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**Purpose:** Review the procedural history of recent administrative proceedings involving New Mexico's credit for federal Impact Aid payments.

**Witness:** Joseph W. Simon, Principal Analyst, LESC

**Expected Outcome:** Understand the impact of recent findings from the U.S. Department of Education related to New Mexico school finance.

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## Impact Aid and New Mexico's Funding Formula: FY20 and FY21

### Background

Since the 1970s, New Mexico has considered federal Impact Aid payments when allocating state aid through the state's public school funding formula, resulting in a reduction in state general fund payments to school districts that receive Impact Aid. To do so, the Public Education Department (PED), must apply to the U.S. Department of Education (USDE) for permission and establish that the state has in place a system of state aid that equalizes expenditures for a free public education among the state's school districts. In response to PED's request to consider Impact Aid in FY20, three school districts, Central Consolidated Schools, Gallup-McKinley County Schools, and Zuni Public Schools, requested a hearing from USDE, arguing New Mexico did not meet the requirements outlined in federal law and regulations to consider Impact Aid payments. Central, Gallup and Zuni asked USDE to review the methodology used to calculate disparity, the exclusion of specific types of state and local revenue from the calculation, and the inclusion of items the school district's argued were not revenue.

On April 15, 2020, USDE released a report agreeing with some of the arguments raised by Central, Gallup, and Zuni, concluding New Mexico did not meet the requirements of federal law to consider Impact Aid payments in FY20. These findings have been appealed by PED and administrative hearings are pending.

Separately, on May 31, PED requested permission to consider Impact Aid payments in FY21. For FY21, PED submitted materials to USDE using a different methodology and incorporating the findings of USDE's April determination for FY20. The result showed the state met the threshold set in federal law to consider a portion of Impact Aid payments in FY21. On June 29, USDE responded to PED's request for FY21, granting preliminary approval for PED to consider Impact Aid in FY21 prior to a formal hearing and subject to certain conditions, including the resubmission of the disparity calculation. Finally, on July 27, Gallup-McKinley County Schools, Grants/Cibola County Schools, and Zuni Public Schools sued PED, alleging PED had knowingly engaged in illegal conduct by providing financial data to USDE which does not follow provisions of state law.

This brief reviews recent developments surrounding Impact Aid and analyzes the potential impact the new ruling could have on New Mexico's public school funding formula.

## Impact Aid and New Mexico's Funding Formula

To maintain an equalized system of operational funding, the public school funding formula determines the program cost – the amount of money the state assumes public schools need to operate – for each school district and charter school based on student enrollment and other factors. Each school district and charter school is guaranteed to receive its program cost through a combination of state revenue and 75 percent of the funds the school district or charter school receives from three other unrestricted revenue sources: federal Impact Aid, federal forest reserve payments, and the local half mill levy.

Generally, states are prohibited from considering Impact Aid when allocating state aid, but federal law includes an exception for states that maintain a system of school finance designed to equalize educational expenditures. Three states – Alaska, Kansas,

According to the U.S. Census Bureau, New Mexico is the fourth least reliant state on local funds for education, at 19 percent, compared with a national average of 45 percent. Alaska is the fifth least reliant on local funds, and Kansas is the seventh. Other large recipients of Impact Aid, such as Arizona and Texas, are much more reliant on local funds, at 46 percent and 56 percent, respectively.

and New Mexico – apply to USDE to consider Impact Aid. School districts in these three states are allocated a disproportionate share of Impact Aid payments, comprising almost 20 percent of the national total in FY18. These states do not rely heavily on local taxes to fund education, making it easier to equalize expenditures among school districts when compared with states that rely on local property taxes for education funding.

### The Disparity Test

To determine if a state has in place a system of state aid designed to equalize expenditures for a free public education, federal law and regulations require the state to submit to USDE financial information showing that the difference in revenue or expenditure between the school districts and charter schools with the highest per-pupil amounts and with the lowest per-pupil amounts is less than 25 percent. States are allowed to choose whether to calculate disparity on a revenue basis or on an expenditure basis. When calculating this amount, USDE regulations require the disparity calculation disregard 5 percent of students with the highest per-pupil amounts and 5 percent of students with the lowest per-pupil amounts. For more information see “Exclusion Methodology,” on page 6.

The regulations also make allowances in recognition that certain populations have additional cost drivers, allowing states to include “special cost differentials” within their funding systems without impacting the disparity calculation. Special cost differentials include those associated with special educational needs, such as students with disabilities or low-income students.

