



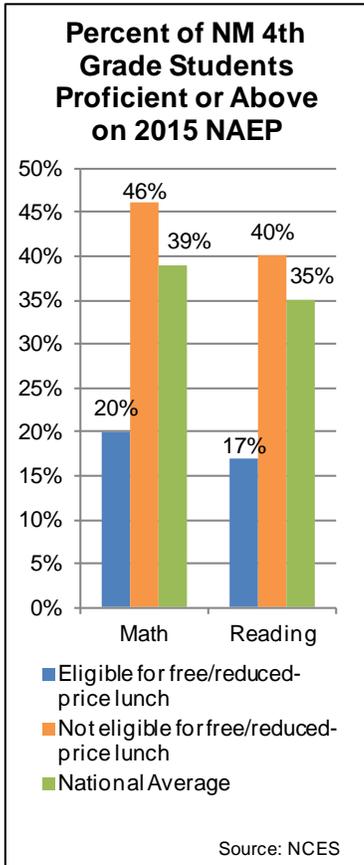
Public Education Department

- Total FY16 Op Bud: \$11,951.3
- Authorized FTE: 240.8
- Average Filled FTE Q3: 239.7

Public Education

The Public Education Department (PED) is focused on the following five strategic imperatives: expect a smarter return on New Mexico’s investment; require real accountability for real results; ensure students are ready for success; reward effective educators and leaders; and provide effective options for parents.

Little accountability data is reported for department initiatives other than K-3 Plus, Prekindergarten, and Breakfast after the Bell, which makes it difficult to evaluate the success of each initiative. PED is encouraged to work with the Department of Finance and Administration (DFA) and LFC to develop performance measures for other existing initiatives.



National Assessment of Educational Progress

Results on the 2015 National Assessment of Educational Progress (NAEP) for fourth grade and eighth grade math and reading show New Mexico students continue to score lower than the national average in both grades and subjects. NAEP is the largest nationally representative and continuing assessment of what America’s students know and can do in various subject areas. Within New Mexico, fourth grade students eligible for free/reduced-price lunch, an indicator of low family income, had an average math score 19 points lower than that for students who were not eligible. This performance gap was not significantly different from the gap in 2000. Also, fourth grade Hispanic students’ average score on the reading assessment was 22 points lower than that for white students. This performance gap was not significantly different from the performance gap in 1998. Results for eighth grade students indicate the performance gap for Hispanic students and free/reduced-price lunch students is not significantly different from the gap in 2000 for math or 1998 for reading.

Teacher Preparation, Recruitment, and Evaluation

The 2015 State Teacher Policy Yearbook, published by the National Council of Teacher Quality (NCTQ), is a review of state laws, rules, and regulations governing the teaching profession. The report measures progress against a set of 32 policy goals focused on a comprehensive framework in support of preparing, retaining, and rewarding effective teachers. For 2015, New Mexico received an overall grade of “C”, an improvement over 2011 and 2013 when the state’s grade was a “D+”. According to the report, New Mexico made progress in the areas of teacher preparation program accountability, alternate route eligibility, alternate route usage and providers, and licensure advancement based on evidence of teacher effectiveness.

NCTQ State Teacher Quality Yearbook Grade for New Mexico and Surrounding States

New Mexico	C
Arizona	C-
Colorado	C
Oklahoma	B-
Texas	C-
Utah	C+

Source: NCTQ

In March, the lawsuit brought by the American Federation of Teachers New Mexico, the Albuquerque Teachers Federation, and other plaintiffs, claiming the state’s teacher evaluation system is unfair and could put teachers at risk of being punished or fired, has been postponed until October 24. PED requested the delay so the department could move forward with the plan it announced in January to simplify the evaluation process. PED plans to streamline the evaluation system and make it more uniform across the state by reducing the number of tests included in calculating teachers’ scores, ending the use of student achievement data that is over year old, and releasing evaluation results in the fall rather than the spring. A



separate lawsuit, brought by the National Education Association of New Mexico claiming the evaluation system unlawfully takes control of teacher evaluations and supervision away from local school districts, has been postponed until October 11th. Also in March, the court of appeals denied PED's request for interlocutory, or emergency, review of the partial injunction that prevents PED from using teacher evaluations to inform employment, advancement, or licensure decisions.

K-3 Plus

K-3 Plus adds 25 instructional days before the beginning of the school year for economically disadvantaged and low-performing students and demonstrates success in improving math and reading skills, closing the achievement gap. For FY16, funding for K-3 Plus increased 11.6 percent over FY15 levels, allowing the department to serve 19,383 students during the summer of 2015. Seventy percent of kindergarten students in K-3 Plus were reported as having met benchmark on early reading skills for phonological awareness on the middle-of-year assessment.

For summer 2016, 272 schools serving 18,949 students, including charter schools, received initial awards for K-3 Plus. For FY17, the Legislature appropriated \$23.7 million for K-3 Plus, flat with FY16 levels. Due to flat funding, no new programs were added. Since the FY16 final unit value is higher than the FY15 unit value, fewer students will be served in K-3 Plus in the summer of 2016. Also, pilot programs for fourth grade and fifth grade were not funded because it would have resulted in cuts to existing programs.

Public School Capital Outlay

In the third quarter of FY16, the Public School Capital Outlay Council (PSCOC) awarded \$43.5 million for construction at Deming High School, \$4.6 million for construction at New Mexico School for the Blind and Visually Impaired Ditzler Auditorium, and \$978.3 thousand for design of Belen's Rio Grande Elementary School. Additionally, PSCOC authorized up to \$1.4 million of state matching funds for fiber optic projects in nine school districts through the broadband deficiency correction program. The state funds are matched with funds from the federal E-rate program, which matches fiber optic construction at a rate of 90 percent federal to 10 percent state. Since E-rate will match the state's participation, the nine school districts will not be required to fund any portion of the fiber optic construction. The total estimated cost of the fiber optic projects is \$23.9 million.

