



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Public Schools: Review of FY20 Appropriations and Budgets

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Overview

New Mexico Educational Outcomes & Martinez-Yazzie Education Lawsuit







In Response: 2019 Legislation and FY20 Appropriations

FY20 Formula Allocations

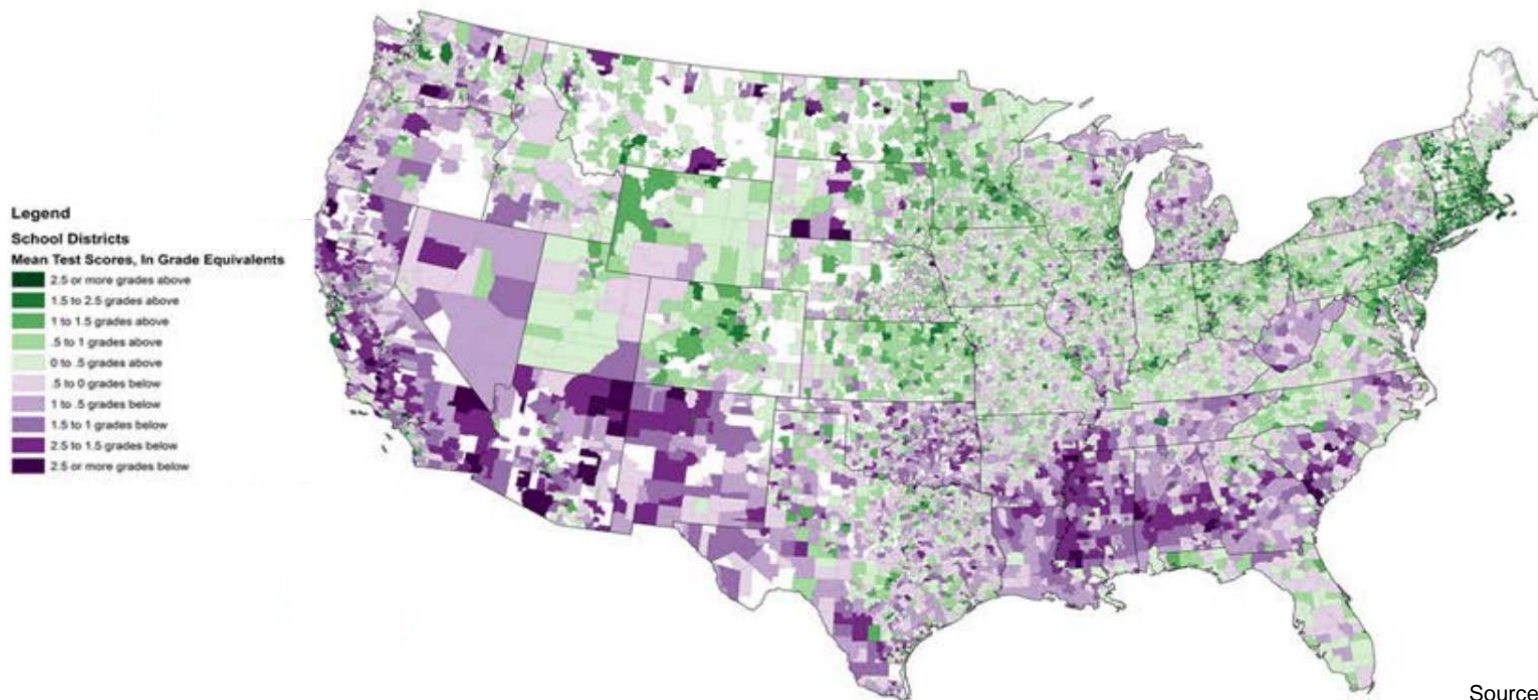
District and Charter Use of Formula Allocations

Summary

Proficiency rates are increasing, but still low

	FY17 Actual	FY18 Actual	FY19 Target	FY19 Actual	Rating
4 th grade reading proficiency	25.2%	29.1%	30%	31%	
4 th grade math proficiency	23.1%	25.6%	30%	28%	
8 th grade reading proficiency	27.9%	29%	30%	31%	
8 th grade math proficiency	20.2%	20.8%	30%	13%	
Recent New Mexico high school graduate college remediation rate	33.5%	Not reported	<35%	Not reported	
4-year cohort graduation rate	71.1%	73.9%	75%	Not reported	

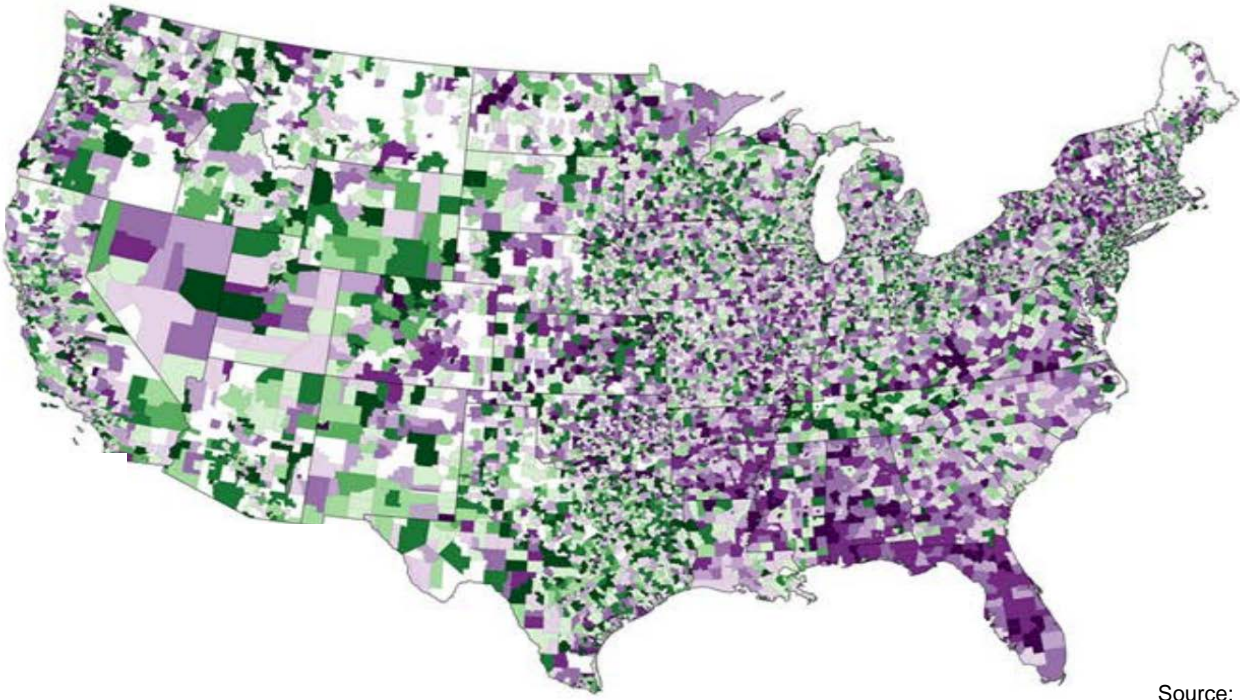
National Student Average Test Scores, Grades 3-8, 2009-2013 (Green = Positive, Purple = Negative)



