

## Public Education Reform Fund Uses and Balance

---

### Background

- In 2019, the Legislature created the public education reform fund to allow the Legislature to direct funding to evidence-based public education programs that address the concerns in the *Martinez-Yazzie* lawsuit.
- In response to court concerns that there were insufficient funds for extended learning opportunities, the Legislature chose to provide funding in FY20 for all high need elementary schools to participate in K-5 Plus and for one third of all schools to participate in Extended Learning Time Programs.
  - The Legislature was concerned not all school districts and charter schools were prepared to offer the programs in FY20.
  - Without earmarking funds for these programs, the appropriations would have flowed to school districts and charter schools through the public school funding formula, increasing funds for regular educational programming, but making the funds no longer available for extended learning opportunities.
  - Earmarking funds for K-5 Plus and Extended Learning Time Programs ensured there would be available funds for programs to expand in future years.
  - Rather than revert unspent K-5 Plus and Extended Learning Time Program appropriations to the general fund, the Legislature chose to revert those funds to the public education reform fund, providing a funding source for public education programs.
- The fund is subject to legislative appropriation and may be used for evidence-based public education initiatives related to:
  - High-quality teaching and school leadership,
  - Extended learning opportunities for students,
  - Educational interventions for at-risk students,

- Effective and efficient school administration, or
- Promoting public education accountability.
- Staff project, at the end of FY21, the public education reform fund will hold at least \$170.4 million available for legislative appropriation.
  - The Public Education Department (PED) has requested \$171.2 million in appropriations from the public education reform fund, likely possible due to unspent FY21 appropriations from the fund reverting at the end of the fiscal year.

### Reversions to the Public Education Reform Fund

- Language in the General Appropriation Acts of 2019 and 2020 directed reversions from earmarks within the appropriations for the state equalization guarantee distribution (SEG) and transportation distribution for K-5 Plus and Extended Learning Time Programs to the public education reform fund.
- In FY20, \$125.8 million of the \$188.9 million for K-5 Plus and Extended Learning Time Programs, including funding for student transportation reverted to the public education reform fund.

### FY21 Appropriations from the Public Education Reform Fund

- For FY21, after solvency reductions enacted during the June 2020 special session, the Legislature appropriated \$24.6 million from the public education reform fund to PED.
- According to SHARE, the state's accounting system, as of December 8, 2020, PED has spent \$3 million of the appropriations and executed contracts for an additional \$7 million. PED has designated an additional \$5.7 million for specific projects, but has not yet finalized contracts for those projects. More than \$4 million, or 20.7 percent of the appropriations, remains available. See **Attachment A: Public Education Reform Fund Appropriations as of December 8, 2020.**
- A review of PED's contracts and expenditures from the fund shows the department used some of these funds to support the department's pandemic response, rather than for their original purpose:
  - \$310 thousand of the appropriation for culturally and linguistically responsive instructional materials and curricula was used to re-engage students who did not successfully transition to remote learning.

- \$210 thousand of the accountability and regional support systems appropriation was spent on projects related to childcare in FY21.
- See **Attachment B: Selected Projects from the Public Education Reform Fund**.

### Estimates of Available Funds for FY22

- At the end of FY21, any unallocated portion of the earmarks in the SEG and transportation distribution for K-5 Plus or Extended Learning Time Programs will revert to the public education reform fund; the Legislature may appropriate these funds for evidence-based education programs during the 2021 legislative session.
- According to PED, 16,067 students will participate in K-5 Plus programs and 134,042 students will participate in Extended Learning Time Programs.
- At the FY21 preliminary unit value of \$4,531.74, this would allocate:
  - \$21.8 million of the \$79.9 million appropriated for K-5 Plus; and
  - \$66.8 million of the \$71.4 million appropriated for Extended Learning Time Programs.
- LESC staff estimate allocations of \$724 thousand of the \$7.3 million earmarked in the transportation distribution, based on FY20 transportation expenditures, adjusted for changes in the number of students participating.
- LESC staff estimate \$69.2 million will revert to the public education reform fund at the end of FY21, leaving an estimated balance of \$170.4 million for appropriation in FY22.
- PED has requested appropriations totaling \$171.2 million from the public education reform fund for FY22. See **Attachment C: Public Education Reform Fund Balance Estimate**.

## Public Education Reform Fund Appropriations Status, as of December 8, 2020

Appropriation	Budget	Expended	Encumbered <sup>1</sup>	Pre-Encumbered <sup>2</sup>	Available Budget	Percent Available
Career Technical Education Programs	\$2,000,000	\$67,026	\$1,797,595	\$0	\$135,380	6.8%
Educator Evaluation System	\$1,000,000	\$843,744	\$156,256	\$0	\$0	0.0%
Teacher Residencies	\$1,000,000	\$1,437	\$863,413	\$0	\$135,150	13.5%
Accountability and Regional Support Systems	\$1,000,000	\$84,298	\$148,004	\$0	\$767,698	76.8%
Culturally and Linguistically Appropriate Instruction Materials and Curricula	\$9,000,000	\$310,000	\$3,388,179	\$4,000,000	\$1,301,821	14.5%
Cybersecurity and Data Systems Upgrade	\$500,000	\$0	\$499,407	\$0	\$593	0.1%
Early Literacy Summer Professional Development	\$875,000	\$0	\$0	\$875,000	\$0	0.0%
National Board Certification Grants	\$500,000	\$0	\$0	\$0	\$500,000	100.0%
Grow Your Own Teachers Fund	\$500,000	\$0	\$0	\$0	\$500,000	100.0%
Statewide Special Education Convening	\$750,000	\$0	\$0	\$60,000	\$690,000	92.0%
Real Time Data Management System <sup>3</sup>	\$1,144,600	\$261,743	\$0	\$808,350	\$74,507	6.5%
School Budget Transparency Website <sup>3</sup>	\$3,000,000	\$0	\$334,378	\$0	\$2,665,622	88.9%
Panic Buttons <sup>4</sup>	\$1,595,000	\$1,494,996	\$99,996	\$0	\$9	0.0%
<b>Total</b>	<b>\$22,864,600</b>	<b>\$3,063,243</b>	<b>\$6,952,850</b>	<b>\$5,743,350</b>	<b>\$7,105,157</b>	<b>31.1%</b>