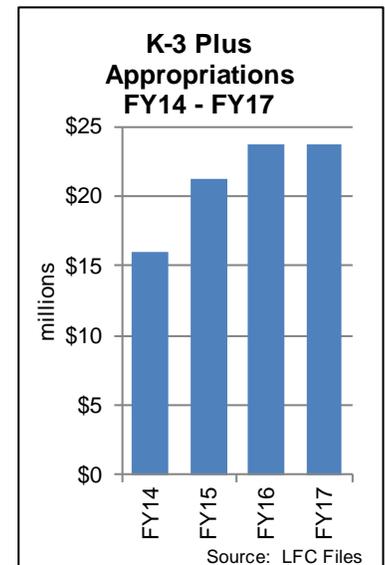
Department Operations

Data reported by PED in the third quarter report shows mixed results and accuracy of reported information continues to be a concern. The department resumed data validation audits of funding formula components and program compliance, auditing five local education agencies in the third quarter. To ensure equitable distribution of the state equalization guarantee and other categorical grant funding, the department needs to focus on completing more audits more timely. PED is not meeting FY16 targets for processing school district budget adjustment requests for both state and federal grants; also, it is taking PED longer in the third quarter to process budget adjustment requests for direct grants than the first two quarters of FY16. It took the department 35 days on average to process federal reimbursements to school districts and charter schools in the third quarter, or 9 days longer than the average in FY15 and 11 days over the FY16 target. Processing

Number of Students Served in K-3 Plus

Summer 2014	18,056
Summer 2015	19,383
Summer 2016	18,949

Source: PED

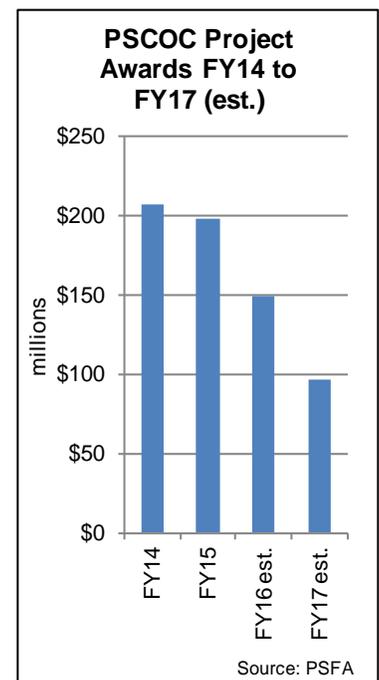


Source: LFC Files

PSCOC Project Awards (in millions)

Quarter 1	\$27.2
Quarter 2	\$52.5
Quarter 3	\$49.0
FY16 YTD	\$128.8

Source: PSFA



Source: PSFA



Funds from the following FY17 below-the-line appropriations are budgeted for PED personnel:

- Teachers Pursuing Excellence, \$79 thousand (7.9 percent of FY17 appropriation);
- Prekindergarten, \$240 thousand (1 percent of FY17 appropriation);
- IDEAL-NM, \$200 thousand (80 percent of FY17 appropriation);
- K-3 Plus, \$220 thousand (0.9 percent of FY17 appropriation);
- Parent Portal, \$88 thousand (8 percent of FY17 appropriation); and
- Interventions and Support for Students, Struggling Schools, and Parents, \$360 thousand (3.4 percent of FY17 appropriation).

time affects cash flow for many school districts and charter schools, especially those with small cash balances. PED indicates the increase in time is primarily due to an increase in questioned costs for noncompliance and personnel turnover.

According to the organizational listing report, PED averaged 239.7 FTE for the third quarter, an increase of 5.7 FTE over the second quarter. PED will likely exhaust their FY16 personal services and employee benefits appropriation. The department has steadily increased FTE since FY13 to address high turnover and ended FY15 with a five percent vacancy rate, the lowest rate in recent years. Increased FTE should improve PED's management of education initiatives and day-to-day department operations.

LFC staff received preliminary data on the results of the special education ancillary FTE data validation from PED. According to PED's data 15 school districts and charter schools reopened their 80th day count to adjust reported ancillary FTE, which resulted in a net reduction of 25.1 over reported ancillary FTE. Also, four school districts and charter schools increased their reported ancillary FTE after reopening their 80th day count. Additionally, the data validation resulted in a reduction of 23 over reported ancillary FTE between the 80th day count and the 120th day count. Ancillary FTE include audiologists, diagnosticians, and occupational therapists. Any adjustments to a district's reported ancillary FTE affects the level of funding a district receives. In the funding formula, each special education ancillary FTE claimed equals approximately \$101 thousand in funding.

For FY17, PED has budgeted approximately \$1.2 million of related recurring "below-the-line" appropriations intended to directly support school districts and charter schools, for department personnel cost. In FY16, PED budgeted \$1.6 million of related appropriations in the personal services and employee benefits category. The \$1.2 million of below-the-line appropriations budgeted for PED personnel costs are in addition to PED's operating budget and did not appear in PED's FY17 operating budget request. In the past, it has been customary for PED to budget funds for department personnel from appropriations for Indian education, prekindergarten, IDEAL-NM, and K-3 Plus. LFC staff has raised concerns about the FY17 operating budget with DFA.