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June 18, 2012

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** David T. Craig

**RE: STAFF REPORT: PUBLIC EDUCATION DEPARTMENT (PED) UPDATES**

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For this interim topic, the Legislative Education Study Committee staff has requested the Public Education Department (PED) staff to provide the committee with a report the allocation or distribution of selected FY 13 recurring and nonrecurring appropriations made to the department, as follows:

***Distribution of Recurring FY 13 Appropriations, including:***

- Over \$26.9 million to the Instructional Material Fund<sup>1</sup> with the following appropriation language:

~~The general fund appropriation to the instructional material fund includes sufficient funding for adult basic education instructional materials. The public education department shall transfer the allocation for adult basic education to the adult basic education fund pursuant to Section 22-15-9 NMSA 1978.~~

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<sup>1</sup> According to PED, the FY 13 appropriation to the Instructional Material Fund was determined based on the FY 13 instructional material adoption cycle, i.e., science, health, and physical education. The FY 13 Public School Support recommendations of the department, however, state that the department would be used for materials aligned with the Common Core Standards. In testimony to the House Education Committee during the 2012 legislative session, PED staff indicated the FY 13 materials would possibly be focused on reading.

~~If the public education department proposes a reading adoption for fiscal year 2013, department adopted materials shall be aligned to the common core content standards.~~

- \$11.0 million for the K-3 plus program with the following appropriation language includes:

~~The general fund appropriation to the public education department for the prekindergarten program and the kindergarten three plus program shall be used only for direct instruction, transportation and approved administrative costs.~~

~~The general fund appropriation to the public education department for the kindergarten three plus program shall only be used to provide funding for approved full day kindergarten and grades one through three to be extended by a minimum of twenty five instructional days to be completed prior to the start of the regular school year. Kindergarten three plus programs shall be funded at no less than thirty percent of the preliminary unit value per student. Schools that are awarded funding for kindergarten three plus for the 2012-2013 school year shall be notified no later than April 15, 2012.~~

- \$10.0 million for the Pre-kindergarten program with the following appropriation language:

~~The general fund appropriation to the public education department for the prekindergarten program and the kindergarten three plus program shall be used only for direct instruction, transportation and approved administrative costs.~~

Notwithstanding the provisions of Section 32A-23-9 NMSA 1978 or other substantive law, the general fund appropriation of ten million dollars (\$10,000,000) to the public education department for the prekindergarten program includes no less than nine million dollars (\$9,000,000) for direct services and no more than one million dollars (\$1,000,000) for administrative and program support in the prekindergarten program.

- \$8.5 million for the Early Reading Initiative with the following appropriation language:

The general fund appropriation to the public education department for the early reading initiative includes two million dollars (\$2,000,000) to be transferred to the teacher professional development fund to support training on effective reading instruction and data-driven decision making and to support reading and instructional coaches at the district level to support schools with the implementation of formative assessment tools and interventions.

Prior to the distribution of early reading initiative funding, the public education department and the secretary's superintendents' council shall jointly develop a distribution plan. The public education department shall not approve a school district or charter school budget that does not demonstrate that its early reading initiative allocation will be used to fund proven instructional strategies and

professional development activities such as extended school day and extended school year programs, reading coaches and reading specialists and prekindergarten programs.

- Over \$1.9 million for Breakfast for Elementary Students.
- \$500,000 for Teaching Support in Schools with a high proportion of low-income students appropriation with the following appropriation language:

The general fund appropriation to the public education department for teaching assistance for low-income students includes five hundred thousand dollars (\$500,000) for a nonprofit organization that provides teaching support in schools with at least sixty percent of the enrolled students eligible for free or reduced-fee lunch, with a priority for schools with eighty-five percent or more of the enrolled students eligible for free or reduced-fee lunch.

- \$3.5 million for Interventions for low-performing schools (D & F Schools) appropriation for with the following appropriation language:

The general fund appropriation to the public education department for intervention in D and F schools is contingent on the department using the funds ~~for reading coaches or instructional coaches~~ in D and F schools as identified by the *A-B-C-D-F Schools Rating Act*.

- \$309,400 for College and Career Readiness.
- \$2.5 million for statewide formative assessments (short-cycle grades 4-10).<sup>2</sup>

***Distribution of Special Non-recurring FY 13 Appropriations, including:***

- \$2.5 million for supplemental funding for increases in school district and charter school fixed costs with the following appropriation language:

For special supplemental funding for school districts and charter schools for increases in fixed costs. The appropriation shall be allocated by September 1, 2012 to school districts and charter schools in proportion to each school district's and charter school's final program units for fiscal year 2012.

