

Bitesize

 State and local spending on New Mexico prisons and jails increased six times as fast as spending on public schools over the last three decades, the U.S. Department of Education reports. A July brief says nationally state and local corrections spending grew at three times the rate as spending on public education between the 1980 and 2013 fiscal years. New Mexico's 602 percentage point gap was the second highest in the nation.

 Some school districts likely are getting too much money for elementary school physical education, LESC analysis indicates. Public Education Department staff report the student count for PE funding has not been validated since FY09, even though many districts have seen a drop in enrollment. LESC staff estimate the overfunding could total between \$309 thousand and \$833 thousand for FY16.

 The Public Education Department has been found by federal officials to be "in need of assistance" on its implementation of certain special education services for the second year in a row. The U.S. Department of Education found New Mexico missed requirements for math and reading proficiency among disabled students, the drop-out rates for disabled students and other standards.



informed ED

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Representative Dennis J. Roch, Chair / Senator John M. Sapien, Vice Chair / Rachel S. Gudgel, Director / August 2016

From the Chairman

Buy-In

With the latest reauthorization of the federal public school law, now known as the Every Student Succeeds Act, New Mexico has a rare opportunity to develop education policy that reflects the best ideas of the many New Mexicans committed to good schools and is broadly supported by teachers, parents, lawmakers and others.

The reauthorization requires state education departments to work with a range of educators, policymakers, and other stakeholders to develop a plan for public school academic standards, testing, evaluations and other policies. If the Public Education Department takes this input seriously, the result, while unlikely to please everyone, could be a strong blueprint for the future of New Mexico's public schools.

The department is already working with stakeholders and the public on the new plan due in early 2017 and says New Mexico appears to already be in compliance with much of the new law because of existing policies on college and career readiness standards, assessments, and accountability.

But that doesn't mean the department should not consider change. The new law eases federal requirements for testing, and both the amount of testing and the degree to which test scores are used to evaluate teachers and schools have been particularly contentious in New Mexico.

No matter what policies the department eventually adopts, its leaders should be keenly aware that they need the support of teachers, parents, legislators and the public. Our children need all of us on the same side, working together on a quality education system.

Representative Dennis J. Roch

Special Ed Settlement May Exceed Penalty

A potential settlement between the Public Education Department and the U.S. Department of Education over the state's apparent failure to spend enough on special education could cost the state more in the long-run than the penalty, LESC analysis indicates.

The federal agency estimates the state fell short of its "maintenance of effort" – the amount of state funds it must spend on special education to draw federal special education funds – by a total of \$85.7 million between FY11 and FY14.

Without the settlement, the penalty would be an amount equal to the shortfall and could be deducted in one year or over several years.

Although the Public Education Department has no formal settlement with USDE, PED says it has reached an agreement to increase formula spending on special education by \$3 million each year for the next five years.

Under federal rules, the state cannot reduce the amount it spends on special education, and the agreement would mean the state would,

after the five years, be obligated to spend \$15 million more a year on special education.

However, that amount could be much higher. Because school districts and charter schools usually get their special education budget through the funding formula and about 16 cents of every formula dollar goes to special education, the state would need to increase the appropriation to the formula by almost \$94 million more to ensure \$15 million more went to special education.

An alternative would be to create a category for special education funding and the state would only have to provide the settlement amount to that category.

In addition, the settlement would also obligate the state to spend another \$9 million a year on special education outside of the formula, according to PED, although up to a third of that could be used to help boost the formula. The other two-thirds would not increase the state's ongoing maintenance of effort.

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Funding for At-Risk Students Inconsistent, Complex

New Mexico provides schools with extra funding to cover the higher cost of educating students at risk of failing, but charter schools get the funds without consideration of the number of at-risk students they serve, LESC analysis shows.

The committee is scheduled to hear a report on the purpose and calculation

of the at-risk factor in the public school funding formula at 10:30 a.m. August 17 during the committee's hearing at the New Mexico School for the Blind and Visually Impaired in Alamogordo.

