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Purpose: To review the Public Education Department’s request for public school appropriations.

Witness: Ryan Stewart Ed.L.D., Secretary-Designate, Public Education Department

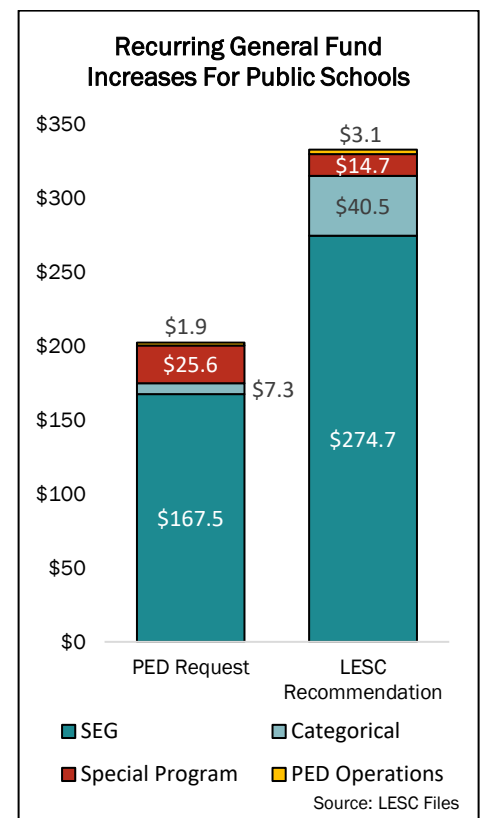
Expected Outcome: Better understanding of the issues the Legislature will face when preparing FY21 appropriations for public schools.

Public Education Department’s FY21 Public School Support and Special Programs Request

With FY20 appropriations of \$3.3 billion, or 46.2 percent of total appropriations, public schools are the largest recipient of general fund appropriations, a reflection of the large role that state funds play in the education of students in New Mexico. While most other states fund schools primarily at the local level, operational expenditures for public schools in New Mexico are overwhelmingly from state funds.

Funding for public schools remains a significant challenge for New Mexico. In findings from the 1st Judicial District Court in the consolidated *Martinez* and *Yazzie* lawsuit, the court determined the state was not providing enough to fund a sufficient education for at-risk students, based on student outcomes — standardized test scores, graduation rates, and college remediation rates. However, it is not clear that additional investments in public education will always improve outcomes. According to the results of the National Assessment of Educational Progress, a statistically representative, biennial assessment of student performance administered by the federal National Center for Education Statistics, fewer New Mexico students demonstrated basic reading and math skills in 2019 than in 2013, despite a 6 percent increase in real per-student appropriations for public schools. While investment in public education has the potential to close the achievement gap and better prepare New Mexico students for college or career, these investments need to be prioritized to evidence-based programs that have been shown to improve student results.

For FY21, the Public Education Department (PED) and Early Childhood Education and Care Department (ECECD) requested \$3.47 billion in recurring general fund revenue for public school programs, an increase of \$219 million, or 6.7 percent from FY20. Excluding ECECD’s request for public school prekindergarten programs, PED requested \$3.414 billion, an increase of \$202.4 million, or 6.3 percent. PED’s request includes a 5.5 percent increase to the state equalization guarantee (SEG) distribution, a 7.3 percent increase for categorical programs, and a 96.4 percent increase for PED-administered special programs. Special program appropriations — sometimes called “below-the-line appropriations” — fund both direct and indirect support for school districts, though PED often uses a portion of this funding to supplement the department’s operating budget.



The department requested an additional \$60 million in nonrecurring appropriations, including \$18 million from the public education reform fund. The department also requested \$25 million from the public school capital outlay fund for school transportation programs.

Public School Support Budget Request

PED requested \$3.346 billion for public school support in FY21, an increase of \$174.9 million, or 5.5 percent from FY19. The department's request includes increases to the SEG distribution, primarily for educator salaries and the at-risk index, the public school transportation distribution, emergency supplemental grants for school districts with budget shortfalls, and for the state's assessment programs.

In December, the consensus revenue estimating group reduced recurring general fund revenue estimates for FY20 and subsequent years. Revenue estimators project the "new money" available for appropriation in FY21 to be \$797 million, an 11 percent increase from FY20 recurring appropriations. However, this amount is \$109 million less than the August projections.

PED's request for public school support falls short of the LESC budget recommendation for FY21, which totals \$3.343 billion for public school support, a \$274.7 million increase, or 9 percent, from FY20.

State Equalization Guarantee and Program Cost

Most operational funding for New Mexico public schools is distributed through an equalized funding formula established in state law. The funding formula is designed to guarantee each student in New Mexico is treated like other similarly situated students, regardless of the local economic conditions facing the school district. The public school funding formula allocates program cost - the amount money the state assumes public schools need to operate - to each school district and charter school based on student enrollment and other factors that increase school costs, such as the number of students with special needs or enrollment in small, isolated schools. Each school district and charter school is guaranteed to receive its program cost through their allocation from the SEG and 75 percent of revenue received from three other sources for which the formula takes a credit - federal Impact Aid payments, federal forest reserve payments, and the local half mill levy.

