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**Explore Academy – Las Cruces Grade Level and Facility Amendment Requests  
August 22, 2025, Public Education Commission (PEC) Meeting  
Charter Schools Division (CSD) Analysis**

**Request:** Explore Academy – Las Cruces requests PEC approval to amend its contract to

- Change grade levels served from K-12 to K-8
- Close the high school facility located at 4201 Del Rey Blvd, Las Cruces, NM 88012

**Analysis:** In response to financial challenges and unsustainable enrollment trends, the Governing Council of Explore Academy – Las Cruces held an open meeting on June 20, 2025, to evaluate the school's future structure. They examined the scenarios below to determine the best path forward, as the school could no longer afford operations as a K–12 institution with two separate campuses.

Scenario 1: Maintain Current Structure Without Reduction-in-Force (RIF): This scenario assumes both facilities remain open and current staff is retained without new hires. With an enrollment of 635, the school would finish SY2025-26 with a \$659,000 debt.

Scenario 2: Maintain Current Structure With RIF: This scenario involves a RIF of 10 staff members while keeping both facilities open. However, it would leave the school understaffed, causing unmanageable class sizes and budget strain. The financial outlook remains negative, with no buffer for unexpected expenses and a high risk of payroll delays.

Scenario 3: Del Rey Lease Renegotiation with RIF: The school would pursue a deferral of rent and tenant improvement costs at its Del Rey campus, while implementing a RIF of 7 staff members. Although this created slight flexibility, the long-term costs, including 9% interest on deferred amounts and a \$500,000 increase in the cost of the Del Rey property, would burden the school's future bond or purchase options. This option also leaves minimal staffing margins and the option depends on uncertain high school growth, which past trends don't support.

Scenario 4: Close the Del Rey campus and reduce the grades served to K-8.

Explore Academy – Las Cruces received feedback from the PED School Budget Bureau (SBB) on its FY26 budget. Due to financial deficits and unresolved June payroll issues (the school did not make payroll for one pay period), the SBB set the following conditions for budget approval:

- a revised budget;
- a 5% emergency reserve totaling \$483,989 must remain untouched and held until student membership counts are validated within the first two weeks of the school year. If enrollment targets are not met, the reserve will be retained to protect against further overspending; and
- an additional \$100,000 in restricted expenditures must be included in the FY26 budget to address the projected shortfall for FY25.

Under scenario 4, the school would vacate the Del Rey property within 30 days of notifying the landlord and would remove grades 9–12 from the school’s charter, allowing Explore Las Cruces to focus exclusively on its strengths in elementary and middle school education. The governing council worked with the school’s business manager to create conservative projections for 40D to ensure budget stability. These estimates would allow class sizes to remain in proportion to delivering personalized instruction, with projected student-to-teacher ratios of 14:1 in kindergarten and 18:1 or fewer in grades 1-7. Eighth grade may have a slightly larger ratio of 27:1, which is being closely monitored as staffing decisions are finalized.

After reviewing the school’s financial outlook and enrollment trends, the governing council chose **Scenario 4**, the only viable option that would ensure the school met all required conditions, retain quality staff, and establish a fiscally responsible and sustainable path forward to rebuild its cash balance and effectively serve its students and community for years to come.

CSD agrees that the governing council had no good options, and closing the high school and reducing the grades served was a reasonable decision. Since the school will now serve only 9 grades instead of 13 (69% as many grades), it makes sense to lower the enrollment cap as well from 1200 to 900 (75% of the current cap).

#### Academic Performance:

Academic Performance Framework Indicators	2021-22 Score	2022-23 Score	2023-24 Score*	2024-25 Score
State Accountability System NMVistas (100 points possible)	Traditional 43	ATSI.FRL 53.5	Traditional 49.1	pending
School-specific Goals (100 points possible)	100	75	100	pending
Overall Academic Score: average of NMVistas and Mission Goal scores	71.5	64.25	74.55	–

**Recommendation:** CSD recommends approving both amendment requests and reducing the enrollment cap to 900.