While school districts receive funding for at-risk students based on the demographics of their enrollment, charter schools receive at-risk funds based on

the at-risk calculation for the district in which they are geographically located. This means some charter schools get less than they need, and some get more.

For school districts, the at-risk factor is based on a three-year average of the number of low-income students as defined by federal rules, the number of English learners identified through an assessment, and "student mobility," a term undefined in state law that attempts to capture unstable home situations by counting how often a student changes schools.

LESC analysis notes the three-part calculation is more complicated than that used in most states, which generally use just one factor – eligibility for free or low-cost lunch.

A joint Legislative Finance Committee/LESC study of New Mexico's school funding formula released in 2011 concluded the overall formula was unnecessarily complicated.

In addition, the formula resulted in at-risk funding levels lower than many states and the multiplier needed to be increased. The multiplier was raised in 2014, although not to the level recommended in the report.

Settlement Costly

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Altogether, the settlement would cost the state at least \$75 million over the next five years and more than that in the following years, LESC analysis indicates.

Initially, the U.S. Department of Education found New Mexico fell \$48 million short of required special education spending in FY10 but later waived the penalty under a provision that forgives a shortfall if the state experiences a precipitous decline in revenue. Fiscal year 2010 was the first year the state felt the impact of the Great Recession.

State spending on special education peaked in FY15 but may have dropped in FY16 and is projected to drop in FY17 as part of the overall cuts in state spending.

However, LESC analysis suggests the state may not face penalties for those shortfalls because New Mexico state revenue has been gutted by a crash in crude oil prices.

Committee members speaking during a hearing on the state's special education spending in July noted only the Legislature can appropriate money, no matter what the agreement says. With no recovery in state revenue expected, the state will not have the money to increase

spending for any agency or program.

LESC staff noted New Mexico's formula-driven special education appropriation is unusual among states and, because funding is tied directly to each disabled student and the student's specific needs, special education funding can drop if the disabled population declines or a specific disabled student progresses and does not need the same level of service.

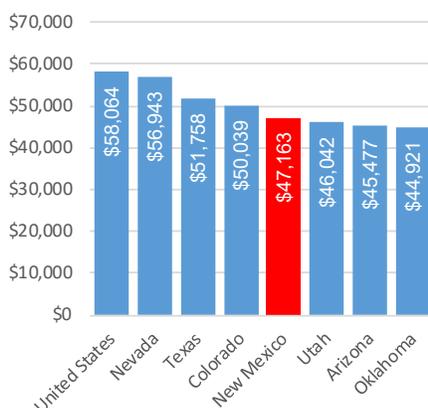
LESC has sent a letter to New Mexico's congressional delegation asking them to consider changing federal law to provide greater flexibility to states that fund special education like New Mexico.

NM Teacher Pension In Line with Region

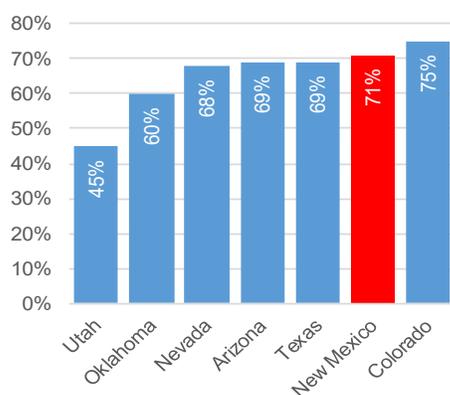
While the average salary for a New Mexico teacher is in the middle for the region, New Mexico education retirees get a larger share of their pay as a pension benefit compared with most of the other states, LESC analysis shows.

However, the stronger pension benefit might not help New Mexico compete for new teachers with the other states because younger employees might disregard pensions when deciding where to work.

Average Teacher Salaries in Region



Pension Benefit as Percent of Salary



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