Source: Stanford Education Data Archive.



National Student Average Test Score Growth, Grades 3-8, 2009-2013 (Green = Positive, Purple = Negative)

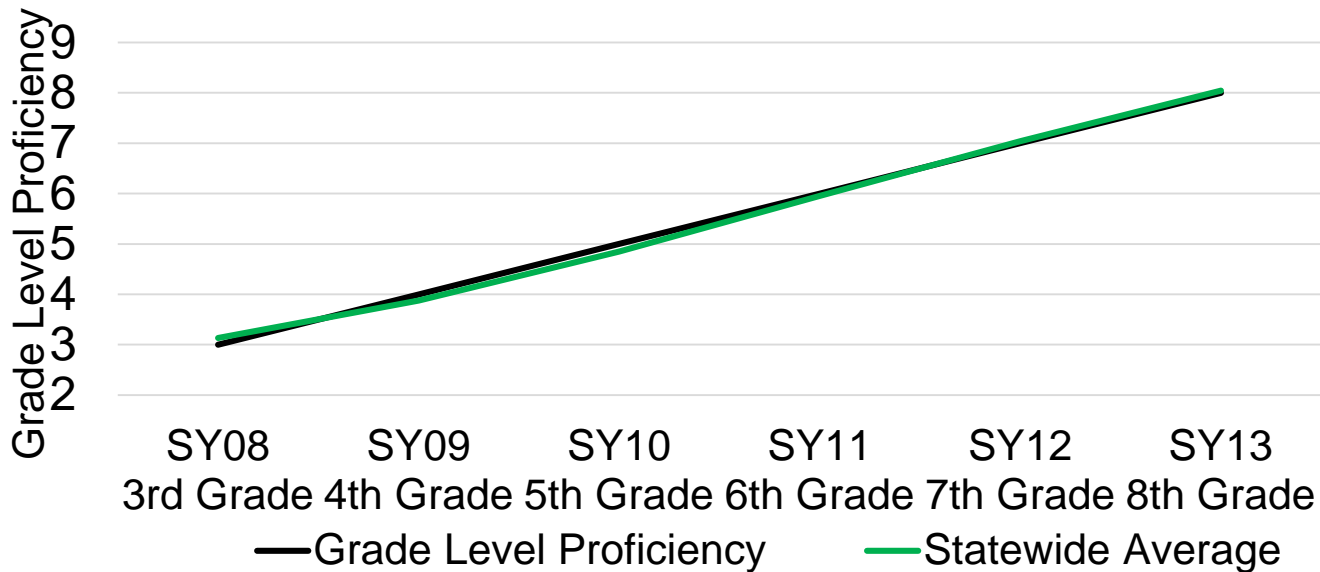


Source: Stanford Education Data Archive.



Findings from NM Longitudinal Data: Students Generally Gain a Year's Worth of Learning Each Year

Grade Level Proficiency in State Reading Exam from Third through Eighth Grade, SY08-SY13 (N = 20,210 Students)



Source: LFC (2017) Longitudinal Student Performance Analysis, p.8

Note: Average state reading scores for each year were divided by 40 (the proficiency threshold score) and then multiplied by the grade level number. A score of 40 in third grade would be a value of three in this chart.



Examples from North Central Districts

Grade Level Proficiency in the PARCC ELA Exam from Third through Sixth Grade, SY15-SY18

School Districts	Cohort Size	SY15 (3rd Grade)	SY16 (4th Grade)	SY17 (5th Grade)	SY18 (6th Grade)
Statewide	18,297	2.9	3.9	4.9	5.9
Española	218	2.8	3.8	4.9	5.9
Pecos	36	2.8	3.9	4.8	5.9
Pojoaque	109	2.9	3.9	4.8	5.8
Santa Fe	751	2.9	3.9	4.9	5.9
Taos	105	2.9	3.8	4.8	5.7
Grade Level Proficiency		3.0	4.0	5.0	6.0

Notes: Average PARCC scores for each year were divided by 750 (the proficiency threshold score) and then multiplied by the grade level. An average PARCC score of 750 in third grade would be a value of three.

Source: LFC analysis of PED data

New Mexico Education Sufficiency Lawsuit: Yazzie and Martinez v. State of New Mexico

- Plaintiffs alleged that New Mexico is not meeting its constitutional obligation to provide sufficient funding and programming for at-risk public school students.

