



**LEGISLATIVE EDUCATION  
STUDY COMMITTEE**

**REPORT TO THE SECOND SESSION**

**OF THE**

**FORTY-SEVENTH LEGISLATURE**

**State of New Mexico**

**JANUARY 2006**

**State of New Mexico**  
**LEGISLATIVE EDUCATION STUDY COMMITTEE**

**REPRESENTATIVES**

Rick Miera, Vice Chair  
Joni Marie Gutierrez  
Dianne Miller Hamilton  
Mimi Stewart  
Thomas E. Swisstack  
W. C. "Dub" Williams

**ADVISORY**

Ray Begaye  
William "Ed" Boykin  
Kandy Cordova  
Roberto "Bobby" J. Gonzales  
Jimmie C. Hall  
John A. Heaton  
Harriet I. Rulz  
Sheryl M. Williams Stapleton  
Richard D. Vigil  
Teresa A. Zanetti

State Capitol North, 325 Don Gaspar, Suite 200  
Santa Fe, New Mexico 87501  
PH: (505) 986-4591 FAX: (505) 986-4338  
<http://legis.state.nm.us/lcs/lesc/lescdefault.asp>



**SENATORS**

Cynthia Nava, Chair  
Gay G. Kernan  
Mary Kay Papen  
William E. Sharer

**ADVISORY**

Vernon D. Asbill  
Mark Bollano  
Carlos R. Cisneros  
Dianna J. Duran  
Mary Jane M. Garcia  
John Pinto  
Leonard Tsosie

D. Pauline Rindone, Ph.D., Director  
Frances R. Maestas, Deputy Director

January 2006

Forty-Seventh Legislature, Second Session  
State Capitol  
Santa Fe, New Mexico

Dear Fellow Legislators:

This report summarizes the activities of the Legislative Education Study Committee (LESC) during the 2005 legislative interim as well as the committee's recommendations for the 2006 legislative session. Based upon the research and testimony that the LESC considered, you will find in this report:

- public school support recommendations for FY 07;
- a summary of education issues considered during the 2005 interim, along with the committee's recommendations for the 2006 legislative session; and
- tables containing information designed to assist you as you consider public school issues during the 2006 legislative session.

On behalf of the LESC, it is my pleasure to transmit this report to each of you. I hope that you will find it informative and useful.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia Nava".

Senator Cynthia Nava, Chair

## **THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

The Legislative Education Study Committee (LESC) is authorized by New Mexico statute to

conduct a continuing study of all education in New Mexico, the laws governing such education and the policies and costs of the New Mexico educational system . . . ; recommend changes in laws relating to education . . . ; and make a full report of its findings and recommendations . . . .

The LESC is composed of 27 members of the Legislature (17 of whom are advisory) appointed to provide proportionate representation from both houses and both political parties in the Legislature.

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
2006 REPORT TO THE LEGISLATURE**

**Page #**

**SUMMARY OF RECOMMENDATIONS**

Public School Support Recommendations for FY 07 .....	1
Additional Recommendations of the LESC .....	4

<b>REPORT OF THE 2005 LEGISLATIVE INTERIM</b> .....	12
<b>INTRODUCTION</b> .....	12

<b>ISSUES STUDIED BY THE LESC</b> .....	14
---	----

<b>P-20 INITIATIVE</b> .....	14
The <i>Pre-Kindergarten Act</i> and New Mexico Pre-K .....	14
Full-Day Kindergarten Evaluation Report .....	15
Kindergarten Plus Evaluation Report .....	15
High School Reform .....	16
New Mexico High School Initiative/International Education .....	16
Smaller Learning Communities .....	16
Career Pathways .....	17
Remedial Education and Higher Education Placement Tests for High School Students .....	17
Articulation and Transfer of Credits: Common Course Numbering and Naming System .....	18
Reauthorization of the Federal <i>Higher Education Act</i> .....	19
Implementation of the <i>Higher Education Department Act</i> .....	19
<i>Recommendations of the LESC</i> .....	20

<b>EDUCATOR QUALITY AND EDUCATIONAL LEADERSHIP</b> .....	21
Teacher Preparation Programs' Articulation Compact .....	21
NCLB Highly Qualified Teachers: Status Report .....	22
Professional Practices and Standards Council: Progress Report, HJM 13 .....	23
Preparation of School Leaders .....	23
State Action for Education Leadership Program: Wallace Foundation Grant Report .....	24
Developing Leaders to Close the Achievement Gap .....	24
<i>Recommendations of the LESC</i> .....	25

<b>SCHOOL PERSONNEL</b> .....	26
School Secretary and Clerk Salary Study, HM 36 .....	26
Study School Nurse Delivery of Health Care, SJM 9 (2004) .....	27

<b>ASSESSMENT AND ACCOUNTABILITY</b> .....	27
Development and Implementation of Criterion-Referenced Tests .....	27
Adequate Yearly Progress (AYP): Report on School Designation .....	28
Schools in Need of Improvement: LFC Audit .....	29
<i>No Child Left Behind Act of 2001</i> .....	30
NCLB State- and District-level Costs .....	30
NCLB Funding to New Mexico .....	30
NCLB: National Conference of State Legislatures Task Force Report .....	31
NCLB Update: Meetings with US Education Secretary Margaret Spellings .....	32
Data Warehouse Implementation/Uniform Public School Chart of Accounts .....	32
<i>Recommendations of the LESC</i> .....	33

<b>SCHOOL PROGRAMS AND STUDENT SERVICES</b> .....	34
Advanced Placement .....	34
Service Learning in the Public Schools.....	35
Supplemental Educational Services for Schools in Need of Improvement.....	35
Reading First Progress Report.....	36
<i>Indian Education Act/Advanced School Curriculum</i> .....	37
Collaboration among BIA, Tribal Governments, and Public Schools in Improving Student Achievement and Meeting NCLB Requirements.....	37
Charter Schools .....	38
Rural School District Definition.....	39
The New Mexico Outdoor Education Initiative .....	40
New Mexico Town Halls .....	41
Albuquerque Public Schools Organization and Structure for Success .....	41
Math and Science Education.....	41
Literacy Program Block .....	42
<i>Recommendations of the LESC</i> .....	42
<b>SPECIAL EDUCATION</b> .....	43
Reauthorization of the Federal <i>Individuals with Disabilities Education Act</i> (IDEA) .....	43
Due Process Hearings for IDEA.....	44
Residential Treatment Centers .....	45
<i>Recommendations of the LESC</i> .....	45
<b>FISCAL ISSUES</b> .....	46
Public School Funding Formula Study.....	46
Educational Retirement Fund .....	47
School Library Material Fund .....	48
<i>Recommendations of the LESC</i> .....	49
<b>PUBLIC SCHOOL CAPITAL OUTLAY</b> .....	50
The PSCOC and the Standards-based Awards Process.....	50
Public School Capital Outlay Oversight Task Force: Annual Report and Recommendations.....	50
Correct Educational Technology Deficiencies, HB 511 .....	51
<i>Recommendations of the LESC</i> .....	52
<b>ADDITIONAL PRESENTATIONS AND REPORTS</b> .....	53
<i>Recommendation of the LESC</i> .....	54
Appendix .....	55
<b>PUBLIC SCHOOL SUPPORT DATA</b> .....	61

**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**PUBLIC SCHOOL SUPPORT RECOMMENDATIONS FOR FY 07**  
*(Dollars in Thousands)*

	<b>FY 06 APPROPRIATION</b>	<b>LESC RECOMMENDATION</b>
<b>PROGRAM COST</b>	\$1,903,074.6	\$2,027,662.3
ENROLLMENT GROWTH	\$14,700.0	\$16,508.9
FIXED COSTS	\$2,100.0	\$3,169.6
INSURANCE COSTS	\$16,300.0	\$27,421.8
COMPENSATION for Public School Employees: 6.0 percent		
Teachers	\$6,252.5	\$67,017.3
Instructional Staff	\$2,381.9	\$10,504.5
Other Certified and Non-certified	\$5,372.7	\$27,352.8
Minimum Salaries – Three-tiered Licensure Structure		
Levels 2 & 3 to \$40,000 in FY 06 <sup>1</sup>	\$51,800.0 *r	
Level 3 to \$45,000 in FY 07		\$5,566.7
Level 3 to \$50,000 in FY 07		\$18,289.8
Three-tiered Hold Harmless		TBD
Minimum Salaries – Educational Assistants	\$1,900.0	\$5,866.3
Minimum Salaries – Principals		\$4,044.2
Employer's ERB Contribution		
Increase in Employer's ERB Contribution (.75 percent) up to 5.0 percent raise	\$11,780.6	\$13,229.5
Increase in Employer's ERB Contribution (.08 percent) for raise above 5.0 percent		\$1,398.3
Accelerated ERB Employer Contribution for FY 08		\$13,229.5
Full-Day Kindergarten – Replace TANF Funds	\$4,000.0	
Student Assessment CRTs/School District Costs	\$2,000.0	
Elementary Fine Arts	\$6,000.0	\$4,800.0
<b>PROGRAM COST</b>	<b>\$2,027,662.3</b>	<b>\$2,246,061.5</b>
<b>Dollar Increase Over FY 06 Appropriation</b>		\$218,399.2
<b>Percentage Increase</b>		10.8%
LESS PROJECTED CREDITS	(\$58,600.0)	(\$57,600.0)
LESS OTHER STATE FUNDS (from driver's license fees)	(\$1,300.0)	(\$850.0)
<b>STATE EQUALIZATION GUARANTEE</b>	<b>\$1,967,762.3</b>	<b>\$2,187,611.5</b>
<b>Dollar Increase Over FY 06 Appropriation</b>		\$219,849.2
<b>Percentage Increase</b>		11.2%
<b>CATEGORICAL PUBLIC SCHOOL SUPPORT</b>		
TRANSPORTATION		
Operational	\$87,678.7	\$91,595.1
School-owned Bus Replacements	\$176.4	\$542.5
Rental Fees (Contractor-owned Buses)	\$11,296.5	\$10,616.2
Compensation	\$501.5	\$2,491.7
Employer's ERB Contribution		
Increase in Employer's ERB Contribution (.75 percent) up to 5.0 percent raise	\$300.9	\$325.5
Increase in Employer's ERB Contribution (.08 percent) for raise above 5.0 percent		\$33.2
Accelerated ERB Employer Contribution for FY 08		\$325.5
<b>TOTAL TRANSPORTATION</b>	<b>\$99,954.0</b>	<b>\$105,929.7</b>
SUPPLEMENTAL DISTRIBUTIONS		
Out-of-state Tuition	\$380.0	\$370.0
Emergency Supplemental	\$2,000.0	\$2,000.0
INSTRUCTIONAL MATERIAL FUND	\$30,500.0	\$36,125.0
EDUCATIONAL TECHNOLOGY FUND	\$5,000.0	\$5,000.0
INCENTIVES FOR SCHOOL IMPROVEMENT FUND	\$1,600.0	\$1,600.0
SCHOOLS IN NEED OF IMPROVEMENT FUND	Federal Funds	\$3,500.0
<b>TOTAL CATEGORICAL</b>	<b>\$139,434.0</b>	<b>\$154,524.7</b>
<b>TOTAL PUBLIC SCHOOL SUPPORT</b>	<b>\$2,107,196.3</b>	<b>\$2,342,136.2</b>
<b>Dollar Increase Over FY 06 Appropriation</b>		\$234,939.9
<b>Percentage Increase</b>		11.1%

<sup>1</sup> FY 06 appropriated program cost contains an additional \$51.8 million to implement the third year of the five-year phase-in of the three-tiered licensure system. Although this funding will be distributed based on need in FY 06, it will be included in the calculation of unit value in FY 07.

**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**PUBLIC SCHOOL SUPPORT RECOMMENDATIONS FOR FY 07**  
*(Dollars in Thousands)*

	FY 06 APPROPRIATION	LESC RECOMMENDATION	
53	<b>RELATED APPROPRIATIONS: RECURRING</b>		53
54	\$650.0	\$650.0	54
55	\$900.0	\$1,000.0	55
56	\$381.6	\$382.0	56
57	\$1,500.0	\$1,500.0	57
58	\$1,000.0	\$1,300.0	58
59	\$2,500.0	\$2,500.0	59
60	\$400.0	\$1,000.0	60
61		\$4,500.0	61
62	\$186.5		62
63		\$1,000.0	63
64	<b>\$7,518.1</b>	<b>\$13,832.0</b>	64
65	<b>\$2,114,714.4</b>	<b>\$2,355,968.2</b>	65
66	Dollar Increase Over FY 06 Appropriation	\$241,253.8	66
67	Percentage Increase	11.4%	67
68	<b>RELATED APPROPRIATIONS: NONRECURRING</b>		68
69		\$1,300.0	69
70	\$7,000.0 *1	\$6,600.0	70
71	\$475.0	\$2,000.0	71
72	\$1,000.0		72
73		\$400.0	73
74	\$1,425.0	\$3,000.0	74
75	\$5,000.0	See line 84	75
76		\$700.0	76
77		\$250.0	77
78	\$4,000.0	See line 61	78
79	\$100.0		79
80	\$200.0 *1	\$1,000.0	80
81	\$1,000.0	\$3,000.0	81
82		\$4,000.0	82
83	\$250.0		83
84		\$3,500.0	84
85	\$2,000.0		85
86		\$10,000.0	86
87		\$1,000.0	87
88	\$40.0		88
89		\$1,000.0	89
90	\$2,400.0	\$3,000.0	90
91	\$400.0 *1		91
92	\$600.0 *1	\$500.0	92
93	<b>\$25,890.0</b>	<b>\$41,250.0</b>	93
94	<b>DATA PROCESSING APPROPRIATIONS</b>		94
95	\$6,650.0 *1	\$2,000.0	95

<sup>2</sup> \$1.0 million to be earmarked in FY 07 for Save the Children.

<sup>3</sup> Includes only that portion of the funding recommended for PED; an additional \$4.5 million is recommended for CYFD.

<sup>4</sup> In addition to the \$332,500 included in *CS/SB 190, as amended*, for Advanced Placement, the *General Appropriation Act of 2005* included (1) an appropriation of \$338,200 (\$278,200 in General Fund and \$60,000 in Other State Funds) to New Mexico Highlands University (NMHU); and (2) language directing that \$131,600 of the \$381,600 appropriation for the Core Curriculum Framework be used for teacher professional development on teaching advanced placement and pre-advanced placement courses through a joint powers agreement between PED and NMHU.

<sup>5</sup> For FY 06, augments the emergency supplemental funds for districts experiencing budget shortfalls for the following purposes: small districts, unanticipated growth, fixed costs, fuel costs and emergency expenses.

<sup>6</sup> The 2005 Legislature appropriated \$200,000, which was vetoed.

<sup>7</sup> PED shall be directed to enter into multi-year contracts in accordance with Section 13-1-150 of the *Procurement Code*, which states, in part: "A contract for professional services may not exceed four years, including all extensions and renewals."

LEGISLATIVE EDUCATION STUDY COMMITTEE  
PUBLIC SCHOOL SUPPORT RECOMMENDATIONS FOR FY 07  
(Dollars in Thousands)

		FY 06 APPROPRIATION	LESC RECOMMENDATION
96	<b>CAPITAL OUTLAY</b>		
97	Indoor Air Quality Tools for Schools		\$300.0
98	Public School Capital Improvements Act (SB 9) – increase state guarantee to \$90		\$27,000.0
99	School Bus Replacements		\$3,500.0
100	Start-up Costs for New Schools		\$1,000.0
101	<b>TOTAL CAPITAL OUTLAY</b>		<b>\$31,800.0</b>
102	<b>HIGHER EDUCATION APPROPRIATIONS</b>		
103	COLLEGE AFFORDABILITY ENDOWMENT FUND		\$50,000.0
104	Educator Field-experience courses (to HED to be distributed to public postsecondary institutions)		\$2,000.0
105	ENLACE program (to HED to be distributed to UNM, NMSU, and SFCC)		\$1,200.0
106	Statewide Demonstration School Leadership Program (to NMSU's Center for Border and Indigenous Educational Leadership)		\$500.0
107	<b>TOTAL HIGHER EDUCATION APPROPRIATIONS</b>		<b>\$53,700.0</b>
<b>RECURRING AND NONRECURRING REFORM INITIATIVES</b>			
*r Public School Reform Initiatives (recurring)			
	Base Recurring Reform	\$46,995.2	\$98,795.2
	New Recurring Reform	\$51,800.0	\$0.0
	Subtotal Recurring Reform	\$98,795.2	\$98,795.2
*l Public School Reform Initiatives – Lockbox			
		\$14,650.0	\$0.0
	<b>TOTAL REFORM</b>	<b>\$113,445.2</b>	<b>\$98,795.2</b>

NOTE: Amounts marked with asterisk are reform initiatives. An "r" designates a recurring initiative, and an "l" designates funding from the contingency fund (Lockbox).



## ADDITIONAL RECOMMENDATIONS OF THE LESC

### P-20 INITIATIVE

- Introduce a joint memorial requesting that the Children's Cabinet, Children, Youth and Family Department (CYFD), Public Education Department (PED), and the Department of Health, in collaboration with the Child Development Board and other appropriate agencies, examine the feasibility of creating an office of school readiness that would coordinate the range of publicly funded programs and services for children from birth through age four currently offered by multiple agencies. Among the programs to be considered are Family Infant Toddler, Child Care, Child Development, Head Start and Early Head Start, special education services for developmentally delayed three- and four-year-old children, Even Start, Graduation Reality and Dual-Role Skills (GRADS), Kindergarten Plus, and New Mexico PreK.
- Amend statute to extend Kindergarten Plus to a six-year study and to expand the program beyond the original four school districts to any other school district with high-poverty schools.
- Amend statute to require a school district to transfer to a two-year or a four-year postsecondary institution the tuition and fees for any student concurrently enrolled, unless the school district and the postsecondary institution have agreed to waive or reduce tuition or fees.
- Amend statute to require public postsecondary institutions to use the same student identification number assigned to a New Mexico student by PED pursuant to the *Assessment and Accountability Act*.
- Appropriate nonrecurring funds to the College Affordability Endowment Fund to provide scholarships from the fund for eligible New Mexico students with financial need to attend and receive degrees from public postsecondary institutions in New Mexico.
- Amend current statute or include language in the *General Appropriation Act of 2006* to require that Higher Education Departments (HED's) Annual Accountability Report include data regarding retention and graduation rates of students at each of New Mexico's public postsecondary institutions disaggregated by gender, ethnicity, age, length of time at the institution, and length of time since graduating from high school or receiving a General Education Development (GED).
- Introduce a joint memorial requesting HED to study the policies of New Mexico's public postsecondary institutions regarding the granting of tenure to faculty and to examine the current composition of tenured faculty, including gender and ethnicity, and to report the findings and recommendations to the LESC by September 2006.
- Appropriate funds to HED to allocate to two-year and four-year postsecondary institutions with teacher preparation programs to support the expansion and improvement of educator preparation field experience courses.

- Appropriate funds to New Mexico State University and the University of New Mexico to support Native American centers.
- Appropriate funds to HED to allow the University of New Mexico National Cancer Institute to meet the required state match, contingent upon the award of federal funds, for the establishment of a clinical cancer center in Gallup-McKinley County.

## **EDUCATOR QUALITY AND EDUCATIONAL LEADERSHIP**

- Appropriate funds to the Center for Border and Indigenous Educational Leadership at New Mexico State University to provide a statewide demonstration school leadership program for training administrators that balances rigorous classroom instruction with field experience in school improvement strategies that reflect the needs of New Mexico's diverse students.
- Introduce a joint memorial requesting the LESC to study by October 2006, the standards used by PED to approve school leadership programs to ensure that graduates have the knowledge and skills to manage instructional improvement in the current school environment to make a positive impact on student achievement.
- Introduce a joint memorial to request colleges and universities that have teacher preparation programs to examine the feasibility of establishing criteria for placing student teachers with teachers holding a Level 3-A license and to report their findings and recommendations to the LESC by October 2006.
- Amend statute to require PED to distribute available funds for the teacher mentorship program on a per-teacher basis according to the number of beginning teachers on the 40<sup>th</sup> day of the current year.
- Amend statute and appropriate funds to implement a career ladder for educational assistants in FY 07 that includes the following four licensure levels and minimum salaries:
  - Level 1—a three-year provisional (nonrenewable) license for beginning educational assistants who do not meet the federal *No Child Left Behind Act of 2001* (NCLB) certification requirements but who meet the current minimum requirements established in PED regulation: \$12,000 (already implemented);
  - Level 2—a nine-year renewable license for individuals who are not required to meet NCLB certification requirements but who have held a Level 1 license for at least two years: \$13,000 minimum salary;
  - Level 3—a nine-year renewable license for individuals who meet NCLB certification requirements but who do not have an earned academic degree from an accredited institution (a person seeking a Level 3 license need not have held a Level 1 or Level 2 license): \$15,000 minimum salary; and

- Level 4—a nine-year renewable license for individuals who meet NCLB certification requirements and who also have an earned associate or higher degree from an accredited institution (a person seeking a Level 4 license need not have held a Level 1 or Level 2 license): \$17,000 minimum salary.
- Introduce legislation to require PED:
  - effective July 1, 2006, to (1) establish a progressive licensure and compensation framework for all instructional support providers; and (2) issue licenses for instructional support providers, including occupational therapists, physical therapists, school counselors, school nurses, speech-language pathologists, audiologists, psychologists, social workers, diagnosticians, and recreational therapists; and
  - by school year 2007-2008, to adopt a highly objective performance evaluation for professional instructional support providers; and provide minimum salary levels for specified instructional support providers at \$30,000 for Level 1, at \$40,000 for Level 2, and at \$50,000 for Level 3.
- Amend current law and appropriate funds to:
  - implement minimum annual salaries for principals and assistant principals that include a responsibility factor and an evaluation component; and
  - accelerate implementation of the \$50,000 minimum salary for Level 3 teachers required as part of the three-tiered licensure and evaluation system.

## **ASSESSMENT AND ACCOUNTABILITY**

- Amend statute to add accountability and reporting provisions regarding the use of funds from the Incentives for School Improvement Fund.
- Introduce legislation to amend the *Procurement Code* to allow contracts of up to eight years for services related to the development and implementation of standardized tests of students in grades K-12 to ensure comparability of data from year to year.
- Introduce a joint memorial requesting PED to study assessments appropriate for grades K-2 and their success in other states, and to provide alternative choices for the Dynamic Indicators of Basic Early Literacy Skills currently being used in New Mexico.
- Introduce a joint memorial to request that the Office of Education Accountability assume responsibility for compiling and publishing the annual Quick Facts brochure formerly published by PED, using the most current data available prior to the legislative session.
- Amend statute to require a school district with a school that has been ranked as in need of improvement to provide documentation in its school improvement plan that the required public meeting has been held. Documentation shall include: date, an attendance roster, and a record of recommendations for school improvement.

## SCHOOL PROGRAMS AND STUDENT SERVICES

- Amend the *Assessment and Accountability Act* to require school districts to provide supplemental educational services to Title I students in schools that fail to make adequate yearly progress for three or more consecutive years to make the requirement consistent with NCLB; to require PED to adopt rules to require that any provider of supplemental educational services approved for contracts in New Mexico uses only certified teachers as tutors in New Mexico; and to require PED to prescribe a common pre- and post-assessment instrument to measure the gains that students achieve through these services.
- Introduce a joint memorial requesting the Indian Education Division of PED to study the successful academic initiatives for reducing the achievement gap undertaken in other states that have large Native American populations and to consider implementing the most successful initiatives in New Mexico schools with a high proportion of Native American students.
- Include language in the *General Appropriation Act of 2006* requiring that \$1.0 million of the amount appropriated to the Indian Education Fund be used to contract with a nonprofit organization to provide a rural literacy initiative (Save the Children) contingent on \$500,000 in matching funds to support new after-school and summer literacy programs for students in grades K-8 in schools with a high proportion of Native American students.
- Appropriate funds to PED for Advanced Placement (AP) to expand AP to non-traditional participants; to replace federal funds for the AP summer institute; to expand AP programs for rural school students; and to expand AP professional development for teachers.
- Appropriate funds to support GRADS teen pregnancy prevention and services to teen parents in public schools.
- Appropriate funds to HED to be distributed to the University of New Mexico, New Mexico State University, and Santa Fe Community College for the ENLACE program.
- Amend the *School Personnel Act* and appropriate funds to eliminate grade 1 from class-size averaging and to establish a maximum class load for elementary school teachers not to exceed 22 students in grade 1, provided that any teacher in grade 1 with a class load of 21 or more shall be entitled to the full-time assistance of an educational assistant.
- Appropriate funds to the State Parks Division of the Energy, Minerals & Natural Resources Department to fund a statewide program in collaboration with PED to use the state's natural and cultural resources to provide students with learning opportunities that address state content standards.
- Introduce a joint memorial to request that PED study the *Procurement Code* to determine how to provide the required state match under the federal "e-rate" program.
- Support the interim Water & Natural Resources Committee recommendation to amend the *Water Law* to include public schools among those entities that are allowed to implement a 40-year water use plan.

