

FY25 Budget Considerations

July 27, 2023



DANIEL A. ESTUPIÑAN
SENIOR FISCAL ANALYST II



Overview

- Background
 - LESC Roadmap
 - *Martinez-Yazzie* Education Sufficiency Lawsuit
 - Historical Overview of Public School Support
 - Public Education as a Percentage of Recurring General Fund Appropriations
- Legislative Responses in the 2023 Legislative Session
- LESC Budget Process and its Impact on FY24 Appropriations
- LESC Funding Formula Review Update
- Budget Considerations
- Broad Inquiry Items

LESC Roadmap

On October 13, 2022, LESL staff presented an overview of recurring themes gathered from stakeholders throughout the state. The themes listed below will guide the work of LESL staff in refining budget considerations for Fiscal Year 2025 (FY25).

- Culturally Relevant Instruction and Rigorous Curriculum
- Career Technical Education and High School Revision
- Investing in the Educator Workforce
- Behavioral Health and Community Schools
- Prioritizing Languages
- Leadership and Governance

Additional information on these themes can be found [here](#).

Martinez-Yazzie Education Sufficiency Lawsuit

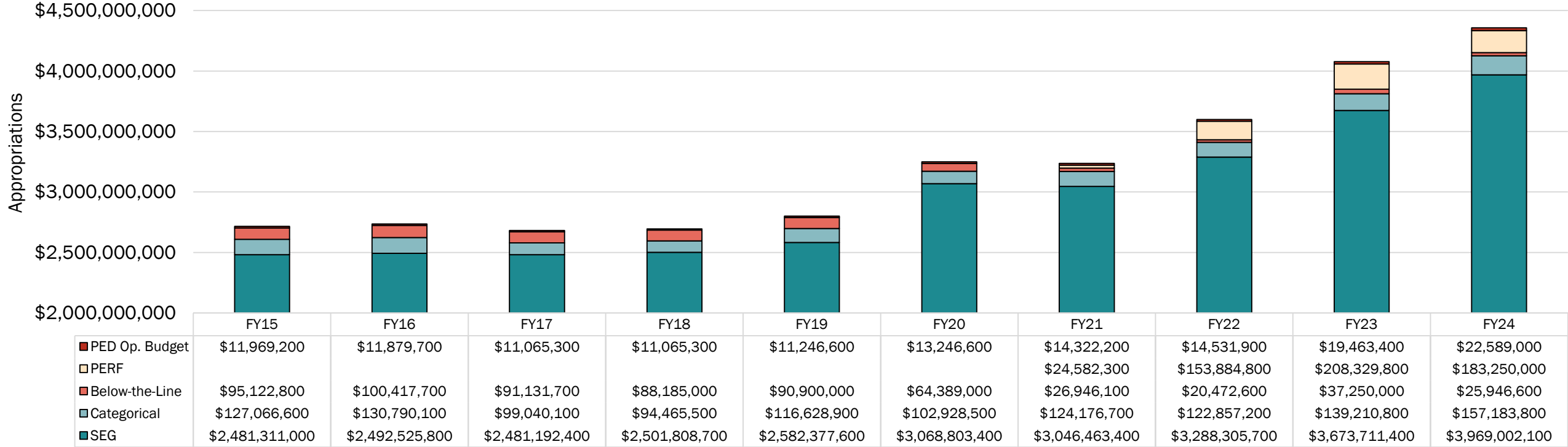
In 2018, the First Judicial District Court identified four groups of students as having been deprived of access to a sufficient public education:

- Native American students;
- Low-income students;
- Students with disabilities; and
- English-Language Learners.

In 2021, the First Judicial District Court ordered the state to provide students with access to technological devices and internet connectivity.

