Sunny Liu
Principal Fiscal Analyst
Legislative Finance Committee

Mariana Padilla
Secretary
Public Education Department

John Sena
Director
Legislative Education Study Committee

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Virtual Education in New Mexico

Agenda

Survey of Current New Mexico Programs

- Demographics and locations
- Instruction and Vendors

Outcomes of Virtual Programs

- New Mexico Academic Outcomes
- Research Literature
- 2017 LESC-LFC Program Evaluation

History of Virtual Schools in New Mexico

- Key laws, events, and issues
- Funding formula loopholes

Policy and Budget Considerations

- Other state policies
- Problems and options

Survey of Current New Mexico Programs

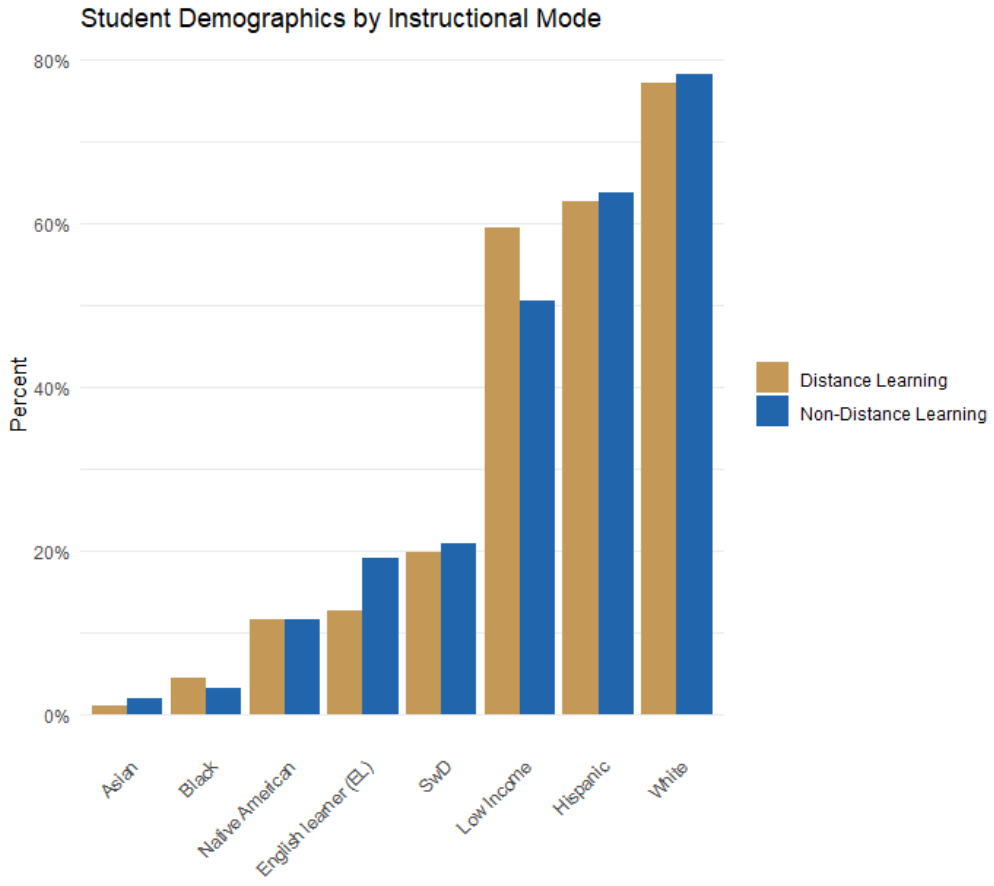
Number of survey completers: 99 out of 190 districts and charter schools