- Introduce a joint memorial requesting the Rural Education Division and the Indian Education Division of PED to develop New Mexico-specific definitions of “rural school district” and “rural school” in order to determine those districts and schools eligible for assistance from the Rural Education Division and further requesting PED to work with the US Department of Education on an alternative definition of the term “rural” for federal funding purposes in order to ensure that the largest number of districts possible is designated eligible for federal rural funding.
- Amend the *Public Education Department Act* and appropriate funds to create a Science and Mathematics Division within PED (includes 5 FTEs).
- Appropriate funds to PED to support truancy initiatives in public schools statewide.

## **SPECIAL EDUCATION**

- Introduce a joint memorial requesting PED to identify statutory language to resolve possible inconsistencies in current statute to ensure that districts are reimbursed for the educational services provided to school-age children that have been placed in a public or private facility within a district’s boundaries (including residential treatment centers, juvenile detention centers, foster care, domestic violence shelters, and homeless shelters), and to examine the practice at some charter schools of targeting special-needs populations to determine whether this practice complies with the enrollment provisions in the *1999 Charter Schools Act*, and to report findings and recommendations to the LESC by October 2006.
- Introduce a joint memorial requesting New Mexico Public School Insurance Authority (NMPSIA), in collaboration with PED and school districts, to conduct a study to determine the most cost-effective means of providing school districts with reimbursement coverage for the costs of due process hearings under the federal *Individuals with Disabilities Education Improvement Act* (IDEA 2004), to study means of reducing the frequency and duration of due process hearings, and to report findings and recommendations to the LESC by August 2006.
- Add a new section to the *Public School Finance Act* to require the State Transportation Division at PED to establish standards for school buses equipped with wheelchair lifts and to require factory-installed air conditioning in new buses purchased after June 30, 2006.

## **FISCAL ISSUES**

- Pending completion of a comprehensive study of the Public School Funding Formula, include language in the *General Appropriation Act of 2006* to appropriate nonrecurring funds for FY 07 to be used upon verification of need by PED to assist school districts with membership of 200 or fewer to cover required operational expenditures, including any legislative salary mandates or guidelines, for which appropriated program cost is insufficient. Eligible school districts must apply for the funding to PED and document the need for the additional funds.

- Amend current statute to authorize PED to use the State Support Reserve Fund to provide for needs of school districts over and above emergency supplemental distributions, and appropriate funds so that the fund, at the beginning of the fiscal year, has a credit balance of at least \$10.0 million as required by law.
- Support the Funding Formula Study Task Force recommendation to extend the task force until December 2007, add one representative of a statewide teacher organization appointed by Legislative Council, and make an appropriation.
- Introduce legislation to appropriate General Obligation Bond proceeds to PED for public school libraries and local juvenile detention facilities statewide; to HED for academic libraries; and to the Office of Cultural Affairs for New Mexico public libraries; and add language to require PED to identify eligible public school libraries and juvenile detention facilities and distribute available proceeds by providing a base amount of \$3,000 per library and the remaining balance on a per MEM basis.

## **PUBLIC SCHOOL CAPITAL OUTLAY**

- Per recommendations of the Public School Capital Outlay Oversight Task Force (PSCOOTF):
  - Enact an “Omnibus” capital outlay bill to address issues raised in the oversight of the standards-based capital outlay program, as follows:
    - ❖ Require all school districts—whether they are applying for *Public School Capital Outlay Act* funds or not—to have an up-to-date five-year facilities master plan in place that includes any charter schools in the district.
    - ❖ Authorize the use of funds from the Public School Capital Outlay Fund to finance the development of facilities master plans for districts unable to finance their own.
    - ❖ Create a “New School Development Fund” administered by PED to provide assistance for start-up costs to school districts opening a new school.
    - ❖ Continue the status of Public School Facilities Authority (PSFA) employees as exempt rather than classified to remain competitive with the public sector to attract and retain quality employees.
    - ❖ Allow the PSFA to be its own purchasing agent to facilitate the awarding of contracts and to expedite capital projects throughout the state.
    - ❖ Authorize the Public School Capital Outlay Council (PSCOC) to use Public School Capital Outlay funds to pay for the cost of demolition of abandoned buildings.

- ❖ Appropriate funds to the Legislative Council Service to conduct a study of the impact on school districts of certain local government actions, such as the issuance of industrial revenue bonds or the assessment of impact fees on school districts.
  - ❖ Eliminate restrictions on operational cash balances to maintain a reserve so that districts may have the opportunity to plan for efficient use of funds for capital outlay programs, i.e., local match or facilities master plan.
  - ❖ Increase the state guarantee amount in the *Public School Capital Improvements Act* (SB 9 or two-mill levy) from \$60 to \$90 per mill per unit for FY 07 to provide additional state funding for the maintenance of public school facilities and public school grounds statewide and maintain the language that requires a yearly adjustment (beginning in FY 08) to the state guarantee based on yearly consumer price index increases.
  - ❖ Appropriate funds to continue the implementation of the Facility Information Management System (FIMS) project to provide a web-based, centralized database of maintenance activities and comprehensive maintenance request and expenditure information about public school facilities statewide.
  - ❖ Change the limitations on expenditures for lease payments from \$4.0 million to \$7.5 million in order to provide sufficient funding for the lease payment assistance program to ensure that public schools, including charter schools, receive the \$600 per MEM allocation as enacted in 2004.
  - ❖ Appropriate funds to PED to conduct a study to examine the feasibility of creating alternative chartering authorities for charter schools.
  - ❖ Create a special deficiency correction program to assist the New Mexico School for the Deaf and the New Mexico School for the Blind and Visually Impaired to rectify deficiencies to their facilities.
  - ❖ Appropriate funds to implement an Indoor Air Quality Tools for Schools Initiative in New Mexico's public schools to ensure a safe and healthy learning environment for public school students and staff statewide.
  - ❖ Create a new construction loan program to allow for 100 percent up-front funding for construction of new facilities based on criteria established by the PSCOC that include completion of the project within a 30-month construction period and that allow school districts up to 10 years to repay the local share of the project cost to address the issue of high growth schools and districts.
- Appropriations for educational technology:
- ❖ Appropriate funds for FY 06 and FY 07 for scheduled replacement of functionally obsolete school computers and network hardware in accordance with the state technology plan; to receive these funds, districts must have a PED-approved educational technology plan in place and must provide a match on the same basis as that used for PSCOC grant awards.

- ❖ Appropriate funds to the Educational Technology Deficiencies Correction Fund for FY 06 and subsequent fiscal years to correct deficiencies in the education technology infrastructure and make allocations according to the *Technology for Education Act* based on priorities established by PED to raise all schools to the minimum educational technology adequacy standards developed by PED and the Council on Technology in Education.

## **ADDITIONAL PRESENTATIONS AND REPORTS**

- Appropriate funds to PED to contract for a program to develop and implement an interdisciplinary international education curriculum using international films for middle school students statewide. The curriculum must meet state content standards and benchmarks and must be evaluated to show evidence of academic improvement and global understanding.



# REPORT OF THE 2005 LEGISLATIVE INTERIM

## INTRODUCTION

During each interim, the Legislative Education Study Committee (LESC) examines a wide range of education issues, both fiscal and programmatic, that affect the achievement and well-being of preschool, elementary, and secondary students in New Mexico. Issues are identified at the initiative of committee members, other legislators, or bills or memorials; and the LESL Interim Workplan establishes the framework for the committee's research, data collection, deliberations, and analysis. This report summarizes the LESL's examination of education issues identified during the 2005 legislative interim and includes its recommendations for the 2006 legislative session. Like the reports since the 2002 interim, this report also highlights a theme that recurred through much of the testimony before the committee: the federal *No Child Left Behind Act of 2001* (NCLB) and its implications for public education in New Mexico, together with the state-initiated public school reforms of 2003.

Another recurring theme in committee testimony during the 2005 interim was higher education. For years, the LESL has been interested in certain aspects of higher education, particularly in terms of the committee's statutory duty to study teacher preparation programs. Moreover, since the 2001 interim the committee has focused on the stages of education from preschool to postsecondary, an alignment of learning that is often called the P-20 Initiative. Within the P-20 Initiative, the committee has had occasion to examine such higher education issues as the availability of licensure programs in early childhood education (ECE); professional development for licensed teachers; the articulation and transfer of credits among two- and four-year public postsecondary institutions in New Mexico; and statutory collaborations between secondary and postsecondary institutions regarding course content, dual enrollment, exit and entrance standards, and the alignment of end-of-course tests in high school with placement tests at institutions of higher education. From its higher education perspective, the committee also took an interest in the implementation of the state *Higher Education Department Act* and the reauthorization of the federal *Higher Education Act*. Correspondingly, a number of the committee's recommendations for the 2006 legislative session address issues of higher education.

The format of the committee meetings themselves changed somewhat during the 2005 interim. In an effort to reduce the volume of paper used at each meeting, the committee began experimenting with meeting materials provided on CDs viewable through the committee members' laptop computers. At three of the meetings, depending upon their preferences, committee members received either a CD or a traditional notebook. In either case, however, some materials still were available in paper format only. As this experiment continues through the 2006 interim, it may lead to the elimination of bound notebooks altogether and a dramatic reduction in the amount of paper distributed at each meeting.

Another difference between this interim and others is that the committee spent more time away from the meeting rooms. During the August meeting, the committee toured the facilities of the Red River Valley Charter School; in September the committee toured the newly constructed high school in Cloudcroft; and in October the committee observed several school groups doing field biology experiments at the Rio Grande Nature Center State Park.

To examine issues during the 2005 interim, the LESC heard testimony from a wide range of presenters. Some of them represented state agencies, offices, or boards: the Public Education Department or the Higher Education Department; the Office of the Governor; the State Auditor; the Children, Youth and Families Department; and more than a dozen other state entities. Other presenters represented students; parents; teachers; public schools; school districts and local school boards; early childhood education programs; institutions of higher education; boards of regents; deans of teacher preparation programs; municipalities; elected officials; or other educational organizations, contractors, and business or community interests. The committee also heard testimony from a number of national organizations, including the National Conference of State Legislatures, the National Institute for Early Education Research, the National Center for Education Accountability, the National Association of State Directors of Career and Technical Education Consortium, the North Central Association of Colleges and Schools, the College Board, the Center for Indian Education, the Bureau of Indian Affairs, the Department of Diné Education, and Teach for America, as well as education scholar Dr. Arthur D. Levine.

In addition, as in the past, the LESC held meetings in communities throughout New Mexico – Albuquerque, Cloudcroft, Red River, and Santa Fe – and it provided a forum for students, school personnel, members of the public, and other interested parties to express their views on certain education issues.

Finally, this report is divided into two main sections: narrative and graphic. The narrative section is subdivided into several thematic headings – P-20 Initiative, Educator Quality and Educational Leadership, School Personnel, Assessment and Accountability, Student Services, Special Education, Fiscal Issues, Public School Capital Outlay, and Other Issues – and the graphic section includes charts and tables presenting public school support data. Although the report covers the majority of the issues examined during the 2005 legislative interim, it is intended only as a summary, not a fully detailed record. Readers interested in more information are encouraged to consult staff briefs, minutes, reports of previous interims, and other material on file in the LESC office or available through the LESC website, <http://legis.state.nm.us/lcs/lesc/lescdefault.asp>.

# ISSUES STUDIED BY THE LESC

## P-20 INITIATIVE

### **THE *PRE-KINDERGARTEN ACT* AND NEW MEXICO PRE-K**

The 2005 Legislature enacted the *Pre-Kindergarten Act* to establish a voluntary program of pre-kindergarten services for four-year-old children offered by public schools, tribes or pueblos, Head Start centers, and licensed private providers. Known as New Mexico PreK, the program is administered jointly by the Children, Youth and Families Department (CYFD) and the Public Education Department (PED), under the general direction of a PreK coordinator in the Office of the Governor. In addition, through the two general appropriation acts of 2005, the Legislature appropriated a total of nearly \$5.0 million to the Department of Finance and Administration (DFA) to implement the program (\$4.0 million for a pre-kindergarten pilot program for FY 05, FY 06, and FY 07; and \$950,000 for pre-kindergarten services for FY 05 and FY 06). As required by law, the appropriations were evenly divided between CYFD and PED to be disbursed from two non-reverting funds: the Public Pre-Kindergarten Fund, administered by PED to fund programs offered through the public schools; and the Children, Youth and Families Pre-Kindergarten Fund, administered by CYFD to fund all other programs, including those offered by private providers. In addition, the law allows the respective departments to use up to 10 percent of the money in each fund for administrative expenses.

The *Pre-Kindergarten Act* also specifies that “priority for funding shall be given to supplement public, tribal and private early childhood programs” that are licensed as of July 1, 2005; serving communities that have the highest percentage of public elementary schools not meeting adequate yearly progress; and serving children, at least 66 percent of whom live within the attendance zone of a Title I elementary school.

Testimony from CYFD, PED, and the Office of the Governor addressed the requests for proposals for pre-kindergarten providers that CYFD and PED had issued in April 2005. According to this testimony, CYFD received 30 proposals and recommended funding 20 for a total of \$1.75 million to serve 768 children in 30 locations. PED received 16 proposals altogether, 15 from school districts and one from a charter school, and recommended funding 11 school district proposals for a total of \$1.75 million to serve 770 children in 20 locations.

In November, CYFD, PED, and the Office of the Governor again testified to the committee regarding the estimated cost of expanding the number of PreK programs for school year 2006-2007 and the process being used to evaluate the current PreK program.

With regard to the cost estimate, the Office of the Governor testified that, if the state were to implement New Mexico PreK statewide, the cost – including funding for the reimbursement rate, professional development, program evaluation, instructional material, transportation, and state and local administration – would be approximately \$59.4 million in recurring General Fund dollars. The Office of the Governor also estimated an additional \$6.0 million in nonrecurring revenues for program startup, equipment replacement, and safety. In all, the resulting program would serve approximately 17,266, or 70 percent, of the total population of 24,666 pre-kindergarten children.

Regarding evaluation, the Secretary of Public Education and the Deputy Secretary of CYFD noted that both departments rely on program self-evaluations, contract reviews, and site visits to ensure that programs are adhering to the requirements in the *Pre-Kindergarten Act*. The Office of the Governor explained that there will also be an extensive external evaluation of New Mexico PreK conducted by the National Institute for Early Education Research (NIEER) at Rutgers University and by the Early Intervention Research Institute (EIRI) at Utah State University. During spring 2006, NIEER will assess the efficacy of the program through a series of pre- and post-tests and assessments of teaching and classroom quality; EIRI will develop a detailed analysis of the actual cost of providing quality pre-kindergarten services in the state.

## **FULL-DAY KINDERGARTEN EVALUATION REPORT**

Enacted in 2000, the statute that implemented full-day kindergarten statewide requires that PED compile evaluation results on full-day kindergarten programs and make annual reports to the LESC and the Legislature. During the 2005 interim, PED presented its report as part of an overview of early literacy programs in New Mexico conducted under the auspices of PED's Early Literacy Bureau: Kindergarten Plus, PreK, Even Start, Full-day Kindergarten, and Reading First, all of which share a common mission of all students reading at grade level by the end of third grade.

The PED testimony focused on the evaluation data for the programs from school year 2004-2005, derived through the administration of the Dynamic Indicators of Basic Early Literacy Skills (DIBELS), which PED has required for full-day kindergarten programs since school year 2003-2004. The DIBELS assessment results showed that most programs increased student achievement in most of the areas measured although in some cases students showed little or no improvement or a decline in achievement. Overall, PED testified, 23 percent of the full-day kindergarten programs demonstrated strength, 60 percent needed some assistance and support, and 16 percent required substantial support. The PED further testified that the department was developing action plans for those school districts identified as needing substantial support.

## **KINDERGARTEN PLUS EVALUATION REPORT**

The 2003 Legislature enacted the Kindergarten Plus Pilot Project as a three-year study that extends the kindergarten year by 40 days for participating students and measures the effect of additional time on literacy, numeracy, and social skills development. The purpose of the pilot project is to demonstrate that increased time in kindergarten narrows the achievement gap between disadvantaged students and other students, increases cognitive skills, and leads to higher test scores for all participants. As provided in statute, the project has been conducted in high-poverty schools in four school districts – Albuquerque Public Schools, Gallup-McKinley County Public Schools, Gadsden Independent Schools, and Las Cruces Public Schools. As staff testimony explained, however, there have been some variations upon the Kindergarten Plus model. Gadsden Independent Schools chose to implement a half-day pre-kindergarten program for four-year-olds; and, for the second and third years of the project, Las Cruces Public Schools chose to add time at the beginning of first grade rather than at the end of kindergarten.

The Office of Education Accountability, in collaboration with PED, was charged with evaluating the pilot project during its first and second years. According to this testimony, the projects have shown positive results in the skills measured, as well as increases in social maturity skills and parental involvement. Another finding of the evaluation was that time spent in the program in the beginning of the school year held the most value in terms of better attendance and better student and teacher engagement. Finally, among other recommendations, the testimony called for the continuation of the program, perhaps as an option within New Mexico PreK.

## **HIGH SCHOOL REFORM**

As it did during the 2004 interim, the committee heard testimony on high school reform. As presented during 2005, this testimony addressed three issues – New Mexico High School Initiative/International Education, Smaller Learning Communities, and Career Pathways – and it came from a variety of entities, beginning with a staff review of the recent history of the national high school reform effort.

### **New Mexico High School Initiative/International Education**

Testimony from PED described the High School Initiative Leadership Team, which the state formed in response to a regional summit held under the auspices of the federal *No Child Left Behind Act of 2001* (NCLB) to conduct a comprehensive study of high schools in New Mexico. This testimony also focused on recent changes to the mission of the Career Technical and Workforce Education Division of PED, which is moving from an emphasis on vocational education to an emphasis on aligning career and technical education with academics, and on the national program High Schools That Work (HSTW), which is being implemented at 10 pilot sites throughout New Mexico. In addition, the PED testimony discussed the alignment of the New Mexico High School Initiative with a variety of other state initiatives.

Additional testimony from the Education Center and the New Mexico Association of Community Colleges addressed, respectively, awards from the Asia Society to promote international education and a recommendation of the Governor’s Higher Education Student Success Task Force on Student Readiness for a standard “college-prep” curriculum with limited opt-out options to better prepare high school students for success in college and the workforce.

### **Smaller Learning Communities**

In 2004, the Legislature appropriated \$75,000 in the *General Appropriation Act of 2004* to PED for the smaller learning communities pilot project at Santa Fe and Capital high schools in Santa Fe Public Schools. The 2005 Legislature added another \$142,000 for the project.

After staff testimony described the proliferation around the country of innovative high school designs and cited research showing greater student success in small schools, Santa Fe Public Schools testified about the genesis of the smaller learning communities pilot project in Santa Fe, the goals of the program – to improve graduation rates, narrow the achievement gap, and increase the rigor of the high school curriculum – and the uses of the legislative appropriations and additional matching funds from other sources. According to this testimony, the first year of the project generated certain expected outcomes, such as increased parental involvement, lower failure rates, and improved attendance. It also contributed to greater gains in math and English

than those posted by students in the rest of the freshman class, and it helped students perform in general at or above grade level by the end of school year 2004-2005. This testimony also noted that students with disabilities showed the greatest gains in test scores, contrary to the trend of the freshman population as a whole.

### **Career Pathways**

Career pathways is a high school reform model designed to respond to the changing demands of a new economy in which, according to the Education Commission of the States, nearly every American will need access to some form of postsecondary education. In response to that need, the US Department Education (USDE), in concert with career and technical educators and leaders of business and industry, has pushed for high schools to raise standards for academic and technical skills, to increase the rigor of career and technical instruction, and to provide students with seamless transitions to postsecondary education and advanced training. As part of this effort, USDE developed an educational framework that identified 16 occupational groupings called “career clusters” based on workforce projections for the 21<sup>st</sup> Century. Funding has come from the federal *Carl D. Perkins Vocational and Technical Education Act of 1998*: approximately \$3.5 million for 48 public high schools in New Mexico in school year 2005-2006.

Testimony from the National Association of State Directors of Career and Technical Education Consortium described the genesis of the career pathways concept and explained how it is being implemented around the nation. In each career cluster, the curriculum includes core academics, occupational skill-building, workplace experience, and dual enrollment delivered at the high school, at the postsecondary institution, or through a worksite internship or similar activity. The career cluster model is adaptable to such high school restructuring initiatives as HSTW, smaller learning communities, career academies, and magnet or charter schools, as well as work-based learning programs and community or technical colleges.

Pecos Independent Schools testified about the career pathways implementation plan for school year 2005-2006 at Pecos High School, where, largely because of inconsistent school reform activities, student achievement has not increased significantly since school year 2003-2004 and achievement in mathematics has declined. Now, however, in an effort to revitalize the curriculum through the intersection of the career pathways plan and HSTW, the high school has increased the graduation requirements; raised student expectations in math through labs, after-school tutoring, and other interventions; fostered relationships between adults and students; and provided dedicated planning time for teachers, among other initiatives.

### **REMEDIAL EDUCATION AND HIGHER EDUCATION PLACEMENT TESTS FOR HIGH SCHOOL STUDENTS**

In 2003, the LESC endorsed, and the Legislature enacted, a new provision in the *Public School Code* requiring that high school curricula and end-of-course tests be aligned with the placement tests administered by two- and four-year public postsecondary institutions in New Mexico. Part of the impetus behind this provision was to reduce the need for remediation at institutions of higher education (IHEs). During the 2004 interim, the committee heard testimony from representatives of PED, the Commission on Higher Education (now the Higher Education Department), and the New Mexico Association of Community Colleges about the activities planned and undertaken to implement this requirement. With the alignment still incomplete, the committee heard additional testimony during the 2005 interim.

Addressing a point that had been raised in 2004, the Secretary Designee of Higher Education testified about the inconsistency in placement tests and cut scores used by two- and four-year IHEs, adding that research has found that states with standardized placement tests produce better student success in college. This testimony also emphasized the importance of reinforcing student skills in high school so that students will be prepared for college and so that they will know what competency level they must achieve in high school in order to succeed in college. (An unsuccessful bill from 2005 would have required HED to develop standardized English and mathematics placement tests for use by IHEs and would have required a student's high school to provide any developmental coursework the student needs to enroll in freshman-level coursework.)

On the premise that access to higher education is important but that preparation is necessary for persistence, testimony from the College Board focused on the Preliminary Scholastic Aptitude Test (PSAT) as a tool to help resolve issues of alignment and remediation. According to this testimony, among its other benefits the PSAT can help schools identify which students have the potential to succeed in Advanced Placement courses (see "Advanced Placement," page 34) as well as provide individual students with information about their college readiness skills and suggestions for improvement. Noting that two school districts already make the PSAT available to all sophomores, the College Board testimony proposed a pilot Early Participation Program to include several additional school districts.

Finally, the committee also heard a report from HED and PED about the work of an alignment task force created by both agencies to recommend a direction and plan for aligning high school competencies and college placement requirements in response to an LESC request for a joint HED/PED policy initiative. According to this report, by June 2007 the task force expects to complete a formal alignment process prescribing a default curriculum of college preparation and to make more efficient use of high school testing for mastery of competencies and college placement. The task force also anticipates making a progress report to the LESC in June 2006.