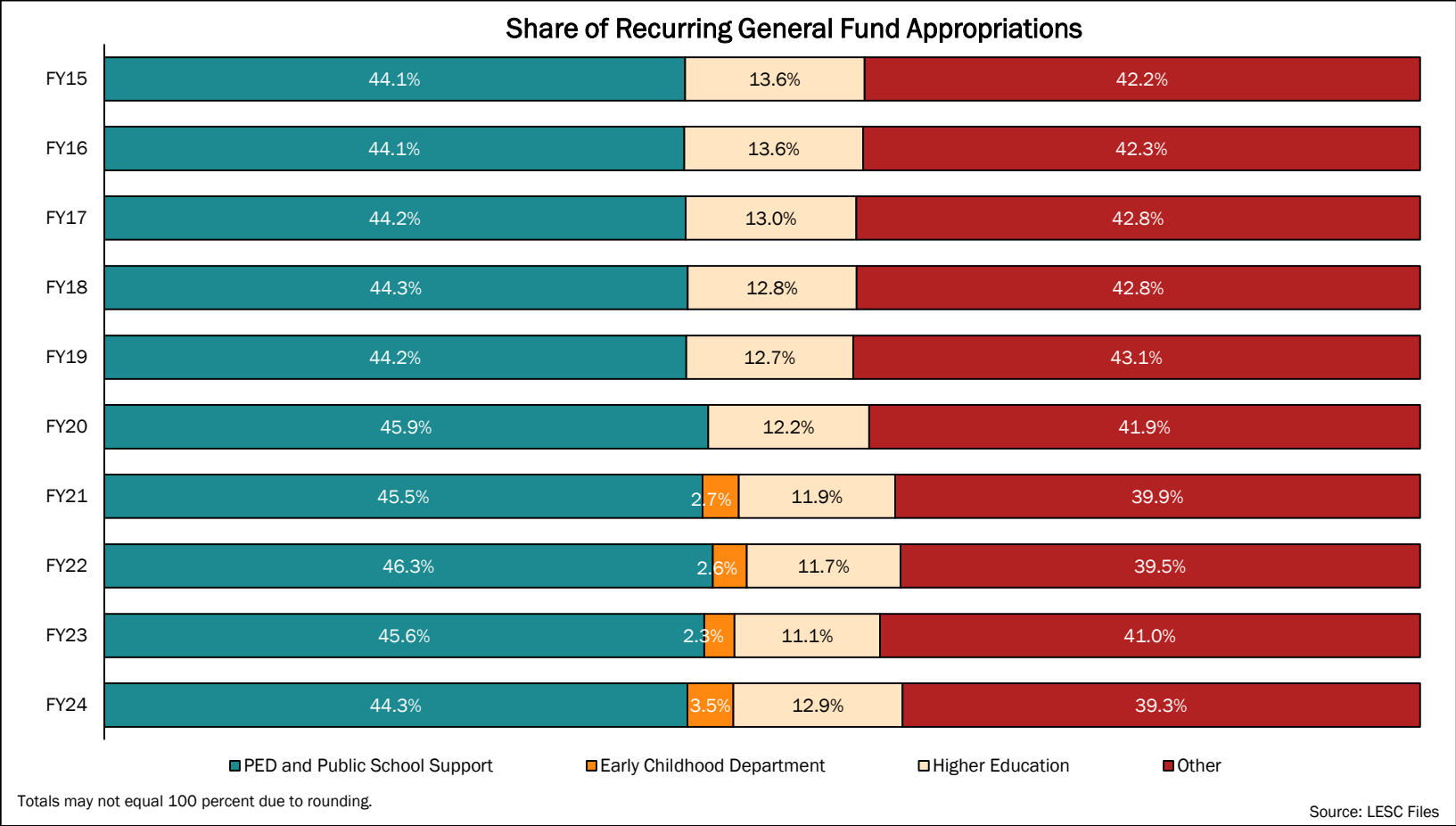
Overview of Public School Support

Public School Support FY15 – FY24



Source: LESC Files

Public School Support as a Percentage of Recurring General Fund Appropriations



Legislative Responses to the *Martinez-Yazzie* Sufficiency Lawsuit in the 2023 Legislative Session

For FY24, the Legislature increased the SEG distribution by 8%, or \$295.3 million.