***Accounting for Special Cost Differentials.*** Federal regulations provide four methods for recognizing special costs. Each method results in differences in calculated disparity. Traditionally, PED has used the revenue exclusion method for calculating disparity, which subtracts revenue generated by special cost differentials in the public school funding formula from total revenue allocated to each school district's or charter school's operational fund. This historically has led to a disparity of less than 20

percent; however, calculating disparity using an alternative method would lead to different results.

**Permissible Methods for Accounting for Special Costs**

|                          | Inclusion Method   | Exclusion Method  |
|--------------------------|--|---|
| <b>Revenue Basis</b>     | $\frac{\textit{Total Revenues}}{\textit{Weighted Pupil Counts}}$       | $\frac{\textit{Total Revenues} - \textit{Revenue for Special Costs}}{\textit{Unweighted Pupil Counts}}$ |
| <b>Expenditure Basis</b> | $\frac{\textit{Current Expenditures}}{\textit{Weighted Pupil Counts}}$ | $\frac{\textit{Current Expenditures} - \textit{Special Costs}}{\textit{Unweighted Pupil Counts}}$       |

Source: 34 CFR 222.162

***Funds Included in the Disparity Calculation.*** Traditionally, this calculation has looked only at unrestricted operational funding paid into each school districts’ and charter schools’ “11000” or “operational” fund. More than 90 percent of revenue into this fund is from the state equalization guarantee distribution (SEG), but it does not include other state grant programs, such as the transportation distribution or special PED programs that are often based on competitive applications. Also not included are funds received by school districts or charter schools pursuant to the Public School Capital Improvements Act, commonly referred to as SB9, or the Public School Buildings Act, commonly referred to as HB33.

Federal regulations specify revenues or expenses that are restricted for capital outlay are excluded from the calculation. Local property taxes raised to fund capital projects, direct legislative appropriations for capital outlay projects, and systems- or standards-based awards from the Public School Capital Outlay Council do not factor into the disparity calculation.

Federal regulations require the disparity test to use financial data from two fiscal years prior to the year being considered. If there is a substantial change to the state aid programs, PED must use projected data. USDE found that recent amendments to the Public School Finance Act require PED to use projected data for the staffing cost multiplier, size adjustment program units, K-5 Plus, and extended learning time programs in FY20 and FY21.

**Proportionality Requirement**

Federal law only allows a state to consider federal Impact Aid payments in proportion to the share of local tax revenue that is covered under the state equalization programs. To meet this requirement, the Public School Finance Act includes a 75 percent credit of revenue from the local half mill levy. This provision was designed to take an equal credit for local property taxes to meet the federal law’s requirement. Each year, PED submits a proportionality test to USDE showing a proportionate credit for both Impact Aid and property taxes.

However, if local property taxes that are not subject to the same 75 percent credit are included in the disparity test, this could produce a conflict between federal and state law around the proportion of Impact Aid that may be credited. Although state law specifies a 75 percent credit, the federal law could cap the amount of the credit. See “FY21 Request for Certification and Lawsuit,” on page 8.

## FY20 Impact Aid Determination

When challenging the state's certification to take credit in FY20, Central, Gallup, and Zuni argued federal rules required the inclusion of several revenue sources that were not traditionally included in the disparity calculation and that other items currently included in the disparity calculation should be excluded. Their calculations of disparity with these sources included would have pushed disparity well above the 25

percent allowed by federal law. Upon review, USDE agreed some of the identified items should be included and found a disparity of 29.8 percent, higher than the 25 percent allowed by federal law. A complete list of the identified revenue sources and USDE's findings are included in **Attachment A**. In addition, Central, Gallup, and Zuni asked USDE to alter the methodology for excluding the highest and lowest per-pupil amounts, arguing the Impact Aid statute does not support the current methodology, but USDE declined to address this issue.

In its calculation for the April 15th determination, USDE inadvertently made a data entry error that excluded dual credit instructional materials funds but double counted grants from the Reads to Lead program. USDE also inadvertently excluded one school district's transportation allocation. While correcting these errors reduced disparity to 27.7 percent, it did not cause the disparity amount to fall below 25 percent.

***Categorical Public School Support Programs.*** USDE found funding distributed through three categorical programs allocated on a formula basis to school districts and state-chartered charter schools should be included. These programs are the transportation distribution, dual credit instructional materials, and the instructional material fund. For transportation, PED argued differences in school districts' and charter schools' transportation allocations are largely based on site characteristics, qualifying these funds for exclusion as a special cost differential. USDE agreed that those portions of the transportation distribution allocated based on site characteristics could be excluded; however, at the time USDE could not identify the amounts for exclusion. USDE said in future years, the state could exclude the portion of transportation for special costs from the disparity calculation. PED's argument that dual credit instructional materials should be excluded on the grounds that only certain types of students – those participating in college programs – received funding from this source was rejected by USDE. USDE drew a distinction between dual credit programs and programs that address special educational needs, stating dual credit was more similar to after-school programs than to programs for gifted and talented students.

