How the East Mountain Construction Project Is Funded

East Mountain's construction and expansion project is funded through a combination of **Foundation financing, state facility funding, local property-tax revenue, legislative capital outlay, and federal grant funding**. Because charter-school facility financing works differently from traditional school districts, the structure can be complicated.

Why the East Mountain Foundation Is Involved

Under New Mexico law, charter schools generally cannot take on long-term debt themselves to finance major construction projects. Instead, facility projects are typically financed through a third-party organization or through a school-affiliated nonprofit foundation.

For East Mountain:

- The **East Mountain Foundation**, a separate 501(c)(3) nonprofit organization, is financing the majority of the construction project.
- The Foundation owns:
    - The land
    - The four main existing buildings
    - The parking lot
    - The new construction being financed through the Foundation
- East Mountain School owns:
    - The two portable buildings
    - The new sixth-grade building

The Foundation's $21.4 Million Loan

The East Mountain Foundation received approximately **$21.4 million in financing from EFF** to support the campus construction project.

EFF is a national organization that provides favorable financing to high-performing charter schools. Its schools go through a rigorous review process before being approved for financing.

East Mountain is one of only a small number of New Mexico charter schools that has worked with EFF.

The Foundation-financed portion of the current construction project is approximately:

$21,057,455

The East Mountain Foundation is responsible for servicing this loan.

How the School Pays the Foundation

East Mountain School leases its facilities from the East Mountain Foundation and makes regular lease payments to the Foundation.

The school primarily uses two restricted public funding sources to make those facility payments:

- **State Lease Assistance**
- **HB 33 facility funds**

The Foundation then uses the lease revenue it receives from the school to make payments on its construction financing.

State and local facility funding → East Mountain School → rent paid to the Foundation → Foundation makes loan payments

State Lease Assistance

East Mountain receives **Lease Assistance** through New Mexico's public school capital funding system.

Lease Assistance is specifically designed to help eligible charter schools pay for their facilities.

An important feature of this program is that the amount of Lease Assistance a school receives is tied to its enrollment.

That means:

- As East Mountain's enrollment grows its eligible Lease Assistance also increases, providing additional revenue to support the larger campus.

HB 33 and SB 9 Facility Funding

East Mountain also receives **HB 33 and SB 9 funds** generated through local property taxes.

These funds are restricted and may only be used for eligible capital and facility-related purposes.

East Mountain can therefore use these funds for expenses such as:

- Facility lease payments
- Construction and renovation
- Building improvements
- Equipment and other allowable capital expenses

Legislative and Governor Capital Outlay

East Mountain can also request direct capital outlay appropriations from state legislators and the Governor.

Recent contributions toward East Mountain's facilities include:

- **Rep. Anthony Thornton:** $500,000 over the past two legislative cycles
- **Rep. Stefani Lord:** $300,000 in the most recent legislative cycle
- **Gov. Michelle Lujan Grisham:** $1 million in the most recent legislative cycle

The Governor's $1 million appropriation was particularly significant because of both its size and the unusual level of direct state support for a charter-school facility project.

East Mountain also has previous capital outlay awards supporting projects such as:

- Accessibility improvements
- Kitchen improvements
- Other eligible campus upgrades

East Mountain School's Direct Contribution

In addition to the Foundation financing, East Mountain School is contributing its own available capital resources from HB33 reserves toward the project.

The school has paid for:

- The modular sixth-grade building
- Portions of the related civil and infrastructure work

The school's capital accounts and recent capital outlay appropriations will contribute approximately:

$2,095,000 toward the broader campus project.

Federal Charter School Program Grant

East Mountain has also received a **$1.5 million federal Charter School Program grant** to support the expansion.

Unlike the Foundation loan, this funding does not primarily pay for the construction of the buildings themselves.

It can help pay for expansion-related costs including:

- Furniture
- Fixtures

- Equipment
- Classroom setup
- Technology and other eligible startup purchases
- Certain eligible startup staffing costs

This funding helps ensure that the new spaces can be fully equipped and operational once construction is complete.

Putting It All Together

The project is therefore not being paid for from a single source.

Its major funding sources include:

- **Approximately $21.4 million in Foundation financing through EFF**
- **Approximately $2.095 million from school capital accounts and recent capital outlay**
- **State Lease Assistance**
- **HB 33 and SB 9 local facility funding**
- **Previous legislative capital outlay awards**
- **$1.75 million in recent legislative and gubernatorial capital appropriations**
- **$1.5 million in federal Charter School Program funding for furniture, equipment, and other eligible expansion costs**

Each source has different legal restrictions and purposes. Together, they allow East Mountain and the East Mountain Foundation to finance construction, improve existing facilities, equip the new spaces, and support the school's long-term expansion without placing construction debt directly on the charter school.