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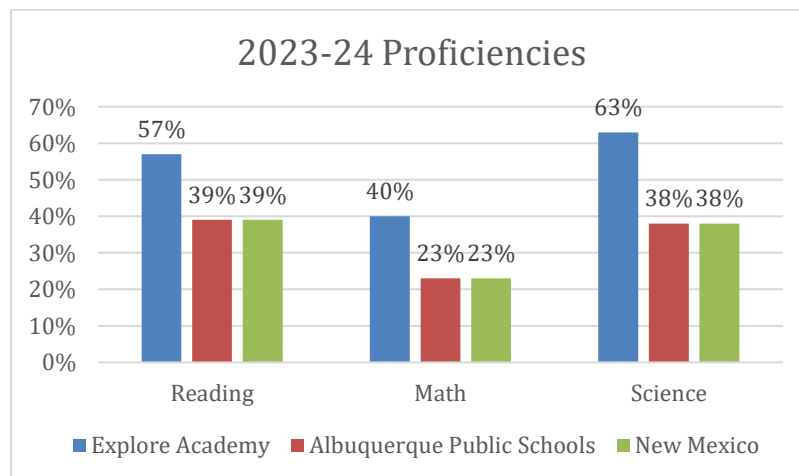
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**Explore Academy Enrollment Cap Amendment Request
June 27, 2025, Public Education Commission (PEC) Meeting
Charter Schools Division (CSD) Analysis**

Request: Explore Academy requests PEC approval to increase its enrollment cap from 1700 to 3750.

Analysis: Explore Academy opened as a high school serving grades 9-12 in 2014. The PEC has approved two grade level increases, adding 6-8 then K-5, and three enrollment cap increases, from 500 to 600, 600 to 1100, and 1100 to 1700. The school's tremendous growth into a K-12 school with an enrollment cap 240% greater than the one in its first contract 11 years ago, with a waitlist of 748 students for the 2025-26 school year, demonstrates the clear and continuing demand for an Explore Academy education among Albuquerque families.

Even more impressive than the school's expansion is its continued high performance academically. Explore Academy was a Spotlight school in 2023-24, with proficiencies exceeding the district and state in all core academic subjects:



Given the high demand for seats at Explore and its status in the top 25% of schools in the state, it is understandable that the Explore team would want to expand its enrollment to offer more students the Explore Academy education that hundreds of them are seeking.

Nevertheless, the request is for a 121% increase in the enrollment cap, a far greater increase than any of the school's three previous amendments (20%, 83% and 55%). A cap of 3,750 would make Explore the single largest charter school in the state, more than double the size of any other Albuquerque charter school; 88% larger than either of the virtual charter schools, which enroll students from the entire state; and 81% larger than the largest school in the state, Volcano Vista High School.

The school leader and board chair assure CSD that class sizes will remain small even with enrollment more than doubling, and they believe they can maintain the present level of quality even at a scale unprecedented in any New Mexico school.

The PED School Budget Bureau (SBB) Director informed CSD that SBB has concerns about the viability of the requested expansion. The SBB have serious concerns about the viability of such a significant enrollment cap increase at this time. The school's FY24 audit includes a going concern disclosure tied to deficit fund balance and low cash reserves. She believes that approval of the cap presents serious cash flow risks. Budget entities are expected to operate within their allocation and maintain adequate reserves. SBB believes that the FY26 shift to a 4-day week appears to be a short-term strategy to increase SEG funding.

The school has seen an increase in audit findings during the two most recent audits, including several material weakness findings:

Finding	Severity	Repeat	Category
2023-001	Material Weakness	Repeat	Financial Reporting
2023-002	Significant Deficiency	New	Lack of Policies, Procedures or Internal Controls
2023-003	Other Noncompliance	New	State Law Compliance - Other
2023-004	Other Matter	New	Lack of Policies, Procedures or Internal Controls
2023-005	Other Noncompliance	New	Budgetary Compliance
2024-001	Other Noncompliance	New	Procurement
2024-002	Significant Deficiency	New	Internal Controls Over Journal Entries
2024-003	Material Weakness	Repeat	Budgetary Conditions
2024-004	Material Weakness	Repeat	Financial Close and Reporting

SBB recommends a phased pathway toward growth, contingent on the school demonstrating sustained financial stability, including the ability to pay short-term obligations, number of days a school can operate using only available cash, the ability to cover debt payments from operations, financial sustainability and the ability to generate a surplus, actual to budgeted enrollment (< 95% for the past two years, and resolving the going concern.

CSD agrees that an increase is reasonable, given the high academic performance and the obvious demand in the community, but given the financial concerns, the 121% increase seems excessive.

The school administrator and board chair informed CSD that grades K-5, which have the longest waitlist, cannot expand in the current location. The school has identified a potential facility that could accommodate expanded K-5 enrollment and allow the school to bring all grades K-12 together on one campus safely (there are separated areas for high school students and younger children). The challenge is that the school requires a significant enrollment cap increase in order to secure the facility.

While it is unfortunate that the school may lose a potential facility that seems ideal as a result, CSD cannot recommend an enrollment cap of 3,750 as a means to obtaining a desired facility.

Recommendation: CSD recommends denying the change requested, and instead approving a more modest enrollment cap increase, perhaps 20%, which would raise the cap by 340 students to 2,040. This would still make Explore the largest charter school in the state, and the second-largest public school in the state.