appropriation.

SIGNIFICANT ISSUES

Currently, 33 school districts have enrollment greater than 1,300 students, and several contain charter schools with combined enrollment near or exceeding 10 percent of their enrollment. SB422 would affect a moratorium on new charter school applications in the following districts which are below 10 percent charter enrollment currently and they would not allow further charter growth if SB422 were enacted: Albuquerque, Espanola, Santa Fe, and Taos. Aztec and Gallup. Close to the maximum afforded by SB422, Aztec would be limited to new charter schools enrolling 300 or fewer students, and Gallup would be limited to new charter schools with 60 or fewer students.

Sample of the 33 School Districts with Enrollment Greater than 1,300 and with Charter School Enrollment

School District >1,300 Enrollment	SY23 40D District Enrollment	Charter Schools Within District Boundaries	SY23 40D Charter Enrollment	Percent of School District
Albuquerque Public Schools	70,558	31 district-authorized and 23 state-authorized charters	16,941	24.0
Aztec Public Schools	2,382	1 district-authorized charter school	180	7.6
Espanola Public Schools	2,954	2 state-authorized charter schools	632	21.4
Gallup Public Schools	12,224	4 state-authorized charter schools	881	7.2
Santa Fe Public Schools	11,377	1 district-authorized and 6 state-authorized	2,409	21.2
Taos Public Schools	1,854	2 district-authorized and 3 state-authorized charter schools	1,070	57.7

[Section 22-8B-11 NMSA 1978—Charter Schools](#) limits the number of start-up charter schools each year to 15, with unused slots transferring to the next year with a cap of 75 charter schools in any five-year period. There are currently 99 operating charter schools, 54 of them within Albuquerque, where nearly one of 5 students attends a charter school. More than 11 percent of public schools are charter schools in New Mexico, enrolling just under 10 percent of students.

The global analytics firm, Gallup [reported in 2021](#) that 73 percent of parents nationwide were satisfied with the quality of their child’s education. Although these statistics are not disaggregated by public, private, and charter schools, it is reasonable to assume that communities

without a large charter school footprint currently also lack substantial demand. If that is true, then the primary impact of SB422 would be to decrease charter applications rather than to increase access to charter schools in such districts as Las Cruces, Rio Rancho, Gadsden, Farmington, Hobbs, and Roswell, large and medium-sized districts with relatively few or no students in charter schools.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

Charter authorizing decisions are made by local school board or the Public Education Commission. This bill would require coordination amongst entities that typically do not make decisions (to approve a new school, renew a school, approve expansion) collaboratively or in step with one another. Authorizer timelines do not currently match up for expansion amendment decisions, however those timelines would have to be adjusted to meet the bill's requirements if it passes.

This bill could encourage start-ups in places where there are no charters but are on the border of districts that have reached the 10 percent limit, and because students are not required to live within the district boundaries of the charter in which they attend, this would still have an effect on the local district population. For example, a school could open in Bernalillo, and enroll students that reside mostly in Albuquerque.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.