Culturally Responsive Instruction and Rigorous Curriculum

- \$202 million for an increase in instructional hour requirements
- \$110.3 million for K-12 Plus
- \$21.5 million for literacy

Career Technical Education (CTE) and High School Revision

- \$40 million for CTE programs

Investing in the Educator Workforce

- \$167 million for a 6 percent increase in personnel compensation
- \$14.5 million for an increase in the minimum salaries of educational assistants
- \$8 million for a \$3,500 increase in administrative minimum salaries
- \$32 million for an increase in employer health insurance contributions

Legislative Responses to the *Martinez-Yazzie* Sufficiency Lawsuit in the 2023 Legislative Session

Behavioral Health and Community Schools

- \$10 million for community schools and family engagement initiatives

Prioritizing Languages

- \$5 million for the Bilingual Multicultural Education Act
- \$1 million for the Hispanic Education Act
- \$20 million for the Indian Education Fund

Leadership and Governance

- \$5 million for school leader professional development
- \$2 million for principal, counselor, and social worker residency pilot programs

LESC FY25 Budget Process

- June: LESC staff begins internal deliberations on potential policy and budget considerations.
- July: LESC staff presents an initial overview of budget considerations to the committee.
- September: LESC, LFC, and PED staff begin collaboration on building consensus on key considerations.
- October: LESC staff presents more refined budget considerations to the committee.
- December: LESC staff presents a draft FY25 high-level that includes committee feedback and guidance.
- January: LESC staff presents the final FY25 high-level for committee endorsement.

Impact of LESC FY24 Budget Process on the GAA

Key achievements of the LESC FY24 budget process included:

- \$202 million for the increase in instructional hour requirements (HB130);
- \$50.3 million in the SEG for K-12 Plus (HB130);
- \$14.5 million for increasing education assistant minimum salaries (HB127);
- \$8 million for increasing administrative compensation (HB199);
- \$4.1 million for increasing the fine arts factor (HB199); and
- \$40 million for career technical education programs.

Staff will pursue a budgeting process for FY25 that is similar to FY24 but that also incorporates greater contextual information for why staff is proposing an appropriation for certain programs and services.

LESC Funding Formula Review Update

A working group has been convened that includes legislative members, educators, legislative staff, PED staff, and other stakeholders.

Meeting dates will be:

- August 3, 2023
- August 18, 2023
- August 30, 2023
- September 19, 2023
- October 23, 2023
- October 30, 2023

All meetings of the working group will take place in Santa Fe.

Key themes: Adequacy of factor weights, sufficiency of topline funding, potential for introducing performance-based budgeting, and introducing weights aligning with a comprehensive vision for public education.

Budget Considerations

THEME: INVESTING IN THE EDUCATOR WORKFORCE

Budget Considerations

1. Increasing **public school personnel compensation** at an average rate that preserves New Mexico's regional competitiveness and increases recruitment and retention.
2. Establishing and increasing **minimum salaries** for certain personnel.
 - A) Increasing teacher minimum salaries (\$55 thousand, \$65 thousand, \$75 thousand).
 - B) Establishing minimum salaries for custodians, media specialists, and other personnel.
3. Supporting school districts and charter schools in **increasing compensation** for certain personnel.
 - A) Salary differentials for Special Education personnel.
 - B) Supplemental compensation for CTE personnel.
 - C) Flexible SEG distributions for supporting personnel in federal programs.

Budget Considerations

4. Phase in recurring funding for the **teacher residency program**.

The teacher residency program is a guided apprenticeship where residents work alongside a mentor educator while simultaneously completing coursework at an approved Education Preparation Program. A teacher resident receives a minimum annual stipend of \$35 thousand, mentor teachers and principals receive \$2 thousand, and residency coordinators and recruiters receive \$50 thousand.

Metric	FY23	Estimated Cost	FY24	Estimated Cost
Teacher Residents	256	\$8.9 million	277	\$9.7 million
Mentor Teachers	275	\$550 thousand	294	\$588 thousand
Mentor Principals	256	\$512 thousand	194	\$388 thousand
Residency Program Coordinators	8	\$400 thousand	8	\$400 thousand
Residency Program Recruiters	N/A	N/A	8	\$400 thousand

Source: PED & LESC Files

Budget Considerations

5. Appropriating recurring supports to scale up the **Educator Fellows Program (EFP)**.

EFP is a two-year program managed by PED for individuals with a high school diploma who are aspiring to become a certified educator. It is currently supported by \$30 million in one-time funds received through the American Rescue Plan, of which \$22 million were expended in FY23.