- \$4.0 million for emergency support to school districts experiencing shortfalls with the following appropriation language:

For emergency support to school districts experiencing shortfalls. All requirements for distribution of funds shall be in accordance with Section 22-8-30 NMSA 1978. The general fund appropriation is from the separate account of

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<sup>2</sup> Early reading intervention appropriation language indicates that is to be used in part "to support reading and instructional coaches at the district level to support schools with the implementation of formative assessment tools and interventions." Please refer to the language for the \$8.5 million appropriation for Early Reading Interventions.

~~the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004. Prior to the distribution of any emergency supplemental funds, the secretary of public education shall provide the legislative education study committee and the legislative finance committee with a report outlining the criteria used to qualify for funds, the financial status of recipients, including the status of recipients' financial audits, and any cost saving measures recipients implemented before applying for funds. In no event shall money be distributed to any school district having cash and invested reserves, or other resources or any combination of cash and invested reserves, equaling five percent or more of its operating budget.~~

- \$1.5 million for Emergency Supplemental Support to Small, Rural, and Isolated Districts with a Total MEM of Fewer than 200 in Elementary, Middle, and High schools with the following appropriation language:

~~For emergency supplemental support in fiscal year 2013 to small, rural and isolated school districts with a total membership of fewer than two hundred in their elementary, middle and high schools experiencing shortfalls. The general fund appropriation is from the separate account of the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004. Prior to the distribution of any emergency supplemental funds, the secretary of public education shall provide the legislative education study committee and the legislative finance committee with a report outlining the criteria used to qualify for funds, the financial status of recipients, including the status of recipients' financial audits, and any cost saving measures recipients implemented before applying for funds.~~

- \$1.0 million for Common Core Transition with the following appropriation language<sup>3</sup>:

~~For transition to the common core content standards, limited to professional development for teachers and school leaders on the new content, including professional development on effective instructional strategies and outreach to districts. Prior to expenditure of funds, the public education department shall submit to the legislative finance committee and the legislative education study committee a report on planned expenditure of funds, and by January 1, 2013, progress made as a result of the appropriation. The general fund appropriation is from the separate account of the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004.~~

- \$1.5 million for K-12 Science Instructional Materials for School Districts with Low Student Performance in Science with the following appropriation language:

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<sup>3</sup> HB 2 language requiring any reading adoption of instructional materials be linked to Common Core Standards was vetoed. Please refer to the language for the \$26.9 million appropriation to the Instructional Materials Fund.

For kindergarten through twelfth grade science instructional materials for school districts with low student performance in science. The general fund appropriation is from the separate account of the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004.

- \$1.5 million for Increased Fuel Costs (from the Emergency Transportation Fund) with the following appropriation language:

For increased fuel costs incurred by school districts or state-chartered charter schools. The appropriation is contingent on certification by the public education department to the department of finance and administration and the legislative finance committee that no other funds, including federal funds, are available in fiscal year 2013 for the purpose specified and the appropriation is necessary to avoid disruption in service and approval by the state board of finance. The distribution of funding shall be based on miles traveled for to-and-from transportation of public school students. School districts and state-chartered charter schools shall request funds for fuel from the secretary of public education and provide supporting documentation that they have incurred increased costs due to higher fuel prices. The secretary of the public education department shall approve requests for funding for fuel cost increases and make distributions on a reimbursement basis.

- \$1.0 million dollar extension for the Implementation of New Teacher Evaluation System Based on Student Achievement Growth with the following appropriation language:

The period of time for expending one million dollars (\$1,000,000) of the appropriation made from the separate account of the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004 contained in Paragraph 25 of Section 5 of Chapter 179 of Laws 2011 is extended through fiscal year 2013 for the purpose of implementing a new teacher evaluation system that is based on student achievement growth.

***Use of Federal Dollars, including:***

- timeliness of reimbursements to school districts;
- timeliness of carryover notification;
- budgeting of 90 percent (rather than 95 percent) of federal funds;
- an update on final ARRA/Ed Jobs grant awards; and
- a spreadsheet outlining federal flow through and direct funding to school districts and charter schools by title and purpose, if available.