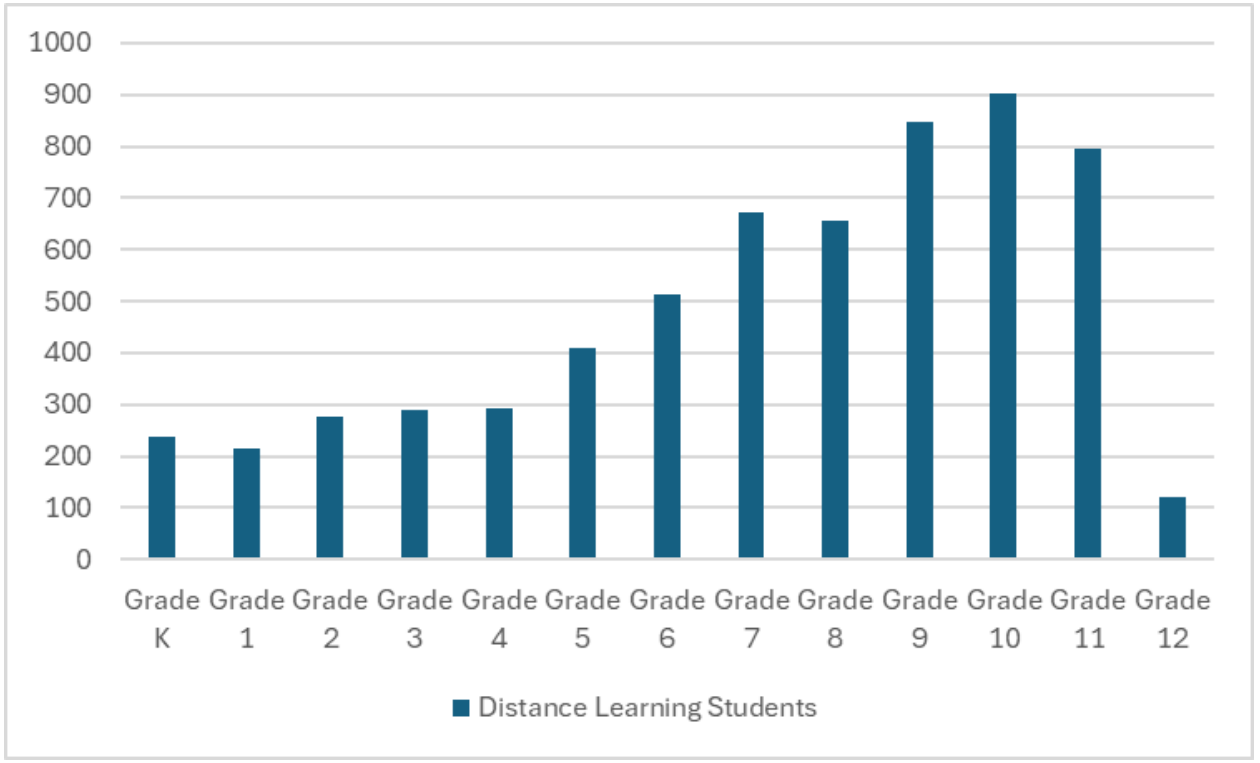
- Respondents enroll 75 percent of the NM's students
- Respondents report serving 7,285 distance learning students
- The 7,285 distance learning students represent 3.2 percent of the students in the 99 districts and charter schools

Of the 99 districts and charter schools, 50 have distance learning programs

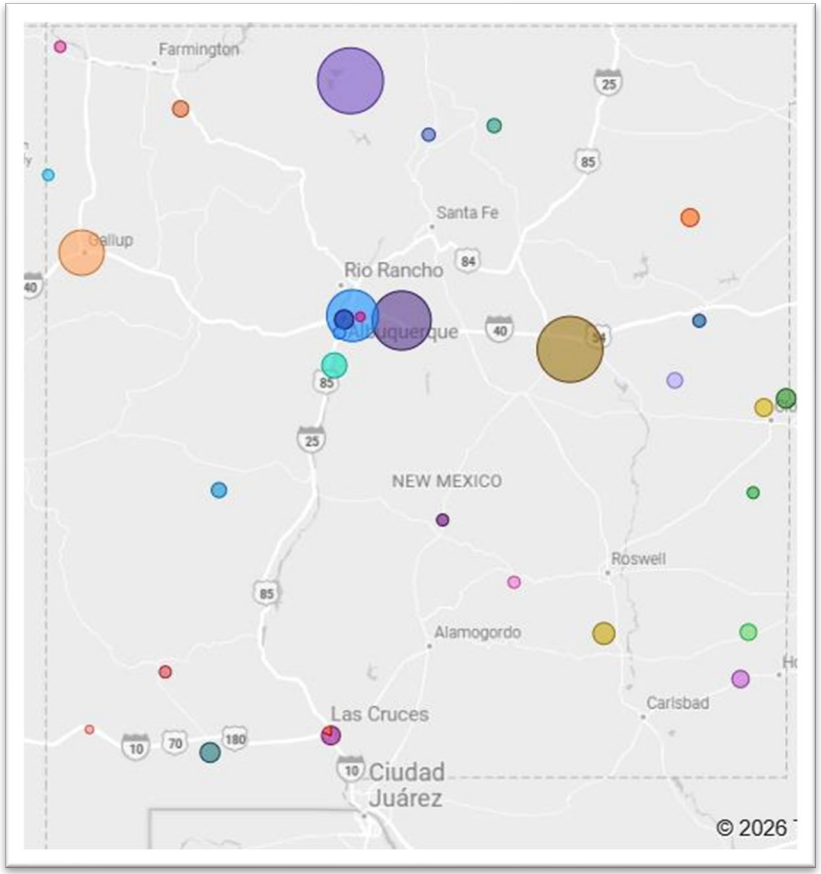
- 50 percent of survey respondents have a distance learning program