To calculate the appropriation to the SEG, the Legislature assumes changes to the program cost from the previous year, which reflect the policy choices made by the Legislature for the coming school year, and subtracts from the assumed program cost

Although state law anticipates the revenue PED collects from driver's license fees will be distributed through the SEG to compensate school districts for defensive driving instruction, these fees have not been distributed through the SEG in many years. Although annual income is about \$1.5 million per year, balances in the fund have reached more than \$9.3 million, according to the state's accounting system.

funding formula credits, based on an estimate of the amount of credited revenue school districts and state-chartered charter schools are likely to receive. The general fund appropriation to the SEG is calculated by subtracting an other state funds appropriation from driver's license fees, a portion of which required by law to be transferred to PED for distribution through the SEG.

PED's request for public school support includes an increase to program cost of \$172.9 million, or 5.5 percent, from FY20. PED projected funding formula credits of \$68.9 million, or \$5.4 million more than in FY20. This results in a requested general fund

increase to the SEG of \$167.5 million, or 5.5 percent. The LESC budget recommendation includes an increase of \$288.2 million, or 9.2 percent, and a higher assumption for funding formula credits, based on the \$75 million budgeted for FY20. Additionally, legislative staff project PED will have sufficient funds from driver's license fees to increase that appropriation from \$5 million to \$7 million, resulting in an increase to the SEG appropriation of \$274.7 million or 9 percent.

At-Risk Index Increase. PED requested an increase to the multiplier used to calculate the at-risk index from 0.25 in FY20 to 0.30 in FY21. The LESC budget recommendation includes an increase in the at-risk index to the same level. Legislative staff calculate the cost of that increase at \$50.5 million, but PED requested an increase to program cost of \$53.5 million. PED staff indicate the difference is due to a unit value adjustment applied by the department, although typical practice is to fund additional program units at the current unit value.

Although the Legislature significantly increased funding for at-risk programs in FY19 and FY20, several school districts and charter schools reported spending little of the new money on programs for at-risk students. Many school districts reported spending most of the additional funding on increasing staff salaries. In a hearing before LESC, PED indicated the department was intending to increase budget oversight activities for the FY21 budget, in part by building out a regional support infrastructure.

Educator Compensation. PED requested an increase to program cost of \$92.7 million to provide an average salary increase of 4 percent to public school employees. PED's request notes the importance of the inclusion of average language in the General Appropriation Act to provide school districts and charter schools with flexibility to apply salary increases while avoiding salary compaction caused by recent increases to minimum salary levels.

The LESC budget recommendation included an average 6 percent salary increase for teachers, an average 6 percent salary increase for principals, and an average 6 percent salary increase for other school employees, with accompanying language that would require all public school employees receive a salary increase of at least 3 percent. Providing for three separate appropriations will ensure salary increases are not concentrated in one area while allowing school districts and charter schools flexibility to address salary compaction.

Insurance. PED requested a \$19.8 million increase to program cost to cover the employer portion of insurance premiums, which it calculated by applying a 7.4 percent increase to health insurance premium and a 9.25 percent increase to property and liability insurance premiums for entities covered by the New Mexico Public Schools Insurance Authority, based on FY20 budgeted amounts by covered entities. The PED request reflects NMPSIA's appropriation request for FY21. Amounts for

FY21 Increases to Program Cost

Item	PED Request	LESC Rec.
Increase At-Risk Index	\$53,500.0	\$50,500.0
Extended Learning Time Programs		\$25,969.9
Elementary Physical Education		\$11,161.5
Instructional Materials		\$10,000.0
Insurance	\$19,820.4	\$11,567.6
Fixed Costs	\$6,881.6	\$4,764.9
Maintenance Personnel		\$2,500.0
Induction Programs		\$6,200.0
Early Literacy and Reading Support		\$10,000.0
Educator Compensation	\$92,723.0	\$155,500.0
Total	\$172,925.0	\$288,163.9

Source: LESC files

Albuquerque Public Schools (APS), which is self-insured, were calculated using a 5 percent increase for health, dental, and vision insurance and a 6 percent increase for property and liability insurance, based on APS's FY20 budget. In hearings before LFC and LESC, APS did not explicitly request an increase to the SEG, but noted the school district was raising insurance premiums. The LESC recommendation for insurance provides sufficient funds for a 6 percent health insurance increase for all entities based on FY20 budgeted expenditures, adjusted for the amounts typically unspent in these budget lines.

Fixed Costs. PED requested \$6.9 million to increase program costs for a 2.3 percent increase for fixed costs, including auditing costs, maintenance expenses, textbooks, utilities, and general supplies and materials. The LESC recommendation includes \$4.8 million for fixed costs, based on a 2.75 percent increase for utilities and a 1 percent increase for other fixed costs, based on expenditure trends for these areas. The LESC recommendation did not include textbooks in the fixed costs estimates, but included a \$10 million increase for instructional materials, which was not included separately in the PED recommendation.

Instructional Materials. PED's request did not include an increase to program cost for instructional materials; however, PED requested \$26.5 million in nonrecurring general fund revenue for instructional materials. Although PED's request continued to provide funding for instructional materials through the SEG distribution, the department recently told the Legislative Finance Committee it may amend its request to provide a separate, categorical funding request for instructional materials. During the interim, some school district officials indicated to legislative and department staff that providing instructional materials funds through the funding formula led to confusion at the school district level. However, providing instructional materials funding through the formula gives school districts more flexibility to purchase non-traditional instructional materials and provides additional funding to school districts and charter schools with special programs, such as bilingual programs or K-5 Plus, which may require additional materials. Additional guidance from PED, including early notification to school districts on where instructional materials are funded, could help reduce school district confusion.