<sup>1</sup>Funds are encumbered when PED signs a contract or issues an award for a particular appropriation.

Source: SHARE

<sup>2</sup>Funds that are pre-encumbered have been reserved for a particular project, but PED has not yet finalized the contract.

<sup>3</sup>Appropriations to PED for IT systems are for multiple fiscal years and will not revert at the end of FY21. According to PED staff, the Department of Information Technology has yet to certify IT projects with appropriations of \$1.8 million and these amounts are not yet budgeted.

<sup>4</sup>The appropriations for panic buttons includes \$95 thousand in general fund revenue.

## Selected Projects from the Public Education Reform Fund

Appropriation	Amount	Contractor	Purpose
Culturally and Linguistically Relevant Instructional Materials and Curricula	\$4,000,000	Region IX REC	Professional development, technical assistance and support relating to structured literacy for Spanish speakers
Culturally and Linguistically Relevant Instructional Materials and Curricula	\$2,388,180	Region IX REC	Professional development for educators under the direction and approval of the Literacy and Humanities Bureau
Culturally and Linguistically Relevant Instructional Materials and Curricula	\$310,000	Graduation Alliance	Student Attendance Recovery Project
Culturally and Linguistically Relevant Instructional Materials and Curricula	\$999,999	Southwest REC	Implementation of PED's Mult-Layered System of Supports
Accountability and Regional Support System	\$22,500	National Student Clearinghouse	StudentTracker, a program that track college and university enrollment, persistence, and completion nationwide
Accountability and Regional Support System	\$39,600	Tripod Education Partners	Family survey of childcare needs in FY21
Accountability and Regional Support System	\$170,202	Southwest REC	Support to connect families with childcare providers
Educator Evaluation System	\$1,000,000	Region IX REC	Online evaluation tool
Panic Buttons	\$1,594,991	Lyme Computer Systems	RAVE Panic Button App
Cybersecurity and Data Systems Upgrade	\$499,407	Risksense	Cybersecurity support for school districts and charter schools
Career Technical Education	\$1,849,620	27 School Districts, 12 Charter Schools, and 2 RECs	Awards to support career technical education
Teacher Residencies	\$321,381	New Mexico Highlands University	Develop and build teacher clinical residency programs
Teacher Residencies	\$286,948	San Juan College	Develop and build teacher clinical residency programs
Teacher Residencies	\$256,521	University of New Mexico	Develop and build teacher clinical residency programs

Source: SHARE

## Public Education Reform Fund Balance Estimate

<b>FY20 Year-End Balance<sup>1</sup></b>	<b>\$125,791,444</b>
<b><i>FY21 Appropriations</i></b>	
<i>Career Technical Education Programs</i>	<i>(\$2,000,000)</i>
<i>Culturally and Linguistically Appropriate Instructional Materials and Curricula</i>	<i>(\$9,000,000)</i>
<i>Cybersecurity and Data Systems Upgrades</i>	<i>(\$500,000)</i>
<i>Early Literacy Summer Professional Development</i>	<i>(\$875,000)</i>
<i>School Budget Transparency Website</i>	<i>(\$3,000,000)</i>
<i>Educator Evaluation System</i>	<i>(\$1,000,000)</i>
<i>National Board Certification Grants</i>	<i>(\$500,000)</i>
<i>Grow Your Own Teachers Fund</i>	<i>(\$500,000)</i>
<i>Special Education Convening</i>	<i>(\$750,000)</i>
<i>Teacher Resedencies</i>	<i>(\$1,000,000)</i>
<i>Panic Buttons at Public Schools</i>	<i>(\$1,500,000)</i>
<i>Accountability and Regional Support Systems</i>	<i>(\$1,000,000)</i>
<i>PED IT Systems</i>	<i>(\$2,957,300)</i>
<b>Total FY21 Appropriations</b>	<b><i>(\$24,582,300)</i></b>
Estimated FY21 Fund Balance Prior to Reversions	\$101,209,144
Estimated FY21 Reversion for K-5 Plus <sup>2</sup>	\$61,381,557
Estimated FY21 Reversion for Extended Learning <sup>2</sup>	\$7,783,866
<b>Estimated Fund Balance Available for Appropriation in FY22</b>	<b>\$170,374,566</b>

Source: SHARE

<sup>1</sup>FY20 reversions were \$101.5 million from K-5 Plus and \$24.3 million from Extended Learning Time Programs, including amounts appropriated to the transportation distribution for these programs.

<sup>2</sup>Estimated FY21 reversions for K-5 Plus and Extended Learning Time Programs include amounts appropriated to the transportation distribution for these programs.