Student Demographics
(99 Districts and Charter Schools)

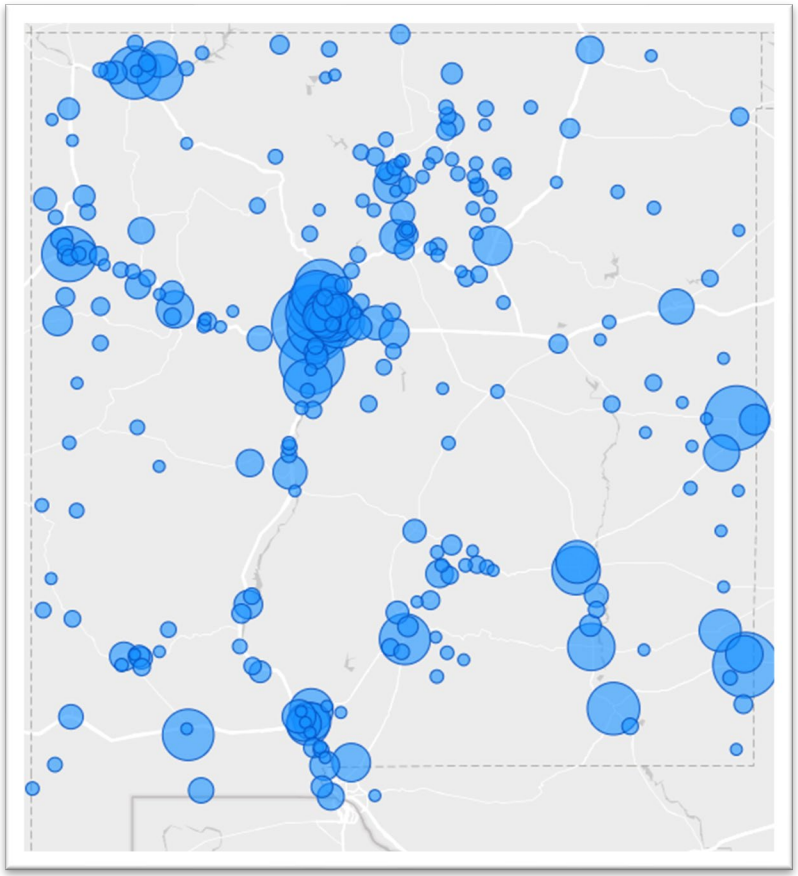




Distance Learning on the Map



Student Concentration by Budget Entity Location.
Size of bubbles represent student counts; colors indicate budget entity.



Student Concentration by Home Address
Size of bubbles represent student counts by home address.

Instruction and Engagement

Distance learning programs calculate instructional hours by:

- monitoring hours through the software platform
- synchronous learning hours with teachers
- students have assigned learning goals to meet by deadline
- unit and test completions at passing rates
- participation logs and completion of assignments and assessments

The majority of distance learning programs include no student teacher interaction