According to PED, some instructional materials adoption cycles are more expensive than others. To better balance instructional materials expenses, PED could adjust the adoption cycles to ensure each year is roughly equal.

The LESC budget recommendation includes an increase to program cost of \$10 million for instructional materials to allow school districts and charter schools to purchase additional instructional materials for math and career technical education, which are covered by the FY21 adoption cycle.

K-5 Plus and Extended Learning Time. PED's request did not include additional funding for K-5 Plus or extended learning time programs but the department has indicated to legislative staff it will seek more flexibility when allocating funding for the two programs. In FY20, the Legislature earmarked \$119.9 million for K-5 Plus and \$62.5 million for extended learning time programs, for a total of \$182.4 million. However, the department cannot move funds between programs. For FY21, PED does not want funding for K-5 Plus and extended learning time earmarked for the specific program, but wants to use the \$182.4 million in available funding to ensure all extended learning time and K-5 Plus applications are funded.

The department reports it has received initial applications for 50 thousand students in K-5 Plus programs and 190 thousand students in extended learning time programs, which together will cost about \$164 million at the current unit value. While PED did not request additional funding for the programs, the combined \$182.4 million included in base program cost will likely provide enough funding for all applications. Staff calculations indicate all applications could be funded without an appropriation increase if the unit value rises by less than 7 percent from its current level. The department's request for program cost is unlikely to result in a unit value increase of more than 7 percent, although this is dependent on changes to enrollment and other funding formula data.

Amount of Funding Needed to Fund FY21 K-5 Plus and Extended Learning Time Programs
(in millions)

<i>Unit Value Change</i>	Flat	+ 5%	+ 8%
<i>Unit Value</i>	\$4,565.41	\$4,793.68	\$5,078.56
K-5 Plus (50,000 students)	\$68,481.2	\$71,905.2	\$76,178.4
Extended Learning (190,000 students)	\$95,417.1	\$100,187.9	\$106,141.9
Total	\$163,898.2	\$172,093.1	\$182,320.3

Source: LESC Analysis

The LESC recommendation for program cost continues to earmark set amounts for K-5 Plus and extended learning time programs. In response to the court's findings in the consolidated *Martinez* and *Yazzie* lawsuit, the Legislature made sufficient K-5 Plus funding available to allow all schools previously eligible for K-5 Plus to offer the program, or about 80 thousand students. Continuing to prioritize funding for K-5 Plus emphasizes continued support for evidence-based programs that have been shown to improve student outcomes. However, the LESC recommendation includes language that would allow PED some flexibility to adjust program funding based on demand, permitting up to \$20 million in K-5 Plus funding to be used for extended learning time programs. The recommendation includes an additional \$26 million for extended learning time programs to ensure all applicants can be funded in FY21.

In addition, the LESC recommendation includes flexibility to provide grants to school districts and charter schools that need assistance to build a K-5 Plus program that meets the requirements of statute. The recommendation includes language that allows schools that make the program available to all students and contract with all staff to be funded based on prior year membership, reducing financial uncertainty. Additionally, language could allow a school offering a 205-day instructional calendar to receive funding for all students, which would enable a school district or charter school to add additional K-5 Plus days throughout the school year, rather than prior to the beginning of the school year. Also, the recommendation includes a \$30 million appropriation from the public education reform fund for programs that are not able to adopt programs that meet all the requirements of statute in the first year of the program but intend to reach program fidelity within a set time frame.

Categorical Programs

PED's request for public school support includes \$135.8 million for categorical programs, including \$25 million from the public school capital outlay fund for school transportation programs, an increase of \$7.3 million, or 5.7 percent, from FY20. In

addition, PED requested nonrecurring funds for emergency supplemental grants and for a transportation study.

FY21 Categorical Program Requests

Item	PED Request	LESC Rec.
Transportation	\$116,188.5 ¹	\$117,919.5
Out-of-State Tuition	\$285.0	\$300.0
Emergency Supplemental	\$3,800.0	\$5,000.0
Beginning Teacher Mentorship		\$6,200.0
Dual Credit Instructional Materials	\$1,500.0	\$2,000.0
Standards-Based Assessments	\$8,000.0	\$6,000.0
Indian Education Fund	\$6,000.0	\$6,000.0
Total	\$135,773.5	\$143,419.5

Source: LESG files

¹This amount includes a \$25 million from the public school capital outlay fund.

The LESG recommendation includes \$143.4 million for categorical programs, an increase of \$15.5 million, or 12.1 percent. The LESG recommendation includes a new categorical program to provide grants to school districts and charter schools for beginning teacher mentorship programs, which is not included in PED’s request.

Transportation. PED requested a total of \$116.2 million for student transportation, an increase of \$2.6 million, or 2.3 percent from FY20, but PED staff indicate a significant reduction in lease payments for contractor-owned buses. Those fees are expected to fall from \$9.2 million in FY20 to \$7.1 million in FY21. When factoring in this reduction,

PED requested a \$4.6 million increase, or 6.4 percent, for operations, maintenance, and fuel expenses, including a 4 percent increase in compensation for transportation personnel. Despite projected increases in participation, PED did not request an increase in transportation funding for K-5 Plus or extended learning time programs.