## **ARTICULATION AND TRANSFER OF CREDITS: COMMON COURSE NUMBERING AND NAMING SYSTEM**

According to a recent study by the Government Accountability Office, some 40 percent of students nationwide who enrolled in college in school year 1995-1996 attended at least two different institutions over a six-year period. In response to such findings and to testimony during the 2003 and 2004 interims, in 2005 the LESC endorsed successful legislation to address concerns about the articulation and transfer of college credits from one public postsecondary institution in New Mexico to another.

During the 2005 interim, the HED Articulation Task Force testified about the implementation of the law, which included the following developments: a system to ensure the transferability of the 35-hour general education common core, a set of competencies for each discipline in the core with suggested assessments, a common template for communicating competency components, and a common course naming and numbering system for the general education core and for 64-credit lower division transfer modules for three degree programs, effective spring semester 2006: business education, early childhood education, and criminal justice. According to this testimony, transfer modules for other degree programs in nursing, pre-engineering, mathematics, pre-education, and social work are forthcoming, perhaps as early as January 2007. In additional

testimony, HED staff described the department's plan to create and maintain an interactive website to provide students and faculty with current information about articulation and transferability of all lower-division courses throughout the New Mexico higher education system.

## **REAUTHORIZATION OF THE FEDERAL *HIGHER EDUCATION ACT***

The federal *Higher Education Act* (HEA) authorizes the major federal student financial aid programs, including the Federal Family Education Loan Program, the Federal Perkins Loans, the Federal Pell Grant program, Federal Supplemental Educational Opportunity Grants, and Federal Work-Study Programs. It also authorizes a number of scholarship and outreach programs targeted to specific populations. One example is GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs), which provides both college scholarships for low-income students and five-year grants to states and partnerships for services at high-poverty middle and high schools intended to increase the number of low-income students who are prepared to enter and succeed in postsecondary education.

During the 2005 interim, the committee heard testimony from LESC staff about the various measures that Congress was considering to reauthorize either parts or all of the HEA and from the Interim Secretary for Higher Education about specific points of concern. Among the issues that the interim secretary identified were student financial aid, outreach initiatives, transfer and articulation of course credits among various types of postsecondary institutions, and Adult Basic Education (ABE).

One concern with financial aid, the interim secretary testified, was that the changes in the qualification criteria and the buying power of Pell Grants will adversely affect students in New Mexico. Other concerns included the uncertainty of congressional support for GEAR UP and the funding limits imposed on ABE programs, which will allow services to only 22,000 of the approximately 400,000 adults in the state who need them.

The testimony from the interim secretary also addressed several steps that HED is taking to ensure that students and their families are aware of all the financial aid sources available to them. Working with the New Mexico Lottery Authority and the Board of Directors of the Education Trust to improve its marketing efforts across the state is one example; trying to identify funding sources for the College Affordability Endowment Fund is another.

## **IMPLEMENTATION OF THE *HIGHER EDUCATION DEPARTMENT ACT***

In November 2004, the Governor's Task Force on Higher Education issued a final report of the task force's study of the role of the Commission on Higher Education (CHE) and its recommendations for any necessary changes. Among other findings, the task force reported an absence of central authority for higher education and an absence of a statewide plan that focuses on the needs and priorities of the state as a whole, as opposed to the needs and goals of each individual institution. The result, according to the task force, was an inefficient, costly higher education environment with limited accountability. To address this governance situation, the task force made two recommendations: (1) the creation of a state department of higher education, headed by a cabinet-level secretary of higher education, appointed by the Governor and confirmed by the Senate; and (2) the abolition of the CHE.



In response to this report, the 2005 Legislature passed and the Governor signed the *Higher Education Department Act*, which not only implements the recommendations of the task force but also creates the Higher Education Advisory Board, administratively attached to the Higher Education Department (HED) “to advise the department and the governor on policy matters and perform other functions as provided by law.” The act also requires the Secretary of Higher Education to make recommendations to the 2006 Legislature regarding how the organization of HED should be reflected in statute. During the 2005 interim, the Secretary Designee of Higher Education testified about the progress of the organization of HED and the agency’s priorities.

Among other activities, this testimony described the review of statutory provisions to determine which ones no longer apply and which ones are priorities for the agency’s strategic plan; explained the review of job descriptions and salaries and the assignment of personnel according to qualifications and abilities; delineated the membership of the Higher Education Advisory Board; illustrated the HED organizational chart; reviewed the agency budget; and outlined policy priorities, among them funding the *College Affordability Act*, supporting the career technical-vocational centers, creating a community service graduate assistance program at public universities, implementing a pilot system of performance-based funding for postsecondary institutions, fully funding the ABE formula, establishing a shared student data system that can follow students from pre-kindergarten through postsecondary education and into the workforce, aligning high school competencies and college placement, and ensuring appropriate and well-maintained capital facilities.

***Recommendations of the LESC:***

- ***Introduce a joint memorial requesting that the Children’s Cabinet, CYFD, PED, and the Department of Health, in collaboration with the Child Development Board and other appropriate agencies, examine the feasibility of creating an office of school readiness that would coordinate the range of publicly funded programs and services for children from birth through age four currently offered by multiple agencies. Among the programs to be considered are Family Infant Toddler, Child Care, Child Development, Head Start and Early Head Start, special education services for developmentally delayed three- and four-year-old children, Even Start, GRADS, Kindergarten Plus, and New Mexico PreK.***
- ***Amend statute to extend Kindergarten Plus to a six-year study and to expand the program beyond the original four school districts to any other school district with high-poverty schools.***
- ***Amend statute to require a school district to transfer to a two-year or a four-year postsecondary institution the tuition and fees for any student concurrently enrolled, unless the school district and the postsecondary institution have agreed to waive or reduce tuition or fees.***
- ***Amend statute to require public postsecondary institutions to use the same student identification number assigned to a New Mexico student by PED pursuant to the Assessment and Accountability Act.***
- ***Appropriate nonrecurring funds to the College Affordability Endowment Fund to provide scholarships from the fund for eligible New Mexico students with financial need to attend and receive degrees from public postsecondary institutions in New Mexico.***
- ***Amend current statute or include language in the General Appropriation Act of 2006 to require that HED’s Annual Accountability Report include data regarding retention and graduation rates of students at each of New Mexico’s public postsecondary institutions disaggregated by gender, ethnicity, age, length of time at the institution, and length of time since graduating from high school or receiving a GED.***

- *Introduce a joint memorial requesting HED to study the policies of New Mexico’s public postsecondary institutions regarding the granting of tenure to faculty and to examine the current composition of tenured faculty, including gender and ethnicity, and to report the findings and recommendations to the LESC by September 2006.*
- *Appropriate funds to HED to allocate to two-year and four-year postsecondary institutions with teacher preparation programs to support the expansion and improvement of educator preparation field experience courses.*
- *Appropriate funds to New Mexico State University and the University of New Mexico to support Native American centers.*
- *Appropriate funds to HED to allow the University of New Mexico National Cancer Institute to meet the required state match, contingent upon the award of federal funds, for the establishment of a clinical cancer center in Gallup-McKinley County.*

## **EDUCATOR QUALITY AND EDUCATIONAL LEADERSHIP**

### **TEACHER PREPARATION PROGRAMS ARTICULATION COMPACT**

In June 2003, representatives from New Mexico – including the LESC Chair, LESC staff, the Governor’s Education Advisor, and the Executive Director of the New Mexico Association of Community Colleges (NMACC) – attended a national Community College Education Summit sponsored by the Education Commission of the States. To improve P-20 collaboration, the New Mexico delegation decided to develop a statewide compact among two- and four-year teacher preparation programs in the state, both public and private, to help supply local districts with highly qualified teachers and educational assistants. The intent was that this compact would form the basis for a contract between the institutions and their education students, guaranteeing that, if students took the appropriate classes, those courses would be accepted in all public and private teacher preparation programs in New Mexico. In September 2005, representatives of 14 two- and four-year public and private teacher preparation programs unanimously approved the language of a final draft compact; and in October 2005 all of those institutions verified and approved the final compact, with the vote recorded in the minutes of the New Mexico Deans’ Council.

According to testimony from the Deans’ Council and the NMACC, the purpose of the compact is to create a seamless transition between two- and four-year teacher preparation programs, opening educational opportunities for prospective teachers. The compact is based upon teacher education competencies and other qualifications consistent with licensure requirements of PED.

The Deans’ Council reviewed the compact and the “Rules of Engagement” delineated therein, one of which provides a formal complaint process for students who believe that the compact has been violated. Noting the importance of tracking the success of students transferring between institutions, the NMACC indicated that the Office of Education Accountability and HED would be responsible for putting a tracking system in place.

One point of committee discussion was the placement of student teachers with highly qualified veteran teachers. The Deans' Council testified that the Secretary of Public Education had asked the council to review the current standards for student teacher placement and to explore what other criteria might be appropriate to ensure a meaningful practicum for student teachers.

## **NCLB HIGHLY QUALIFIED TEACHERS: STATUS REPORT**

The federal *No Child Left Behind Act of 2001* (NCLB) requires that all teachers of core academic subjects (English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography) be "highly qualified" by the end of school year 2005-2006. To be considered highly qualified, a teacher of one of these core subjects must have full state certification, a bachelor's degree, and demonstrated competence in subject knowledge and teaching.

Within these requirements, the federal law allows certain flexibility for teachers in rural areas, science teachers, teachers of multiple subjects, and middle school teachers. In addition, the reauthorization of the *Individuals with Disabilities Education Improvement Act of 2004* aligns the requirements of special education teachers with NCLB, including requirements that differ depending on the grade level taught, on whether a teacher is new to the profession or a veteran teacher, or on the level of disability of the children being taught. Another area of flexibility for special education teachers is that those who provide only consultative services (as in the inclusion model) are not required to be highly qualified in each subject being taught. More flexibility came in October 2005, when US Secretary of Education Margaret Spellings announced that states that have not achieved their highly qualified teacher requirement but that are "making a good-faith effort" to do so may, by May 31, 2006, submit a revised plan for reaching that goal by the end of school year 2006-2007.

According to testimony by the Office of Education Accountability (OEA), the percentage of teachers on waivers in New Mexico decreased from 8.4 percent in school year 2000-2001 to 1.9 percent in school year 2004-2005 and, for the same years, decreased from 15.7 percent to 3.5 percent in high-poverty districts. According to this testimony, the teaching fields with the most waivers for school year 2004-2005 were Bilingual/TESOL, with 210; special education, with 58; and elementary education, with 26. Furthermore, OEA testified that New Mexico has highly qualified teachers in 89.4 percent of elementary classes, 85.7 percent of high school classes, and 76.4 percent of middle school classes.

The OEA testimony concluded with the observation that, although New Mexico is making progress in its efforts to improve teacher quality and is receiving national attention for those efforts, the state still faces a number of challenges, among them providing adequate professional development for administrators and teachers, addressing the concerns of educators other than teachers (for example, instructional support providers, who are not included in the three-tiered licensure system), and revising the Public School Funding Formula to keep pace with the changes in the ways that teachers are evaluated and compensated.

## **PROFESSIONAL PRACTICES AND STANDARDS COUNCIL: PROGRESS REPORT, HJM 13**

In December 2004, PED established through rule the 20-member Professional Practices and Standards Council (PPSC) to serve in an advisory capacity to the Secretary of Public Education and to perform the functions of the former Professional Standards Commission created by the former State Board of Education. During the 2005 interim, in response to a request in HJM 13 (2005), PED and the PPSC testified on the progress of development of procedures and processes of the PPSC.

According to this testimony, the Secretary of Public Education has assigned the members to one of four subcommittees to address the following issues: educator preparation programs, licensure of school personnel, professional development of school personnel, and ethics of licensed school personnel. In general, each subcommittee comprises three currently licensed teachers or instructional support providers, one currently licensed school administrator, and one professional educator associated with a postsecondary educator preparation program. The exception is the ethics subcommittee, which, instead of a representative from higher education, includes a representative of the business community or lay citizenry selected for that person's interest in and knowledge of public schools. The full PPSC meets at the call of the chair or at the request of the Secretary; and the subcommittees meet at the call of the chair of that subcommittee or as needed.

### **PREPARATION OF SCHOOL LEADERS**

At least since the 2001 interim, the LESC has been examining the role of school leaders in contributing to student learning. During the 2005 interim, this examination took the form of testimony from Dr. Arthur E. Levine, President, Teachers College, Columbia University, and author of a recent study called *Educating School Leaders*. The committee also heard testimony from representatives of school leadership preparation programs in New Mexico.

Dr. Levine began his testimony with a review of the economic, demographic, technological, and global changes that have affected the public education system and the new demands placed upon school leaders, who must now focus on instructional outcomes, not processes, for every student regardless of that student's circumstances, and who must also lead in the fundamental redesign of their schools and school systems. Very few of the nation's school leaders, Dr. Levine contended, have been prepared for these challenges. In fact, Dr. Levine testified that his five years of research into school leader preparation programs across the country led him to the conclusion that the overall quality of educational administration programs in the United States is generally poor and that the degrees these programs award are inappropriate to the needs of today's schools and school leaders. He also concluded that the research generated by these programs lacks rigor and that it is disconnected from practice and that the programs themselves receive insufficient funds from their parent institutions. Dr. Levine's testimony identified several specific concerns and presented several recommendations for strategies that universities, policymakers, and school systems can pursue to improve the preparation of school leaders, one of which was to eliminate the degree of doctor of education (EdD) in school leadership and to reserve the degree of doctor of philosophy (PhD) in school leadership for preparing researchers.

As a final point, Dr. Levine suggested that state legislatures are the most powerful agents for creating change in educational leadership programs. New Mexico in particular, with only approximately 200 graduate students in educational administration programs at a time, is in a favorable position to institute systemic change without serious disruption and to provide the nation with a successful and groundbreaking model for preparing effective school leaders.

In their testimony, deans and faculty members from colleges of education at the University of New Mexico and New Mexico State University generally agreed with Dr. Levine's findings and recommendations, pointing out, that none of New Mexico's institutions had been included in his study. Among other points, these presenters outlined their school leadership programs; stressed the value of partnerships with schools and school districts, especially in terms of field experience; noted the common fiscal disparity of colleges of education generating more revenue for their institutions than the budget allocations they receive; and described the balance that universities must strike among their various missions, including providing support to minority students.

### **STATE ACTION FOR EDUCATION LEADERSHIP PROGRAM: WALLACE FOUNDATION GRANT REPORT**

Launched in 2000, the Wallace Foundation State Action for Education Leadership Project seeks to improve student achievement across the country by strengthening the preparation and performance of education leaders and by promoting policies and practices that improve the conditions for their success at all levels: school, district, and state. In November 2004, the Wallace Foundation announced a one-year \$1.2 million grant to New Mexico (renewable for up to two additional years) to strengthen the ability of district and school leaders to improve student achievement through the use of accountability data. According to testimony from the National Conference of State Legislatures (NCSL), the New Mexico project is one of a total of 22 state projects that the Wallace Foundation has funded. Also according to NCSL testimony, New Mexico is breaking new ground in targeting leaders' use of accountability data.

Testimony from the Office of Education Accountability (OEA) included a review of national research supporting the importance of leadership in fostering student achievement, a list of the members of the New Mexico team of participants in the leadership project – OEA, PED, the New Mexico Coalition of School Administrators, the New Mexico Education Leadership Action Network, the Children's Cabinet, and six pilot school districts – and an account of the questions to be addressed and the needs to be met, among them the need to turn data into action.

### **DEVELOPING LEADERS TO CLOSE THE ACHIEVEMENT GAP**

Another means through which the committee examined the issue of educational leadership was the testimony of the Center for Border and Indigenous Educational Leadership (CeBIEL) at New Mexico State University. The mission of CeBIEL, according to this testimony, is to improve education throughout New Mexico, highlighting border and rural areas and areas serving indigenous populations through the preparation and professional development of New Mexico's educational leaders. More particularly, CeBIEL supports educational leaders in addressing the achievement gap of pre-kindergarten to 12<sup>th</sup> grade students from schools and districts serving border, rural, and indigenous populations through the implementation of rigorous model

programs to recruit, prepare, induct, and retain high-quality responsive educational leaders for New Mexico schools. Finally, CeBIEL testified that an appropriation of approximately \$500,000 would allow the design of a program using the successful components of this model to benefit the entire state.

*Recommendations of the LESC:*

- *Appropriate funds to the Center for Border and Indigenous Educational Leadership at New Mexico State University to provide a statewide demonstration school leadership program for training administrators that balances rigorous classroom instruction with field experience in school improvement strategies that reflect the needs of New Mexico's diverse students.*
- *Introduce a joint memorial requesting the LESC by October 2006, to study the standards used by PED to approve school leadership programs to ensure that graduates have the knowledge and skills to manage instructional improvement in the current school environment to make a positive impact on student achievement.*
- *Introduce a joint memorial to request colleges and universities that have teacher preparation programs to examine the feasibility of establishing criteria for placing student teachers with teachers holding a Level 3-A license and to report their findings and recommendations to the LESC by October 2006.*
- *Amend statute to require PED to distribute available funds for the teacher mentorship program on a per-teacher basis according to the number of beginning teachers on the 40<sup>th</sup> day of the current year.*
- *Amend statute and appropriate funds to implement a career ladder for educational assistants in FY 07 that includes the following four licensure levels and minimum salaries:*
  - *Level 1—a three-year provisional (nonrenewable) license for beginning educational assistants who do not meet the federal No Child Left Behind Act of 2001 (NCLB) certification requirements but who meet the current minimum requirements established in PED regulation: \$12,000 (already implemented);*
  - *Level 2—a nine-year renewable license for individuals who are not required to meet NCLB certification requirements but who have held a Level 1 license for at least two years: \$13,000 minimum salary;*
  - *Level 3—a nine-year renewable license for individuals who meet NCLB certification requirements but who do not have an earned academic degree from an accredited institution (a person seeking a Level 3 license need not have held a Level 1 or Level 2 license): \$15,000 minimum salary; and*
  - *Level 4—a nine-year renewable license for individuals who meet NCLB certification requirements and who also have an earned associate or higher degree from an accredited institution (a person seeking a Level 4 license need not have held a Level 1 or Level 2 license): \$17,000 minimum salary.*
- *Introduce legislation to require PED:*
  - *effective July 1, 2006, to (1) establish a progressive licensure and compensation framework for all instructional support providers; and (2) issue licenses for instructional support providers, including occupational therapists, physical therapists, school counselors, school nurses, speech-language pathologists, audiologists, psychologists, social workers, diagnosticians, and recreational therapists; and*

- *by school year 2007-2008, to adopt a highly objective performance evaluation for professional instructional support providers; and provide minimum salary levels for specified instructional support providers at \$30,000 for Level 1, at \$40,000 for Level 2, and at \$50,000 for Level 3.*
- *Amend current law and appropriate funds to:*
  - *implement minimum annual salaries for principals and assistant principals that include a responsibility factor and an evaluation component; and*
  - *accelerate implementation of the \$50,000 minimum salary for Level 3 teachers required as part of the three-tiered licensure and evaluation system.*

## **SCHOOL PERSONNEL**

### **SCHOOL SECRETARY AND CLERK SALARY STUDY, HM 36**

House Memorial 36, *School Secretary and Clerk Salary Study*, requested that the Office of Education Accountability (OEA) conduct a study to assess the appropriate salaries for the skill levels required of school district secretaries, clerks, and bookkeepers; and to recommend a salary schedule process for these employees. In testimony during the 2005 interim, OEA described the membership and work of the task force that the office had convened to respond to the memorial, including a survey of school districts and charter schools. One of the challenges that the task force faced was the wide variety in the classifications, position codes, skill levels, and salaries of the personnel under review. Nonetheless, the survey revealed extensive information about the number of employees statewide, as well as their skill levels, contract periods, and salaries. Finally, the OEA testimony reported the recommendations of the task force, among them:

- providing secretaries, clerks, and bookkeepers an average 8.0 percent salary increase in FY 07 and a minimum wage of at least \$7.50 per hour;
- requiring school districts and charter schools to create salary schedules that encourage career development across the entry, intermediate, and advanced skill levels of secretaries, clerks, and bookkeepers;
- requiring PED to collect data for secretaries, bookkeepers, and clerks including such factors as the number of years of experience, length of contract, and grade or skill level;
- requiring PED to disapprove public school budgets that do not meet the intent of these recommendations; and
- providing funding to support the continuation of the HM 36 Task Force to monitor and further study the implementation of these recommendations.

## **STUDY SCHOOL NURSE DELIVERY OF HEALTH CARE, SJM 9 (2004)**

Passed by the 2004 Legislature, Senate Joint Memorial 9 requested that the Department of Health (DOH) and PED create a task force to study the appropriate use and staffing of nurses in the public schools and to report their findings to the LESC and the Legislative Health and Human Services Committee by October 2005. More specifically, SJM 9 charged the task force to answer the following questions within the context of different geographical needs, economic disparity, cultural differences, acuity of health needs, and funding:

- What constitutes adequate nursing supervision of ancillary staff?
- What is the appropriate level of nursing presence in New Mexico schools?
- How do the health and educational systems become better integrated across all New Mexico school systems?
- How do school nurses interface with other health care providers and services within the school system?

In their testimony, DOH and PED described the broadly representative membership of the task force that they created and reported the major findings of the report, among them that the role of the school nurse has grown significantly, that the level of nursing presence in schools across the state is inconsistent because it is not addressed in statute or regulation, and that school nurses are not part of the State Equalization Guarantee (SEG) distribution. The two primary recommendations of the task force were: first, to request that the Funding Formula Study Task Force include school nurses as part of the equity and efficacy of the Public School Funding Formula as a whole; and second, to revise current school reform legislation to include school nurses in the three-tiered licensure system. Taking all of their findings into consideration, the task force determined that school districts statewide need an additional 250 school nurses approximately, at a cost of approximately \$11.0 million. According to the testimony, this number of additional nurses would ensure that there is a nurse at least part-time in every school, although it would not necessarily meet the full need for school nurse services statewide.

## **ASSESSMENT AND ACCOUNTABILITY**

### **DEVELOPMENT AND IMPLEMENTATION OF CRITERION-REFERENCED TESTS**

In response both to the federal NCLB and to state legislative initiatives to improve educational accountability, state law was amended in 2003 to change the primary determinant of student achievement from norm-referenced tests, which measure students relative to one another, to criterion-referenced tests (CRTs), which measure each student's proficiency relative to state academic standards. Testimony from PED explained the implementation schedule for CRTs in grades 3-9 in language arts, reading, math, and science in both English and Spanish and in grade 11 in reading and math.



Among other points, PED addressed the writing assessment enacted in 2003, described features of the High School Competency Examination, and reviewed the federal and state funds expended on statewide assessments. Since federal fiscal year 2002, New Mexico has received approximately \$4.5 million annually in federal funds designated for state assessment. In addition, since 1999, the Legislature has appropriated a total of approximately \$10.7 million to PED for test development, including \$7.0 million appropriated by the 2005 Legislature for expenditure in FY 05 through FY 08. According to PED, this appropriation will be used to complete the development of the grade 11 assessments (including a Spanish version of the reading and math tests), to develop an end-of-course math exam, and to cover administrative and reporting costs for the High School Competency Examination.

In order to enable school districts to pay for the cost of administering required tests at the local level, since 2000 the Legislature has appropriated a total of \$7.4 million to be distributed through the Public School Funding Formula. Testimony from Las Cruces Public Schools provided a district-level view of the costs of student assessments.

Finally, PED and Las Cruces Public Schools both testified in favor of two proposals that they believed would result in cost savings and other benefits: (1) to transfer the \$7.4 million from base program cost in the Public School Funding Formula to the PED budget in order to allow PED to pay the costs of test administration for all school districts and charter schools at the state level; and (2) to amend the *Procurement Code* to permit contracts of up to 12 years for services related to the development and implementation of standardized tests of students in grades K-12.