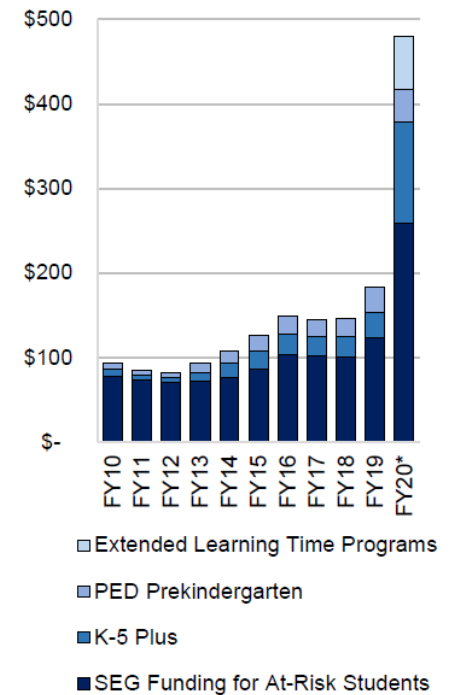


- The District Court ruled that:
 1. The **outputs** from public schools are “dismal” and therefore the....
 2. **Inputs** in the system, funding, teaching and programs, must be insufficient to meet the needs of at-risk students; and
 3. PED has not provided sufficient **oversight** and auditing over how public education funding is locally spent.

2019 Legislative Education Changes

- Increased factors for at-risk children in funding formula
- Provided expanded learning opportunities, particularly for at-risk students
- Increased funding to rural schools
- Ensured more effective and efficient administration

Program Funding for At-Risk Students
(in millions)



*Budgeted Appropriations

Source: LFC May 2019 Post-Session Review

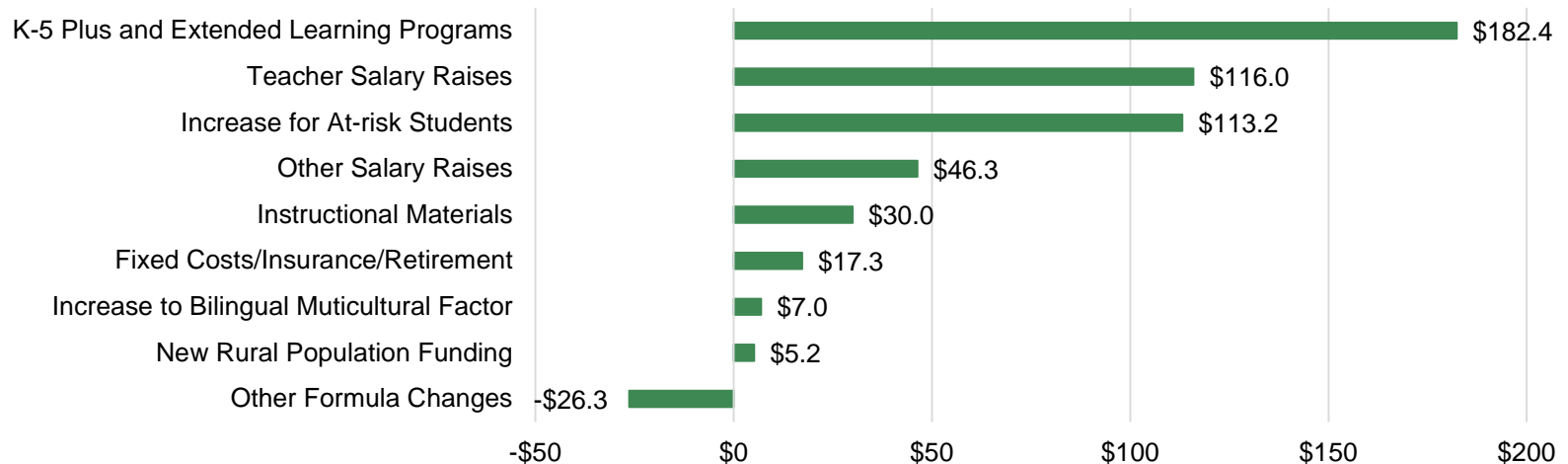
Research Informed Reforms



FY20 Increased Appropriations

For FY20, the Legislature approved a public education funding formula with a \$491 million, 19 percent increase in formula funding (from \$2.646 billion to \$3.137 billion).

Changes in Public Education Program Cost Funding FY19 to FY20
(in millions)

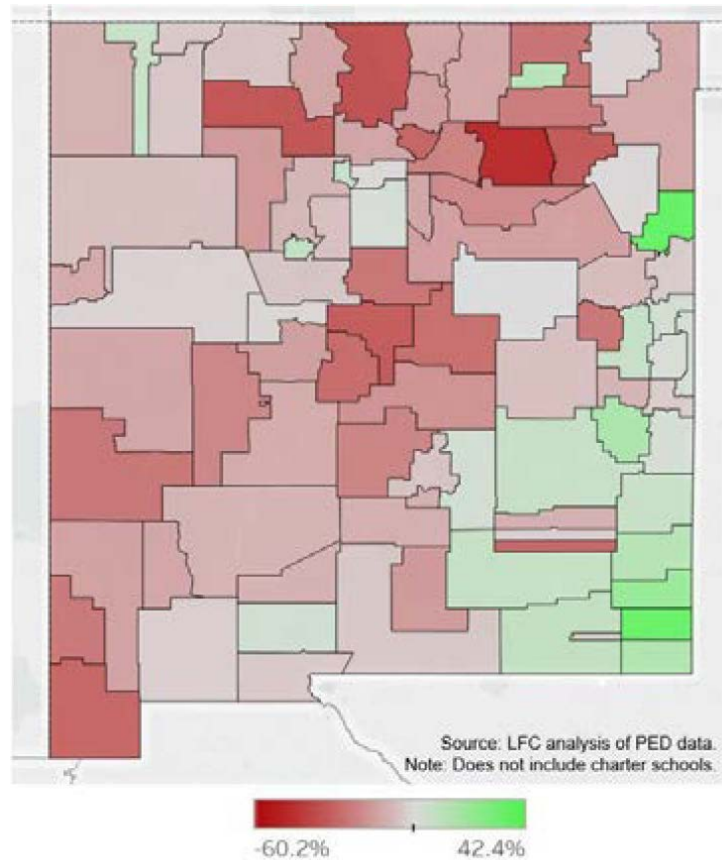


Note: The "other formula changes" category reflects decreases to program cost from decreased student enrollment, phasing-out small school funding in large districts, and setting a public school age limit of 22.
Source: LFC (May 2019) Post-Session Review.