The LESG recommendation for student transportation includes a 2 percent increase for operations and maintenance, a 1 percent increase for fuel, and a 6 percent increase for transportation employee salaries. The LESG recommendation also includes increases for transportation for K-5 Plus and extended learning time programs.

PED requested \$500 thousand in nonrecurring appropriations for a comprehensive study of school transportation funding. PED indicates it will use an outside contractor to conduct the study.

The PED request for transportation includes \$25 million from the public school capital outlay fund (PSCOF). State law allows an appropriation of up to \$25 million in PSCOF revenue per year from FY18 through FY22 for school transportation or instructional materials. The LESG recommendation does not use PSCOF revenue, which was approved to minimize budget cuts when general fund revenue collections fell substantially.

Standards-Based Assessments. PED’s request included \$8 million for standards-based assessments, an increase of \$2 million from FY20. The total cost of providing assessments to students is \$9.6 million, but a portion of these costs are covered by federal funds and some of the assessments requested by PED are not required by state or federal law. According to PED, the cost of providing summative assessments to

According to PED staff, state funds have been used for several years to provide PSAT tests to New Mexico high school students. Currently, PED uses a portion of the appropriation for Advanced Placement (AP) to fund PSAT tests, which according to the department can help identify students that will succeed in AP programs and encourage students to enroll in AP classes.

third through eighth grade students, the Preliminary Scholastic Aptitude Test (PSAT) to ninth and 10th grade students, and the Scholastic Aptitude Test (SAT) to 11th grade students totals, \$8 million. PED requested additional funding to provide interim assessments to third through eighth grade students and to provide training and support materials for educators.

The LESG recommended \$6 million for standards-based assessments.



Emergency Supplemental. PED’s request for emergency supplemental grants total \$6.8 million, with \$3.8 million in recurring general fund revenue, \$1 million in nonrecurring general fund revenue, and \$2 million in revenue from the public education reform fund. Supplemental funding is awarded to school districts based on financial need and is often used to support small school districts with declining membership. For FY20, emergency supplemental funding fell to \$2 million, lower than \$3 million to \$4 million typically appropriated. PED requested \$1 million in nonrecurring revenue, which could be available to PED in FY20.

The LESC recommendation includes \$5 million in recurring general fund appropriations for emergency supplemental grants with language requiring PED to ensure that a recipient of emergency supplemental funding is taking advantage of shared service agreements with regional education cooperative or neighboring school districts in an effort to reduce the diseconomies of scale that are faced by many school districts receiving emergency funding on a regular basis. These school districts must apply and be approved by PED annually.

Special Program Budget Requests

In addition to requests for public school support, PED submitted requests for several special programs, sometimes called “below-the-line” appropriations. These appropriations fund PED initiatives, pilot programs, or other grant programs, where funding is not distributed based on a statutory formula. Funding for these non-formula programs grew substantially during the prior administration, primarily due to the adoption and expansion of the K-3 Plus programs, the predecessor to the K-5 Plus program now included in the public school funding formula and the expansion of public school prekindergarten programs. Beginning in FY21, public school prekindergarten appropriations will be made to ECECD.

For FY21, PED requested \$66.2 million for special programs, including \$14 million from the public education reform fund. PED’s recurring general fund request is \$52.2 million, an increase of \$25.6 million, or 96.4 percent, from FY20. The department also consolidated special program requests into five areas: regional education cooperatives (RECs), whole child education, educator ecosystem, the opportunity gap, and pathways and profiles for student success. With the exception of RECs, PED’s request for each program area is between \$12 million and \$17 million, making it difficult to identify the department’s funding priorities, determine which programs PED will seek to expand, and if any special program will receive a reduced budget for FY21. Funding PED requests with this method also reduces transparency and limits the ability of the Legislature to direct program appropriations to legislative priorities.

PED’s FY21 request includes continued funding for several programs included in the “House Bill 2 Jr.” bills from the 2019 legislative session, including funding for school districts and charter schools to purchase feminine hygiene products, computer science professional development, the mathematics, engineering, and science achievement (MESA) program, and for a teaching pathways coordinator at PED.

The LESC recommendation includes \$41.2 million in recurring general fund revenue for special programs, an increase of \$14.7 million, or 55.1 percent, and continues to allocate funds to specific programs. While many of LESC’s recommendation could arguably fit within the programs requested by PED, it is unclear if the amount the

department intends to allocate for the specific program resembles the amount of the LESC recommendation.

PED Staff and Operational Expenses

PED indicates a portion of its request for special program appropriations will be used to fund department staff and other operational expenses; however it is unclear how much of its request PED intends to use on staff salaries and benefits or how many additional FTE will be supported by each appropriation. In September, the department submitted the FY21 request for its operating budget, where it proposed to add 10 additional FTE for FY21. It is unclear how the department determined which FTE to request as part of its operating budget and which FTE it chose to include in special program funding. For FY20, PED budgeted \$1 million in special program appropriations. Assuming average salary and benefits costs of 85 thousand per FTE, this could support about 12 FTE. In addition to staff salaries, in previous years, special program appropriations have been used by the department for other expenses like staff travel and training, equipment purchases, and IT services.