## **ADEQUATE YEARLY PROGRESS (AYP): REPORT ON SCHOOL DESIGNATION**

One of the more prominent features of NCLB is “adequate yearly progress” (AYP), a prescribed degree of improvement, primarily in student achievement, that schools are expected to make each year – not only for their entire student populations but also for certain subgroups. State alignment with this requirement came in 2003, when the LESC endorsed and the Legislature enacted the *Assessment and Accountability Act* as part of a package of comprehensive public school reforms in the *Public School Code*. The act establishes a single statewide accountability system including a system of rewards and progressively more serious consequences for each year that a school does not achieve AYP. The basic elements of the State Accountability Plan developed by PED describing how AYP is calculated were approved by the US Department of Education in May 2003; and in January 2005 PED received federal approval to amend some provisions of the plan for greater flexibility. During the 2005 interim, the committee heard testimony from PED on how AYP is calculated in New Mexico and on school AYP designations for school year 2005-2006.

To calculate AYP, the state uses New Mexico Standards-based Assessment data to set the baseline and then establishes yearly goals to move the state along toward the ultimate NCLB goal of 100 percent student proficiency by school year 2013-2014. The AYP calculations compare the percentage of students in each school and each subgroup within the school against the AYP goal of percentage of students proficient or advanced for a given year; if performance is equal or higher, AYP is met.

On August 1, 2005, PED released the school rankings derived from data during school year 2004-2005, showing that a total of 429 public schools in New Mexico failed to make AYP, an increase from the previous year’s total of 260 schools not making AYP.

## **SCHOOLS IN NEED OF IMPROVEMENT: LFC AUDIT**

In January 2005, at the request of the Legislative Finance Committee (LFC) and pursuant to that committee's statutory authority, LFC staff began an audit of the school improvement framework developed by PED to assist schools in need of improvement and the effectiveness of this framework in raising student performance and closing the achievement gap. At issue was the nature of the assistance that PED must provide those schools that have entered the school improvement cycle according to their failure to make AYP through consecutive years. Based on student and school data from school year 2004-2005, a total of 429 public schools in New Mexico failed to make AYP; of that total, 237 received designations in school year 2005-2006 as schools in the school improvement cycle; and of those 237 schools with NCLB designations, PED has identified 80 priority schools that are in the greatest need for academic improvement.

Testimony from the LFC identified the components of the audit and summarized the findings and recommendations. An essential feature of the findings is the relationship of school size, school resources, student demographics, and the economic status of the district. That is, in general, high-achieving school districts tend to be smaller and tend to spend more per student than low-achieving districts.

Other findings are reflected in the 24 specific recommendations in the audit report that call for such measures as:

- setting health and mental health standards for high-poverty schools in conjunction with other state agencies (the Department of Health, for example);
- working with school districts to redistribute high-quality principals and teachers to high-poverty, low-achieving schools and to enhance working conditions to reduce the turnover rates;
- adopting proven intervention strategies used in other states; and
- addressing the PED organizational issues of frequent changes in the school improvement strategies, internal reorganization, and staff turnover.

The Secretary of Public Education testified that PED's approach in addressing the majority of the recommendations is based on an alignment of Project Excel, the School Improvement Framework, each district's Educational Plan for Student Success, and the statewide accreditation process. Further PED testimony described the department's plan to implement in school year 2005-2006 a "ranking" of schools beyond the NCLB designations to recognize schools that make significant student performance gains but that may not make AYP.

Finally, testimony from Albuquerque Public Schools, Gallup-McKinley County Public Schools, and Española Public Schools explained the assistance that each district had received through PED's systems approach.

## ***NO CHILD LEFT BEHIND ACT OF 2001***

### **NCLB State- and District-level Costs**

Part of the NCLB-related testimony that the committee heard during the 2005 interim focused on the state- and district-level costs of complying with the federal law, together with the federal funds that the state has received for that purpose. To examine this issue, in May 2004 PED joined a cost consortium of states under the aegis of the Council of Chief State School Officers (CCSSO). In addition, five school districts – Albuquerque Public Schools, Gallup-McKinley County Public Schools, Las Cruces Public Schools, Jemez Valley Public Schools, and Rio Rancho Public Schools – volunteered to work with PED to provide data for the project; and the CCSSO contracted with the Denver-based consulting firm Augenblick, Palaich and Associates, Inc. (APA) to develop data-gathering procedures for consortium members.

In their testimony, PED and APA presented a report that focused on resources expended above and beyond those that the state is already expending to develop and implement its own accountability system, including costs attributable to NCLB that would not have been incurred if NCLB had not been enacted. This report outlined seven cost-driving NCLB components, further divided into subset areas and associated tasks necessary for compliance. Of the seven components identified for the study, the most costly for New Mexico (that is, those components that are not adequately funded through federal dollars) were Standards and Assessments, Technical Assistance for Local Districts and Schools, and Data Management.

Taking a number of variables into account, this report estimated that state-level costs to implement NCLB – not counting the initiatives that the state has already undertaken or planned to undertake – range from a total of \$10.1 million to \$17.7 million per year for school year 2002-2003 through school year 2007-2008, which amounts to a per-pupil, per-year dollar figure of between \$32 and \$56. The estimate of district-level costs ranged from \$71.0 million to \$108.0 million per year for school year 2002-2003 and school year 2004-2005, which amounts to a per-pupil, per-year dollar figure of \$228 and \$345, respectively.

### **NCLB Funding to New Mexico**

On the revenue side of the equation, LESC staff testified about their efforts to determine what revenues the five school districts participating in the NCLB cost study had used to cover the estimated costs identified in the report. Staff explained that it was difficult to determine the sources of revenue and the costs that should be paid with federal rather than state dollars because the system used by PED to collect district revenue and expenditure data does not have the ability to tie revenue sources to NCLB costs. Testimony from PED indicated that the department is implementing a new web-based budgeting system that will allow the state to collect detailed revenue and expenditure data for all federal funds, including both those that flow through PED and those that go directly to the districts (see “Data Warehouse Implementation/Uniform Public School Chart of Accounts,” page 32).

These data problems notwithstanding, staff identified 30 programs recognized by the federal government as providing funding for NCLB implementation. Staff estimated that, for federal fiscal year 2005 (school year 2005-2006), the state would receive approximately \$276.3 million in NCLB funding. According to PED, however, since 2001 the federal revenue allocated to cover the costs of NCLB programs has been insufficient to cover the total state- and district-level

expenditures for these programs. The department estimates the deficit between expenditures and available federal revenues as follows: \$37.0 million for school year 2002-2003, \$31.0 million for school year 2003-2004, and \$26.0 million for school year 2004-2005 (note: these amounts are not cumulative).

## **NCLB: NATIONAL CONFERENCE OF STATE LEGISLATURES TASK FORCE REPORT**

Because of its extensive, intrusive requirements and limited funding, NCLB has generated resistance in a number of states and school districts. For example, in 2005 the New Mexico House of Representatives passed HM 2, *No New Mexico Students Left Behind*, urging Congress to fund “the lofty mandates” of NCLB or to accept responsibility for New Mexico’s failure to achieve them and advising the state’s congressional delegation that taxpayers expect either their support for full funding or relaxed standards. Similar measures or actual legal challenges have been mounted in a number of other states including Utah, Connecticut, Maine, Michigan, Pennsylvania, Illinois, Nevada, Texas, and California. As the committee learned in testimony during the 2005 interim, the National Conference of State Legislatures (NCSL) has also gone on record in objecting to or questioning a number of specific provisions in NCLB.

According to this testimony, even before NCLB was signed into law NCSL had attempted to resolve flaws in the act and its implementation. Failing in those efforts, in March 2004 NCSL formed a bipartisan task force that held eight meetings in seven cities across the nation and took more than 1,000 hours of testimony from 60 witnesses, including legislators, academicians, state chief school officers and board members, local superintendents and school administrators, federal officials, and other experts. Based on this testimony, the task force identified over 80 concerns, which the task force prioritized and summarized into 25 conclusions and 43 recommendations in six major categories, each covered in a separate chapter of the report. The final consensus document, with no minority report, was released on February 23, 2005 to the biggest public response, according to testimony before the committee, of any NCSL document in the history of the organization.

Among other points, the report questioned the constitutionality of expanding congressional power over public education, traditionally a domain of the states; identified flaws in the concept of adequate yearly progress (AYP) as a yardstick for student performance, in part because it compares different groups of students from year to year without accounting for growth of groups or individuals; contended that NCLB deprives states of the flexibility to deal with unique schools and districts; concluded that the federal government has a legitimate role in establishing standards only for teachers paid from federal funds; and highlighted insufficient federal funding.

The NCSL testimony concluded with this summary assessment: that NCLB effectively sharpens the focus of education reform on eliminating the achievement gap, but it does so by stifling innovation, emphasizing achievement in narrow curriculum areas, and focusing on compliance and regulation rather than outcomes. This testimony also noted that, because court action is usually a slow way to achieve legal reform, the quickest way to remedy the law is through the federal legislative process.

As they discussed how best to address their concerns regarding NCLB – among them the harmful effects of negative labels that the law places upon schools – committee members voted to send a letter to the US Secretary of Education stating that the LESC applauds the goals of NCLB but requests a more flexible approach on the part of the federal government to those aspects of the act that most negatively affect New Mexico. That letter (Appendix) was mailed on August 8, 2005; yet, at the time of this writing, the US Secretary of Education had not responded, despite a follow-up letter sent on November 15, 2005.

## **NCLB UPDATE: MEETINGS WITH US EDUCATION SECRETARY MARGARET SPELLINGS**

The New Mexico Secretary of Public Education testified about three meetings with Margaret Spellings, US Secretary of Education, during the spring of 2005: the first two as part of the Council of Chief State School Officers (CCSSO) and the third with Secretary Spellings in private. One of the points to emerge from these meetings is that Secretary Spellings has set out four “bright line” principles that are fundamental to and non-negotiable in the implementation of NCLB:

- ensuring that students are learning;
- making the school system accountable;
- ensuring that information is accessible and that parents have options; and
- improving teacher quality.

In addition, according to this testimony, Secretary Spellings has initiated “a new, common-sense approach to implementing NCLB” based on the bright-line principles, which would set the parameters for the flexibility that United States Department of Education (USDE) can offer in three main areas: special education, limited English proficiency (LEP), and developing a growth model for measuring AYP. The flexibility regarding special education allows states that meet certain criteria to develop alternate assessments for students with disabilities and persistent academic deficiencies, applicable to no more than 2.0 percent of the student population at the district and state levels. The Secretary of Public Education testified that PED will proceed in the development of this alternate assessment and that she will continue her correspondence with Secretary Spellings on additional flexibility that New Mexico may request and additional concerns over such issues as bilingual education, services for Native American students, rural schools, supplemental educational services, and the growth model for AYP.

## **DATA WAREHOUSE IMPLEMENTATION/UNIFORM PUBLIC SCHOOL CHART OF ACCOUNTS**

During the 2004 interim, the committee heard a report of the Performance Accountability Data Systems Project, a Legislative Finance Committee initiative conducted in collaboration with staff from the LESC, PED, and the Office of Education Accountability. In response to a recommendation from this work group, the 2005 Legislature appropriated over \$6.6 million (for

expenditure in FY 05 through FY 07) for the implementation of a data warehouse at PED to resolve data collection and dissemination problems at the department that the work group had identified. According to PED testimony, this funding will also facilitate the implementation of a uniform public school chart of accounts aligned with the guidelines of the National Center for Education Statistics (NCES), which the Legislature has supported with appropriations of \$2.4 million since 2004.

According to PED, the data warehouse will store all student, teacher, course, testing, and financial data in one comprehensive system; and it will provide the department with the technology to enhance its data collection and reporting capabilities in meeting federal and state requirements. Together with the conversion to a uniform public school chart of accounts, the data warehouse should provide the state with accurate, consistent, and reliable data to assist in the decision-making process. The PED further indicated that all processes and systems should be in place by June 30, 2006 so that the new chart of accounts will be available for school districts to use in developing their budgets for school year 2006-2007.

Additional testimony came from EDmin.com, a contractor that, through negotiations with PED, applied the balance remaining on another contract (to implement performance-based program budgeting in public schools) to design a chart of accounts aligned with NCES guidelines and to update PED's *Manual of Procedures, Public School Accounting and Budgeting*. Among other points, this testimony emphasized the need for thorough training of PED, school district, and charter school personnel statewide (particularly data entry personnel), a point that the committee also stressed during its discussion of the issue.

#### ***Recommendations of the LESC:***

- ***Amend statute to add accountability and reporting provisions regarding the use of funds from the Incentives for School Improvement Fund.***
- ***Introduce legislation to amend the Procurement Code to allow contracts of up to eight years for services related to the development and implementation of standardized tests of students in grades K-12 to ensure comparability of data from year to year.***
- ***Introduce a joint memorial requesting PED to study assessments appropriate for grades K-2 and their success in other states, and to provide alternative choices for the Dynamic Indicators of Basic Early Literacy Skills currently being used in New Mexico.***
- ***Introduce a joint memorial to request that the Office of Education Accountability assume responsibility for compiling and publishing the annual Quick Facts brochure formerly published by PED, using the most current data available prior to the legislative session.***
- ***Amend statute to require a school district with a school that has been ranked as in need of improvement to provide documentation in its school improvement plan that the required public meeting has been held. Documentation shall include: date, an attendance roster, and a record of recommendations for school improvement.***

## **SCHOOL PROGRAMS AND STUDENT SERVICES**

### **ADVANCED PLACEMENT**

Operated by the College Board, Advanced Placement (AP) is a national program conducted in individual schools to offer college-level courses to high school students. If students score high enough on the AP exams, they may earn credit or advanced standing at most of the nation's colleges and universities. The Legislature has appropriated funds to support AP since 1989, first through the New Mexico Educational Assistance Foundation, and then, beginning in 1993, through the Commission on Higher Education to New Mexico Highlands University (NMHU), which assumed statewide coordination of AP through AP-New Mexico. Each year since 1997, the Legislature has made direct appropriations to NMHU for AP-New Mexico. In 2005, the Legislature appropriated a total of approximately \$479,800 to support AP and related activities in New Mexico: \$289,800 to NMHU and \$190,000 to PED. Also in 2005, the Legislature enacted legislation (supported by an appropriation of \$381,600) to allow school districts and charter schools to create core curriculum frameworks to provide high-quality curricula in kindergarten through grade 6 to prepare students for pre-AP and AP coursework in grades 7 through 12.

According to testimony by the College Board, both the number of students in New Mexico taking AP exams and the number earning a qualifying score of three or higher (of a possible five) have increased recently. Moreover, the AP classrooms in New Mexico have become increasingly diverse. Despite this improvement, however, participation and performance among traditionally underserved students continues to be disproportionately low. The College Board testimony also explained a new course audit policy designed to preserve the value of the AP name for colleges and universities by ensuring that AP courses maintain their rigor and academic integrity.

Testimony from PED noted the creation in July 2004 of the Advanced Placement Bureau within the Instructional Support Division, whose goal is to increase the participation of all students, including rural and minority students, in AP classes and exams. One point raised in this testimony was that the 32 school districts that offer no AP courses are all small or rural.

Testimony from AP-New Mexico emphasized the annual summer institutes that offer professional development for AP teachers. Attendance has grown from 261 participants in 1999 to 630 in 2005, and the several high schools that have sent teachers to the institutes over successive years have shown strong growth in student participation and exam scores. AP-New Mexico also reviewed state and federal funding and requested that the LESC consider implementing a statewide policy that supports AP programs, including those in rural schools, and that fully funds AP professional development, including the Summer Institute.

A representative from the office of US Senator Jeff Bingaman presented a statement from the Senator. Among other points, this statement focused on the importance of expanding AP programs and increasing access to AP in order to raise the intensity and quality of high school courses so students are prepared for postsecondary success; reported that, thanks to the Legislature's commitment to AP, New Mexico ranks first in the nation in the percentage of its minority students taking AP tests; and outlined the Senator's efforts in Washington to support AP programs.

Finally, the Chair requested that PED and AP-New Mexico develop a funding proposal for FY 07 for a cohesive budget for AP programs for the committee's consideration. In response, the Secretary of Public Education provided the LESC with a proposal for \$1.3 million in AP funding for FY 07, including \$700,000 to expand AP to non-traditional participants; \$300,000 to replace lost federal funds for the AP Summer Institute; \$100,000 to expand AP for rural school students; and \$200,000 to expand AP professional development for teachers.

## **SERVICE LEARNING IN THE PUBLIC SCHOOLS**

The Education Commission of the States describes service learning as the combination of meaningful service to the community, academically rigorous classroom education, and deliberate, structured reflection so that students connect what they are learning to the service performed. The 2003 Legislature acknowledged the value of service learning in *Public School Reforms* by requiring high schools to offer service learning as an elective. Recent legislative support for service learning has included \$100,000 in FY 04 to support projects in 10 public school districts, and \$70,000 in the Teacher Professional Development Fund in FY 06, transferred by PED to the Children, Youth and Families Department for a contract with a service learning provider.

During the 2005 interim, the North Central Association of Colleges and Schools testified about the improvement in students' academic proficiency and civic engagement through the integration of service learning into core academic programs. Through this process, students apply academic skills to solving real-world issues, linking established learning objectives with actual needs in the community. This testimony cited research that recognizes service learning as an effective strategy to help students by promoting learning through active participation in service experiences and by providing structured time for students to reflect by thinking, talking, and writing about their service experiences, as well as evaluating the service learning activities themselves.

Additional testimony from the New Mexico Acequia Association described *Sembrando Semillas*, a community-based learning project in which students from three school districts in northern New Mexico – Mora Independent Schools, Peñasco Independent Schools, and Taos Municipal Schools – contribute to and learn about the traditional acequia system, which irrigates much of the farmland and ranchland in that part of the state. Employing training in video and audio production and in creative writing, these students are also producing multimedia storytelling pieces that, through alignment with state content standards, can be used in local school districts. Students participating in the project testified that their participation in these traditional activities has afforded them a wider perspective on their community and their world.

## **SUPPLEMENTAL EDUCATIONAL SERVICES FOR SCHOOLS IN NEED OF IMPROVEMENT**

Since 2003, both state law and the federal NCLB have required schools that fail to make "adequate yearly progress" (see "Adequate Yearly Progress (AYP): Report on School Designation," p. 28) for three consecutive years to offer supplemental educational services (SES) to students in those schools. Under NCLB, only low-income children enrolled in Title I schools are eligible for SES, whereas under state law all students enrolled in any school that must offer SES are eligible.



During the 2004 interim, the committee heard testimony about the SES vendors and their services; then during the 2005 interim, the committee heard testimony about two SES-related issues that had arisen since the 2004 interim: (1) the prospect that, under state law, non-Title I schools must offer SES and pay for them with funds other than Title I; and (2) the practice of some SES providers of offering incentives or rewards to students or parents to solicit their business.

Addressing the first issue, PED testified that districts may use funds from state, local, or private sources, as well as funds from certain other federal programs, to provide SES for non-Title I students. At the time of the testimony, only two non-Title I schools in New Mexico were required to offer SES. Once the new school rankings were issued in August 2005, however, the number increased to six. Albuquerque Public Schools testified that the district does not have funds for SES for non-Title I students.

Addressing the second issue, staff testimony noted that in other states, more so than in New Mexico, some SES providers have begun offering incentives to parents and/or students as enticements for selecting those vendors' services, raising questions about business ethics and the mixing of public education and private enterprise. The PED testimony indicated that only two of the 22 state-approved SES providers in New Mexico had offered incentives, and those were offered not as recruitment tools but as rewards for student attendance or achievement.

Additional testimony on this issue described the recently released federal guidelines and the new PED rule, both of which, among other provisions, would allow nominal rewards for attendance, continued participation, or achievement once a child is enrolled in a program but would prohibit gifts or financial incentives for enrolling in a given program. The PED rule also established a timeline of SES activities, from defining the enrollment period to specifying deadlines for provision of services.

Finally, as they discussed these aspects of SES, committee members raised a related issue: the qualifications of SES providers. Of particular concern to the committee was the fact that the tutors providing SES are working with some of the state's most fragile students yet they are not required to be licensed teachers or to possess any other particular qualifications.

## **READING FIRST PROGRESS REPORT**

A provision of the federal NCLB, the Reading First initiative provides federal funds to help states and school districts implement comprehensive reading instruction for students in kindergarten through grade 3, instruction that is grounded in scientifically based research. In September 2002 the US Department of Education announced that New Mexico would receive approximately \$55.0 million over six years starting in FY 03 to implement Reading First. Through school year 2004-2005, the state has received approximately \$29.7 million. At least \$23.8 million, or approximately 80 percent, has been or will be allocated to school districts; and up to \$5.9 million, or approximately 20 percent, has been or will be reserved for statewide activities including professional development.

The PED testified that the department had awarded competitive Reading First grants to 90 public schools in 30 school districts serving 16,439 students. During the next round of applications, school year 2006-2007, PED will make a more concerted effort to encourage districts that would benefit most from the program to apply.

A majority of districts, the PED testimony continued, have shown improved student performance on the required assessment instrument, the Dynamic Indicators of Basic Early Literacy Skills (DIBELS). More specifically, the DIBELS showed an increase in the number of students reading at benchmark (grade level) and a decrease in those needing intensive intervention. Also according to PED testimony, Reading First is narrowing the achievement gaps among racial and ethnic groups.

### **INDIAN EDUCATION ACT/ADVANCED SCHOOL CURRICULUM**

In 2003, the Legislature enacted the *Indian Education Act* to address the unique cultural and educational needs of Native American students statewide. During the 2005 interim, the LESC heard a progress report on PED's implementation of the act.

Staff noted that, since its enactment, the Legislature has appropriated a total of \$7.0 million for implementation of the act: \$2.0 million for FY 04, \$2.5 million for FY 05, and \$2.5 million for FY 06. In addition, for FY 05 the Legislature appropriated \$113,600 in a special nonrecurring appropriation to PED to support a full-time equivalent position in Indian Education, which the department used to fund the position of the Assistant Secretary for Indian Education. For FY 06, PED reported, this position has been added to the department budget as a recurring cost. According to PED, of the total \$7.0 million allocation, nearly \$5.0 million had been expended or encumbered. However, the total cash balance at the time of the testimony, including funds encumbered but not expended, was approximately \$6.0 million.

In 2005, the Legislature enacted LESC-endorsed amendments to the *Indian Education Act* to require the Indian Education Division of PED to develop or select for implementation a challenging, sequential, culturally relevant curriculum for Native American students in grades K through 6 to prepare them for Pre-Advanced Placement and Advanced Placement (AP) coursework in grades 7 through 12. The FY 06 draft expenditure plan for Indian Education funds provided by PED included \$20,000 for a study of AP curricula programs.

In other testimony, PED presented demographic data about Native American students in New Mexico and enumerated the division's plans to implement provisions of the *Indian Education Act*; and the Indian Education Advisory Council (created by the act) described a recent convergence of the federal NCLB, the *Indian Education Act*, and tribal laws, particularly in their common message that native culture and language must be preserved.

### **COLLABORATION AMONG BIA, TRIBAL GOVERNMENTS, AND PUBLIC SCHOOLS IN IMPROVING STUDENT ACHIEVEMENT AND MEETING NCLB REQUIREMENTS**

The *Indian Education Act*, signed into law in 2003, supports a formal government-to-government relationship between PED and Indian tribes in New Mexico, including the development of relationships with the education division of the Bureau of Indian Affairs (BIA), tribal governments, and other entities that serve Native American students. During the 2005 interim, the committee heard testimony from representatives of PED, the BIA, the National Indian Education Association, and the Navajo Nation describing efforts to ensure the academic progress of Native American students transferring among public schools, BIA-funded schools, and other schools situated on Indian lands and describing concerns related to meeting NCLB requirements.

Among other points, this testimony focused on the following developments:

- negotiated rule-making by the BIA governing the academic content and student achievement standards, assessments, and the definition of adequate yearly progress applicable to BIA schools;
- a memorandum of understanding between PED and the BIA's Office of Indian Education Programs to coordinate efforts to track student transfers and to assess student progress;
- provisions of the *Navajo Nation Sovereignty in Education Act of 2005*, passed on July 19, 2005 by the Navajo Nation Council;
- the development of data systems – not only by PED and the BIA but also by the Navajo Nation – to track the progress of Native American students in general; and
- certain unintended consequences of NCLB that adversely affect Native American students, as expressed in a letter from the LESC to the US Secretary of Education (see the Appendix).