***PED Special Programs.*** USDE found funding for the New Mexico Reads to Lead program should be included as state aid when calculating disparity. PED argued that competitive grant programs like Reads to Lead should be excluded because including these programs would have a “chilling effect” on competitive grant programs, which could stifle innovation. However, USDE found that even if this were true this is not a permissible reason for excluding these funds from the disparity calculation.

In the past, LESC members and others have raised questions about the equity of PED special program funding, sometimes called “below-the-line” appropriations. The court's finding in the consolidated *Martinez* and *Yazzie* lawsuit notes that these programs can have a disequalizing effect. In addition, optional local programming, like K-5 Plus or extended learning time could also lead to disparity. USDE's interpretation of the law does not appear to classify as special costs programs that increase instructional time.

Notably, USDE only issued an opinion on the inclusion of Reads to Lead funds because that was the only special program that was specifically raised in the complaint from Central, Gallup, and Zuni. In a June letter, USDE requested PED use projected data for several special program appropriations for FY21;

however, PED replied that the amounts that will flow to school districts and charter schools are not yet known by PED. In addition, it is unclear what data USDE expects

PED to use for these programs. The April determination includes FY18 data from Reads to Lead. Had PED been required to supply projected FY20 data for Reads to Lead, the program would have effectively been excluded because the Legislature did not authorize the program for FY20. If moving forward, USDE expects PED to make projections of special program funding for the coming fiscal year, such calculations may not reflect actual appropriations. For FY20, PED applied for certification on February 27, 2019, nearly two month before the General Appropriation Act of 2019 was enacted. Regardless of which data set is used for special program funding, USDE will need to provide additional clarity to ensure consistent treatment of funds from year to year.

***SB9 and HB33 Funds.*** Central, Gallup, and Zuni argued that state and local revenue from the Public School Capital Improvements Act, commonly referred to as SB9, and from the Public School Buildings Act, commonly referred to as HB33, should be included in the disparity calculation because the revenue could be used for operational expenses, such as maintenance and supplies in the case of SB9 and for project administration in the case of HB33. PED argued that a majority of funding for SB9 and HB33 is used for capital outlay expenses, which are properly excluded from the disparity analysis.

Under federal law, the definition of “current expenditures” includes expenditures for “operations and maintenance of plant,” but does not include “expenditures for community services, capital outlay, and debt service.”

USDE agreed that SB9 revenue needed to be included in the disparity analysis. Although USDE said the purpose of SB9 is clearly for “capital improvements,” the definition of capital improvements in state law is broad enough to include as a “current” or operational expenditure. If PED chooses to calculate disparity on a revenue basis, USDE found the calculation must include all revenue from SB9 because it is permissible for a school district to use these funds for operational expenditures. USDE also disagreed with the state’s argument that a majority of funds were used for capital outlay, noting a majority of funds were used for maintenance and repair, supplies, and software.

USDE agreed with PED that HB33 revenues were properly excluded from the disparity analysis. USDE found that, unlike SB9, HB33 does not allow for the use of funds for maintenance of school buildings or for computer equipment used for student instruction. USDE found accounting rules allowed for the capitalization of expense related to administration of capital projects, which allowed their exclusion.

While calculations from PED indicate it may be possible for New Mexico to qualify as an equalized state even with SB9 funds included in the disparity test, allowing SB9 funds to be spent on operational expenses introduces some disequalization to the school finance system. The Legislature could reduce this by further restricting the permissible uses of SB9 funds for maintenance. However, reduced resources for maintenance could end up costing the state more in capital outlay costs. The current revenue situation makes it difficult for the state to invest in maintenance programs through the funding formula.

USDE also addressed the arguments from Central, Gallup, and Zuni that local property tax revenue raised under SB9 and HB33 needed to be included in the proportionality test, finding in future years PED will need to calculate the proportion of Impact Aid

the state is able to consider by including SB9 revenue. See discussion on “Proportionality of Impact Aid Credit in FY21,” on page 9.