Personal Services and Employee Benefits Expenses From PED Special Program Appropriations

Funding Source	FY19 OpBud	FY19 Actual	FY20 OpBud
Public Prekindergarten Fund	\$220,000	\$190,416	\$230,000
Teachers Pursuing Excellence	\$180,000	\$180,000	\$180,000
Science, Technology, Engineering, Arts, and Math Initiatives	\$15,000	\$15,000	\$22,500
Early Reading Initiative	\$104,000	\$104,000	N/A
K-3 Plus	\$176,251	\$176,251	N/A
Truancy and Dropout Prevention	\$165,000	\$165,000	N/A
Teacher and Administrator Evaluation System	\$75,000	\$75,000	\$0
Principals Pursuing Excellence			\$85,000
School Based Health Centers	N/A	N/A	\$50,000
Indigenous Education Initiatives	N/A	N/A	\$164,800
Bilingual and Multicultural Education Support	N/A	N/A	\$298,500
Total	\$935,251	\$905,667	\$1,030,800

Items marked "N/A" were not appropriated in that year.

Source: SHARE

Staff funded with special program appropriations play an important role in helping the department provide oversight and support to school districts and charter schools statewide. In light of findings from the consolidated *Martinez* and *Yazzie* lawsuit that PED needed to increase such oversight and support, the LESC recommendation transferred the amounts budgeted in FY20 for PED staff from special program appropriations to the department's operating budget, highlighting the importance of these roles for basic department operations.

One alternative worth investigating is the possibility of adding additional programs to PED's operating budget. PED is one of the largest departments in state government to present a budget with a single program for their operations, while

many other agencies provide detailed budgets for multiple programs. For example, FY20 appropriations to the Children, Youth and Families Department included five separate program budgets: (1) juvenile justice facilities, (2) protective services, (3) early childhood services, (4) behavioral health services, and (5) program support. Shifting to provide several program-based budgets that include funding for functions now funded with special appropriations could provide additional insights into how PED plans on using funds appropriated by the Legislature to carry out their oversight and support functions. It also recognizes these tasks as central to PED's mission, which means they should be included in the department's recurring operating budget.



For FY21, the LESC recommendation for PED's operating budget includes funding for staff salaries and benefits that were budgeted from special program appropriations and the Indian education fund in FY20. The LESC recommendation includes language that would prohibit PED from budgeting special program appropriations for staff salaries and benefits, increasing the amount available to provide direct services to school districts and charter schools.

Regional Education Cooperatives

PED requested \$5.7 million for RECs, an increase of \$4.7 million, or 452 percent, from FY20. In FY20 and previous years, each REC received \$103.9 thousand in general fund appropriations from the state for REC operations. RECs received additional funding by providing services to school districts and other agencies that are members of the REC. In addition, several RECs have received additional funding by acting as the fiscal agent for several PED special programs. In exchange for processing vendor payments, PED pays the REC an administrative fee. Although this fee can vary, it can be as much as 8 percent of the cost of the contract. Although administratively attached to PED, RECs are governed by their member educational entities.

PED's request increases this amount to \$233.4 thousand per REC, with an estimated cost of \$1.3 million, or 124 percent of the FY20 appropriation. In addition, PED's request includes funding for 3 FTE at each REC to provide technical assistance and assist PED with oversight activities. Assuming the additional \$3.4 million requested by PED is to build out this infrastructure, each of the 10 RECs will receive \$340.5 thousand, or \$113.5 thousand per FTE. This would include costs associated with travel and administrative support for these employees.

For FY21, the LESC recommendation includes \$2 million for regional education cooperatives, an increase of \$961 thousand, or 92.5 percent from FY20.

Whole Child Education

PED requested a total of \$15 million for whole child education, including \$3 million from the public education reform fund. The department indicates it will use the funding to support the implementation of the Bilingual and Multicultural Education Act and Hispanic Education Act, including providing staff in PED's language and culture division, create a new statewide literacy initiative, and begin additional programming to support special education and gifted education. In addition, PED will continue the indigenous education initiative first funded in FY20.

PED requested \$750 thousand in nonrecurring appropriations for a statewide training and professional development program for special education personnel.

The LESC recommendation includes \$12.6 million in funding for several similar programs, including \$1 million for the indigenous education initiative, \$2.2 million to support English learners and bilingual education programs, and \$5 million for an early literacy initiative. In addition, LESC recommended \$1 million from the public education reform fund to provide tuition-free courses that lead to endorsements in bilingual education or in the teaching of English to speakers of other languages (TESOL); \$2.5 million to develop culturally relevant instructional materials for Native American students; and \$875 thousand for early literacy professional development.

Educator Ecosystem

PED requested a total of \$27 million for programs to recruit, retain, and support educators, including \$7 million from the public education reform fund and \$10 million in nonrecurring general fund revenue. The department indicates it will use the funds to support early career teachers, provide professional development for educational leaders, and support educator preparation programs and the revamped teacher evaluation system. The \$10 million nonrecurring request is for teacher residency programs.

The LESC recommendation included \$15.6 million for similar programs, including \$5 million for teacher residencies, \$5 million for teacher professional development, and \$3.4 million for school leader professional development, including principals, school district administrators and charter school administrators, and school district and charter school and governing board members. The LESC recommendation also includes \$154 thousand for the Educators Rising student organization and \$500 thousand for the grow your own teachers fund, to increase the number of students entering teacher preparation programs. To provide support for teachers to pursue national board certification, the LESC recommendation includes \$500 thousand to provide grants to offset the costs associated with seeking this certification.