Context: Appropriations grow while student enrollment falls (FY16 to FY20)

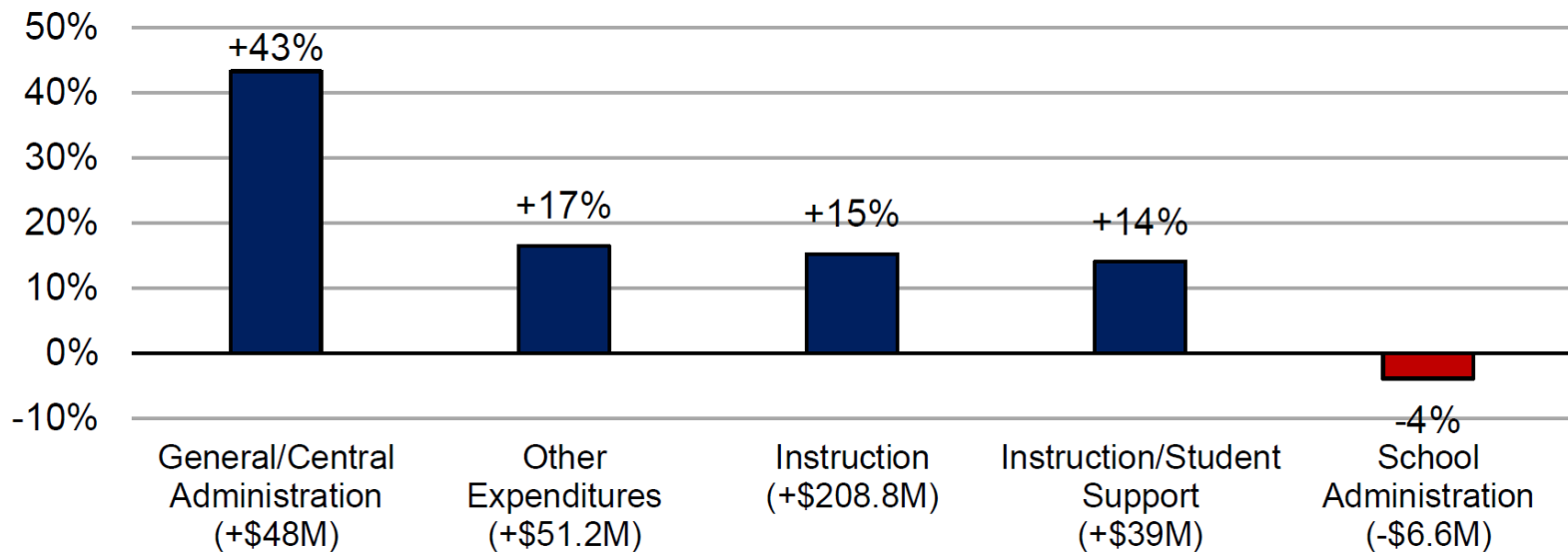
	Enrollment (MEM)	Appropriations (Program Cost)
Albuquerque	-7%	13%
Central Consolidated	-7%	9%
Cuba	-6%	33%
Deming	-3%	35%
Gadsden	-4%	27%
Gallup	-2%	25%
Lake Arthur	-26%	6%
Las Cruces	-1%	18%
Magdalena	-11%	2%
Moriarty	-6%	10%
Rio Rancho	1%	22%
Santa Fe	-6%	14%
Statewide	-3%	23%

Percent Changes in School District Student Membership FY09 to FY19



As appropriations increased, districts made local spending decisions

Growth in Statewide Public School Operational Spending: \$340.4 Million (15 percent) Total Increase from FY07 to FY18



Source: LFC analysis of PED financial actuals data

Distribution of FY20 Increased Program Funding*

(in thousands)