## **CHARTER SCHOOLS**

During school year 2005-2006, 52 charter schools have been operating in New Mexico. In addition, another nine schools have been approved to open in school year 2006-2007, and more than a dozen other schools have submitted applications to their respective local school boards.

Charter schools in New Mexico are eligible for funding from a variety of sources. At the state level: each charter school receives at least 98 percent of the school-generated program cost in the State Equalization Guarantee (approximately \$64.1 million for school year 2005-2006, according to PED); since FY 00, the Legislature has appropriated nearly \$4.5 million to the Charter Schools Stimulus Fund, which the Legislature created to provide financial support to charter schools for initial start-up costs and initial costs associated with renovating or remodeling existing buildings; and in 2003, the Legislature appropriated \$100,000 to PED to provide charter school incubation services in FY 03 and FY 04.

At the federal level, New Mexico is in its third and final year of a grant from the federal Charter Schools Program (CSP) of nearly \$18.0 million intended to support the planning, program design, and implementation of charter schools and the dissemination of successful practices in charter schools. The project period will end on September 30, 2006, and PED intends to reapply during school year 2005-2006. Also, each charter school receives that portion of money from state or federal programs (size adjustment and special education, for example) generated by eligible students enrolled in the charter school.

Beginning with the 2002 interim, when the LESC created the first of two charter school work groups (the second operated during the 2004 interim), the committee has led a number of efforts to amend the *1999 Charter Schools Act* to address a variety of issues and problems that have arisen since the implementation of the law. However, despite the committee's sponsorship of broad, consensus-built charter school legislation in 2003, 2004, and 2005, the only significant

piece of charter school legislation to pass since the enactment of the *1999 Charter Schools Act* was the House Education Committee Substitute for HB 510 (Laws 2005, Chapter 221). Together with another measure endorsed by the LESC – the capital outlay bill (CS/SB 455, or Laws 2005, Chapter 274) – this charter school legislation resolved some of the outstanding issues related to charter school facilities. One of the major provisions is that, with certain exceptions, all charter schools must be in public facilities by 2010.

As amended in 2005, the *Public School Capital Outlay Act* allows an annual authorization for up to \$4.0 million to provide funding for lease payments for both charter schools and school districts from FY 05 through FY 09. Lease payments must be based on the actual lease amount or up to \$600 per membership (MEM) of students enrolled, whichever is less. However, if the total grant awards would exceed the total annual amount available, the rate per MEM will be reduced proportionately. The Public School Facilities Authority (PSFA) testified that, because the applications for school year 2005-2006 amounted to approximately \$5.0 million (51 applications from 46 charter schools and five regular public schools), the awards were adjusted to meet the \$4.0 million maximum in law by reducing the lease assistance amount to \$477.54 instead of \$600 per student.

While some capital needs of charter schools have been addressed, others remain unresolved, as do issues related to such matters as chartering authority, fiscal procedures, applying for and renewing a charter, and settling disputes. For this reason, beginning in August, the committee heard testimony on charter schools at each meeting during the 2005 interim. At various times, testimony came from PED, school districts, the New Mexico School Boards Association, the State Auditor, and the New Mexico Coalition for Charter Schools. During these hearings, the committee considered two of the major outstanding questions – whether the charter school law should allow both local school boards and PED to authorize charter schools and whether charter schools should be their own boards of finance; and reviewed a variety of recommendations for amending the law, one of which was a moratorium on the approval of any additional charter schools until some of these outstanding issues are resolved.

After presenting preliminary draft recommendations on two previous occasions during the interim, PED presented its final recommendations in January 2006. At the center of PED's proposal was the creation of a single charter school authorizer called the Charter Schools Commission, a 10-member body appointed by the Governor that would, among other duties, assume the role of local school boards in reviewing applications for charters. Under the PED proposal, each charter school must be its own board of finance. The PED proposal also included the creation of the new Charter Schools Division in PED, directed by an assistant secretary, with one office in Albuquerque to oversee charter schools in Albuquerque Public Schools and another office in Santa Fe to oversee charter schools in the other 88 school districts. Altogether, PED proposed 22 full-time equivalent positions (FTEs) and an annual budget of \$2.0 million for the Charter Schools Division.

## **RURAL SCHOOL DISTRICT DEFINITION**

During the 2005 session, the Legislature considered but did not pass legislation that would have codified a definition of the term “rural” as it applies to school districts in New Mexico. After that bill failed, the House introduced a memorial requesting that the LESC study the issue to determine if a state-initiated definition of rural would make more districts eligible for federal

rural funding, particularly those districts that have schools located on sparsely populated tribal land, and to ensure that all of the state's rural schools and school districts receive assistance from PED's Rural Education Bureau.

Although the memorial also failed, the LESC heard testimony during the 2005 interim from the Assistant Secretary for Rural Education of PED, regarding the department's efforts to craft a state-specific definition of the term "rural." According to this testimony, the bureau will first respond to the requirements of school districts eligible for the federal *Small Rural School Achievement Program* (SRSA), the major source of federal funds for rural school districts. While the number of school districts identified as rural under SRSA varies from year to year, for school year 2005-2006 New Mexico has 45 districts designated as rural. This testimony further noted that school districts not identified as rural under SRSA may still request assistance from the bureau through an application process; however, despite the provision in SRSA allowing states to develop their own definitions of rural, broadening the definition used by PED will not automatically make additional districts eligible for federal funding because any alternative definition must be approved by the US Department of Education (USDE).

Another dimension to this issue is that the USDE defines both terms – "rural school district" and "rural school" – whereas PED defines only "rural school district" and defines that term differently than the USDE. Consequently, some rural schools or districts in New Mexico, especially those that serve Native American students, may be unable to qualify as rural for purposes of receiving PED assistance in seeking federal funds, or to participate in any programs sponsored by the state or PED specifically for rural schools or rural school districts.

## **THE NEW MEXICO OUTDOOR EDUCATION INITIATIVE**

Noting their shared principles of dedication to education and customer service, Senate Joint Memorial 24 requested that PED and the State Parks Division of the Energy, Minerals and Natural Resources Department prepare a study outlining opportunities for increased partnerships between those two agencies. During the 2005 interim, PED and the State Parks Division presented their report, *Making Schools Work Outdoors: Educación al Aire Libre*, and testified about their focus on the Outdoor Classroom Initiative, which has the potential to connect 326,000 public school students with 33 existing outdoor classrooms in state parks in a program to improve students' academic achievement and encourage their stewardship of natural resources. The report recommended increasing school visits to parks and parks visits to schools, tying State Parks Division programming to public school curriculum, augmenting training for teachers and state parks staff, augmenting outdoor supplies and teaching materials, evaluating programming to ensure increases in academic achievement, and cultivating outdoor education partnerships with other state agencies. The PED and State Parks Division requested \$250,000 (to be used for teacher training, additional staffing, materials and online resources, and field trips) for several pilot projects to launch the Outdoor Classroom Initiative. Finally, the committee also heard testimony from public school personnel about the effectiveness of existing partnerships with several state parks.

## **NEW MEXICO TOWN HALLS**

### **Albuquerque Public Schools Organization and Structure for Success**

The 2005 Legislature appropriated \$47,500 to the Department of Finance and Administration to study whether Albuquerque Public Schools (APS) should be divided into two or more school districts. On behalf of the LESC, New Mexico First convened a Town Hall in late September 2005 to consider that question, framed as follows: “Is the current organization of Albuquerque Public Schools the optimal structure to provide the maximum educational opportunities for students of the district?”

Some 125 participants and observers met at the University of New Mexico for a three-day period. They reviewed data about APS and other school systems as presented in the APS Town Hall research report, in an earlier study conducted by BDM Education Technologies, and in other material; they heard presentations by the Education Commission of the States, the Council of the Great City Schools in Washington, DC, and Denver Public Schools; and they discussed and deliberated among themselves.

In the end, New Mexico First testified, the Town Hall reached consensus on 15 recommendations, chief of which was that APS remain a single school district and use research-based practices to improve its core relationships with government, businesses, families, and the community. Other recommendations addressed such issues as the district’s role in a community-wide system of education from pre-kindergarten to postsecondary, the importance of policymakers’ recognizing that the needs of APS are different from those of other school districts, and the value of providing APS with options similar to those afforded charter schools without loss of negotiated agreements for employees.

### **Math and Science Education**

In mid-November 2005, the New Mexico Partnership for Mathematics & Science Education convened a Town Hall, organized by New Mexico First, to examine ways to improve mathematics and science education in New Mexico. The central concern was that, given the current state of participation in mathematics and science education and the low proficiency levels of New Mexico students, the state will be required to import more of these skills and to export more of the work requiring these skills, thus excluding many New Mexico citizens from the opportunities and rewards of science and mathematics education.

According to testimony from the science and mathematics partnership, after two days of study and deliberation the Town Hall issued eight recommendations to address the state’s needs related to science and mathematics education. Among them were a statewide initiative, led by the Governor and other policymakers, to make mathematics and science education a top priority for all schools; the creation of a mathematics and science division in PED; the creation of an educational model that school districts can use to align curriculum, teacher professional development, and funding; and an ongoing public awareness campaign to raise public interest in and enthusiasm for science and mathematics.

## LITERACY PROGRAM BLOCK

The committee heard testimony regarding a proposed rural literacy initiative of Save the Children, an independent organization that works in some of the poorest and most remote rural communities in the United States, including some in the Southwest to help children improve their reading skills so they will want to go to school, stay in school, and succeed in school – and ultimately succeed in life. In testimony during the 2005 interim, Save the Children described its proposal for a \$1.5 million public-private partnership to serve children in grades K through 8 at 10 sites in rural New Mexico, to be determined in collaboration with PED. Through this partnership, Save the Children will provide \$500,000 to match an appropriation of \$1.0 million from the state. The key feature of the program is the literacy program block, an hour of structured literacy services each day during the after-school and summer programs consisting of developmentally appropriate, hands-on activities of an appropriate difficulty level to ensure student success, with the goal of having every child read at grade level or above.

### *Recommendations of the LESC:*

- *Amend statute to require school districts to provide supplemental educational services to Title I students in schools that fail to make adequate yearly progress for three or more consecutive years to make the requirement consistent with NCLB; to require PED to adopt rules to require that any provider of supplemental educational services approved for contracts in New Mexico uses only certified teachers as tutors in New Mexico; and to require PED to prescribe a common pre- and post-assessment instrument to measure the gains that students achieve through these services.*
- *Introduce a joint memorial requesting the Indian Education Division of PED to study the successful academic initiatives for reducing the achievement gap undertaken in other states that have large Native American populations and to consider implementing the most successful initiatives in New Mexico schools with a high proportion of Native American students.*
- *Include language in the General Appropriation Act of 2006 requiring that \$1.0 million of the amount appropriated to the Indian Education Fund be used to contract with a nonprofit organization to provide a rural literacy initiative (Save the Children) contingent on \$500,000 in matching funds to support new after-school and summer literacy programs for students in grades K-8 in schools with a high proportion of Native American students.*
- *Appropriate funds to PED for Advanced Placement (AP) to expand AP to non-traditional participants; to replace federal funds for the AP summer institute; to expand AP programs for rural school students; and to expand AP professional development for teachers.*
- *Appropriate funds to support GRADS teen pregnancy prevention and services to teen parents in public schools.*
- *Appropriate funds to HED to be distributed to the University of New Mexico, New Mexico State University, and Santa Fe Community College for the ENLACE program.*
- *Amend the School Personnel Act and appropriate funds to eliminate grade 1 from class-size averaging and to establish a maximum class load for elementary school teachers not to exceed 22 students in grade 1, provided that any teacher in grade 1 with a class load of 21 or more shall be entitled to the full-time assistance of an educational assistant.*
- *Appropriate funds to the State Parks Division of the Energy, Minerals & Natural Resources Department to fund a statewide program in collaboration with PED to use the state's natural and cultural resources to provide students with learning opportunities that address state content standards.*

- *Introduce a joint memorial to request that PED study the Procurement Code to determine how to provide the required state match under the federal “e-rate” program.*
- *Support the interim Water & Natural Resources Committee recommendation to amend the Water Law to include public schools among those entities that are allowed to implement a 40-year water use plan.*
- *Introduce a joint memorial requesting the Rural Education Division and the Indian Education Division of PED to develop New Mexico-specific definitions of “rural school district” and “rural school” in order to determine those districts and schools eligible for assistance from the Rural Education Division and further requesting PED to work with the US Department of Education on an alternative definition of the term “rural” for federal funding purposes in order to ensure that the largest number of districts possible is designated eligible for federal rural funding.*
- *Amend the Public Education Department Act and appropriate funds to create a Science and Mathematics Division within PED (includes 5 FTEs).*
- *Appropriate funds to PED to support truancy initiatives in public schools statewide.*

## **SPECIAL EDUCATION**

### **REAUTHORIZATION OF THE FEDERAL *INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA)***

Since its inception in 1975 as the federal *Education of All Handicapped Children Act*, special education legislation has guaranteed a free and appropriate public education (FAPE) in the least restrictive environment to every child with a disability and has authorized grants to states for the education of children with disabilities. The 1990 reauthorization introduced the new name *Individuals with Disabilities Education Act (IDEA)*; and the 2004 reauthorization modified the title slightly as the *Individuals with Disabilities Education Improvement Act of 2004*, but the law is still known as IDEA.

Testimony from PED identified a number of differences between IDEA 1997 and IDEA 2004 related to such issues as discipline, individualized education programs, early intervention, private schools, conflict resolution, and transition services. Other changes addressed such provisions as the definition of a learning disability, the possible over-identification of minority students, and reliance upon scientifically based practices, research, and programs.

Another feature of IDEA 2004 that PED testimony addressed was the new requirement, in conjunction with NCLB, that to be “highly qualified” all special education teachers must hold at least a bachelor’s degree, must obtain full state special education certification or equivalent licensure, and cannot be on a waiver. In addition, new special education teachers teaching multiple subjects must meet the NCLB highly qualified standard in at least one core subject area (language arts, math, or science) within two years from the date of employment; and veteran special education teachers must qualify by June 30, 2006, the NCLB deadline. Since this testimony, however, the US Secretary of Education has offered to extend the deadline to states under certain conditions (see “NCLB Highly Qualified Teachers: Status Report,” page 22).



## **DUE PROCESS HEARINGS FOR IDEA**

Because of recent increases in both the cost and the frequency of hearings pursuant to the federal IDEA, the 2005 Legislature considered but did not pass two measures related to this topic. One would have capped the fees that hearing officers receive, and the other would have requested a study of methods to make due process hearings more efficient and less costly in general. Although neither measure passed, continued legislative interest in the issue warranted a hearing before the LESC.

The committee heard staff testimony about the overall process of IDEA-based complaints and appeals, the various costs incurred, and revisions to IDEA and a PED rule that were likely to streamline the process and reduce costs. Testimony from PED highlighted the selection and duties of PED-appointed due process hearing officers, described the nature of the cases, provided details and examples of the various levels of administrative and judicial appeals, and illustrated the variety of associated costs, including the expense of remedies requested by the parents. The PED also emphasized that setting caps on hearing officers' fees would have no effect on the other costs of due process hearings; and it may have other, unintended consequences affecting the quality of the hearing officers themselves and the legal standing of their decisions.

Testimony from the New Mexico Public Schools Insurance Authority (NMPSIA) and Tularosa Municipal Schools focused on NMPSIA's reimbursement policies for due process costs incurred by school districts and the recent reduction in the amount of reimbursement. One point that emerged from this testimony is that NMPSIA is not required to offer coverage in this area, although the agency has voluntarily done so as a courtesy to members since 1997, when surpluses existed in the risk program. More extensive coverage would be possible if school districts were to purchase it. This testimony also revealed that, because of increasing costs, NMPSIA has placed caps on the reimbursement amounts: initially \$40,000 per occurrence with no aggregate and more recently \$20,000 per occurrence with an \$80,000 aggregate per school. Without these limitations, NMPSIA testified, the annual costs could exceed \$1.0 million, not counting Albuquerque Public Schools, which is not a member of NMPSIA.

The committee heard additional testimony from attorneys who often represent one party or another in due process hearings and from hearing officers themselves. Among the issues addressed were the high costs of other aspects of due process hearings, such as transcripts; the training and preparation of hearing officers; the control (or lack thereof) that hearing officers exercise over aspects of the hearing process; the burden upon school employees and upon parents; and the importance of protecting the rights of the child involved.

Finally, the LESC asked NMPSIA to develop options for this coverage. In a letter received prior to the December meeting, NMPSIA suggested two alternatives: (1) eliminate the coverage that NMPSIA currently provides, in part because the due process proceedings seek equitable relief (which the authority cannot award) rather than damages (which the authority can award) and instead appropriate \$1.0 million to PED to pay for the coverage; or (2) amend statute to require NMPSIA to insure members' costs, ideally with language allowing the authority discretion regarding the maximum amounts of reimbursements. Regarding the first option, NMPSIA said that PED, through its authority over school district budgets, can affect a change in or compel compliance with a student's individualized education plan (IEP); regarding the second option, NMPSIA suggested that, if it were unconditionally required to provide due process coverage, it would lose the option it has now of terminating the coverage if it becomes too costly.

## RESIDENTIAL TREATMENT CENTERS

The third component of the special education issue was the services provided by a school district for students with disabilities that have been placed in a residential treatment center (RTC) within a district's boundaries. The testimony addressed two questions:

1. whether a school district is responsible for providing services to a student with disabilities that has been placed in the RTC but is counted and funded in another district, with the related question whether the receiving school district with the RTC can receive state funding or be reimbursed by the home district of the student; and
2. whether a district is responsible for providing services to an out-of-state student with disabilities and whether the receiving district has the authority to charge tuition or request reimbursement from the home state of the student.

At issue, PED testified, are inconsistencies in federal and state law – especially those regarding the concepts of “residence” and “presence” – that prevent PED from providing clear direction to school districts with RTCs not only for providing services to out-of-district or out-of-state students but also for receiving reimbursement for those services.

After hearing the initial PED testimony, the committee requested additional information and recommendations. In response, PED surveyed school districts and regional education cooperatives to determine the number of RTCs statewide and the types of agreements established between the school districts and these facilities. The survey found a wide variety in the interaction between school districts and RTCs, as well as uncertainty (attributable to several causes) about the number of students being served. Consequently, PED asked for additional time to study the issue in hopes of mapping the current RTC placement system, examining the licensure requirements of facilities, exploring interstate joint powers agreements, developing school district guidance, and identifying potential changes in statute.

### *Recommendations of the LESC:*

- *Introduce a joint memorial requesting PED to identify statutory language to resolve possible inconsistencies in current statute to ensure that districts are reimbursed for the educational services provided to school-age children that have been placed in a public or private facility within a district's boundaries (including residential treatment centers, juvenile detention centers, foster care, domestic violence shelters, and homeless shelters), and to examine the practice at some charter schools of targeting special-needs populations to determine whether this practice complies with the enrollment provisions in the 1999 Charter Schools Act, and to report findings and recommendations to the LESC by October 2006.*
- *Introduce a joint memorial requesting NMPSIA, in collaboration with PED and school districts, to conduct a study to determine the most cost-effective means of providing school districts with reimbursement coverage for the costs of due process hearings under the federal Individuals with Disabilities Education Improvement Act (IDEA 2004), to study means of reducing the frequency and duration of due process hearings, and to report findings and recommendations to the LESC by August 2006.*
- *Add a new section to the Public School Finance Act to require the State Transportation Division at PED to establish standards for school buses equipped with wheelchair lifts and to require factory-installed air conditioning in new buses purchased after June 30, 2006.*

## FISCAL ISSUES

### PUBLIC SCHOOL FUNDING FORMULA STUDY

Enacted in 1974, the New Mexico Public School Funding Formula was designed to distribute operational funds to local school districts in an objective manner, based upon the educational needs of individual students and the costs of the programs designed to meet those needs. In the years since its enactment, the Legislature has recognized the need to amend the Public School Funding Formula to address concerns of school districts and to serve students more effectively. The last comprehensive study of the Public School Funding Formula was completed in 1996, resulting in legislation in 1997 that replaced the density factor with the at-risk index, amended the special education cost differentials for related services, and eliminated the Training & Experience (T&E) waivers that the education department had been granting school districts in some cases.

More recently, new concerns have arisen, centering on the alignment of the T&E Index with the three-tiered licensure system for teachers enacted in 2003, the recognition of instructional support providers through the T&E Index or an alternate mechanism in the formula, and the fiscal difficulties faced by school districts with a membership of 200 or fewer. Legislative attempts to address these concerns through another comprehensive study were hindered by vetoes of appropriations for that purpose in 2001, 2003, and 2004.

Nonetheless, the 2005 Legislature passed and the Governor signed legislation to create the Public School Funding Formula Task Force, through December 15, 2006, to initiate a comprehensive study of the New Mexico Public School Funding Formula. The Legislature appropriated \$200,000 in the *General Appropriation Act of 2005* to support this study; however, despite signing the legislation creating the task force, the Governor vetoed the appropriation. Subsequently, the Legislative Council approved a workplan and budget to begin discussions on the study.

Among its provisions, the law charged the task force with approving a request for proposals and selecting a contractor to conduct a study of the Public School Funding Formula to include:

- the expectations of the public and statutory requirements for New Mexico's public education system;
- the costs of those expectations and requirements;
- an examination of the T&E Index and its alignment with the three-tiered licensure system for teachers;
- the problems particular to small schools and small school districts; and
- any other factors that might affect the equity and efficacy of the Public School Funding Formula as a whole.

The task force met five times during the 2005 interim and, in December, presented its recommendations to the LESC. The two primary recommendations for the 2006 legislative session were (1) legislation to appropriate \$1.0 million to extend the task force through FY 08 to continue the study of the Public School Funding Formula; and (2) an appropriation of \$196.0 million to increase the current unit value by 10 percent in part to offset reductions in program cost each year since 2000. Among other recommendations, the task force proposed initiatives to:

- distribute the FY 07 minimum salary for teachers through program cost and accelerate implementation of the FY 08 minimum salaries for teachers;
- accelerate (in FY 07) the implementation of minimum salaries for principals, which the 2005 Legislature delayed until FY 08;
- amend current law to reduce or eliminate the restriction of school operational district cash balances to allow the districts to maintain a reserve for unforeseen costs;
- increase the appropriation for emergency supplemental distributions for small schools; and
- create a start-up fund for school districts opening a new school.

The task force also made two other recommendations to address issues that affect public schools but that are not related to the Public School Funding Formula *per se*:

- exempt school districts from the payment of impact fees; and
- require input from school districts before a local government issues Industrial Revenue Bonds.

## **EDUCATIONAL RETIREMENT FUND**

During the 2004 interim, the Educational Retirement Board (ERB) notified the LESC that, as of the end of FY 04, the Educational Retirement Fund had become insolvent, which means that its funding period – the amount of time it takes a pension to become fully funded – had increased from 78 years in FY 03 to “infinity” in FY 04. As a result, if no measures to remedy the situation were put into place the fund’s current rate of contributions would never amortize the fund’s unfunded actuarial accrued liability (UAAL).

After considering a number of options to restore solvency to the fund, the 2005 Legislature enacted an increase in the employer contribution by 5.25 percent over seven years (a .75 percent increase per year) and an increase in the employee contribution by .30 percent over four years (a .075 percent increase per year). To fund the employer contribution rate increase for FY 06, the 2005 Legislature appropriated approximately \$12.1 million for public school employees and approximately \$5.4 million for higher education personnel.

The 2005 Legislature also passed HJM 15, *Educational Retirement Fund Yearly Reports*, which requested ERB to report annually to its members and to the LESC on the status of the solvency of the Educational Retirement Fund; and HJM 9 and SJM 17 (identical measures), *Study Changing Educational Retirement System*, which requested ERB to study the implications of moving from a defined benefit plan to a defined contribution plan for new education employees.