Opportunity Gap

PED requested a total of \$12 million for programs to close the opportunity gap and support struggling schools. The request includes funding for existing initiatives, including community school support, the Graduation Reality and Dual-role Skills (GRADS) program, which supports teen parents and pregnant teenagers, and to continue existing student nutrition programs. The department also states it will use funding to create a school resource officer coordinator position.

The LESC recommendation includes \$12.9 million for similar programs, with \$5.9 million to support community schools grants and \$5 million for grants to schools that experienced a loss of federal funding for school improvement programs. The LESC recommendation continues funding for student nutrition programs.

Pathways and Profiles for Student Success

PED requested a total of \$16 million for programs to promote student success. The department indicates funds will continue to support PED's science, technology, engineering, arts, and mathematics (STEAM) initiative, career technical education (CTE) programs, and the Advanced Placement (AP) initiative. The request also indicates it will fund family, educator, and community engagement programs for this appropriation. Although the Legislature has not previously approved funding for this purpose, the department has used special program funding in the past to fund similar initiatives, diverting dollars from other special program appropriations, including prekindergarten funding.

The LESC recommendation includes \$23.5 million for similar programs, with \$13 million for CTE programs. The LESC recommendation appropriates this funding to the career technical education fund. Appropriations to the fund can only be used to provide grants to school districts and charter schools participating in the seven-year career technical education pilot project established by during the 2019 legislative session. In addition, the LESC recommendation includes \$3 million for civics education and continues to fund AP programs.

Public School Support and Related Appropriations for FY21
(in thousands of dollars)

School Year 2019-2020 Preliminary Unit Value = \$4,565.41 School Year 2018-2019 Final Unit Value = \$4,190.85		FY20 OpBud	FY21 PED Request	FY21 LESC Recommendation
1	PROGRAM COST	\$2,646,377.6	\$3,137,303.4	\$3,137,303.4
2	UNIT CHANGES			
3	Increase At-Risk Index (Multiplier of 0.25 in FY20 and 0.30 in FY21)	\$113,177.9 ¹	\$53,500.0	\$50,500.0
4	Increase Bilingual and Multicultural Education Program Units	\$6,954.5		
5	Set School Age Limit at 22	(\$6,129.0)		
6	Phase-Out School Size Adjustment for Schools Within Large Districts	(\$9,041.6)		
7	Phase-In Rural Population Units	\$5,204.5 ¹		
8	Extended Learning Time Program Units (190 Days, After School Programs, and 80 Hours of Professional Development)	\$62,497.4 ¹		\$25,969.9
9	K-5 Plus Program Units	\$119,895.9 ¹		
10	Net Program Unit Changes (Fully Phase-In Elementary PE Program Units in FY21)	(\$11,173.3)		\$11,161.5
11	UNIT VALUE CHANGES			
12	Instructional Materials	\$30,000.0		\$10,000.0
13	Increase Employer Retirement Contributions 0.25 Percentage Points	\$4,250.0 ³		
14	Insurance	\$9,014.0	\$19,820.4	\$11,567.6
15	Fixed Costs	\$4,000.0	\$6,881.6	\$4,764.9
16	School District Maintenance Personnel			\$2,500.0
17	Mentorship and Induction Programs			\$6,200.0
18	Early Literacy and Reading Support Programs			\$10,000.0
19	Minimum Wage Increase (Laws 2019, Chapter 114; FY20: \$9.00; FY21: \$10.50)	\$169.6		\$2,500.0
20	Compensation Increase for Teachers (FY20: 6%; FY21: 6% average, minimum 3%)	\$77,753.0		\$100,000.0 ¹⁰
21	Compensation Increase for Principals (FY20: 6%; FY21: 6% average, minimum 3%)	\$6,225.4		\$8,000.0 ¹⁰
22	Compensation Increase for Other Employees (FY20: 6%; FY21: 6% average, min. 3%)	\$37,694.4		\$45,000.0 ¹⁰
24	Compensation Increase for All School Personnel (4% average)		\$92,723.0	
25	Increase Teacher Minimum Salaries (\$41k, \$50k, \$60k)	\$38,217.4 ¹		
26	Increase Principal and Assistant Principal Minimum Salary (\$60K*responsibility factor)	\$2,215.6 ¹		
27	SUBTOTAL PROGRAM COST	\$3,137,303.4	\$3,310,228.4	\$3,425,467.4
28	Dollar Change Over Prior Year Appropriation	\$490,925.8	\$172,625.0	\$288,164.0
29	Percent Change	18.6%	5.5%	9.2%
30	LESS PROJECTED CREDITS (FY19 Actual Credits of \$84,100.6)	(\$63,500.0)	(\$68,887.5)	(\$75,000.0)
31	LESS OTHER STATE FUNDS (From Driver's License Fees)	(\$5,000.0)	(\$5,000.0)	(\$7,000.0)
32	STATE EQUALIZATION GUARANTEE	\$3,068,803.4	\$3,236,340.9	\$3,343,467.4
33	Dollar Change Over Prior Year Appropriation	\$486,425.8	\$167,537.6	\$274,664.0
34	Percent Change	18.8%	5.5%	9.0%
35	CATEGORICAL PUBLIC SCHOOL SUPPORT			
36	Transportation			
37	Maintenance and Operations	\$56,397.9	\$83,104.9	\$86,664.8
38	Fuel	\$12,979.0		\$13,108.8
39	Rental Fees (Contractor-Owned Buses)	\$9,194.4		\$7,119.7
40	Transportation for Extended Learning Time Programs (with language)	\$2,745.6 ¹	\$2,745.6	\$3,707.3
41	Transportation for K-5 Plus Programs (with language)	\$3,744.0 ¹	\$3,744.0	\$3,818.9
42	Compensation Increase for Transportation (FY20: 6%, PED: 4% average, LESC: 6% average, minimum 3%)	\$3,567.6	\$1,594.0	\$3,500.0
43	SUBTOTAL TRANSPORTATION	\$88,628.5 ⁴	\$91,188.5 ⁴	\$117,919.5
44	Out-of-State Tuition	\$300.0	\$285.0	\$300.0
45	Emergency Supplemental	\$1,000.0	\$3,800.0	\$5,000.0
46	Beginning Teacher Mentorship Programs (contingent on legislation)			\$6,200.0
47	Dual Credit Instructional Materials	\$1,000.0	\$1,000.0	\$2,000.0
48	Standards-Based Assessments	\$6,000.0	\$8,000.0	\$6,000.0
49	Indian Education Fund	\$6,000.0	\$6,000.0	\$6,000.0 ⁹
50	TOTAL CATEGORICAL	\$102,928.5	\$110,273.5	\$143,419.5
51	TOTAL PUBLIC SCHOOL SUPPORT	\$3,171,731.9	\$3,346,614.4	\$3,486,886.8
52	Dollar Change Over Prior Year Appropriation	\$474,975.4	\$174,882.6	\$315,155.0
53	Percent Change	17.6%	5.5%	9.9%
54	RELATED REQUESTS: RECURRING			
55	Regional Education Cooperatives	\$1,039.0	\$5,739.0	\$2,000.0
58	Whole Child Education Programs		\$12,000.0 ¹¹	
59	Indigenous Education Initiatives	\$1,000.0		\$1,000.0 ⁹
60	English Learners and Bilingual Education Program Evaluation and Support	\$2,500.0		\$2,201.5 ⁹
61	Early Literacy and Reading Support			\$5,000.0
62	Educator Ecosystem Programs		\$10,000.0 ¹²	
63	Principal, School Leader, and Board Member Professional Development	\$2,500.0		\$3,415.0 ⁹
64	Teacher Evaluation System	\$1,000.0 ⁷		
65	Teacher Residencies			\$5,000.0
66	Educators Rising			\$154.0

