

HOUSE JUDICIARY COMMITTEE SUBSTITUTE FOR
HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR
HOUSE BILL 460

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO PUBLIC SCHOOLS; CLARIFYING THAT THE PUBLIC
EDUCATION DEPARTMENT, SCHOOL DISTRICTS AND CHARTER SCHOOLS
SHALL NOT CONTRACT WITH PRIVATE ENTITIES TO MANAGE OR
ADMINISTER A PUBLIC SCHOOL OR SCHOOL DISTRICT OR ITS
EDUCATIONAL PROGRAM; CLARIFYING THAT APPLICANTS FOR CHARTERING
AND MEMBERS OF GOVERNING BOARDS OF CHARTER SCHOOLS MUST BE NEW
MEXICO RESIDENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Public School Code is
enacted to read:

"~~[NEW MATERIAL]~~ PUBLIC SCHOOLS--CERTAIN MANAGEMENT
CONTRACTS NOT ALLOWED.--Public schools shall at all times
remain under the educational and administrative control and
management of a local school board, governing board of a

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1 charter school or the department when it is acting in the stead
2 of a suspended board. A school district, a charter school or
3 the department shall not enter into any contract with a private
4 entity to manage or administer a public school or school
5 district or its educational program."

6 SECTION 2. Section 22-8B-2 NMSA 1978 (being Laws 1999,
7 Chapter 281, Section 2, as amended) is amended to read:

8 "22-8B-2. DEFINITIONS.--As used in the Charter Schools
9 Act:

10 A. "charter school" means a conversion school or
11 start-up school authorized by the chartering authority to
12 operate as a public school;

13 B. "chartering authority" means either a local
14 school board or the commission;

15 C. "commission" means the public education
16 commission;

17 D. "conversion school" means an existing public
18 school within a school district that was authorized by a local
19 school board to become a charter school prior to July 1, 2007;

20 E. "division" means the charter schools division of
21 the department;

22 F. "governing body" means the governing structure
23 of a charter school as set forth in the school's charter; and

24 G. "start-up school" means a public school
25 developed by one or more New Mexico residents who are parents,

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1 teachers or community members authorized by the chartering
2 authority to become a charter school."

3 SECTION 3. Section 22-8B-4 NMSA 1978 (being Laws 1999,
4 Chapter 281, Section 4, as amended) is amended to read:

5 "22-8B-4. CHARTER SCHOOLS' RIGHTS AND RESPONSIBILITIES--
6 OPERATION.--

7 A. A charter school shall be subject to all federal
8 and state laws and constitutional provisions prohibiting
9 discrimination on the basis of disability, physical or mental
10 handicap, serious medical condition, race, creed, color, sex,
11 gender identity, sexual orientation, spousal affiliation,
12 national origin, religion, ancestry or need for special
13 education services.

14 B. A charter school shall be governed by a
15 governing body in the manner set forth in the charter contract;
16 provided that a governing body shall have at least five
17 members, all of whom are residents of New Mexico; and provided
18 further that no member of a governing body for a charter school
19 that is initially approved on or after July 1, 2005 or whose
20 charter is renewed on or after July 1, 2005 shall serve on the
21 governing body of another charter school. No member of a local
22 school board shall be a member of a governing body for a
23 charter school or employed in any capacity by a locally
24 chartered charter school located within the local school
25 board's school district during the term of office for which the

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1 member was elected or appointed.

2 C. A charter school shall be responsible for:

3 (1) its own operation, including preparation
4 of a budget, subject to audits pursuant to the Audit Act; and

5 (2) contracting for services and personnel
6 matters.

7 D. A charter school may contract with a school
8 district, a university or college, the state, another political
9 subdivision of the state, the federal government or one of its
10 agencies, a tribal government or ~~any~~ other third party for
11 the use of a facility, its operation and maintenance and the
12 provision of any service or activity that the charter school is
13 required to perform in order to carry out the educational
14 program described in its charter contract, except as provided
15 in Subsection R of this section. Facilities used by a charter
16 school shall meet the standards required pursuant to Section
17 22-8B-4.2 NMSA 1978.

18 E. A conversion school chartered before July 1,
19 2007 may choose to continue using the school district
20 facilities and equipment it had been using prior to conversion,
21 subject to the provisions of Subsection F of this section.

22 F. The school district in which a charter school is
23 geographically located shall provide a charter school with
24 available facilities for the school's operations unless the
25 facilities are currently used for other educational purposes.