With regard to HJM 15, ERB reported that an actuarial valuation as of June 30, 2005 indicated (1) that ERB's UAAL is \$3.1 billion, a \$695.0 million increase from the June 30, 2004 UAAL of \$2.4 billion; and (2) that the funding period to amortize the UAAL remains at infinity. ERB also indicated, however, that this increase was predicted, in part because of actuarial averaging of prior-year investment losses. Furthermore, ERB predicted that the UAAL will continue to increase until 2019 primarily because of "baby boomer" retirements and because of the time required for the increased employer and employee contributions to begin to reflect a turnaround. The ERB emphasized that, as long as actuarial assumptions relating to teacher pay, retirements, and annual investment returns of at least 8.0 percent hold firm, the remedies imposed by the 2005 Legislature will continue to alleviate the ERB solvency problem; that the decline in the funding ratio should begin to reverse in FY 10; and that, by 2010, the funding period should go from infinity to 54.2 years and continue to decline.

In response to HJM 9 and SJM 17, ERB's consultants and actuaries Gabriel, Roeder, Smith & Company summarized the firm's comparison of a defined benefit plan and a defined contribution plan, including an analysis of costs, benefits, and risks under each plan. The actuaries explained that New Mexico's current defined benefit plan provides retired employees with a fixed monthly annuity based primarily on the employee's salary history and the employee's years of service. Under a defined benefit plan, the employer bears the investment risk. By contrast, under a defined contribution plan, which a few other states offer, an employer guarantees to make a predetermined fixed contribution into an account established by the employer for the employee. An employee may then elect or be required to contribute some of the employee's compensation into this account. In a defined contribution plan, the employee bears the investment risk.

The actuaries' study concluded that providing a defined contribution retirement plan for future ERB employees would likely produce one or more of the following results:

- decreased retirement benefits;
- increased total costs; or
- a deteriorated funded position of the ERB defined benefit program provided for current ERB members.

## **SCHOOL LIBRARY MATERIAL FUND**

In 2003, the Legislature passed the *School Library Material Act*, which, among other provisions, created the non-reverting School Library Material Fund in the State Treasury. For each fiscal year since FY 04, the Legislature has appropriated \$1.0 million to the fund although the FY 04 appropriation was vetoed. For 2005, \$1.0 million was appropriated to the fund. The PED allocates money from the fund on the basis of student membership. Still unallocated at the time

of this writing, however, was an additional appropriation of \$1.0 million from the General Fund that the 2005 Legislature made for the purchase of library books statewide. Additional funds for library materials have come from General Obligation Bonds in 2002 and again in 2004. The \$7.7 million approved by voters in 2002, distributed by the Office of Cultural Affairs, provided each approved library program with a \$5,000 base amount, with the remainder divided on the basis of student membership. For the \$6.2 million approved by voters in 2004, PED made allocations to districts based on student membership.

In testimony to the LESC, the New Mexico Task Force for School Libraries indicated that approximately \$6.0 million is needed annually to rebuild and maintain public school library materials. Because proceeds from the general obligation bonds provided only half that amount, the task force requested an appropriation of \$3.0 million. The task force also emphasized the need for a permanent funding source for the School Library Material Fund to enable schools to do long-range planning. Regarding the General Obligation Bonds, the task force further recommended not only distributing a percentage of the funds based on student membership but also distributing a base amount to each approved library program: that is, a traditional public school, a charter school, a juvenile detention center having a circulating library collection with dedicated library space and library staff, or a new program established to serve a previously non-existing school or school population, such as a new charter school.

Additional testimony addressed a proposed \$53.5 million General Obligation Bond, for New Mexico libraries, supported by the Library Bond Task Force. If approved by voters in 2006, this bond would provide \$18.0 million for public libraries in New Mexico, \$18.0 million for public school libraries (to be distributed with a base amount to each approved library program and the remaining funds distributed by student membership), \$15.0 million for academic libraries, and \$2.5 million for state libraries and statewide services.

*Recommendations of the LESC:*

- *Pending completion of a comprehensive study of the Public School Funding Formula, include language in the General Appropriation Act of 2006 to appropriate nonrecurring funds for FY 07 to be used upon verification of need by PED to assist school districts with membership of 200 or fewer to cover required operational expenditures, including any legislative salary mandates or guidelines, for which appropriated program cost is insufficient. Eligible school districts must apply for the funding to PED and document the need for the additional funds.*
- *Amend current statute to authorize PED to use the State Support Reserve Fund to provide for needs of school districts over and above emergency supplemental distributions, and appropriate funds so that the fund, at the beginning of the fiscal year, has a credit balance of at least \$10.0 million as required by law.*
- *Support the Funding Formula Study Task Force recommendation to extend the task force until December 2007, add one representative of a statewide teacher organization appointed by Legislative Council, and make an appropriation.*
- *Introduce legislation to appropriate General Obligation Bond proceeds to PED for public school libraries and local juvenile detention facilities statewide; to HED for academic libraries; and to the Office of Cultural Affairs for New Mexico public libraries; and add language to require PED to identify eligible public school libraries and juvenile detention facilities and distribute available proceeds by providing a base amount of \$3,000 per library and the remaining balance on a per MEM basis.*

## **PUBLIC SCHOOL CAPITAL OUTLAY**

### **THE PSCOC AND THE STANDARDS-BASED AWARDS PROCESS**

In 2003 and 2004, the Legislature enacted new provisions in the *Public School Capital Outlay Act* to authorize the Public School Capital Outlay Council (PSCOC) to determine grant awards for school districts through a standards-based process. This process requires the PSCOC to establish and adopt criteria that allow all districts to be eligible for grant assistance regardless of bonded indebtedness. This process also bases need on acceptable standards for the physical condition and capacity of a building, its educational suitability, and need for technological infrastructure; and it provides priority consideration to the public school districts with the greatest need throughout the state.

Testimony from the PSCOC during the 2005 interim reported a record level of state funding of nearly \$230.0 million for school year 2005-2006, including \$220.6 million for 27 public school capital outlay projects statewide and \$8.7 million for five continuation projects. In addition, another \$44.7 million was allocated for roof deficiencies and general deficiencies.

The PSCOC testimony outlined some of the challenges that the state and the PSCOC need to consider: integrating charter schools into public buildings and district master plans, addressing the needs of high-growth districts and of small districts, and resolving issues of local matches such as raising funds and determining percentages.

Finally, the Public School Facilities Authority (PSFA) testified that a facility information management system (FIMS) required in law will provide a centralized database of maintenance activities and comprehensive maintenance request and expenditure information about public school facilities statewide. The PSFA further testified that FIMS will provide school districts with web-based software to execute more effectively their facility maintenance and utility management programs and that it will also provide a means for the state to maintain uniform, statewide maintenance and utility data.

### **PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE: ANNUAL REPORT AND RECOMMENDATIONS**

The 2004 Legislature amended the *Public School Capital Outlay Act* to allow the Public School Capital Outlay Task Force (PSCOTF) to continue its work until July 1, 2005 to oversee the implementation of the new standards-based capital outlay funding process and to continue evaluation of the adequacy of capital outlay funding sources. Originally created by the 2001 Legislature, the PSCOTF was charged with building upon and continuing the work of two previous task forces, one of which accomplished a comprehensive review of the issues concerning capital outlay and the other of which addressed issues brought about by the *Zuni* lawsuit, which challenged the constitutionality of New Mexico's process for funding public school capital outlay.

Based upon the task force recommendation, the 2005 Legislature amended the *Public School Capital Outlay Act* to establish the Public School Capital Outlay Oversight Task Force (PSCOOTF) as a permanent oversight task force to continue to build upon the progress made

during the past several years. The duties of the PSCOOTF are to monitor the overall progress of bringing all public schools up to the statewide adequacy standards; to monitor the progress and effectiveness of the public school capital outlay program; to monitor the existing permanent revenue streams to ensure that they continue to provide adequate funding; and to oversee the work of the PSCOC and the PSFA. The PSCOOTF was also required to appoint an advisory committee to study the feasibility of implementing a long-range planning process to facilitate interaction between charter schools and their respective school districts on issues relating to facility needs.

During the 2005 interim, the task force reviewed the statewide assessment of school facilities; the deficiencies correction program; the roof deficiency correction program; PSCOC awards, including obstacles encountered in the development of the standards-based capital awards process; lease payment awards; the development of educational technology adequacy standards; and, through a subcommittee, a number of issues related to charter schools. In addition, the task force explored several new subjects, including opportunities for energy-efficient school buildings; the “tools for schools” program; high-growth districts and schools; issues related to rural and very small schools; and alternative capital financing options, including tax increment financing and industrial revenue bonds.

Current law requires that, before the beginning of each regular session of the Legislature, the PSCOOTF report the results of its analyses and oversight, as well as any recommendations, to the Governor and the Legislature. As reported to the LESC in January 2006, the PSCOOTF made recommendations which the LESC endorsed as stated below, under “Recommendations”.

### **CORRECT EDUCATIONAL TECHNOLOGY DEFICIENCIES, HB 511**

Enacted in 1994, the *Technology for Education Act* provided for the creation of the Educational Technology Bureau at PED. Among its provisions, the act requires the bureau to assess and determine the educational technology needs of school districts; and to assist school districts in developing and implementing a strategic, long-term plan for utilizing educational technology in the school system. In 2005, the Legislature amended the act to require PED to develop and implement a standards-based process for funding educational technology needs based on the recommendations of the Public School Capital Outlay Task Force in 2004. In particular, the amendments require the following:

- PED’s Educational Technology Bureau must define and develop minimum educational technology standards to supplement the adequacy standards developed by the Public School Capital Outlay Council (PSCOC);
- school districts must conduct a self-assessment of their outstanding educational technology deficiencies and provide cost estimates for correcting them; and
- the Educational Technology Bureau must develop a methodology to prioritize projects to correct the deficiencies and to approve allocations from the Educational Technology Deficiency Fund.



In testimony to the committee during the 2005 interim, PED and the Council on Technology in Education outlined their progress in developing a standards-based process to correct educational technology deficiencies as required in the 2005 amendments. This testimony explained the minimum adequacy standards for educational technology and described the methodology to be used to prioritize projects. On the latter point, PED testified that school districts must complete an online gap analysis that identifies the extent of local deficiencies and that prioritizes and ranks projects based on need. When dollars become available, approved projects will be funded from the Educational Technology Deficiency Fund.

The PED recommended addressing technology needs for school year 2006-2007 through a two-fold approach. First, PED stated that a preliminary survey of school district technology infrastructure needs across the state resulted in a preliminary projected cost of approximately \$94.3 million to correct educational technology deficiencies in public schools statewide. Second, to address scheduled replacement of functionally obsolete computer hardware and network software, PED stated that districts would require approximately \$24.4 million annually, which the department would allocate to districts that had approved technology plans in place and that met the funding match on the same basis as that used for PSCOC grant awards required in statute.

*Recommendations of the LESC:*

- *Per recommendations of the Public School Capital Outlay Oversight Task Force (PSCOOTF):*
  - *Enact an “Omnibus” capital outlay bill to address issues raised in the oversight of the standards-based capital outlay program, as follows:*
    - ❖ *Require all school districts—whether they are applying for Public School Capital Outlay Act funds or not—to have an up-to-date five-year facilities master plan in place that includes any charter schools in the district.*
    - ❖ *Authorize the use of funds from the Public School Capital Outlay Fund to finance the development of facilities master plans for districts unable to finance their own.*
    - ❖ *Create a “New School Development Fund” administered by PED to provide assistance for start-up costs to school districts opening a new school.*
    - ❖ *Continue the status of PSFA employees as exempt rather than classified to remain competitive with the public sector to attract and retain quality employees.*
    - ❖ *Allow the PSFA to be its own purchasing agent to facilitate the awarding of contracts and to expedite capital projects throughout the state.*
    - ❖ *Authorize the PSCOC to use Public School Capital Outlay funds to pay for the cost of demolition of abandoned buildings.*
    - ❖ *Appropriate funds to the Legislative Council Service to conduct a study of the impact on school districts of certain local government actions, such as the issuance of industrial revenue bonds or the assessment of impact fees on school districts.*
    - ❖ *Eliminate restrictions on operational cash balances to maintain a reserve so that districts may have the opportunity to plan for efficient use of funds for capital outlay programs, i.e., local match or facilities master plan.*

- ❖ *Increase the state guarantee amount in the Public School Capital Improvements Act (SB 9 or two-mill levy) from \$60 to \$90 per mill per unit for FY 07 to provide additional state funding for the maintenance of public school facilities and public school grounds statewide and maintain the language that requires a yearly adjustment (beginning in FY 08) to the state guarantee based on yearly consumer price index increases.*
- ❖ *Appropriate funds to continue the implementation of the Facility Information Management System (FIMS) project to provide a web-based, centralized database of maintenance activities and comprehensive maintenance request and expenditure information about public school facilities statewide.*
- ❖ *Change the limitations on expenditures for lease payments from \$4.0 million to \$7.5 million in order to provide sufficient funding for the lease payment assistance program to ensure that public schools including charter schools, receive the \$600 per MEM allocation as enacted in 2004.*
- ❖ *Appropriate funds to PED to conduct a study to examine the feasibility of creating alternative chartering authorities for charter schools.*
- ❖ *Create a special deficiency correction program to assist the New Mexico School for the Deaf and the New Mexico School for the Blind and Visually Impaired to rectify deficiencies to their facilities.*
- ❖ *Appropriate funds to implement an Indoor Air Quality Tools for Schools Initiative in New Mexico's public schools to ensure a safe and healthy learning environment for public school students and staff statewide.*
- ❖ *Create a new construction loan program to allow for 100 percent up-front funding for construction of new facilities based on criteria established by the PSCOC that include completion of the project within a 30-month construction period and that allow school districts up to 10 years to repay the local share of the project cost to address the issue of high growth schools and districts.*
- *Appropriations for educational technology:*
  - ❖ *Appropriate funds for FY 06 and FY 07 for scheduled replacement of functionally obsolete school computers and network hardware in accordance with the state technology plan; to receive these funds, districts must have a PED-approved educational technology plan in place and must provide a match on the same basis as that used for PSCOC grant awards.*
  - ❖ *Appropriate funds to the Educational Technology Deficiencies Correction Fund for FY 06 and subsequent fiscal years to correct deficiencies in the education technology infrastructure and make allocations according to the Technology for Education Act based on priorities established by PED to raise all schools to the minimum educational technology adequacy standards developed by PED and the Council on Technology in Education.*

## **ADDITIONAL PRESENTATIONS AND REPORTS**

In addition to the presentations summarized elsewhere in this report, the LESC heard testimony about public school budgets for FY 06, developing teacher leaders at Albuquerque Public Schools, the roles of superintendents and local board members in personnel decisions, the PED Council on Excellence & Equity, the *Fine Arts Education Act*, the Teacher Professional Development Fund, distributions from the Land Grant Permanent Fund, the New Mexico Public Schools Insurance Authority, and a media-based approach to curriculum called Journeys in Film.

The committee also received the following written reports: *Revise School Reading Performance Standards, HJM 87; Residential Treatment Centers Recommendations; Study Prescription Drugs for Child Behavior, SJM 52; Class Loads, Waivers, and Costs; Examine School Social Studies Curricula, SJM 29; School Meal Nutrition Rules, HB 61; Study Ways to Improve Health of Youth, SJM 2; Suicide Prevention Programs in All Schools, SJM 61; Use of Professionals for School Computers, HM 15; and Sign Language Interpreter Licensure, HJM 80 and SJM 78.*

***Recommendation of the LESC:***

- ***Appropriate funds to PED to contract for a program to develop and implement an interdisciplinary international education curriculum using international films for middle school students statewide. The curriculum must meet state content standards and benchmarks and must be evaluated to show evidence of academic improvement and global understanding.***

State of New Mexico  
LEGISLATIVE EDUCATION STUDY COMMITTEE

APPENDIX

REPRESENTATIVES

Rick Miera, Vice Chair  
Joni Marie Gutierrez  
Dianne Miller Hamilton  
Mimi Stewart  
Thomas E. Swisstack  
W. C. "Dub" Williams

State Capitol North, 325 Don Gaspar, Suite 200  
Santa Fe, New Mexico 87501  
PH: (505) 986-4591 FAX: (505) 986-4338  
<http://legis.state.nm.us/lcs/lesc/lescdefault.asp>



SENATORS

Cynthia Nava, Chair  
Gay G. Kernan  
Mary Kay Papen  
William E. Sharer

ADVISORY

Ray Begaye  
William "Ed" Boykin  
Kandy Cordova  
Roberto J. Gonzales  
Jimmie C. Hall  
John A. Heaton  
Harriet I. Ruiz  
Sheryl M. Williams Stapleton  
Richard D. Vigil  
Teresa A. Zanetti

ADVISORY

Vernon D. Asbill  
Mark Boitano  
Carlos R. Cisneros  
Dianna J. Duran  
Mary Jane M. Garcia  
John Pinto  
Leonard Tsosie

D. Pauline Rindone, Ph.D., Director  
Frances R. Maestas, Deputy Director

August 8, 2005

The Honorable Margaret Spellings  
Secretary of Education  
US Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

Dear Madam Secretary:

The New Mexico Legislative Education Study Committee (LESC) is a bipartisan, bicameral standing committee of the New Mexico Legislature, charged in statute to study funding of public schools and other issues related to public education and to report recommendations to the full Legislature. At its June 2005 meeting, the LESC voted unanimously to request your help with some aspects of federal policy regarding implementation of the *No Child Left Behind Act of 2001* (NCLB). As you put into practice a new, more flexible approach to implementing NCLB, we urge you to consider removing impediments that New Mexico faces as we work toward the goal of academic success for all students.

The fact that the New Mexico Legislature is in full accord with the fundamental philosophy of NCLB is clear because those tenets that you have labeled "bright-line principles" actually guided the comprehensive revision of New Mexico's *Public School Code*. In 2003, after a careful, four-year process of study and deliberation, the Legislature designed state law to closely track with the requirements of NCLB in order to avoid unnecessary conflict between state and federal policies that share a common goal.

For example, New Mexico law provides for:

- standards-based assessment and accountability at every level, including the disaggregation of data for subgroups and a mechanism to identify schools most in need of improvement and to target appropriate assistance to them;
- parental involvement and public reporting;

- teacher quality and accountability, as well as a compensation system based on success in the classroom; and
- restructuring of education governance at the state and local levels to facilitate the reform process.

Despite these points of correspondence, however, specific federal regulatory and statutory requirements have proven problematic to our school reform efforts, especially in the following areas.

### **English Language Learners**

We urge you to craft a flexibility policy that enables states like New Mexico to effectively teach and fairly assess all English-language learners.

Requirements regarding bilingual education in the *New Mexico Constitution* and the state *Bilingual Multicultural Education Act* potentially conflict with NCLB mandates regarding assessment of English-language learners, as well as the three-year timeframe for achieving English language proficiency. The Spanish language is rooted in four centuries of New Mexico history, and Article VII, Section 8 of our Constitution reflects the intention that, through its educational system, New Mexico shall remain a bilingual state. State statute confirms this commitment and provides a mechanism for maintaining a bilingual, bicultural population. In the case of non-Spanish speaking English-language learners, including speakers of American Indian languages, the standardized assessments or alternative assessment protocols based on New Mexico academic standards required by NCLB do not yet exist; therefore, those students are at a distinct disadvantage. We are concerned, also, that the US Department of Education has heretofore ignored solid research showing that achieving second language proficiency requires at least seven years, not three. We are particularly concerned that dual language immersion programs now in place in several New Mexico schools may be threatened by the three-year limit, despite research indicating that such programs are notably effective in producing long-term academic success for students.

### **Native American Education**

We urge you to initiate an in-depth study, in consultation with the Bureau of Indian Affairs and tribal representatives, of the way in which Native American students are being affected by NCLB as it is now being implemented, and to develop guidance and flexibility based on that study to assure that these students and their cultures and languages are not inadvertently harmed despite the best of intentions for improving the educational opportunities of Native American students.

Lack of access to high-quality schools with curriculum and instruction that are sensitive to cultures, languages, and learning styles is a long-standing problem for American Indian students. In recognition of this fact, the New Mexico Legislature in 2003 enacted the *Indian Education Act*, requiring our state Public Education Department (PED) to assist school districts and tribes to meet the unique needs of Native students and to train American Indian and other educators who teach them. In addition, the New Mexico Legislature enacted legislation to authorize PED to issue certificates in Native American culture and language so that tribal elders may promote Native language and culture in the schools; these certificates are based on criteria established by PED in collaboration with tribal authorities. We have asked from your department, but have not received, clarification on whether this law conflicts with NCLB requirements related to “highly qualified teachers.”

Indian tribes, educators, and legislators have testified to the LESC that they approve of the strong light that NCLB focuses on the quality of schools serving Indian students. However, they also have concerns, shared by the committee, about the detrimental effect of a single-minded focus on academic assessment in a few subjects upon school programs intended to preserve imperiled Native languages and unique cultural knowledge. Native educators have also raised concerns regarding the implementation of NCLB in the context of the complex network of laws and regulations that affect Indian students, some of which include transfer of students among schools operated by state, federal, and tribal governments, and inherent conflicts among Title I and Title VII of NCLB and other executive orders, federal statutes, and treaty rights.

### **Highly Qualified Teachers and Paraprofessionals in Rural Settings and Predominantly Minority Schools**

Without diluting the expectation that every core academic class be taught by skilled and knowledgeable professionals, New Mexico needs additional flexibility and resources to meet the needs of students attending schools that are particularly difficult to staff.

Recruiting and retaining excellent teachers and paraprofessionals for students with the greatest needs, including those in rural and predominantly minority schools, is a challenge that cannot be met by a simple legislative fiat. The New Mexico Legislature has taken action in this regard by creating and funding a three-tiered teacher certification and compensation system that aligns well with NCLB, with promotion based on performance as well as subject matter mastery. This system is supported by beginning teacher mentorships and additional funds for teacher professional development. To pay for these initiatives, the New Mexico Legislature has appropriated millions of dollars and must make significant future increases to fully implement the system. Despite this legislative commitment, many rural and predominantly minority or low-income schools struggle to attract and retain appropriately qualified personnel who of necessity must teach multiple subject areas. Of particular concern to minority communities is the departure of minority paraprofessionals who have been effective in the classroom but do not meet NCLB requirements. Many of these paraprofessionals, it should be noted, live in communities with few or no higher education opportunities available.

### **Supplemental Educational Services and School Choice**

We urge you to request Congress to amend NCLB to provide for supplemental educational services, rather than school choice, as the first remedy for students in schools in need of improvement. We also request that you develop ways to clarify the fact that NCLB permits schools in need of improvement to offer supplemental services to non-proficient low-income students in the first year of the school improvement cycle.

Parents of New Mexico students in many remote rural schools in need of improvement, or in districts with several schools in need of improvement, find that meaningful school choice is not available for their children. In other cases, the choice to transfer is made more often by parents of children who are proficient, not by those who most need help—to the detriment of a struggling school and the students who remain there. Supplemental educational services are the best strategy for improving student proficiency.

To ensure that these supplemental educational services accomplish their intended goal, we also strongly urge you to allow states more quality control over the providers. States should have the power to regulate providers more closely and to terminate the eligibility of unsatisfactory providers sooner rather than allow them to operate for two full years as is currently required in NCLB. Two years of poor services could do more harm than no services at all.

In addition, states should be allowed to insist that tutors providing supplemental educational services be licensed teachers. Such a requirement is entirely consistent with the teacher-quality requirements elsewhere in NCLB, and it would help ensure that those students who need help the most receive it from tutors most qualified to provide it. Otherwise, the achievement gap that NCLB seeks to close is likely to widen. This authority will be especially important in New Mexico because our state law makes supplemental educational services available to all students in a school required to offer those services, not just the low-income students. It may be, then, that state funds will be required to serve non-Title I schools and students; and, NCLB notwithstanding, we presume that the state could establish its own requirements for tutors provided by state funds.

### **Measuring Progress Based on Student Growth**

We commend you for your willingness to entertain a serious discussion about a growth model for measuring adequate yearly progress and encourage you to open that discussion without delay.