FY23 Costs Associated with the Ed Fellows Program

Salaries	Benefits	Fellow Stipends	Mentor Stipends	Licensure	Coaching and Support	Cost per Fellow
\$25,000 Min \$28,000 Max	\$14,000	\$2,000	\$500	\$250	N/A	\$44,750

Source: PED

Ed Fellows by Area of Study

Early Childhood	Elementary Education	Alternative Licensure	Secondary	Social Worker/Other
20%	40%	20%	15%	10%<

Source: PED

Budget Considerations

THEME: LEADERSHIP AND GOVERNANCE

Budget Considerations

6. Building consensus on how to best leverage the **Family Income Index (FII)**.

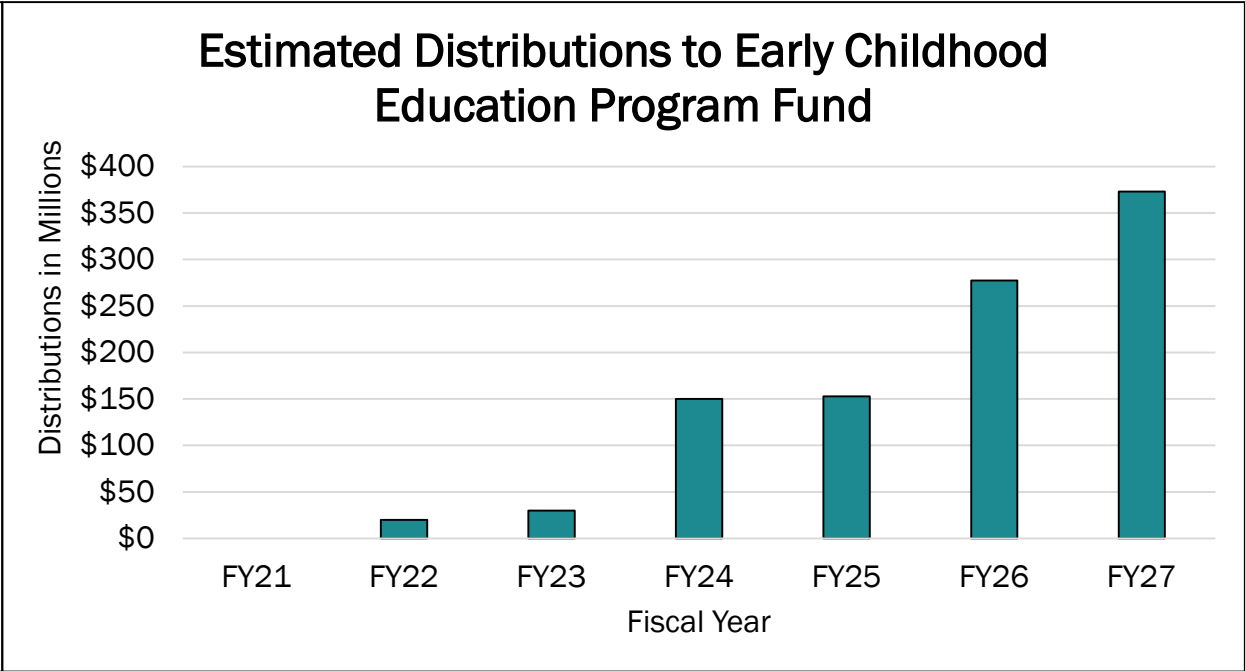
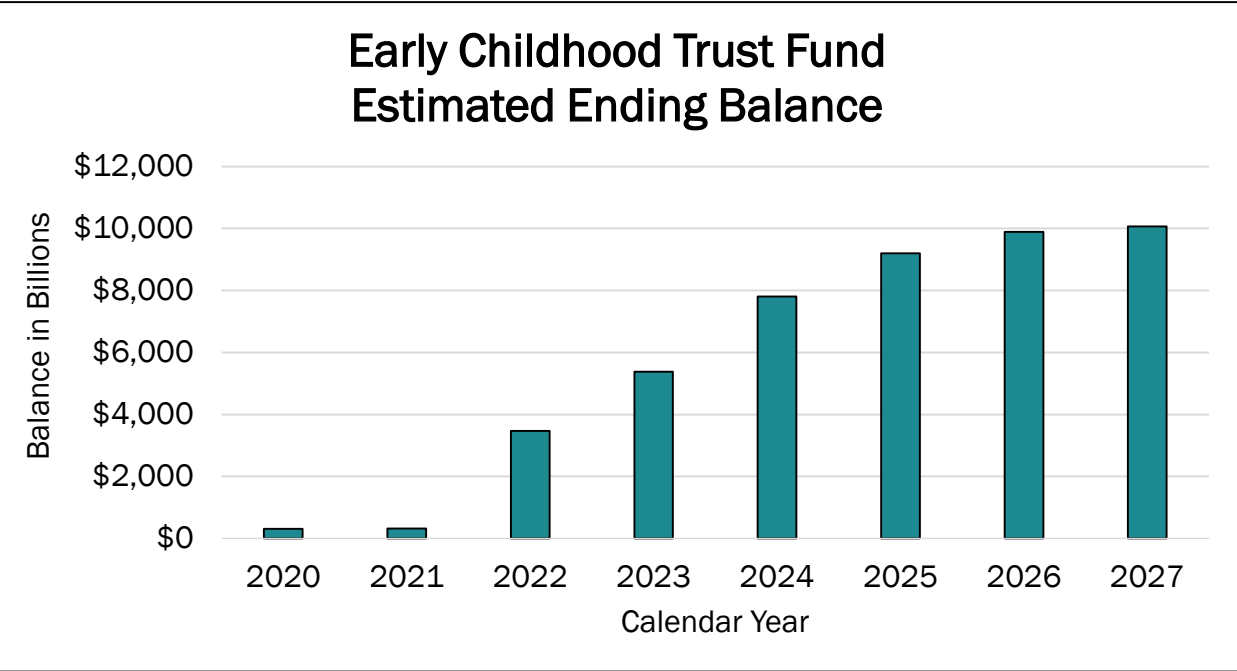
Prior Uses of the FII	Considerations for FY25 and Beyond
STAR Autism training for Special Education staff.	1. Extending the FII as a below-the-line or categorical initiative.
Salary and benefits for social workers.	
Salary and benefits for school-wide counselors.	2. Incorporate the methodology of the FII in the At-Risk Index by swapping out the Title One component of the At-Risk Index.
Math intervention supports.	
Bilingual literacy program curriculum through ACES.	3. Incorporate the methodology of the FII in the At-Risk Index by making the FII the singular methodology of the At-Risk Index in place of mobility, English learners, and Title One.
Summer reading intervention initiatives.	