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1 An agreement for the use of school district facilities by a
2 charter school may provide for reasonable lease payments;
3 provided that the payments do not exceed the sum of the lease
4 reimbursement rate provided in Subparagraph (b) of Paragraph
5 (1) of Subsection I of Section 22-24-4 NMSA 1978 plus any
6 reimbursement for actual direct costs incurred by the school
7 district in providing the facilities; and provided further that
8 any lease payments received by a school district may be
9 retained by the school district and shall not be considered to
10 be cash balances in any calculation pursuant to Section 22-8-41
11 NMSA 1978. The available facilities provided by a school
12 district to a charter school shall meet all occupancy standards
13 as specified by the public school capital outlay council. As
14 used in this subsection, "other educational purposes" includes
15 health clinics, daycare centers, teacher training centers,
16 school district administration functions and other ancillary
17 services related to a school district's functions and
18 operations.

19 G. A locally chartered charter school may pay the
20 costs of operation and maintenance of its facilities or may
21 contract with the school district to provide facility operation
22 and maintenance services.

23 H. Locally chartered charter school facilities are
24 eligible for state and local capital outlay funds and shall be
25 included in the school district's five-year facilities plan.

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1 I. A locally chartered charter school shall
2 negotiate with a school district to provide transportation to
3 students eligible for transportation under the provisions of
4 the Public School Code. The school district, in conjunction
5 with the charter school, may establish a limit for student
6 transportation to and from the charter school site not to
7 extend beyond the school district boundary.

8 J. A charter school shall be a nonsectarian,
9 nonreligious and non-home-based public school.

10 K. Except as otherwise provided in the Public
11 School Code, a charter school shall not charge tuition or have
12 admission requirements.

13 L. With the approval of the chartering authority, a
14 single charter school may maintain separate facilities at two
15 or more locations within the same school district; but, for
16 purposes of calculating program units pursuant to the Public
17 School Finance Act, the separate facilities shall be treated
18 together as one school.

19 M. A charter school shall be subject to the
20 provisions of Section 22-2-8 NMSA 1978 and the Assessment and
21 Accountability Act.

22 N. Within constitutional and statutory limits, a
23 charter school may acquire and dispose of property; provided
24 that, upon termination of the charter, all assets of the
25 locally chartered charter school shall revert to the local

1 school board and all assets of the state-chartered charter
2 school shall revert to the state, except that, if all or any
3 portion of a state-chartered charter school facility is
4 financed with the proceeds of general obligation bonds issued
5 by a local school board, the facility shall revert to the local
6 school board.

7 O. The governing body of a charter school may
8 accept or reject any charitable gift, grant, devise or bequest;
9 provided that no such gift, grant, devise or bequest shall be
10 accepted if subject to any condition contrary to law or to the
11 terms of the charter. The particular gift, grant, devise or
12 bequest shall be considered an asset of the charter school to
13 which it is given.

14 P. The governing body may contract and sue and be
15 sued. A local school board shall not be liable for any acts or
16 omissions of the charter school.

17 Q. A charter school shall comply with all state and
18 federal health and safety requirements applicable to public
19 schools, including those health and safety codes relating to
20 educational building occupancy.

21 R. A charter school [~~is a public school that~~] may
22 contract with a school district or other party for provision of
23 financial management, food services, transportation, facilities,
24 education-related services or other services. The governing
25 body shall not contract with a [~~for-profit~~] private entity for

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1 the management or administration of the charter school or its
2 educational program.

3 S. To enable state-chartered charter schools to
4 submit required data to the department, an accountability data
5 system shall be maintained by the department.

6 T. A charter school shall comply with all
7 applicable state and federal laws and rules related to
8 providing special education services. Charter school students
9 with disabilities and their parents retain all rights under the
10 federal Individuals with Disabilities Education Act and its
11 implementing state and federal rules. Each charter school is
12 responsible for identifying, evaluating and offering a free
13 appropriate public education to all eligible children who are
14 accepted for enrollment in that charter school. The state-
15 chartered charter school, as a local educational agency, shall
16 assume responsibility for determining students' needs for
17 special education and related services. The division may
18 promulgate rules to implement the requirements of this
19 subsection."

20 SECTION 4. Section 22-8B-6 NMSA 1978 (being Laws 1999,
21 Chapter 281, Section 6, as amended) is amended to read:

22 "22-8B-6. CHARTER SCHOOL REQUIREMENTS--APPLICATION
23 PROCESS--AUTHORIZATION--STATE BOARD OF FINANCE DESIGNATION
24 REQUIRED--PUBLIC HEARINGS--SUBCOMMITTEES.--

25 A. A local school board has the authority to

1 approve the establishment of a charter school within the school
2 district in which it is located.