New Mexico Distance Learning Vendors

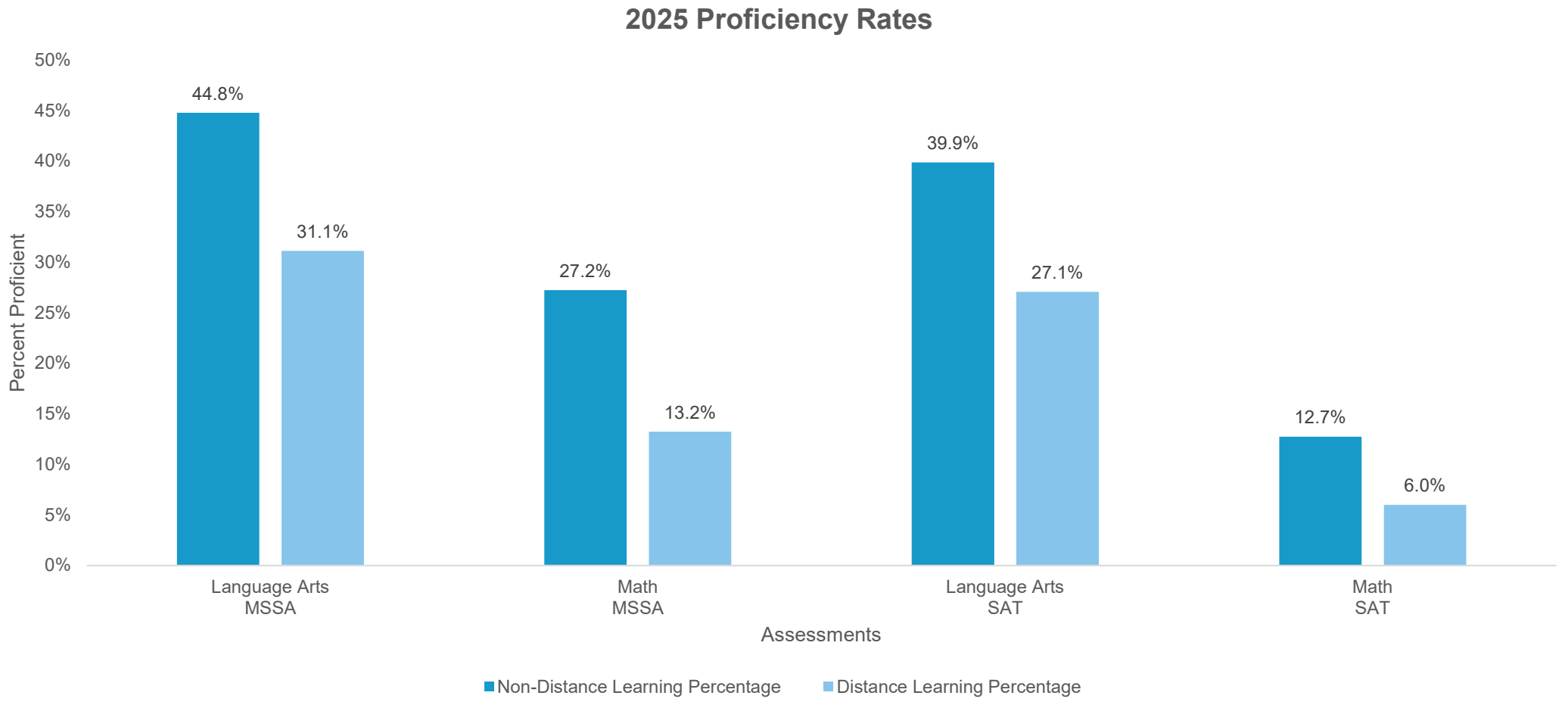
Of the school districts and charter schools that reported providing distance learning, 62 percent contract with a vendor for distance learning services

Common vendors and reported per student prices

- **Edgenuity:** $9,762.21 on average across eight school districts / charter schools
- **Subject.com:** $8,000.00 for six months for one school district / charter school
- **Acellus:** $8,163.00 on average across two school districts / charter schools
- **Edmentum:** $2,231.74 on average across two school districts / charter schools
- **Stride K12, Inc.:** $15,700.00 on average across two school districts

The Public School Support Request provides an average $19,200 per student.

New Mexico Academic Outcomes



Distance Learning Research

Across 24 different articles, a study in U.S. National Institutes of Health's National Library of Medicine (NIH/NLM) concluded that academic performance was negatively affected by distance learning.

National Education Policy Center publishes annual reports on distance learning and consistently finds:

- Distance or "virtual schools in general perform poorly, state virtual school policies remain inadequate, and little if any research supports the claims being made for virtual education."

A Stanford Center on Poverty and Inequality report highlights how distance learning exacerbates pre-existing issues of poverty, inequality, and discrimination.

A Department of Education's Office of Civil Rights report found that digital learning was particularly less effective for children of color, children in low-income families, and high-need students.