Budget Considerations

THEME: PRIORITIZING LANGUAGES

Budget Considerations

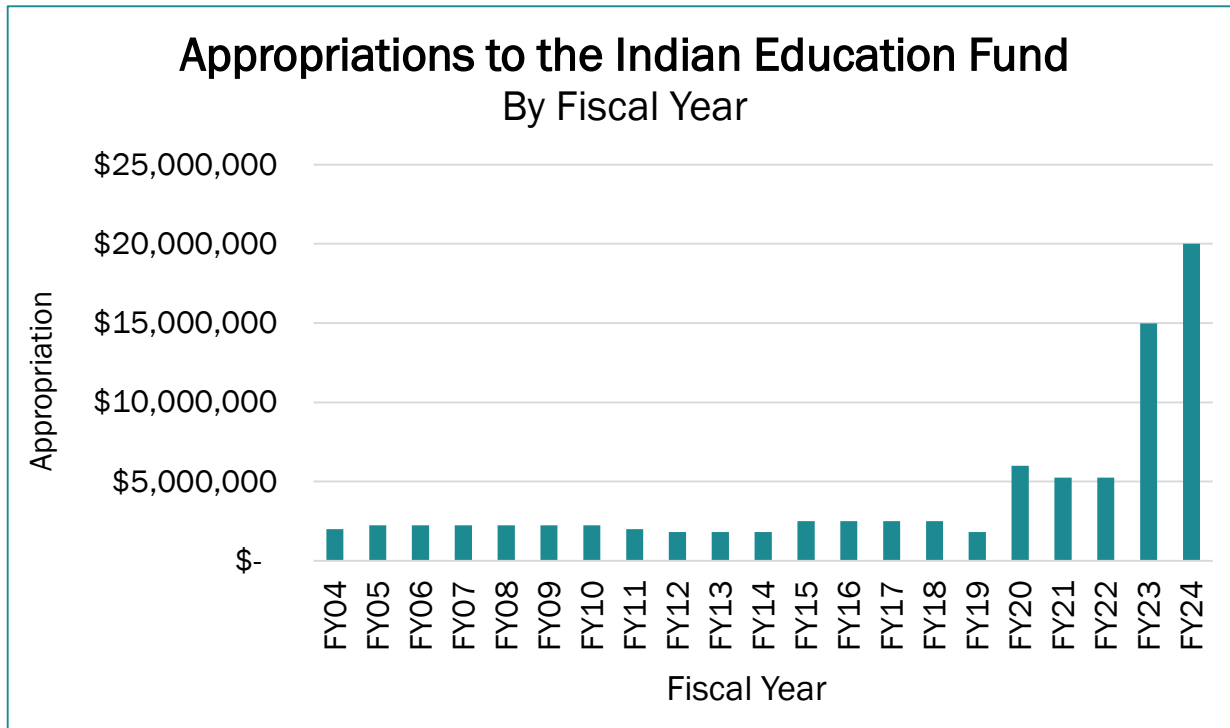
- 7. Establishing an **Indian Education Trust Fund** to provide sustainable funding for capacity building initiatives in tribes, pueblos, and nations, similar to the model of the Early Childhood Trust Fund.



Source: LFC

Budget Considerations

8. Revising the distribution formula of the Indian Education Fund.



Source: LESC Files

FY22- \$5.25 Million
\$75,000-\$100,000 for NM TEDs & \$50,000-\$90,000 for LEAs / Charters

Funding determined on alignment to NMPEDs priority areas, IEA systemic framework and outcomes

FY23- \$15 Million
Funding determined by student count and operational need, \$ base amount, \$ per student

Application required alignment to NMPEDs priority areas and IEA systemic framework and outcomes

FY24 - \$20 Million
Funding determined by student count and operational need, % used

Application required alignment to IEA systemic framework and outcomes

Source: PED

Budget Considerations

THEME: CAREER TECHNICAL EDUCATION AND HIGH SCHOOL REVISION

Budget Considerations

9. Targeting funding to certain **career and technical education (CTE) programs**.

In FY24, \$40 million was appropriated to CTE programs. It may be beneficial for the Legislature to consider targeting future funding to specific programs or initiatives, including:

- A) Innovation Zones;
- B) Next Gen Pilot Project; and
- C) Work-based learning.

10. Supporting **STEAM initiatives**, with an emphasis on math.

In FY24, \$3.1 million was appropriated for STEAM initiatives, with \$15.2 million having been invested in STEAM initiatives between FY20 and FY23.

LESC staff is studying STEAM initiatives with the goal of identifying how to support evidence-based practices and programs that improve student achievement in science and mathematics.

Budget Considerations

11. Supporting **literacy** initiatives.

In FY24, \$21.5 million was appropriated to early literacy and reading supports (\$8 million of which flows through the SEG).

The Legislature may consider whether ongoing support is needed for reading coaches, a state institute supporting the science of reading, and supports for training and professional development of educator preparation faculty.

12. Supporting **attendance** initiatives.

In FY24, \$5 million was appropriated to attendance success initiatives.

LESC staff will continue to assess chronic absenteeism to determine potential ways of building upon the Attendance for Success Act.