Testimony before our committee indicates that New Mexico parents base judgments about their children's schools on the academic growth that those children achieve from one year to the next. From a layperson's, as well as a statistical, perspective, individual growth and the improvement of cohorts over time is the valid way to measure academic progress. Our state law expresses this understanding by requiring adequate yearly progress of individual students as well as schools and districts. We believe that, with appropriate input from experienced educators, your department can devise a valid and reliable growth measurement model to determine whether students, schools, districts, and the state achieve adequate yearly progress toward the goal of universal proficiency by 2014.

### **Funding**

We urge the Administration to request adequate funding from Congress for NCLB so that states have a realistic opportunity to comply with the act and achieve proficiency for all students.

Evidence continues to mount regarding the inadequacy of federal funding to cover the increasing costs to states, districts, and schools of meeting both NCLB compliance and student proficiency mandates. The LESC is concerned that New Mexico will face impossible demands on limited state resources to achieve the NCLB requirement of universal student proficiency by 2014. The New Mexico Legislature's commitment to steadily increasing state appropriations to fund education is evidenced by our state's third place in the current US Census Bureau's ranking of the states in terms of the percentage of citizens' personal income that funds public schools.

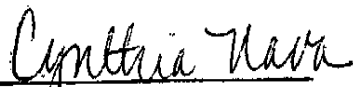
\* \* \*

In summary, we bring our concerns to you because we believe that a common-sense approach to implementing NCLB must recognize that states need help, not coercion, in this mutual endeavor. New Mexico is striving to reach the most ambitious goal that can be espoused by any enterprise:

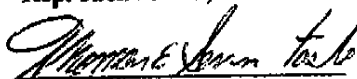
100 percent success. Our only hope for approaching this goal is federal policy that reflects a genuine attitude of cooperation and comity. As Secretary of the US Department of Education, you have the authority to offer the reasonable flexibility and support that educators and students in New Mexico need to fulfill the promise of no child left behind.

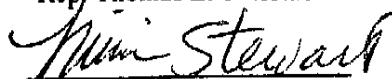
Sincerely,

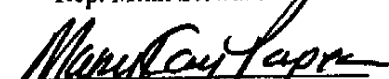
**Legislative Education Study Committee**

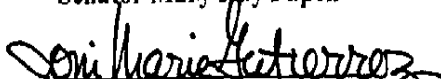
  
 Senator Cynthia Nava, Chair

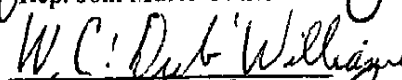
  
 Rep. Rick Miera, Vice Chair


  
 Rep. Thomas E. Swisstack

  
 Rep. Mimi Stewart


  
 Senator Mary Kay Papan

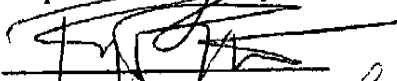
  
 Rep. Joni Marie Gutierrez

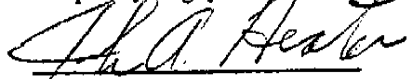
  
 Rep. W.C. "Dub" Williams

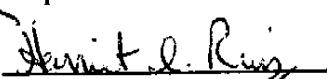
  
 Senator Mary Jane Garcia


  
 Rep. Roberto "Bobby" J. Gonzalez


  
 Rep. William "Ed" Boykin

  
 Rep. Ray Begaye

  
 Rep. John A. Heaton


  
 Rep. Harriet I. Ruiz


  
 Rep. Kandy Cordova

  
 Senator Vernon D. Asbill

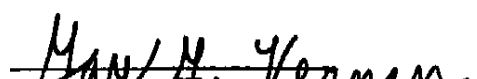
  
 Rep. Jimmie C. Hall

  
 Senator Carlos R. Cisneros

  
 Rep. Richard D. Vigil

  
 Rep. Sherry Williams Stapleton

  
 Senator William E. Sharer

  
 Senator Gay O. Kernan

  
 Senator Leonard Tsosie

- xc: U.S. Senator Pete V. Domenici
- U.S. Senator Jeff Bingaman
- U.S. Representative Heather Wilson
- U.S. Representative Tom Udall
- U.S. Representative Steve Pearce
- Senator Ben D. Altamirano, President Pro Tempore
- Representative Ben Lujan, Speaker of the House
- Governor Bill Richardson
- Dr. Veronica C. Garcia, Secretary of Education





## **PUBLIC SCHOOL SUPPORT DATA**

TABLE 1	History of General Fund Recurring Appropriations for Public Education 1995-1996 through 2005-2006 (estimated)
FIGURE 1	FY 06 General Fund Appropriations
TABLE 2	Comparison of the Percentage Change in Statewide Average Returning Teacher Salaries 1995-1996 through 2005-2006
TABLE 3	Average Returning Teachers' Salaries, 2004-2005 Estimated Actual to 2005-2006 Budgeted, Ranked by 2005-2006 Salary
TABLE 4	Comparison of New Mexico Average Teacher Salary to National Education Association Averages in Region and U.S. 1994-1995 through 2004-2005
TABLE 5	Comparison of Program Units and Student Membership 1995-1996 through 2005-2006
TABLE 6	Percentage Change in Program Cost, Program Units, Unit Value, and Student Membership 1995-1996 through 2005-2006
TABLE 7	Differences Between Projected and Actual Funding Formula Credits 1995-1996 through 2005-2006
TABLE 8	History of the Unit Value 1974-1975 Actual to 2005-2006 Initial
TABLE 9	2005-2006 Preliminary Assessed Valuation Per MEM

**TABLE 1**

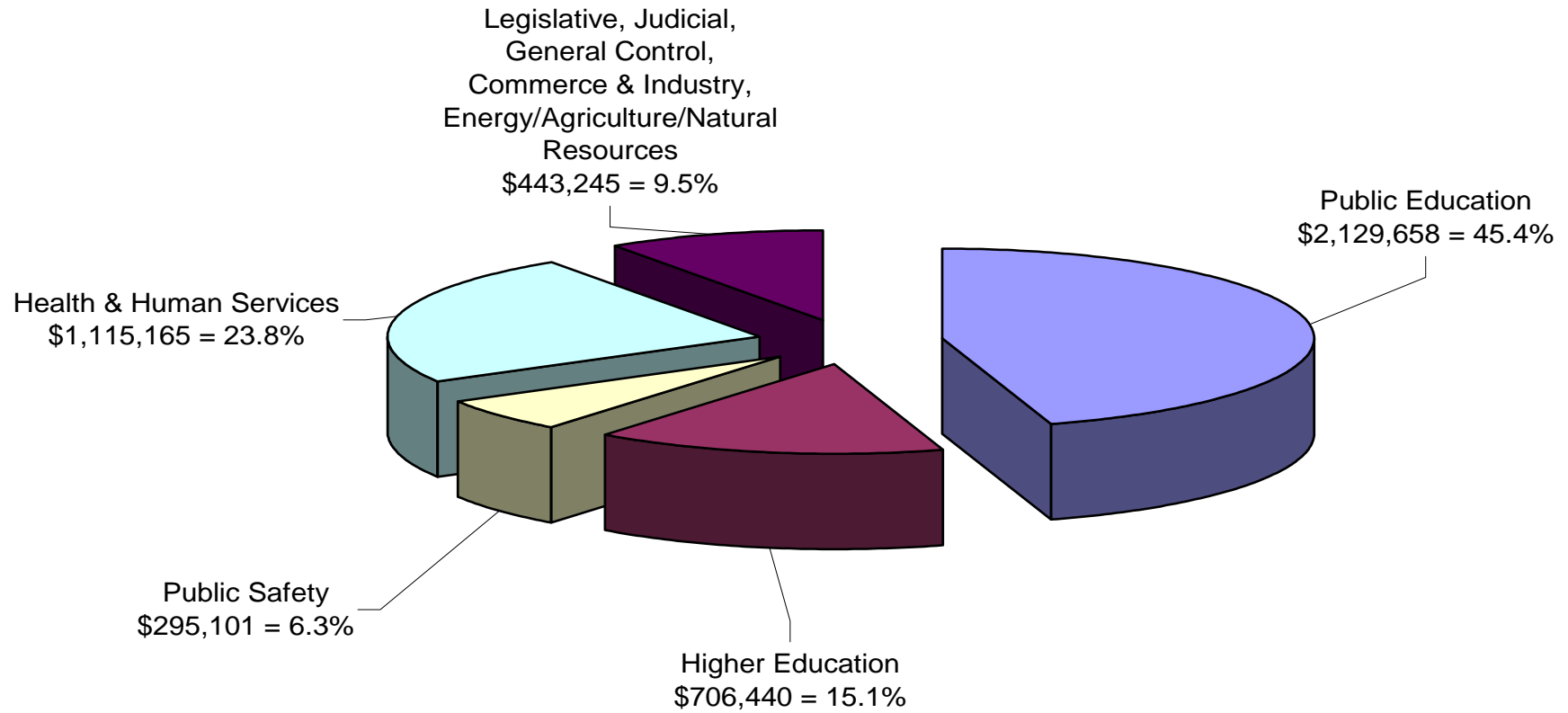
**HISTORY OF GENERAL FUND RECURRING APPROPRIATIONS  
FOR PUBLIC EDUCATION  
1995-1996 THROUGH 2005-2006 (ESTIMATED)**

<b>Fiscal Year</b>	<b>Total Appropriation (in thousands)</b>	<b>Public Education* (in thousands)</b>	<b>DOLLAR INCREASE (from prior year) (in millions)</b>	<b>Percent Public Education</b>
1995-96	\$2,750,684	\$1,295,274	\$75,941	47.1%
1996-97	\$2,869,981	\$1,304,853	\$9,579	45.5%
1997-98	\$3,009,374	\$1,374,285	\$69,432	45.7%
1998-99	\$3,152,680	\$1,487,261	\$112,976	47.2%
1999-00	\$3,328,490	\$1,562,908	\$75,647	47.0%
2000-01	\$3,574,160	\$1,657,344	\$94,436	46.4%
2001-02	\$3,866,226	\$1,805,538	\$148,194	46.7%
2002-03	\$3,896,247	\$1,808,678	\$3,140	46.4%
2003-04	\$4,119,803	\$1,883,639	\$74,961	45.7%
2004-05 (Est.)	\$4,384,999	\$1,992,857	\$109,218	45.4%
2005-2006 (Preliminary)	\$4,689,609	\$2,129,658	\$136,801	45.4%

\* Beginning in FY 06, public education includes public school support, funding for the Public Education Department, and Special Projects. Prior to FY 06, public education also included General Fund appropriations to the New Mexico School for the Blind and Visually Impaired and the New Mexico School for the Deaf.

**FIGURE 1**

**FY 06 GENERAL FUND APPROPRIATIONS  
(TOTAL GENERAL FUND APPROPRIATIONS = \$4,689,609)  
(dollar amounts in thousands)**



**TABLE 2**

**COMPARISON OF THE PERCENTAGE CHANGE IN STATEWIDE  
AVERAGE RETURNING TEACHER SALARIES  
1995-1996 THROUGH 2005-2006**

<b>Year</b>	<b>New Mexico Average Returning Teacher Salary</b>	<b>Difference</b>	<b>Percent Increase</b>
1995-1996	\$29,074	\$685	2.41%
1996-1997	\$29,235	\$161	0.55%
1997-1998	\$29,908	\$673	2.30%
1998-1999	\$31,982	\$2,074	6.93%
1999-2000	\$32,731	\$749	2.34%
2000-2001	\$34,310	\$1,579	4.82%
2001-2002	\$36,440	\$2,130	6.21%
2002-2003	\$36,805	\$365	1.00%
2003-2004	\$38,196	\$1,391	3.78%
2004-2005 <sup>1</sup>	\$39,279	\$1,083	2.84%
2005-2006 <sup>2</sup>	\$41,707	\$2,428	6.18%

<sup>1</sup>Public Education Department estimated actual

<sup>2</sup>Public Education Department budgeted

NOTE: New Mexico's average returning teacher salary includes only those salaries paid from state operational funds. It does not include beginning teacher salaries.

**TABLE 3**  
**Average Returning Teachers' Salaries**  
**2004-2005 ESTIMATED ACTUAL TO 2005-2006 BUDGETED, RANKED BY 2005-2006 SALARY\***

District	2005-2006 Rank	2004-2005 Average	2005-2006 Average	Difference	Change	Contract Hourly Rate	Avg Yrs Exp.	District	2005-2006 Rank	2004-2005 Average	2005-2006 Average	Difference	Change	Contract Hourly Rate	Avg Yrs Exp.
ALAMOGORDO		\$38,551	\$40,745	\$2,194	5.69%	\$31.81	13.43	HONDO	88	\$36,195	\$38,347	\$2,152	5.95%	\$35.02	12.74
Lacy Simms		\$46,140	\$46,718	\$578	1.25%	\$43.26	42.98	HOUSE	78	\$36,299	\$40,257	\$3,958	10.90%	\$34.77	9.27
ALAMOGORDO W/CHARTERS <sup>1</sup>	67	\$38,654	\$40,827	\$2,173	5.62%	\$37.53	28.21	JAL	3	\$45,522	\$48,400	\$2,878	6.32%	\$37.39	17.88
ALBUQUERQUE		\$38,423	\$40,949	\$2,526	6.57%	\$33.95	13.18	JEMEZ MOUNTAIN	16	\$43,643	\$45,027	\$1,384	3.17%	\$34.27	13.10
Academia de Lengua Y Cultura		\$37,250	\$40,875	\$3,625	9.73%	\$27.86	6.50	JEMEZ VALLEY		\$42,068	\$44,508	\$2,440	5.80%	\$30.60	13.59
Amy Biehl		\$41,500	\$42,331	\$831	2.00%	\$25.81	10.50	San Diego Riverside		\$41,391	\$42,817	\$1,426	3.45%	\$32.81	10.89
Cesar Chavez Community		\$45,875	\$46,449	\$574	1.25%	\$84.61	35.37	Walatoya		\$39,077	\$39,637	\$560	1.43%	\$29.36	9.32
Charter Vo Tech Center		\$38,857	\$40,889	\$2,032	5.23%	\$29.61	11.43	JEMEZ VALLEY W/CHARTERS <sup>1</sup>	29	\$41,531	\$43,502	\$1,971	4.75%	\$30.92	11.27
Charter Vocational		\$39,530	\$41,814	\$2,284	5.78%	\$30.28	11.75	LAKE ARTHUR	89	\$34,999	\$38,200	\$3,201	9.15%	\$25.67	10.26
Creative Ed. Prep #1		\$35,937	\$38,482	\$2,545	7.08%	\$28.74	4.50	LAS CRUCES		\$38,680	\$41,199	\$2,519	6.51%	\$30.04	11.91
Creative Ed. Prep #2		\$40,942	\$45,566	\$4,624	11.29%	\$34.02	10.33	Alma D' Arte		\$41,908	\$42,537	\$629	1.50%	\$31.16	9.50
East Mountain		\$33,884	\$37,500	\$3,616	10.67%	\$26.75	5.58	La Academia de Idiomas y Cultura		\$37,271	\$40,467	\$3,196	8.58%	\$32.12	11.33
Horizon Academy NW		\$32,305	\$34,592	\$2,287	7.08%	\$23.50	6.80	LAS CRUCES W/CHARTERS <sup>1</sup>	56	\$38,695	\$41,205	\$2,510	6.49%	\$31.11	10.91
Horizon Acad. South		\$32,465	\$33,742	\$1,277	3.93%	\$26.78	6.46	LAS VEGAS CITY		\$38,439	\$40,994	\$2,555	6.65%	\$32.53	13.92
Horizon Academy West		\$33,052	\$35,705	\$2,653	8.03%	\$24.39	9.10	Bridge Academy		\$42,125	\$43,350	\$1,225	2.91%	\$28.02	12.33
La Academia Esperanza		\$34,683	\$41,514	\$6,831	19.70%	\$33.07	6.47	LAS VEGAS CITY W/CHARTER <sup>1</sup>	57	\$38,513	\$41,041	\$2,528	6.56%	\$30.28	13.13
Learning Community		\$39,587	\$41,345	\$1,758	4.44%	\$32.28	11.40	LAS VEGAS WEST		\$37,193	\$40,380	\$3,187	8.57%	\$32.34	12.22
Los Puentes		\$41,836	\$42,360	\$524	1.25%	\$30.20	7.71	Rio Gallinas		\$41,193	\$41,881	\$688	1.67%	\$31.02	20.86
Montessori of the Rio Grande		\$29,884	\$30,428	\$544	1.82%	\$22.54	5.44	LAS VEGAS WEST W/CHARTER <sup>1</sup>	76	\$37,298	\$40,420	\$3,122	8.37%	\$31.68	16.54
Nuestros Valores		\$41,488	\$43,233	\$1,745	4.21%	\$34.20	8.29	LOGAN	13	\$43,947	\$45,164	\$1,217	2.77%	\$39.26	17.81
PAPA		\$36,146	\$39,945	\$3,799	10.51%	\$29.43	8.81	LORDSBURG	71	\$37,780	\$40,540	\$2,760	7.31%	\$29.06	12.10
Robert F Kennedy		\$40,187	\$43,402	\$3,215	8.00%	\$32.38	10.32	LOS ALAMOS	6	\$46,493	\$47,648	\$1,155	2.48%	\$32.57	16.17
SIA Tech		\$42,488	\$47,950	\$5,462	12.86%	\$36.88	7.20	LOS LUNAS	68	\$38,521	\$40,776	\$2,255	5.85%	\$31.83	11.69
South Valley Charter		\$45,253	\$45,977	\$724	1.60%	\$31.93	4.00	LOVING	12	\$43,567	\$45,464	\$1,897	4.35%	\$34.60	13.98
Southwest Secondary		\$41,310	\$41,825	\$515	1.25%	\$29.79	2.68	LOVINGTON	30	\$41,508	\$43,440	\$1,932	4.65%	\$30.54	13.55
Twenty-First Century		\$38,016	\$40,035	\$2,019	5.31%	\$32.33	13.18	MAGDALENA	25	\$42,194	\$43,937	\$1,743	4.13%	\$36.13	14.86
ALBUQUERQUE W/CHARTERS <sup>1</sup>	61	\$38,366	\$40,896	\$2,530	6.59%	\$32.23	9.43	MAXWELL	10	\$44,906	\$45,904	\$998	2.22%	\$40.60	20.28
ANIMAS	21	\$42,803	\$44,269	\$1,466	3.42%	\$35.47	18.03	MELROSE	32	\$42,118	\$43,273	\$1,155	2.74%	\$33.78	21.02
ARTESIA	9	\$42,597	\$45,958	\$3,361	7.89%	\$34.04	19.45	MESA VISTA	47	\$40,015	\$41,767	\$1,752	4.38%	\$32.85	13.83
AZTEC	50	\$39,064	\$41,568	\$2,504	6.41%	\$31.09	12.95	MORA	37	\$40,796	\$42,783	\$1,987	4.87%	\$35.46	14.07
BELEN	77	\$36,215	\$40,338	\$4,123	11.38%	\$31.87	11.67	MORIARTY	60	\$38,568	\$40,918	\$2,350	6.09%	\$31.60	14.53
BERNALILLO	33	\$41,727	\$43,262	\$1,535	3.68%	\$33.96	14.45	MOSQUERO	86	\$36,396	\$39,326	\$2,930	8.05%	\$35.15	18.71
BLOOMFIELD	44	\$39,761	\$41,960	\$2,199	5.53%	\$32.24	13.99	MOUNTAINAIR	36	\$40,677	\$42,884	\$2,207	5.43%	\$33.48	15.86
CAPITAN	55	\$38,813	\$41,331	\$2,518	6.49%	\$30.62	14.53	PECOS	80	\$38,134	\$40,183	\$2,049	5.37%	\$31.62	11.95
CARLSBAD		\$55,889	\$57,213	\$1,324	2.37%	\$44.81	16.54	PENASCO	27	\$41,966	\$43,713	\$1,747	4.16%	\$37.36	12.69
Jefferson Montessori Acad		\$40,103	\$43,149	\$3,046	7.60%	\$31.61	7.43	POJOAQUE	54	\$39,065	\$41,425	\$2,360	6.04%	\$32.52	13.11
CARLSBAD W/CHARTERS <sup>1</sup>	1	\$55,557	\$56,918	\$1,361	2.45%	\$38.21	11.99	PORTALES	62	\$37,369	\$40,889	\$3,520	9.42%	\$32.65	11.87
CARRIZO	17	\$43,470	\$44,815	\$1,345	3.09%	\$34.14	13.97	QUEMADO	84	\$36,473	\$39,775	\$3,302	9.05%	\$32.92	15.81
CENTRAL CONS.	7	\$44,519	\$46,673	\$2,154	4.84%	\$34.42	16.20	QUESTA		\$44,069	\$45,776	\$1,707	3.87%	\$35.73	18.71
CHAMA	49	\$39,396	\$41,646	\$2,250	5.71%	\$31.91	13.97	Red River Valley		\$37,776	\$40,278	\$2,502	6.62%	\$29.84	9.17
CIMARRON		\$41,986	\$43,325	\$1,339	3.19%	\$36.10	19.27	Roots & Wings		\$36,128	\$36,922	\$794	2.20%	\$20.51	7.00
Cimarron-Moreno		\$36,797	\$37,244	\$447	1.21%	\$25.03	10.00	QUESTA W/CHARTERS <sup>1</sup>	18	\$42,791	\$44,569	\$1,778	4.16%	\$28.69	11.62
CIMARRON W/CHARTERS <sup>1</sup>	41	\$41,022	\$42,195	\$1,173	2.86%	\$30.57	14.63	RATON	35	\$40,071	\$43,006	\$2,935	7.32%	\$31.86	14.76
CLAYTON		\$38,118	\$41,749	\$3,631	9.53%	\$29.81	16.16	RESERVE	22	\$42,845	\$44,215	\$1,370	3.20%	\$30.70	18.52
Amistad		\$35,938	\$41,361	\$5,423	15.09%	\$37.77	9.00	RIO RANCHO	83	\$37,420	\$39,971	\$2,551	6.82%	\$31.72	9.50
CLAYTON W/CHARTERS <sup>1</sup>	48	\$37,958	\$41,720	\$3,762	9.91%	\$33.79	12.58	ROSWELL		\$39,765	\$41,989	\$2,224	5.59%	\$31.32	9.99
CLOUDCROFT	34	\$41,305	\$43,108	\$1,803	4.37%	\$31.93	17.46	Sidney Gutierrez		\$35,784	\$40,611	\$4,827	13.49%	\$28.05	16.22
CLOVIS	72	\$37,835	\$40,538	\$2,703	7.14%	\$30.92	11.33	ROSWELL W/CHARTER <sup>1</sup>	42	\$39,730	\$41,977	\$2,247	5.66%	\$29.68	13.10
COBRE	31	\$40,648	\$43,371	\$2,723	6.70%	\$30.89	12.69	ROY	8	\$43,211	\$46,572	\$3,361	7.78%	\$39.95	14.35
CORONA	85	\$35,716	\$39,425	\$3,709	10.38%	\$33.91	11.12	RUIDOSO	4	\$47,533	\$48,264	\$731	1.54%	\$18.71	17.94
CUBA	11	\$43,347	\$45,655	\$2,308	5.32%	\$35.98	15.07	SAN JON	23	\$42,344	\$43,959	\$1,615	3.81%	\$35.84	16.35
DEMING	79	\$37,738	\$40,200	\$2,462	6.52%	\$29.39	11.31	SANTA FE		\$38,171	\$40,632	\$2,461	6.45%	\$31.77	13.15
DES MOINES	45	\$37,463	\$41,958	\$4,495	12.00%	\$30.25	15.05	Academy for Tech		\$37,549	\$39,505	\$1,956	5.21%	\$28.94	8.83
DEXTER	38	\$40,365	\$42,567	\$2,202	5.46%	\$33.23	11.87	Monte Del Sol Charter		\$38,149	\$40,051	\$1,902	4.99%	\$31.66	12.41
DORA	15	\$44,186	\$45,028	\$842	1.91%	\$38.36	17.52	Turquoise Trail Elementary		\$35,248	\$38,251	\$3,003	8.52%	\$28.02	12.44
DULCE	63	\$37,991	\$40,889	\$2,898	7.63%	\$28.40	10.98	SANTA FE W/CHARTERS <sup>1</sup>	73	\$38,063	\$40,512	\$2,449	6.43%	\$30.10	11.71
ELIDA	52	\$38,517	\$41,503	\$2,986	7.75%	\$33.04	15.27	SANTA ROSA CONS.	26	\$41,981	\$43,920	\$1,939	4.62%	\$33.91	14.56
ESAPANOLA		\$37,347	\$40,350	\$3,003	8.04%	\$31.37	12.43	SILVER CITY	20	\$42,339	\$44,509	\$2,170	5.13%	\$33.02	17.08
Espanola Military Academy		\$43,114	\$44,831	\$1,717	3.98%	\$31.13	18.14	SOCORRO		\$38,623	\$42,793	\$4,170	10.80%	\$33.37	12.29
ESAPANOLA W/CHARTER <sup>1</sup>	74	\$37,497	\$40,467	\$2,970	7.92%	\$31.25	15.29	Cottonwood Valley		\$36,197	\$39,133	\$2,936	8.11%	\$31.06	9.63
ESTANCIA	64	\$39,465	\$40,873	\$1,408	3.57%	\$32.44	12.07	SOCORRO W/CHARTER <sup>1</sup>	39	\$38,376	\$42,421	\$4,045	10.54%	\$32.22	10.96
EUNICE	70	\$37,300	\$40,606	\$3,306	8.86%	\$29.53	11.37	SPRINGER	81	\$38,410	\$40,153	\$1,743	4.54%	\$33.67	14.32
FARMINGTON	58	\$38,310	\$40,980	\$2,670	6.97%	\$30.36	13.63	TAOS		\$38,768	\$41,109	\$2,341	6.04%	\$34.48	13.03
FLOYD	53	\$38,161	\$41,483	\$3,322	8.71%	\$30.56	8.97	Anansi		\$35,758	\$40,299	\$4,541	12.70%	\$27.23	20.11
FT. SUMNER	14	\$43,037	\$45,097	\$2,060	4.79%	\$40.30	16.17	Taos Charter		\$33,652	\$37,444	\$3,792	11.27%	\$25.58	8.07
GADSDEN	59	\$38,987	\$40,919	\$1,932	4.96%	\$32.48	6.74	TAOS W/CHARTERS <sup>1</sup>	65	\$38,379	\$40,853	\$2,474	6.45%	\$29.10	13.74
GALLUP-McKINLEY		\$37,338	\$39,270	\$1,932	5.17%	\$28.15	9.65	TATUM	5	\$47,058	\$48,125	\$1,067	2.27%	\$34.50	20.72
Middle College HS <sup>2</sup>		N/A	N/A	N/A	N/A	\$0.00	N/A	TEXICO	2	\$47,525	\$49,082	\$1,557	3.28%	\$38.27	13.66
GALLUP W/CHARTERS <sup>1</sup>	87	\$37,338	\$39,270	\$1,932	5.17%	\$14.08	9.65	TRUTH OR CONSEQ.	51</						