3 B. No later than the second Tuesday of January of
4 the year in which an application will be filed, the organizers
5 of a proposed charter school shall provide written notification
6 to the commission and the school district in which the charter
7 school is proposed to be located of their intent to establish a
8 charter school. Failure to notify may result in an application
9 not being accepted.

10 C. A charter school applicant shall apply to either
11 a local school board or the commission for a charter. If an
12 application is submitted to a chartering authority, it must
13 process the application. Applications for initial charters
14 shall be submitted between June 1 and July 1 to be eligible for
15 consideration for the following fiscal year; provided that the
16 July 1 deadline may be waived upon agreement of the applicant
17 and the chartering authority.

18 D. An application shall include the total number of
19 grades the charter school proposes to provide, either
20 immediately or phased. A charter school may decrease the
21 number of grades it eventually offers, but it shall not
22 increase the number of grades or the total number of students
23 proposed to be served in each grade.

24 E. An application shall include a detailed
25 description of the charter school's projected facility needs,

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1 including projected requests for capital outlay assistance that
2 have been approved by the director of the public school
3 facilities authority or the director's designee. The director
4 shall respond to a written request for review from a charter
5 applicant within forty-five days of the request.

6 F. An application may be made by one or more New
7 Mexico residents who are teachers, parents or community members
8 or by a New Mexico public post-secondary educational
9 institution or New Mexico nonprofit organization.
10 Municipalities, counties, private post-secondary educational
11 institutions and for-profit business entities are not eligible
12 to apply for or receive a charter.

13 G. An initial application for a charter school
14 shall not be made after June 30, 2007 if the proposed charter
15 school's proposed enrollment for all grades or the proposed
16 charter school's proposed enrollment for all grades in
17 combination with any other charter school's enrollment for all
18 grades would equal or exceed ten percent of the total MEM of
19 the school district in which the charter school will be
20 geographically located and that school district has a total
21 enrollment of not more than one thousand three hundred
22 students.

23 H. A state-chartered charter school shall not be
24 approved for operation unless its governing body has qualified
25 to be a board of finance.

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1 I. The chartering authority shall receive and
2 review all applications for charter schools submitted to it.
3 The chartering authority shall not charge application fees.

4 J. The chartering authority shall hold at least one
5 public hearing in the school district in which the charter
6 school is proposed to be located to obtain information and
7 community input to assist it in its decision whether to grant a
8 charter school application. The chartering authority may
9 designate a subcommittee of no fewer than three members to hold
10 the public hearing, and, if so, the hearing shall be
11 transcribed for later review by other members of the chartering
12 authority. Community input may include written or oral
13 comments in favor of or in opposition to the application from
14 the applicant, the local community and, for state-chartered
15 charter schools, the local school board and school district in
16 whose geographical boundaries the charter school is proposed to
17 be located.

18 K. The chartering authority shall rule on the
19 application for a charter school in a public meeting by
20 September 1 of the year the application was received; provided,
21 however, that prior to ruling on the application for which a
22 designated subcommittee was used, any member of the chartering
23 authority who was not present at the public hearing shall
24 receive the transcript of the public hearing together with
25 documents submitted for the public hearing. If not ruled upon

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1 by that date, the charter application shall be automatically
2 reviewed by the secretary in accordance with the provisions of
3 Section 22-8B-7 NMSA 1978. The charter school applicant and
4 the chartering authority may, however, jointly waive the
5 deadlines set forth in this section.

6 L. A chartering authority may approve, approve with
7 conditions or deny an application. A chartering authority may
8 deny an application if:

9 (1) the application is incomplete or
10 inadequate;

11 (2) the application does not propose to offer
12 an educational program consistent with the requirements and
13 purposes of the Charter Schools Act;

14 (3) the proposed head administrator or other
15 administrative or fiscal staff was involved with another
16 charter school whose charter was denied or revoked for fiscal
17 mismanagement or the proposed head administrator or other
18 administrative or fiscal staff was discharged from a public
19 school for fiscal mismanagement;

20 (4) for a proposed state-chartered charter
21 school, it does not request to have the governing body of the
22 charter school designated as a board of finance or the
23 governing body does not qualify as a board of finance; or

24 (5) the application is otherwise contrary to
25 the best interests of the charter school's projected students,

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1 the local community or the school district in whose geographic
2 boundaries the charter school applies to operate.

3 M. If the chartering authority denies a charter
4 school application or approves the application with conditions,
5 it shall state its reasons for the denial or conditions in
6 writing within fourteen days of the meeting. If the chartering
7 authority grants a charter, the approved charter shall be
8 provided to the applicant together with any imposed conditions.