Budget Considerations

13. Implement the findings of the LESC evaluation of the **transportation distribution formula**.

Student transportation is funded as a categorical program, where funds flow to school districts and charter schools outside of the SEG. PED distributes those funds through a formula that considers the number of students transported, the number of SPED students transported, the number of buses used, the number of days in the school year, the number of miles driven, the gross mileage of the school district, and population density.

Challenges associated with the transportation distribution formula:

- Year-over-year changes to the formula factors causing variances in transportation distributions
- Consistent disparities in funding sufficiency between LEAs
- Complex and inconsistent approaches to school bus replacement
- Additional costs associated with emerging technology like safety equipment and electric vehicles

Budget Considerations

THEME: BEHAVIORAL HEALTH AND COMMUNITY SCHOOLS

Budget Considerations

14. Supporting **behavioral health** initiatives.

LESC staff will continue to assess how the Legislature could best support student wellness and mental health. This could include a conversation around counselor ratios and continued supports for the pilot counselor and social worker residency programs.

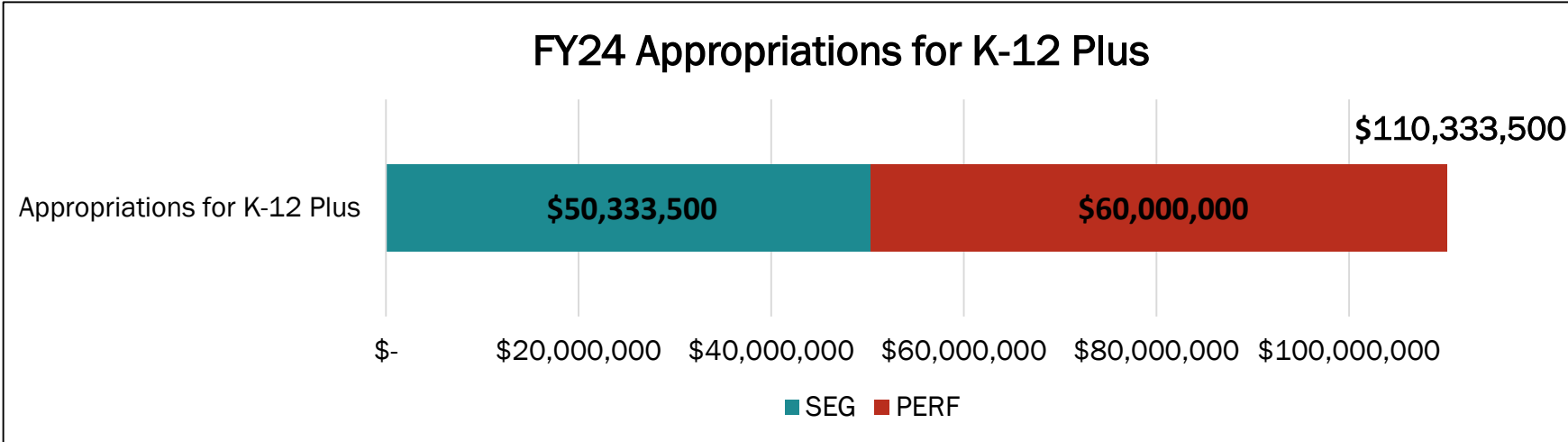
Budget Considerations

THEME: CULTURALLY RELEVANT INSTRUCTION AND RIGOROUS CURRICULUM

Budget Considerations

15. Ensuring the sufficiency of recurring funding for **K-12 Plus**.

The K-12 Plus Program incentivizes school districts and charter schools to add instructional days beyond 180 for those with five day weeks and 155 for those with 4 day weeks. A factor of 0.012 per student per day is generated for days between 181 and 190 (or 156 and 165) and a factor of 0.016 per student per day is generated for days between 191 and 205 (or 166 and 175).



Source: PED

Broad Inquiry Items for FY25

Broad Inquiries	
Counselor ratios	Leadership
Special Education	Universal school meals
School transformation	Data systems
520 Certificates	Supports for CTE personnel
Review of below-the-line initiatives	ESSER funding
Minimum salaries for personnel	Supports for personnel in federally funded programs

Thank You

Daniel A. Estupiñan

Senior Fiscal Analyst II

Daniel.Estupinan@nmlegis.gov