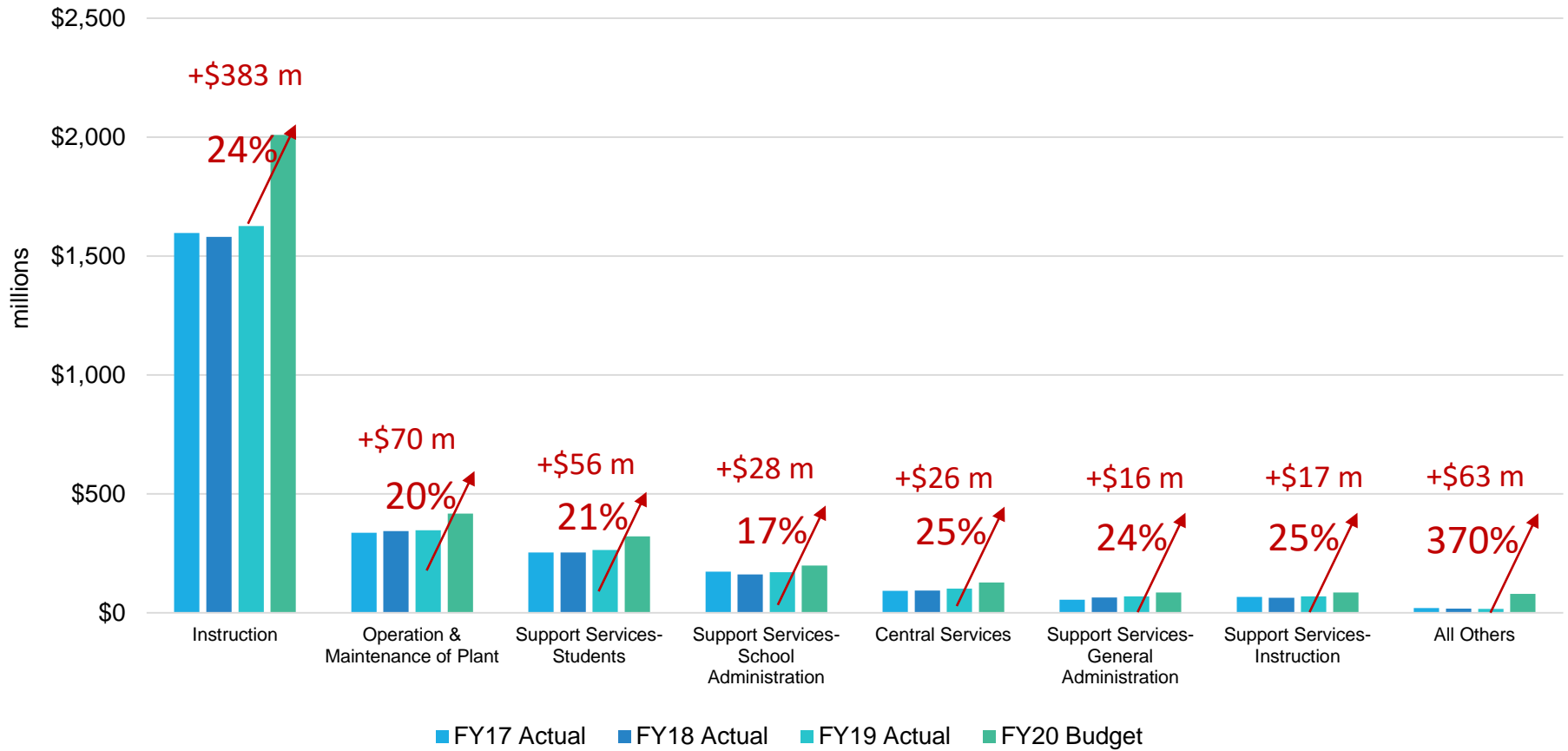
	Teacher Salary Raises	Other Salary Raises	K-5 Plus and Extended Learning Programs	Increase for At-risk Students	Instructional Materials	Increase for Bilingual Multicultural Services	Other Formula Changes	Estimated Total	Actual Preliminary Total
Albuquerque	\$28,247.4	\$11,278.7	\$6,859.9	\$28,329.2	\$7,307.2	\$1,693.9	-\$943.9	\$82,772.4	\$80,207.9
Central Consolidated	\$2,042.4	\$815.5	\$0.0	\$2,677.0	\$528.3	\$122.5	-\$68.3	\$6,117.4	\$7,181.4
Cuba	\$289.2	\$115.5	\$210.7	\$364.5	\$74.8	\$17.3	-\$9.6	\$1,062.4	\$1,161.7
Deming	\$1,834.5	\$732.5	\$5,368.1	\$2,349.1	\$474.6	\$110.0	-\$61.3	\$10,807.5	\$11,619.2
Gadsden	\$4,741.5	\$1,893.2	\$9,196.2	\$7,342.0	\$1,226.6	\$284.3	-\$158.5	\$24,525.3	\$24,610.4
Gallup	\$3,993.2	\$1,594.4	\$6,987.4	\$6,364.3	\$1,033.0	\$239.5	-\$133.5	\$20,078.3	\$19,752.6
Lake Arthur	\$74.2	\$29.6	\$0.0	\$42.5	\$19.2	\$4.5	-\$2.6	\$167.4	\$92.4
Las Cruces	\$8,144.1	\$3,251.8	\$9,666.3	\$7,883.0	\$2,106.8	\$488.4	-\$272.1	\$31,268.3	\$30,010.3
Magdalena	\$168.9	\$67.5	\$0.0	\$142.8	\$43.7	\$10.1	-\$5.7	\$427.3	\$591.7
Moriarty	\$799.7	\$319.3	\$0.0	\$658.7	\$206.9	\$48.0	-\$26.8	\$2,005.8	\$2,169.1
Rio Rancho	\$5,713.2	\$2,281.2	\$1,495.8	\$3,235.5	\$1,477.9	\$342.6	-\$190.9	\$14,355.3	\$14,521.6
Santa Fe	\$4,266.6	\$1,703.6	\$3,864.2	\$3,587.4	\$1,103.7	\$255.9	-\$142.5	\$14,638.9	\$11,601.2
Statewide	\$115,970.4	\$46,305.0	\$182,393.4	\$113,177.9	\$30,000.0	\$6,954.5	-\$3,875.4	\$490,925.8	\$343,782.3

* K-5 Plus and ELTP are amounts are those actually distributed by PED based on district application. At-risk amounts are based on the change in at-risk units FY19 to FY20 and the FY20. All other amounts were estimated proportional to each district's units in the FY20 preliminary funded run.

Source: FY20 Preliminary SEG Formula Funded Run, LFC files

Statewide, districts and charters budgeted to increase spending by \$660 million

(red text is FY19 actual to FY20 budget change)



Source: OBMS

Teacher Salary Increases

The PED/LESC/LFC consensus estimate for teacher salary increases was **\$116 million**, or a **9 percent increase** over the \$1.3 billion that districts and charters spent on teacher salaries and benefits in FY19.

Estimate included considerations for raises, fringe benefit increases, and funding needed to bring vacant positions to new minimums.