Public School Support and Related Appropriations for FY21
(in thousands of dollars)

School Year 2019-2020 Preliminary Unit Value = \$4,565.41 School Year 2018-2019 Final Unit Value = \$4,190.85		FY20 OpBud	FY21 PED Request	FY21 LESC Recommendation
67	Teacher Professional Development Programs	\$2,500.0		\$5,000.0 ⁹
68	Opportunity Gap Programs		\$12,000.0	
69	Community School Support	\$2,000.0		\$2,000.0
70	Breakfast for Elementary Students	\$1,600.0		\$1,600.0
71	New Mexico Grown Fruits and Vegetables	\$200.0		\$200.0
72	GRADS - Teen Parent Interventions	\$200.0 ⁸		\$200.0 ⁸
73	School-Based Health Centers	\$1,350.0		
74	Pathways and Profiles for Student Success Programs		\$12,000.0 ¹³	
75	STEAM Initiative (Science, Technology, Engineering, Arts, and Math)	\$5,000.0		\$5,977.5 ⁹
76	Advanced Placement Test Fee Waivers and Training	\$1,500.0		\$1,500.0
77	Career Technical Education Fund (HB44/HB91)	\$3,000.0		\$3,000.0
78	Feminine Hygiene Products	\$170.0	\$170.0	
79	Teaching Pathways Coordinator	\$50.0	\$50.0	
80	Teacher Professional Development for Computer Science	\$200.0	\$200.0	
83	Dyslexia Screening and Professional Development	\$357.0		
84	Media Literacy Programs	\$350.0		
85	MESA Programs	\$75.0	\$75.0	
86	Civics Education Programs			\$3,000.0
87	TOTAL RELATED APPROPRIATIONS: RECURRING	\$26,591.0	\$52,234.0	\$41,248.0
88	Dollar Change Over Prior Year Appropriation	(\$35,309.0)	\$25,643.0	\$14,657.0
89	Percent Change	-57.0%	96.4%	55.1%
90	SUBTOTAL PUBLIC EDUCATION FUNDING	\$3,198,322.9	\$3,398,848.4	\$3,528,134.8
91	Dollar Change Over Prior Year Appropriation	\$408,416.4	\$200,525.6	\$329,812.0
92	Percent Change	14.6%	6.3%	10.3%
93	PUBLIC EDUCATION DEPARTMENT	\$13,246.6	\$15,103.8	\$16,327.5 ⁹
94	Dollar Change Over Prior Year Appropriation	\$2,000.0	\$1,857.2	\$3,080.9
95	Percent Change	17.8%	14.0%	23.3%
96	TOTAL - PUBLIC SCHOOL SUPPORT AND PED	\$3,211,569.5	\$3,413,952.2	\$3,544,462.3
97	Dollar Change Over Prior Year Appropriation	\$410,416.4	\$202,382.8	\$332,892.9
98	Percent Change	14.7%	6.3%	10.4%
99	OTHER PUBLIC SCHOOL APPROPRIATIONS - RECURRING			
100	Public Pre-Kindergarten Fund (Early Childhood Education and Care Dept.)	\$39,000.0 ⁶	\$55,641.0 ⁵⁶	\$50,100.0 ⁶
101	GRAND TOTAL - SECTION 4 PUBLIC SCHOOL APPROPRIATIONS	\$3,250,569.5	\$3,469,593.2	\$3,594,562.3
102	Dollar Change Over Prior Year Appropriation	\$449,416.4	\$219,023.8	\$343,992.9
103	Percent Change	16.0%	6.7%	10.6%
104	SECTION 5 APPROPRIATIONS (GENERAL FUND OR PUBLIC EDUCATION REFORM FUND)			
105	Emergency Supplemental Funding for School Districts	\$1,000.0	\$1,000.0	
106	Emergency Supplemental Funding for School Districts (public education reform fund)		\$2,000.0 ¹⁴	
107	Teacher Residency Pilot	\$1,000.0	\$10,000.0	
108	Sufficiency Lawsuit Fees	\$1,250.0	\$2,500.0	
109	Cyber Security and Data Systems Upgrade		\$250.0	
110	Cyber Security and Data Systems Upgrade (public education reform fund)		\$2,000.0 ¹⁵	
111	Dual-Credit Instructional Materials	\$500.0	\$500.0	
112	Instructional Material Fund	\$26,500.0	\$26,500.0	
113	Statewide Special Education Convening		\$750.0	
114	Whole Child Education Programs		\$3,000.0	
115	Educator Ecosystem Programs		\$7,000.0	
116	Pathways and Profiles for Student Success Programs		\$4,000.0	
117	Teacher Evaluation System Research and Development	\$1,000.0		
118	Standards-Based Assessment Research and Development	\$2,000.0		
119	Tuition-Free Bilingual and TESOL Courses (contingent on legislation)			\$1,000.0
120	Supplemental Transportation Funding (limited to school districts with shortfalls)			\$2,500.0
121	Transportation Study		\$500.0	
122	Career Technical Education Fund (HB91)	\$2,000.0		\$10,000.0
123	K-5 Plus: Low Fidelity Program Bridge Funding			\$30,000.0
124	School Improvement Grants			\$5,000.0
125	Community School Implementation			\$3,900.0
126	Early Literacy Summer Professional Development			\$875.0
127	National Board Certification Grants			\$500.0
128	Grow Your Own Teachers Act			\$500.0
129	PED IT Systems		\$2,866.0	\$2,866.0
130	Native American Instructional Materials Development			\$2,500.0