Both the 2015 and 2019 Stanford Center for Research on Education Outcomes reports on New Mexico found online charters have substantially weaker learning gains and the inferior performance of online charters offset the positive impact of brick-and-mortar charter schools

2017 LESC-LFC Program Evaluation:

Financial Responsibility, Governance, and Student Outcomes of Virtual Charter Schools

Executive Summary

Virtual charter schools produce lower academic outcomes than brick-and mortar-schools despite serving fewer at-risk students.

Compared with brick-and-mortar schools, distance learning schools spend about:

- 67% less on instructional staff per student; and
- 75% less per student spent on maintenance and operations.

The funding formula treats virtual charter schools similarly to brick-and-mortar school, causing financial waste and possibly incentivizing school districts to authorize virtual charter schools.

Planned enrollment growth at virtual charter schools can result in large annual financial windfalls and significant swings in per-student funding levels.

2017 LESC-LFC Program Evaluation:

Financial Responsibility, Governance, and Student Outcomes of Virtual Charter Schools

Other Findings

The three virtual schools (NMVA, NMCA, PCA) all contracted with a for-profit virtual education curriculum provider (Stride K12, Inc. or Connections Education, LLC)

In FY17, New Mexico virtual charter schools paid Stride K12, Inc. and Connections a total of $7.5 million, about half of the $15 million in expenditures from those schools

Virtual schools had significantly higher student-to-teacher ratios, with NMVA and NMCA reporting ratios of 44 and 38, respectively

Virtual schools had high student withdrawals, with NMCA and PCA reporting about a third of students disenrolling during FY17

Compared to the statewide high school retention rate of 54 percent, virtual charter schools reported fewer than 15 percent of the same students four years after enrollment

2017 LESC-LFC Program Evaluation:

Financial Responsibility, Governance, and Student Outcomes of Virtual Charter Schools

Recommendations

Develop a scale adjustment factor that reduces formula funding for virtual charter schools

Amend state law to allow only PEC to authorize virtual charter schools that enroll students outside of the school district where the school is physically located

Require virtual charter schools to provide additional details for any contracts over a certain percentage of a school's budget

Prohibit virtual charter schools from generating enrollment growth program units

Prohibit virtual charter schools from applying for capital outlay and transportation funding

Require detailed invoices from virtual charter school curriculum providers that allow cost comparisons for specific items or services purchased by the school

History of Virtual Schools in New Mexico

Key Laws

- 1992: Article 8B: Charter Schools Act – prohibits for-profit entities from managing a charter school
- 2007: Article 30: Statewide Cyber Academy – authorizes PED to operate a distance learning program for grades 6-12
- 2007: Article 13: Graduation Requirements – includes distance learning as a course option for current 10th graders and older

Legal Opinions and Advisory Letters

- 2008: NMAG Advisory Letter – Public School Code open enrollment provisions do not contemplate distance learning
- 2009: CSD Counsel Opinion – Public School Code defines schools as “buildings” in a “particular place.”
- 2016: NMAG Opinion – Charter School Act prohibits for-profit entities from managing a charter school

Key Events in New Mexico Virtual Education

- 2009: PEC denies three virtual charter school applications
- 2012: Farmington opens New Mexico Virtual Academy (Stride K12, Inc.) as a local online charter
- 2013: PEC's denial of New Mexico Connections Academy is overturned by PED secretary
- 2016: Carlsbad authorizes Pecos Connections Academy as a local online charter
- 2016: Farmington votes to end its charter with New Mexico Virtual Academy by 2019
- 2017: PEC denies renewal of New Mexico Connections Academy
- 2018: Carlsbad investigates Pecos Connections Academy and eventually ends its charter in 2022
- 2020: New Mexico closes schools and orders remote learning in response to Covid-19
- 2020: Gallup contracts with Stride K12, Inc. for an online school (Destinations Career Academy)
- 2021: New Mexico reopens schools to in-person learning
- 2022: PEC authorizes Pecos Cyber Academy as a state online charter
- 2025: Gallup severs its contract with Stride K12, Inc.
- 2025: Santa Rosa and Chama contract with Stride K12, Inc. to share Destinations Career Academy

Key Issues Publicized

Farmington vs. New Mexico Virtual Academy

- Low academic performance and graduation rates
- Procurement and fiscal issues
- NMAG investigation into Stride K12, Inc. over false advertising, false claims, and unfair competition

Carlsbad vs. Pecos Connections Academy

- Complaints of testing irregularities, not verifying student residency
- Inadequate teacher staffing, special education services, and educational resources
- Procurement issues

Gallup vs. Stride K12, Inc.