(in thousands)

	Increased Program Funding for Teacher Salary Raises
Albuquerque	\$28,247.40
Central Consolidated	\$2,042.40
Cuba	\$289.20
Deming	\$1,834.50
Gadsden	\$4,741.50
Gallup	\$3,993.20
Lake Arthur	\$74.20
Las Cruces	\$8,144.10
Magdalena	\$168.90
Moriarty	\$799.70
Rio Rancho	\$5,713.20
Santa Fe	\$4,266.60
Statewide	\$115,970.40

Districts budgeted for large raises for some returning teachers

Statewide, districts and charters planned on increasing returning teacher salaries by 10 percent. Some districts budgeted for much more generous raises for select teachers.

For Returning Teacher FTE's FY19 to FY20

	Actual Average Salary FY19	Budgeted Average Salary FY20	Average Raise	Range
Albuquerque	\$49,246	\$54,498	11.04%	6% to 21.34%
Central Consolidated	\$50,105	\$53,849	7.47%	6% to 39.76%
Cuba	\$52,986	\$56,897	7.38%	6% to 12.83%
Deming	\$48,743	\$54,722	12.27%	6% to 34.78%
Gadsden	\$48,421	\$54,416	12.38%	6% to 37.98%
Gallup	\$50,730	\$56,051	10.52%	6.5% to 12.94%
Lake Arthur	\$52,240	\$56,347	7.86%	6% to 14.36%
Las Cruces	\$49,605	\$53,850	8.56%	6% to 38.2%
Magdalena	\$50,614	\$56,096	10.83%	6% to 36.17%
Moriarty	\$49,163	\$54,925	11.72%	6% to 58.93%
Rio Rancho	\$49,285	\$53,311	8.17%	6% to 13.89%
Santa Fe	\$48,756	\$53,641	10.02%	6% to 14.33%
Statewide	\$49,714	\$54,818	10%	

Source: Worksheet V's

District budgeting for teacher salaries, FY20

(operational fund, includes salaries but not additional compensation, in thousands)

	FY19 Teacher Salaries Budget	FY20 Teacher Salaries Budget	Difference (Absolute)	Difference (Percent)
Albuquerque	\$252,942.3	\$296,430.6	\$43,488.4	17%
Central Consolidated	\$18,911.2	\$21,703.4	\$2,792.1	15%
Cuba	\$2,109.5	\$2,608.7	\$499.2	24%
Deming	\$13,394.3	\$19,065.7	\$5,671.3	42%
Gadsden	\$44,966.5	\$49,339.2	\$4,372.6	10%
Gallup	\$35,156.1	\$39,063.9	\$3,907.8	11%
Lake Arthur	\$551.2	\$666.8	\$115.5	21%
Las Cruces	\$73,246.1	\$80,017.1	\$6,771.0	9%
Magdalena	\$1,280.5	\$1,471.7	\$191.2	15%
Moriarty	\$6,959.3	\$8,265.7	\$1,306.5	19%
Rio Rancho	\$47,053.9	\$55,032.0	\$7,978.0	17%
Santa Fe	\$40,159.0	\$42,739.1	\$2,580.1	6%

Source: OBMS Job Class Report, 2019-2020

Checking with FY20 data:

More than enough funding was appropriated to cover required salary increases for returning teachers

(in thousands)

	Teacher Salary Increases Distributed by FY20 Formula			Increases Needed for Returning Teachers	District's Planned Raises for Returning Teachers
	Estimated salary portion	Estimated vacancies and fringe benefit portion	TOTAL		
Albuquerque	\$22,621.8	\$5,625.6	\$28,247.4	\$21,756.5	\$26,707.9
Central Consolidated	\$1,635.6	\$406.8	\$2,042.4	\$1,362.7	\$1,422.6
Cuba	\$231.6	\$57.6	\$289.2	\$119.3	\$149.5
Deming	\$1,469.1	\$365.4	\$1,834.5	\$1,227.5	\$1,592.4
Gadsden	\$3,797.2	\$944.3	\$4,741.5	\$3,283.6	\$4,910.5
Gallup	\$3,197.9	\$795.3	\$3,993.2	\$2,785.4	\$3,432.3
Lake Arthur	\$59.4	\$14.8	\$74.2	\$27.8	\$32.9
Las Cruces	\$6,522.2	\$1,621.9	\$8,144.1	\$4,080.5	\$5,820.7
Magdalena	\$135.3	\$33.6	\$168.9	\$140.6	\$148.8
Moriarty	\$640.4	\$159.3	\$799.7	\$438.2	\$740.8
Rio Rancho	\$4,575.4	\$1,137.8	\$5,713.2	\$2,746.4	\$3,864.8
Santa Fe	\$3,416.9	\$849.7	\$4,266.6	\$2,958.3	\$3,845.4
Statewide	\$92,874.3	\$23,096.1	\$115,970.4	\$79,775.2	\$99,659.3

Source: 2019-2020 Worksheet V's, LFC Files

Funding vacant teacher positions

Districts set their own levels for teacher staffing and funded vacancies

For FY20, districts changed both their total number of budgeted teacher FTE (column C) and the number of vacant positions they budgeted for (column E)

	FY19 Estimated Actual Teacher FTE	FY20 Returning Teacher FTE	FY20 Budgeted Teacher FTE	Change in Funded Teacher Positions FY19 to FY20	Budgeted Vacant Teacher FTE	FY20 Funded Vacancy Rate	Minimum Cost of Budgeted Vacancies
	A	B	C	D=C-A	E=C-B	F=E/C	G=(E * \$41,000) + (\$41,000*.372)
Albuquerque	5,433.9	5,085.8	5,645.8	211.9	559.9	9.9%	\$22,972,177
Central Consolidated	452.5	380.0	460.0	7.5	80.0	17.4%	\$3,295,252
Cuba	38.5	38.2	40.5	2.0	2.3	5.7%	\$109,142
Deming	338.8	266.3	340.8	2.0	74.4	21.8%	\$3,066,062
Gadsden	855.0	819.0	883.5	28.5	64.5	7.3%	\$2,658,932
Gallup	729.5	645.1	702.7	(26.8)	57.6	8.2%	\$2,378,902
Lake Arthur	13.0	8.0	15.3	2.3	7.3	47.5%	\$312,502
Las Cruces	1,620.8	1,371.0	1,481.7	(139.2)	110.7	7.5%	\$4,552,312
Magdalena	26.1	27.1	27.1	1.0	0.0	0.0%	\$15,252
Moriarty	165.9	128.6	152.9	(13.0)	24.3	15.9%	\$1,011,376
Rio Rancho	954.7	960.1	1,032.2	77.6	72.1	7.0%	\$2,972,992
Santa Fe	845.9	787.2	845.9	0.0	58.7	6.9%	\$2,422,259

Source: Worksheet V, OBMS



Increased funding for at-risk students

The FY20 legislative appropriation provided for **\$113.2 million in increased formula funding for at-risk students** by nearly doubling the value of at-risk students in the funding formula.