***Local Taxes and Payments in Lieu of Tax.*** Central, Gallup, and Zuni argued funding local school districts receive from spaceport gross receipts taxes, wind farm projects, and industrial revenue bond payments should be included in the disparity analysis. Under state law, counties with a regional spaceport district are allowed to retain up to 25 percent of spaceport gross receipts tax for “spaceport-related projects.” Both Doña Ana and Sierra counties choose to send some of this revenue to local school districts. Additionally, some schools receive payments from companies that issue industrial revenue bonds or from wind farm projects. PED argued because these payments are not mandatory payments they should be excluded from the disparity calculation. USDE found the funds should be included in the disparity calculation, commenting that even though the payments are not mandatory, they should be included if the funds are being used for current expenditures.

***Other Items.*** USDE issued additional findings to clarify what is and is not included as revenue. USDE disagreed with Central, Gallup and Zuni that funding under the Education Technology Equipment Act should be included in the disparity calculation, finding the sale of bonds does not count as revenue. Similarly, USDE declined to include revenue to school districts from state general obligation bonds for school libraries. USDE agreed that two items previously counted as revenue should be excluded from the calculation: federal E-Rate funding and insurance recoveries. Central, Gallup, and Zuni argued that E-Rate funding was treated inconsistently by the state, depending on how a school district or charter school takes advantage of funding. To apply a fair rule, USDE decided E-Rate revenue should be excluded.

***Exclusion Methodology.*** Central, Gallup, and Zuni requested the U.S. secretary of education review the methodology for excluding school districts and charter schools with high per-pupil revenue and low per-pupil revenue. The complaint alleges the statutory text does not support the current methodology required by the regulation. The USDE determination found this request to be outside the scope of administrative proceedings, stating USDE officials may not waive or alter regulatory requirements in an administrative proceeding.

Prior to 1994, the Impact Aid statute did not include a methodology for calculating the disparity test; that methodology was contained only in USDE regulations. When Congress reauthorized the Elementary and Secondary Education Act in 1994, Congress chose to include the methodology in the statute, which the U.S. secretary of education drafted based on the existing regulations.

Gallup and Zuni have previously disputed this methodology before the U.S. Supreme Court. USDE’s regulations specify that the disparity test disregard school districts with 5 percent of students with the highest per-pupil revenue – at the time of the dispute that was 17 school districts – and the school districts with the lowest per-pupil revenue – at the time six school districts. Gallup and Zuni argued the statute only allowed the calculation to disregard 5 percent of school districts, or four school districts at both the top and bottom. The U.S. Supreme Court’s ruling rejected the school district’s suggestion that the statute clearly precluded the methodology used by USDE, finding the statute to be ambiguous and the methodology reasonable given the technical nature of the language. However, because the court found that discretion should be given to USDE, the department could change its interpretation of the law by amending its regulations.

**Consolidated Martinez and Yazzie Lawsuit.** Central, Gallup, and Zuni argued that USDE should not certify New Mexico as an equalized state due to federal regulations regarding school finance litigation. Federal regulations state:

*“No state aid program may qualify under this subpart if a court of that State has determined by final order, not under appeal, that the program fails to equalize expenditures for a free public education among [school districts] within the State or otherwise violates the law, and if the court’s order provide that the program is no longer in effect.”*

In May, PED submitted a legal opinion to USDE stating that the 1st Judicial District Court’s ruling in the consolidated *Martinez and Yazzie* lawsuit did not hold that New Mexico’s state aid program is no longer in effect. The opinion states that the program remains in effect and is not disqualified by this regulation.

USDE declined to rule on the issue, stating it was unclear whether the state court held that the state aid program is no longer in effect. However, USDE asked PED to submit a legal opinion on this matter if the state applies for certification in future years.

**Effect of Changes.** USDE found that after making changes to the disparity calculation, the net effect of the changes cause the disparity between the school district with the highest per-pupil revenue and the school district with the lowest per-pupil revenue to be 29.8 percent, above the 25 percent allowed by federal law. Therefore USDE concluded the state could not take credit in FY20.

**Appeal.** On June 13, PED appealed USDE’s determination, arguing that USDE incorrectly determined that SB9 revenue should be included in the disparity calculation. Further, PED argued even if the department was correct to include SB9 dollars, the state would have passed the disparity test using another method allowed under the regulations. This appeal is ongoing. According to documents filed as part of a state lawsuit, Gallup and Grants have been approved to intervene in the appeal. PED must file a brief and evidence no later than August 28 in support of its appeal and the school districts have until September 25 to do the same. USDE must respond by October 23, with a reply from PED expected on November 13.

PED’s appeal argued that even though maintenance is an authorized use of SB9 dollars, generally accepted accounting principles allow maintenance expenditures used to extend the useful life for more than one year can be counted as a capital, rather than a current expense.