- Low academic performance and graduation rates
- Inadequate teacher and counselor staffing, educator training, synchronous instructional time, special education services, and educational resources
- High student withdrawals and ghost students, lack of timely reporting, false reporting
- Conspiracy, fraud, and misinformation

Funding Formula Loopholes

Rural Population Units

- In FY22, Carlsbad ended its local charter with PCA
- In FY23, PEC authorized PCA as a statewide charter school
- In FY25, PCA changed its location from Carlsbad to Moriarty to generate 249 rural population units for all enrolled students **(cost: $1.8 million)**

Enrollment Growth Units

- In FY19, Farmington ended its local charter with New Mexico Virtual Academy (Stride K12, Inc.)
- In FY21, Gallup contracted with Stride K12, Inc. to operate an online program, adding and generated 2,152 enrollment growth units
- In FY25, Gallup ended its contract with Stride K12, Inc.
- In FY26, Santa Rosa and Chama agreed to split Stride K12, Inc.'s online school between the two districts to generate and share 6,044 enrollment growth units
- For FY26, Gallup will still count students from Stride K12, Inc.'s school because the formula uses prior year MEM, effectively causing the state to "double fund" these students **(cost: $40.7 million)**

Other States Policies

Nearly one third of states did not have requirements for distance learning during the past five years, though recent trends include legislation addressing this.

- Arizona (2021): reduced funding for distance learning, funding is structured so schools receive 95% of the state's base funding level per full-time online student and 85% for each part-time online learning student.
- Arkansas (2023): ensures almost entirely in-person instructional time by requiring a full complement of onsite school days.
- Indiana (2022): limits public schools to roughly three asynchronous instruction days where active teacher-led contact isn’t required, restricting overuse of remote days.
- Oklahoma (2025): limits the number of virtual learning days that count toward required instruction time.

Policy Considerations

In which cases is virtual education a more appropriate option?

- Students with severe medical conditions
- Alternative Programs (Hybrid, Afternoon, Evening)
- Higher grade levels (e.g. secondary)

Should school districts serve students outside geographical boundaries?

- Access to courses unavailable in local district
- Local district does not offer virtual program

Who should operate and oversee virtual education?

- Local districts (Local administrators, local teachers)
- PED (Oversight of administration and instruction)
- External entities (Still subject to laws but harder to regulate)

PED may need explicit authority to review and approve virtual programs.

Reporting requirements may need to be explicitly outlined for virtual programs and schools.

Budget Considerations

What costs are the same between in-person and virtual education?

- Teachers, Administrators
- Other support services

What costs are different?

- Facilities
- Utilities and technology

Should certain funding factors apply to virtual students?

- Basic membership
- Special education
- At-risk
- Bilingual, elementary physical education
- K-12 Plus
- Rural, size, growth units
- Other Costs: Capital outlay and transportation

Problems and Options

Problem	Base Options			Restrictive Options
Enrollment Growth Units Volatility	• Supplemental appropriations	• Online programs must be chartered • Restrict online enrollment to select purposes or grades	• Use 40th Day MEM for formula funding • Adjust enrollment formula factor	• Ban online growth units • Cap growth units • Limit transferability
Rural Population Units Application	• Supplemental appropriations	• Rural factor based on student location	• Restrict units to students residing in district	• Ban online rural units
Lack of Oversight on Virtual Education	• PED reporting and approval process • Frequent audits	• More synchronous instruction or days • Set staffing requirements	• Automatic closure processes • Restrict online enrollment to select purposes or grades	• Ban new online schools • PED statewide program only
Lack of Cost Savings in Virtual Education	• Performance-based budgeting • Contract reporting	• No capital outlay or transportation	• Change funding formula • ADM instead of MEM	• Budget limits • Cap online enrollment

Contact Information

Sunny Liu
Principal Fiscal Analyst
Legislative Finance Committee
Sunny.liu@nmlegis.gov
(505) 986-4572

Mariana Padilla
Secretary
Public Education Department
Mariana.padilla@ped.nm.gov
(505) 827-5800

John Sena
Director
Legislative Education Study Committee
John.sena@nmlegis.gov
(505) 986-4592