**TABLE 4**

**COMPARISON OF NEW MEXICO AVERAGE TEACHER SALARY  
TO NATIONAL EDUCATION ASSOCIATION AVERAGES IN REGION AND U.S.  
1994-1995 THROUGH 2004-2005**

School Year	Arizona		Colorado		New Mexico		Oklahoma		Texas		Utah		Regional Average Salary	U.S. Average Salary
	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank		
1994-1995	\$32,175	2	\$34,571	1	<b>\$28,493</b>	<b>5</b>	\$28,172	6	\$31,223	3	\$29,082	4	\$30,619	\$36,605
1995-1996	\$32,993	2	\$35,364	1	<b>\$29,074</b>	<b>5</b>	\$28,404	6	\$32,000	3	\$30,588	4	\$31,404	\$37,702
1996-1997	\$33,300	2	\$36,271	1	<b>\$30,131</b>	<b>6</b>	\$30,369	5	\$33,038	3	\$31,867	4	\$32,496	\$38,554
1997-1998	\$34,411	2	\$37,240	1	<b>\$30,152</b>	<b>6</b>	\$30,692	5	\$34,133	3	\$32,394	4	\$33,170	\$39,454
1998-1999	\$35,025	2	\$38,025	1	<b>\$32,398</b>	<b>5</b>	\$31,149	6	\$35,041	3	\$32,950	4	\$34,098	\$40,582
1999-2000	\$35,650	2	\$38,163	1	<b>\$32,554</b>	<b>5</b>	\$31,298	6	\$37,567	3	\$34,946	4	\$35,030	\$41,754
2000-2001	\$36,302	2	\$39,184	1	<b>\$33,785</b>	<b>6</b>	\$34,499	5	\$38,361	3	\$36,441	4	\$36,429	\$43,335
2001-2002	\$39,973	2	\$40,659	1	<b>\$36,440</b>	<b>5</b>	\$34,738	6	\$39,232	3	\$38,139	4	\$38,197	\$44,632
2002-2003	\$40,894	2	\$42,680	1	<b>\$36,965</b>	<b>5</b>	\$34,877	6	\$39,974	3	\$38,268	4	\$38,943	\$45,810
2003-2004	\$41,843	2	\$43,319	1	<b>\$37,877</b>	<b>5</b>	\$35,061	6	\$40,476	3	\$38,976	4	\$39,592	\$46,735
2004-2005	\$42,905	2	\$43,949	1	<b>\$39,391</b>	<b>5</b>	\$37,879	6	\$41,009	3	\$39,965	4	\$40,850	\$47,808

NOTE: National Education Association-NM (NEA-NM) average teacher salary data include salaries paid from all funding sources.

**TABLE 5**

**COMPARISON OF PROGRAM UNITS AND STUDENT MEMBERSHIP  
1995-1996 THROUGH 2005-2006**

School Year	Student Membership	ECE Units <sup>1</sup>	Grades 1-12 Units	Special Education Units	Bilingual Education Units <sup>2</sup>	Fine Arts Program Units	T & E Units	Size Adjustment Units	At-Risk Units	Enrollment Growth Units	National Board Certified Teacher Units	Hold-Harmless Units	Total Program Units
1995-1996	317,431	17,487	329,929	118,073	15,995		55,623	24,526		1,735		161	563,529
1996-1997	319,391	17,477	330,799	124,688	16,181		54,781	24,693		1,649		164	570,432
1997-1998	317,777	20,215	358,872	105,346	16,383		46,699	18,375	23,642	1,725		141	591,398
1998-1999	316,548	19,907	357,737	112,101	15,773		46,751	18,393	23,575	914		217	595,368
1999-2000 <sup>3</sup>	316,634	19,914	357,832	112,107	15,777		47,236	18,472	23,161	881		165	595,545
2000-2001 <sup>4</sup>	312,134	21,824	350,782	112,965	13,580		45,351	19,194	22,900	352		455	587,403
2001-2002	312,209	26,105	347,289	113,685	13,168		45,675	19,871	23,881	1,415		328	591,417
2002-2003 <sup>5</sup>	313,030	27,356	347,230	114,131	12,830		46,050	20,489	23,151	1,278		210	592,726
2003-2004 <sup>5,6</sup>	315,543	31,206	347,119	112,966	12,053	1,328	48,453	20,974	23,228	5,768	128	90	603,311
2004-2005 <sup>5,6</sup>	320,452	36,498	348,946	112,717	11,490	5,027	52,525	21,993	22,601	5,445	167	4	617,412
2005-2006 Budgeted <sup>6</sup>	322,073	38,937	349,068	111,874	11,014	6,039	51,890	22,515	22,261	5,216	152	0	618,965

<sup>1</sup> ECE began in 1976. Beginning in FY 98, ECE includes 3- and 4-year-old developmentally delayed children due to 1997 funding formula changes. Beginning in FY 01, full-day kindergarten was phased in over five years.

<sup>2</sup> Bilingual education programs were initially implemented in grades K-6. These programs were expanded to include grades 7-9 in 1989-1990 and grades 11-12 in 1990-1991. In addition, the program cost differential was incrementally increased from 0.3 to 0.5 from 1990-1991 through 1994-1995.

<sup>3</sup> In FY 00, funding based on prior year 40th-day basic membership and prior year December 1 special education membership; adjustment for FY 00 of the enrollment growth factor from .5 to 1.0.

<sup>4</sup> Beginning in FY 01, based on average of prior year membership of 40th, 80th, and 120th school days plus full-day kindergarten and start-up charter schools.

<sup>5</sup> Includes adjustment for at-risk hold harmless.

<sup>6</sup> Beginning in FY 04, changes to the funding formula amended the way growth units are calculated and added units for fine arts programs in elementary schools and for the number of National Board certified teachers on staff.



**TABLE 6**

**PERCENTAGE CHANGE IN PROGRAM COST, PROGRAM UNITS,  
UNIT VALUE, AND STUDENT MEMBERSHIP  
1995-1996 THROUGH 2005-2006**

<b>School Year</b>	<b>Actual Program Cost</b>	<b>% Change</b>	<b>Program Units</b>	<b>Unit Value</b>	<b>% Change</b>	<b>Student Membership</b>	<b>% Change</b>
1995-1996	\$1,190,736,807	6.17%	563,529	\$2,113.00	4.14%	317,431	1.11%
1996-1997	\$1,225,922,203	2.95%	570,432	\$2,149.11	1.71%	319,391	0.62%
1997-1998	\$1,287,693,607	5.04%	591,398	\$2,175.00	1.20%	317,777	-0.51%
1998-1999	\$1,395,596,112	8.38%	595,368	\$2,344.09	7.77%	316,548	-0.39%
1999-2000	\$1,464,654,810 <sup>1</sup>	4.95%	595,545	\$2,460.00	4.94%	316,634	0.03%
2000-2001	\$1,554,602,603 <sup>2</sup>	6.14%	587,403	\$2,647.56	7.62%	312,134	-1.42%
2001-2002	\$1,699,963,260	9.35%	591,417	\$2,871.01	8.44%	312,209	0.02%
2002-2003	\$1,714,838,008 <sup>3</sup>	0.88%	592,726	\$2,889.89	0.66%	313,030	0.26%
2003-2004	\$1,797,400,880 <sup>3,4</sup>	4.81%	603,311	\$2,976.20	2.99%	315,543	0.80%
2004-2005	\$1,896,234,222 <sup>3,4</sup>	5.50%	617,412	\$3,068.70	3.11%	320,452	1.56%
2005-2006 Budgeted	\$2,010,837,946 <sup>4,5</sup>	6.04%	618,965	\$3,165.02	3.14%	322,073	0.51%

<sup>1</sup> In FY 00, funding based on prior year 40th-day basic membership and prior year December 1 special education membership; adjustment for FY 00 of the enrollment growth factor from .50 to 1.0.

<sup>2</sup> Beginning in FY 01, funding based on average of prior year membership of 40th, 80th, and 120th school days plus full-day kindergarten and start-up charter schools.

<sup>3</sup> Includes adjustment for at-risk hold harmless.

<sup>4</sup> Beginning in FY 04, the calculation of growth units was amended and additional units were included for fine arts programs in elementary schools and for National Board certified teachers.

<sup>5</sup> Appropriated program cost contains an additional \$51.8 million to implement the third year of the five-year phase-in of the three-tiered licensure system. Although this funding will be distributed based on need in FY 06, it will be included in the calculation of unit value in FY 07.

**TABLE 7**

**DIFFERENCES BETWEEN PROJECTED  
AND ACTUAL FUNDING FORMULA CREDITS<sup>1</sup>  
1995-1996 THROUGH 2005-2006**

<b>School Year</b>	<b>Projected</b>	<b>Actual</b>	<b>Difference (Projected &amp; Actual)</b>	<b>Percent Difference (Projected &amp; Actual)</b>
1995-1996	\$31,000,000	\$41,951,461	\$10,951,461	35.33%
1996-1997	\$31,050,000	\$51,014,719	\$19,964,719	64.30%
1997-1998	\$37,300,000	\$56,202,903	\$18,902,903	50.68%
1998-1999	\$50,479,300	\$59,285,805	\$8,806,505	17.45%
1999-2000 <sup>2</sup>	\$49,483,500	\$52,945,511	\$3,462,011	7.00%
2000-2001	\$49,483,500	\$51,594,736	\$2,111,236	4.27%
2001-2002	\$53,483,500	\$57,104,709	\$3,621,209	6.77%
2002-2003	\$57,483,500	\$58,903,705	\$1,420,205	2.47%
2003-2004	\$58,600,000	\$59,552,648	\$952,648	1.63%
2004-2005	\$61,000,000	\$61,449,095	\$449,095	0.74%
2005-2006 Budgeted <sup>3</sup>	\$58,600,000			

<sup>1</sup> Funding formula credits include: federal Impact Aid, federal Forest Reserve, and local property tax (.5 mill levy).

<sup>2</sup> Effective in FY 00, law amended to reduce credits to 75 percent instead of 95 percent of eligible federal and local revenues for operational purposes and to require districts to budget state funds equal to 20 percent for capital outlay.

<sup>3</sup> Effective in FY 06, law amended to remove the requirement that school districts budget an amount equal to 20 percent for capital outlay.

**TABLE 8**

**HISTORY OF THE UNIT VALUE  
1974-1975 ACTUAL TO 2005-2006 INITIAL**

<b>School Year</b>	<b>Initial Unit Value</b>	<b>Final Value</b>	<b>Unit Increase/ (Decrease)</b>	<b>Percent Difference</b>
1974-1975		\$616.50		
1975-1976		\$703.00	\$86.50	14.0%
1976-1977		\$800.00	\$97.00	13.8%
1977-1978		\$905.00	\$105.00	13.1%
1978-1979		\$1,020.00	\$115.00	12.7%
1979-1980		\$1,145.00	\$125.00	12.3%
1980-1981		\$1,250.00	\$105.00	9.2%
1981-1982		\$1,405.00	\$155.00	12.4%
1982-1983 <sup>1</sup>	\$1,540.00	\$1,511.33	\$106.33	7.6%
1983-1984		\$1,486.00	<b>(\$25.33)</b>	-1.7%
1984-1985		\$1,583.50	\$97.50	6.6%
1985-1986 <sup>2</sup>	\$1,608.00	\$1,618.87	\$35.37	2.2%
1986-1987		\$1,612.51	<b>(\$6.36)</b>	-0.4%
1987-1988		\$1,689.00	\$76.49	4.7%
1988-1989		\$1,737.78	\$48.78	2.9%
1989-1990		\$1,811.51	\$73.73	4.2%
1990-1991		\$1,883.74	\$72.23	4.0%
1991-1992		\$1,866.00	<b>(\$17.74)</b>	-0.9%
1992-1993 <sup>3</sup>	\$1,851.73	\$1,867.96	\$1.96	0.1%
1993-1994	\$1,927.27	\$1,935.99	\$68.03	3.6%
1994-1995	\$2,015.70	\$2,029.00	\$93.01	4.8%
1995-1996	\$2,113.00	\$2,113.00	\$84.00	4.1%
1996-1997	\$2,125.83	\$2,149.11	\$36.11	1.7%
1997-1998	\$2,175.00	\$2,175.00	\$25.89	1.2%
1998-1999	\$2,322.00	\$2,344.09	\$169.09	7.8%
1999-2000 <sup>4</sup>	\$2,460.00	\$2,460.00	\$115.91	4.9%
2000-2001	\$2,632.32	\$2,647.56	\$187.56	7.6%
2001-2002	\$2,868.72	\$2,871.01	\$223.45	8.4%
2002-2003	\$2,896.01	\$2,889.89	\$18.88	0.7%
2003-2004	\$2,977.23	\$2,976.20	\$86.31	3.0%
2004-2005	\$3,035.15	\$3,068.70	\$92.50	3.1%
2005-2006 <sup>5</sup>	\$3,165.02		\$96.32	3.1%

<sup>1</sup> The 1982-83 General Fund Appropriation was reduced by 2.0 percent.

<sup>2</sup> The final unit value includes \$10.87 due to the ½ mill redistribution (Laws 1985, Chapter 15).

<sup>3</sup> The "floating" unit value went into effect.

<sup>4</sup> The basis for funding changed to prior year membership.

<sup>5</sup> Appropriated program cost contains an additional \$51.8 million to implement the third year of the five-year phase-in of the three-tiered licensure system. Distributed based on need in FY 06, the \$51.8 million will be included in the calculation of unit value in FY 07.

**Sources:** LESC; Issues and Answers, 1982-83; *A First Look at New Mexico Public School Budgets*, 1983-84 through 1998-99; PED funded reports (final unit value), 1999-00 to the present.

**TABLE 9**  
**2005-2006 PRELIMINARY ASSESSED VALUATION PER MEM**  
(based on 2005 initial valuation and 2005 final 40th day membership (MEM))

DISTRICT	2005 INITIAL VALUATION	2004-2005 FINAL 40th DAY MEM.	2005-2006 PRELIMINARY ASSESSED VALUATION/PER MEM.
ALAMOGORDO	\$ 487,298,166	6,709.5	\$ 72,628
ALBUQUERQUE	\$ 11,193,299,206	92,580.0	\$ 120,904
ANIMAS	\$ 25,171,079	298.0	\$ 84,467
ARTESIA	\$ 863,941,886	3,439.0	\$ 251,219
AZTEC	\$ 1,144,481,015	3,160.5	\$ 362,120
BELEN	\$ 373,283,677	4,817.5	\$ 77,485
BERNALILLO	\$ 373,651,711	3,297.5	\$ 113,314
BLOOMFIELD	\$ 808,703,206	3,132.5	\$ 258,165
CAPITAN	\$ 216,224,266	633.5	\$ 341,317
CARLSBAD	\$ 1,192,128,815	6,002.5	\$ 198,605
CARRIZOZO	\$ 30,236,420	199.5	\$ 151,561
CENTRAL	\$ 655,076,626	6,937.5	\$ 94,425
CHAMA	\$ 100,746,270	474.5	\$ 212,321
CIMARRON	\$ 343,915,265	553.5	\$ 621,346
CLAYTON	\$ 82,807,726	553.5	\$ 149,607
CLOUDCROFT	\$ 114,713,268	449.0	\$ 255,486
CLOVIS	\$ 399,658,704	8,158.0	\$ 48,990
COBRE	\$ 140,980,492	1,475.5	\$ 95,548
CORONA	\$ 28,784,598	90.5	\$ 318,062
CUBA	\$ 39,865,139	724.5	\$ 55,024
DEMING	\$ 321,253,366	5,408.5	\$ 59,398
DES MOINES	\$ 18,189,777	117.5	\$ 154,807
DEXTER	\$ 50,240,314	1,129.5	\$ 44,480
DORA	\$ 23,299,943	238.0	\$ 97,899
DULCE	\$ 774,633,927	661.5	\$ 1,171,026
ELIDA	\$ 17,950,608	115.5	\$ 155,417
ESPANOLA	\$ 421,876,014	4,686.5	\$ 90,019
ESTANCIA	\$ 69,928,335	893.0	\$ 78,307
EUNICE	\$ 455,875,561	597.0	\$ 763,611
FARMINGTON	\$ 1,044,865,925	10,075.0	\$ 103,709
FLOYD	\$ 13,273,796	265.0	\$ 50,090
FT. SUMNER	\$ 37,354,701	328.0	\$ 113,886
GADSDEN	\$ 555,753,950	13,896.0	\$ 39,994
GALLUP-McKINLEY	\$ 602,586,069	13,095.5	\$ 46,015
GRADY	\$ 7,186,506	137.0	\$ 52,456
GRANTS-CIBOLA	\$ 223,106,314	3,677.0	\$ 60,676
HAGERMAN	\$ 23,861,859	446.5	\$ 53,442
HATCH	\$ 51,131,028	1,537.5	\$ 33,256
HOBBS	\$ 763,045,845	7,518.5	\$ 101,489
HONDO	\$ 21,417,930	134.0	\$ 159,835
HOUSE	\$ 7,877,323	148.0	\$ 53,225
JAL	\$ 186,752,141	406.0	\$ 459,981
JEMEZ MOUNTAIN	\$ 306,769,236	387.0	\$ 792,685
JEMEZ VALLEY	\$ 61,145,768	477.0	\$ 128,188
LAKE ARTHUR	\$ 17,683,003	160.5	\$ 110,174
LAS CRUCES	\$ 1,949,060,538	23,231.0	\$ 83,899
LAS VEGAS CITY	\$ 190,537,122	2,148.0	\$ 88,704

DISTRICT	2005 INITIAL VALUATION	2004-2005 FINAL 40th DAY MEM.	2005-2006 PRELIMINARY ASSESSED VALUATION/PER MEM.
LAS VEGAS WEST	\$ 126,255,378	1,943.0	\$ 64,980
LOGAN	\$ 30,597,884	227.5	\$ 134,496
LORDSBURG	\$ 91,993,353	728.0	\$ 126,364
LOS ALAMOS	\$ 651,053,050	3,585.0	\$ 181,605
LOS LUNAS	\$ 479,069,182	8,544.5	\$ 56,068
LOVING MUNICIPAL	\$ 94,133,122	584.5	\$ 161,049
LOVINGTON	\$ 529,672,908	2,805.5	\$ 188,798
MAGDALENA	\$ 18,083,663	437.5	\$ 41,334
MAXWELL	\$ 7,607,180	110.0	\$ 69,156
MELROSE	\$ 18,191,879	236.0	\$ 77,084
MESA VISTA	\$ 48,642,604	471.0	\$ 103,275
MORA	\$ 51,990,117	637.0	\$ 81,617
MORIARTY	\$ 337,376,487	4,107.5	\$ 82,137
MOSQUERO	\$ 20,584,424	53.5	\$ 384,756
MOUNTAINAIR	\$ 32,412,285	367.0	\$ 88,317
PECOS	\$ 80,537,866	814.0	\$ 98,941
PEÑASCO	\$ 35,928,576	606.0	\$ 59,288
POJOAQUE	\$ 127,122,602	1,926.5	\$ 65,986
PORTALES	\$ 160,109,959	2,879.5	\$ 55,603
QUEMADO	\$ 51,149,373	168.0	\$ 304,461
QUESTA	\$ 116,719,207	572.5	\$ 203,876
RATON	\$ 107,577,630	1,419.0	\$ 75,812
RESERVE	\$ 31,982,294	187.5	\$ 170,572
RIO RANCHO	\$ 1,069,475,246	12,470.0	\$ 85,764
ROSWELL	\$ 687,178,812	9,308.0	\$ 73,827
ROY	\$ 6,483,578	83.0	\$ 78,115
RUIDOSO	\$ 395,732,369	2,368.0	\$ 167,117
SAN JON	\$ 10,403,195	171.5	\$ 60,660
SANTA FE	\$ 4,517,715,492	13,676.5	\$ 330,327
SANTA ROSA	\$ 74,799,071	666.0	\$ 112,311
SILVER CITY	\$ 365,916,333	3,222.0	\$ 113,568
SOCORRO	\$ 122,578,473	2,017.0	\$ 60,773
SPRINGER	\$ 25,085,126	206.5	\$ 121,478
TAOS	\$ 656,505,907	3,159.0	\$ 207,821
TATUM	\$ 121,455,004	277.0	\$ 438,466
TEXICO	\$ 40,901,132	530.5	\$ 77,099
T OR C	\$ 201,271,893	1,547.5	\$ 130,063
TUCUMCARI	\$ 68,140,494	1,105.5	\$ 61,638
TULAROSA	\$ 52,832,776.00	1,039.5	\$ 50,825
VAUGHN	\$ 33,628,128	94.0	\$ 357,746
WAGON MOUND	\$ 15,950,693	160.5	\$ 99,381
ZUNI	\$ 2,628,451	1,687.0	\$ 1,558

<b>TOTALS</b>	<b>\$ 38,549,097,630</b>	<b>\$ 322,801</b>
---------------	--------------------------	-------------------

**AVERAGE ASSESSED VALUATION PER MEM** **\$119,421**

**Legislative Education Study Committee**  
**State Capitol North**  
**325 Don Gaspar, Suite 200**  
**Santa Fe, New Mexico 87501**  
**Phone: (505) 986-4591**  
**Fax: (505) 986-4338**  
**E-Mail: [lesc@nmlegis.gov](mailto:lesc@nmlegis.gov)**