It is unclear from budget submissions how districts plan to spend this increase, or any of the total \$252.8 million of at-risk funding.

(in thousands)

	FY20 Increase for At-Risk Students
Albuquerque	\$28,329.2
Central Consolidated	\$2,677.0
Cuba	\$364.5
Deming	\$2,349.1
Gadsden	\$7,342.0
Gallup	\$6,364.3
Lake Arthur	\$42.5
Las Cruces	\$7,883.0
Magdalena	\$142.8
Moriarty	\$658.7
Rio Rancho	\$3,235.5
Santa Fe	\$3,587.4
Statewide	\$113,177.9

Instructional Materials

\$30 million was included in formal allocations for instructional materials in FY20 – **a \$17.5 million, or 240 percent, increase from FY19.**

Despite this new infusion, statewide, districts and charters budgeted \$16.9 million for textbooks in FY20. Its is unclear where districts budgeted the remainder of the appropriations for instructional materials.

Additionally, districts and charters will receive an extra \$26.5 million in a nonrecurring, special appropriation for instructional materials.

(in thousands)

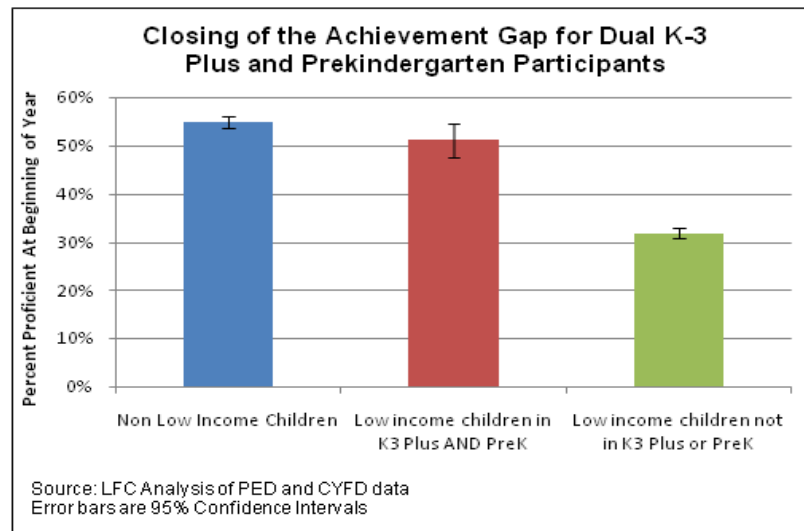
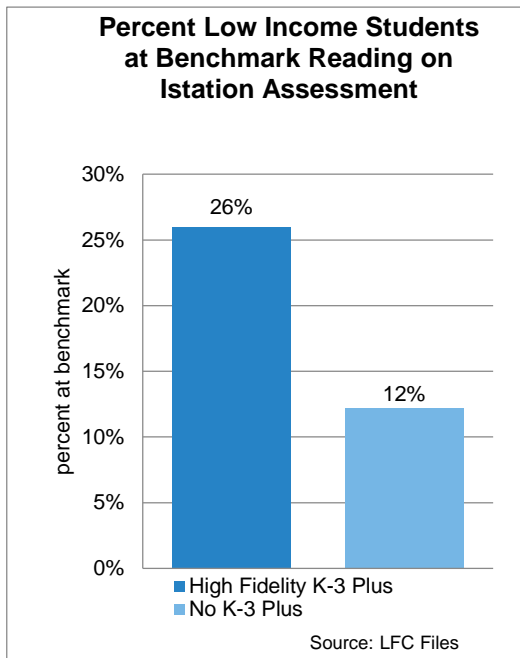
	Budgeted Textbooks from Operational Fund, FY20
Albuquerque	\$3,323.4
Central Consolidated	\$70.9
Cuba	\$15.0
Deming	\$700.0
Gadsden	\$600.0
Gallup	\$966.3
Lake Arthur	\$0.5
Las Cruces	\$220.9
Magdalena	\$16.5
Moriarty	\$183.4
Rio Rancho	\$1,263.3
Santa Fe	\$300.0
Statewide	\$16,853.4

FY20 Appropriations		
SEG Instructional Materials	Estimated Special Inst. Materials Appropriation	Total
\$7,307.2	\$6,454.7	\$13,761.9
\$528.3	\$466.7	\$995.0
\$74.8	\$66.1	\$140.9
\$474.6	\$419.2	\$893.8
\$1,226.6	\$1,083.5	\$2,310.1
\$1,033.0	\$912.5	\$1,945.5
\$19.2	\$17.0	\$36.2
\$2,106.8	\$1,861.0	\$3,967.8
\$43.7	\$38.6	\$82.3
\$206.9	\$182.8	\$389.7
\$1,477.9	\$1,305.5	\$2,783.4
\$1,103.7	\$974.9	\$2,078.6
\$30,000.0	\$26,500.0	\$56,500.0