Public School Support and Related Appropriations for FY21
(in thousands of dollars)

School Year 2019-2020 Preliminary Unit Value = \$4,565.41
School Year 2018-2019 Final Unit Value = \$4,190.85

	FY20 OpBud	FY21 PED Request	FY21 LESC Recommendation
131 OTHER STATE FUNDS APPROPRIATIONS			
132 School Bus Replacement (from the public school capital outlay fund)			\$8,989.0
133 Teacher Loan Repayment Act (from the teacher loan repayment fund)			\$3,000.0
134 Teacher Preparation Affordability (from the teacher preparation affordability scholarship fund)			\$3,000.0
135 TRANSFERS			
136 Teacher Loan Repayment Fund			\$5,000.0
137 Teacher Preparation Affordability Scholarship Fund			\$5,000.0

Footnotes

¹This appropriation was contingent on the enactment of Senate Bill 1 (Laws 2019, Chapter 206) or House Bill 5 (Laws 2019, Chapter 207) from the 2019 legislative session.

³The appropriation was contingent on the enactment of House Bill 501 (Laws 2019, Chapter 237) or similar legislation from the 2019 legislative session.

⁴Laws 2016 (2nd S.S.), Chapter 2 (Senate Bill 4) authorized up to \$25 million in annual appropriations to the instructional material fund and transportation distribution from the public school capital outlay fund (PSCOF) in FY18 through FY22. The GAA of 2019 appropriated \$25 million to the transportation distribution. The PED request for FY21 includes \$25 million in other state funds for transportation. The request did not indicate the source of the funds, but may be from PSCOF.

⁵Beginning in FY21, appropriations to the public prekindergarten fund will move from PED to the Early Childhood Education and Care Department (ECECD). As a result, PED did not request an amount for prekindergarten; the amount reported here is the request from ECECD funds.

⁷The GAAs of 2018 and 2019 included \$1 million from the educator licensure fund. The LESC recommendation includes \$1 million from the educator licensure fund.

⁸The GAA of 2019 included \$200 thousand in TANF funds. The LESC recommendation includes \$200 thousand in TANF funds.

⁹The LESC recommendation transfers personal services and employee benefits funded from these appropriations in FY20 to the PED operating budget for FY21.

¹⁰The LESC recommendation for compensation includes a requirement to increase salaries by at least 3 percent, with an average salary increase of 6 percent for teachers, 6 percent for principals, and 6 percent for other school employees.

¹¹The PED request for whole child education programs includes \$3 million in other state funds from the public education reform fund.

¹²The PED request for educator ecosystem programs include \$7 million in other state funds from the public education reform fund.

¹³The PED request for pathways and profiles for student success includes \$4 million in other state funds from the public education reform fund.

¹⁴The PED request Section 5 emergency supplemental includes \$2 million in other state funds from the public education reform fund.

¹⁵The PED request for Cyber Security and Data Systems Upgrade includes \$2 million in other state funds from the public education reform fund.