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State Capitol North, 325 Don Gaspar, Suite 200
Santa Fe, New Mexico 87501
Phone: (505) 986-4591 Fax: (505) 986-4338
<http://lesc.nmlegis.gov>

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June 27, 2011

MEMORANDUM

TO: Legislative Education Study Committee

FR: Peter B. van Moorsel

RE: STAFF BRIEF: LESC/LEGISLATIVE FINANCE COMMITTEE (LFC) JOINT EVALUATION OF PUBLIC SCHOOL FUNDING: WORKPLAN AND TIMELINE

Prior to the beginning of the 2011 interim, the chairs of the Legislative Finance Committee (LFC) and the Legislative Education Study Committee (LESC) discussed a joint evaluation of public school funding, including selected factors in the public school funding formula. At the request of the chairs, LFC and LESC staff have developed a proposed workplan and timeline for the evaluation.

This staff brief summarizes the proposed workplan and timeline, and it provides background concerning past LFC and LESC interest in selected formula factors

Proposed Workplan

An engagement letter sent to the Public Education Department (PED) by LFC staff on June 6, 2011 (see Attachment) cites three main objectives concerning the funding of New Mexico's public schools:

- **Allocation:** Assess how the funding formula distributes resources among public schools, whether it is aligned with state policy goals, and whether it promotes efficient and effective educational services.

- **Administration:** Review PED’s administration of the public school funding formula, including the collection, validation, and input of data, as well as any funding formula-related guidance that PED provides to school districts and charter schools.
- **Accountability:** Assess PED’s oversight of public schools to ensure proper administration and allocation of resources in a fair, accurate, and equitable manner.

The staff program evaluation aims to address these objectives by focusing on certain components of the public school funding formula that have been items of discussion for both committees in past interims and legislative sessions (see “Background,” below). Among these components are:

- 3- and 4-Year Old Developmentally Delayed (DD) Eligibility;
- Ancillary Staff Units and Special Education Classification;
- At-risk Units;
- Bilingual Units;
- Charter School Growth Units;
- Size Adjustment Units; and
- the Training and Experience (T&E) Index.

In addition, the evaluation will address data quality, another issue of concern to both the LFC and the LESC. The work on each of the funding formula components will therefore include a review of the transfer and integrity of data at the school district and charter school level, as well as the PED level.

Timeline

The evaluation team has developed a tentative timeline for the project that includes the activities listed below:

- Week of June 20-24 – preparation of planning documents;
- July 1 – entrance conference with PED;
- August 30 – field work scheduled to be completed;
- October 28 – exit conference with PED; and
- November LFC and LESC meetings – presentation of the results and recommendations of the review to the respective committees.

Background

Components of the funding formula evaluation that have been reviewed by the LFC or the LESC in the past, or that are current areas of interest, are listed below:

- **3- and 4-Year Old DD Eligibility** – The LESC’s 2011 interim workplan includes a presentation on delivery of speech and language services to 3- and 4-year-old DD students.
- **Ancillary Staff Units and Special Education Classification** – This issue was addressed in a past LFC review of school districts, and it was the subject of LESC-endorsed legislation that did not pass during the 2011 Legislature.

- **At-risk Units** – The at-risk factor was an item of concern during an LFC review of school districts.
- **Charter School Growth Units** – The LFC review of charter schools raised the issue of the generation of growth units by charter schools.
- **Size Adjustment Units** – Both the LFC and the Government Restructuring Task Force (GRTF, which was formed during the 2010 interim) discussed the generation of size units at both the school and the district levels, and the LESC provided GRTF with an analysis of draft legislation to amend this formula factor.

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State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

325 Don Gaspar, Suite 101 • Santa Fe, NM 87501
Phone (505) 986-4550 • Fax: (505) 986-4545

David Abbey
Director



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June 6, 2011

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JUN 06 2011

LESC

Ms. Hanna Skandera, Secretary-Designate
Public Education Department
Jerry Apodaca Education Building
300 Don Gaspar Avenue
Santa Fe, NM 87501

Dear Ms. *Hanna* Skandera:

The Legislative Finance Committee (LFC) has on its 2011 work plan a joint evaluation of the Public Education Department (PED) and the public school funding formula. The evaluation will be performed with the Legislative Education Study Committee (LESC). The purpose of the evaluation is to review funding formula data quality, administration, and oversight and assess how the funding formula allocates resources among public schools. Site visits to a purposive sample of school districts and charter schools will be part of the evaluation.

The objectives of the joint evaluation include the following:

- **Allocation:** Assess how the funding formula distributes resources among public schools, whether it is aligned with state policy goals, and promotes efficient and effective educational services.
- **Administration:** Review data quality and administration of the funding formula by PED, including the collection, validation, input and timing of the availability of formula data for budgeting.
- **Accountability:** Assess PED oversight of public schools to ensure proper administration, data quality and allocation of resources in a fair accurate and equitable manner.

The joint evaluation will be co-managed by Mr. Charles Sallee, LFC Deputy Director and Peter VanMoorsel, LESL Senior Fiscal Analyst. Matthew Pahl, LFC Program Evaluator, will be your primary contact and will coordinate day-to-day activities. Mr. Pahl will arrange an entrance conference with you and your staff in the coming weeks to discuss the evaluation's expectations, objectives, and process. In preparation for the entrance conference, the evaluation team may request information to assist with background research on the project.

The completion of the joint evaluation is tentatively scheduled for a hearing in November 2011. Should you have questions or comments regarding this engagement, please contact Charles Sallee at 505-986-4528 or Matthew Pahl at 505-986-4572.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "David".

David Abbey, Director

DA:MP/svb

Cc: Senator John Arthur Smith, Chairman, Legislative Finance Committee
Representative Luciano “Lucky” Varela, Vice-Chairman, Legislative Finance Committee
Representative Henry “Kiki” Saavedra
Representative Rick Miera, Chairman, Legislative Education Study Committee
Senator Cynthia Nava, Vice-Chairman, Legislative Education Study Committee
Ms. Frances Ramírez-Maestas, Director, Legislative Education Study Committee
Mr. Richard May, Secretary, Department of Finance and Administration