Source: OBMS, LFC files

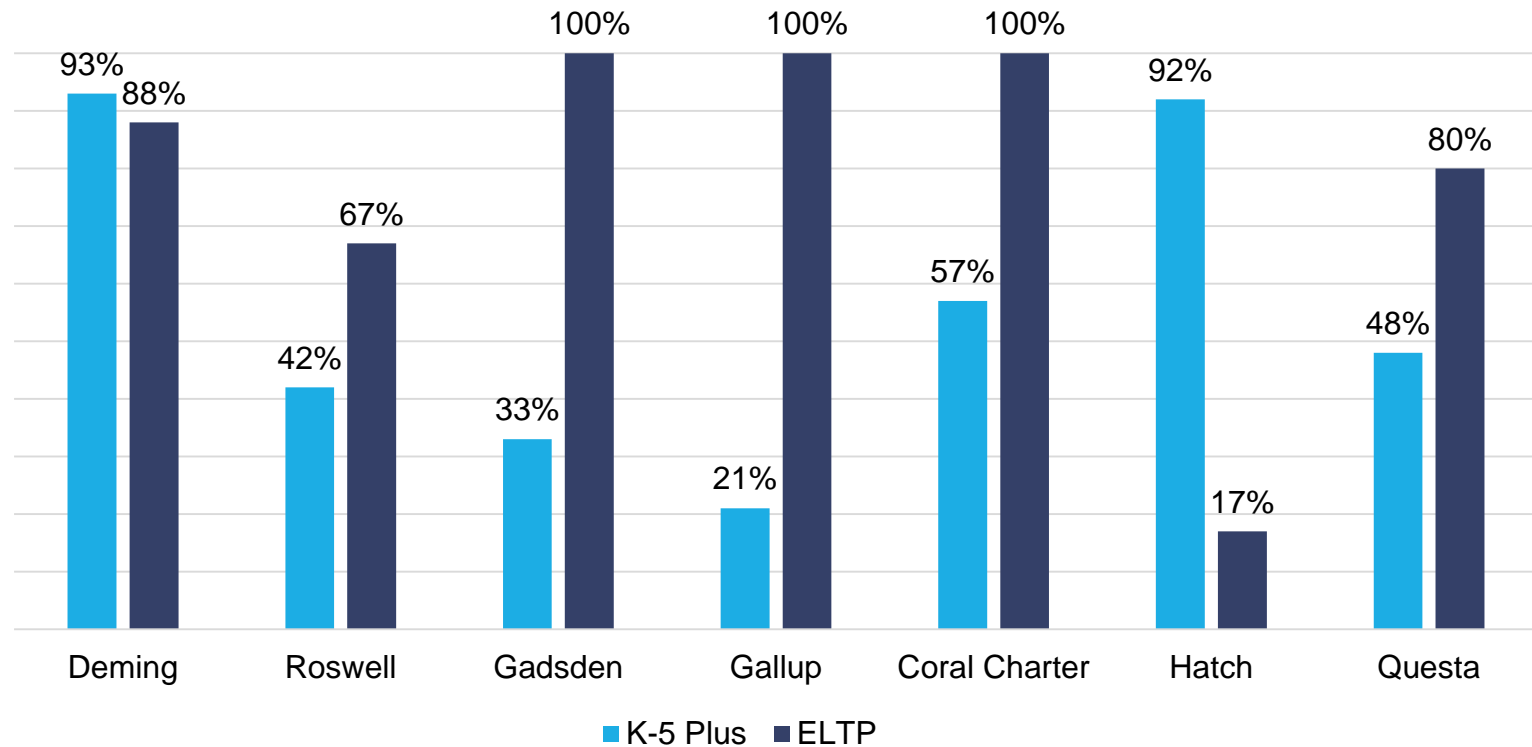
K-3 Plus Outcomes

When K-3 Plus is combined with prek, achievement gap appears to close for low-income kids



Some districts/charters went big with ELTP and K-5 Plus in FY20

Student Participation



Options for Increasing Local Participation

- Maximize use of available funding by clarifying program requirements in HB2 and/or PED rules and guidance
- Use the Education Reform Fund to help provide local schools on a “bridge” to full formula funding
- Set aside some of the Education Reform Fund to pilot other extended learning programs for rural schools, schools that serve high numbers of Native Americans students, and middle/high schools.

Districts don't have a way to budget unrestricted cash balances

Districts and charters instead must budget that carry-over cash into one or more operational line items.

Combined, districts and charters carried \$273 million in unrestricted cash, or 10 percent of operational budgets from FY19 into FY20.

	Remaining Operational Balance FY19	Percent of FY19 Operational Budget
Albuquerque	\$50,372,254	7%
Central Consolidated	\$5,800,910	10%
Cuba	\$459,801	6%
Deming	\$3,882,850	9%
Gadsden	\$30,064,453	25%
Gallup	\$7,650,669	7%
Lake Arthur	\$177,942	9%
Las Cruces	\$18,892,087	10%
Magdalena	\$581,977	13%
Moriarty	\$1,156,129	6%
Rio Rancho	\$18,595,265	13%
Santa Fe	\$6,746,883	6%
Statewide	\$273,280,485	10%

Source: OBMS FY19 Fourth Quarter Actuals, Unrestricted Cash Balance Report

Summary

- Yazzie & Martinez v. NM highlighted need to fund evidence-based interventions to improve student outcomes.
- The Legislature increased funding, and particularly funding for evidence-based programs, to tackle achievement gap for low-income students.
- Districts and charters make spending decisions locally:
 - The Legislature provided enough funding to cover required salary increases. Most districts and charters gave raises beyond Legislative requirements.
 - The Legislature nearly doubled the value of at-risk students in the funding formula, but it is unclear how districts plan to spend that funding.
 - Uptake of ELTP and K-5 Plus programs was low in FY20, but options exist to increase participation without compromising program quality.
- Need to improve PED-defined budgeting practices for districts and charters.
 - Cash balance budgeting
 - Tracking at-risk expenditures