9 N. A charter school that has received a notice from
10 the chartering authority denying approval of the charter shall
11 have a right to a hearing by the secretary as provided in
12 Section 22-8B-7 NMSA 1978."

13 SECTION 5. Section 22-8B-9 NMSA 1978 (being Laws 1999,
14 Chapter 281, Section 9, as amended) is amended to read:

15 "22-8B-9. CHARTER SCHOOL CONTRACT--CONTENTS--RULES.--

16 A. The chartering authority shall enter into a
17 contract with the governing body of the applicant charter
18 school within thirty days of approval of the charter
19 application. The charter contract shall be the final
20 authorization for the charter school and shall be part of the
21 charter. If the chartering authority and the applicant charter
22 school fail to agree upon the terms of or enter into a contract
23 within thirty days of the approval of the charter application,
24 either party may appeal to the secretary to finalize the terms
25 of the contract; provided that such appeal must be provided in

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1 writing to the secretary within forty-five days of the approval
2 of the charter application. Failure to enter into a charter
3 contract or appeal to the secretary pursuant to this section
4 precludes the chartering authority from chartering the school.

5 B. The charter contract shall include:

6 (1) all agreements regarding the release of
7 the charter school from department and local school board rules
8 and policies, including discretionary waivers and waivers
9 provided for in Section 22-8B-5 NMSA 1978;

10 (2) any material term of the charter
11 application as determined by the parties to the contract;

12 (3) the mission statement of the charter
13 school and how the charter school will report on implementation
14 of its mission;

15 (4) the chartering authority's duties to the
16 charter school and liabilities of the chartering authority as
17 provided in Section [~~8 of this 2011 act~~] 22-8B-5.3 NMSA 1978;

18 (5) a statement of admission policies and
19 procedures;

20 (6) signed assurances from the charter
21 school's governing body members regarding compliance with all
22 federal and state laws governing organizational, programmatic
23 and financial requirements applicable to charter schools;

24 (7) the criteria, processes and procedures
25 that the chartering authority will use for ongoing oversight of

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1 operational, financial and academic performance of the charter
2 school;

3 (8) a detailed description of how the
4 chartering authority will use the withheld two percent of the
5 school-generated program cost as provided in Section 22-8B-13
6 NMSA 1978;

7 (9) the types and amounts of insurance
8 liability coverage to be obtained by the charter school;

9 (10) the term of the contract;

10 (11) the process and criteria that the
11 chartering authority intends to use to annually monitor and
12 evaluate the fiscal, overall governance and student performance
13 of the charter school, including the method that the chartering
14 authority intends to use to conduct the evaluation as required
15 by Section 22-8B-12 NMSA 1978;

16 (12) the dispute resolution processes agreed
17 upon by the chartering authority and the charter school,
18 provided that the processes shall, at a minimum, include:

19 (a) written notice of the intent to
20 invoke the dispute resolution process, which notice shall
21 include a description of the matter in dispute;

22 (b) a time limit for response to the
23 notice and cure of the matter in dispute;

24 (c) a procedure for selection of a
25 neutral third party to assist in resolving the dispute;

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1 (d) a process for apportionment of all
2 costs related to the dispute resolution process; and

3 (e) a process for final resolution of
4 the issue reviewed under the dispute resolution process;

5 (13) the criteria, procedures and time lines,
6 agreed upon by the charter school and the chartering authority,
7 addressing charter revocation and deficiencies found in the
8 annual status report pursuant to the provisions of Section
9 22-8B-12 NMSA 1978;

10 (14) if the charter school contracts with a
11 third-party provider, the criteria and procedures for the
12 chartering authority to review the provider's contract and the
13 charter school's financial independence from the provider;

14 (15) all requests for release of the charter
15 school from department rules or the Public School Code. Within
16 ten days after the contract is approved by the local school
17 board, any request for release from department rules or the
18 Public School Code shall be delivered by the local school board
19 to the department. If the department grants the request, it
20 shall notify the local school board and the charter school of
21 its decision. If the department denies the request, it shall
22 notify the local school board and the charter school that the
23 request is denied and specify the reasons for denial;

24 (16) an agreement that the charter school will
25 participate in the public school insurance authority;

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1 (17) if the charter school is a state-
2 chartered charter school, a process for qualification of and
3 review of the school as a qualified board of finance and
4 provisions for assurance that the school has satisfied any
5 conditions imposed by the commission; and

6 (18) any other information reasonably required
7 by either party to the contract.

8 C. The process for revision or amendment to the
9 terms of the charter contract shall be made only with the
10 approval of the chartering authority and the governing body of
11 the charter school. If they cannot agree, either party may
12 appeal to the secretary as provided in Subsection A of this
13 section."

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