### Possible Corrective Action

To seek certification to consider Impact Aid payments, a state must provide assurances to USDE that the state will repay to school districts and charter schools any amount of Impact Aid previously credited if USDE determines the state is unable to take credit in a given year. PED provided such assurances to USDE for FY20. According to PED, the state took credit for \$60 million in federal Impact Aid payments in FY20, which would need to be repaid to school districts if USDE rejects the state’s appeal or the appeal is withdrawn. However, if USDE accepts PED’s argument that an alternative calculation should be submitted, this could limit the state’s liability. LESC staff estimate that the state could be required to return \$1.4 million to school districts based on federal proportionality requirements.

In July, Gallup, Grants, and Zuni sued PED, arguing the state should be required to repay FY20 Impact Aid credits to school districts within 60 days of the determination, regardless of the status of any appeal of that determination. Federal regulations provide an exception for corrective actions when determinations are “timely appealed by the state.” PED filed its appeal within the timeframe set by USDE. In the alternative, the lawsuit asks the court to require the funds be placed in escrow.

The state has some reserves set aside to support the funding formula in the event of lower than expected revenue credits, known as the state support reserve fund. In June, the Legislature authorized PED to access the state support reserve fund to cover a liability if a court issues a final decision that requires the state to repay the funds and directed any reversion of the FY20 SEG appropriation to the state support reserve fund. Executive vetoes struck language requiring a court decision, allowing PED to

PED has indicated to Legislative staff that the department may seek a supplemental and deficiency appropriation for any portion of a potential liability not currently covered by the state support reserve fund in the event of an unfavorable decision.

repay the funds based on a USDE decision. Legislative staff estimate, with the FY20 SEG reversion of \$14.1 million, the state support reserve fund contains \$43.2 million to cover this potential liability. The additional \$16.8 million would need to be appropriated by the Legislature to repay school districts and charter schools.

### Impact on the Funding Formula

If the state is unable to take credit for 75 percent of federal Impact Aid payments, it could lead to a reduction in statewide program cost. For FY20, the \$60 million credit for Impact Aid represents about 2 percent of statewide program cost. In addition, the loss of the credit could impact the equalization of operational revenue to school districts and charter schools. To maintain equalized operational funding, the Legislature could consider restricting revenue from federal Impact Aid payments to capital outlay expenses. However, this would likely mean less revenue is available for operational expenses and it is unclear if federal law would allow the state to restrict these funds.

### FY21 Request for Certification and Lawsuit

While the appeal for FY20 certification is ongoing, PED has requested FY21 certification, including the revenue sources required by USDE's April determination and using a new method allowed under the Impact Aid regulations – the revenue inclusion method. See discussion, “Accounting for Special Cost Differentials,” starting on page 2.

Initially, PED submitted FY21 certification information to USDE using two calculation methods and limiting SB9 revenues to exclude amounts spent on capital improvements and excluding transportation funding associated with special costs differentials. In a June letter to PED, USDE stated these exclusions were not allowed and asked PED to resubmit their disparity calculation.

In late June, USDE gave PED preliminary permission to consider Impact Aid payments when allocating SEG payments to school districts and charter schools in FY21. After reviewing PED's calculations, USDE found that disparity would likely be less than

25 percent, allowing the state to take credit for Impact Aid in FY21. However, USDE noted this initial permission did not represent a final determination for FY21 and this could be reversed in the future.

In July, PED submitted updated calculations to USDE in response to USDE's requirements. According to calculations from PED, funding disparity was 13.9 percent, below the threshold set by federal law to be considered an equalized state. However, in response to PED's calculation Gallup, Grants, and Zuni petitioned the 1st Judicial District Court to restrain PED from submitting “legally-deficient and incorrect information and omitting vital and

USDE's June letter to PED found that state matching funds from SB9 were considered part of the state equalization program for the purpose of determining proportionality. In April, the department found local tax revenues from SB9 needed to be included in the denominator; in June USDE directed PED to include the lesser of the school district's SB9 guarantee or all local tax revenue from SB9 in the numerator.



necessary financial information” to USDE for the purposes of receiving certification.

### Proportionality of Impact Aid Credit

As mentioned above, federal regulations only allow a state to consider Impact Aid payments in proportion to the amount of local tax revenue considered as part of an equalization system. Pursuant to the April determination, USDE required the state to include, in any fiscal year, local SB9 property tax revenue when calculating the proportion of Impact Aid funds that may be used to reduce state aid. This finding has the effect of limiting the amount of Impact Aid the state can credit in some school districts.

USDE’s determination notes: “The [school districts] argue that the State should not be taking into account 75% of Impact Aid receipts for every district, because the proportion should be unique to each district; they argue that the State is only including the “yield controlled 0.5 mill levy, it is not taking any credit for the 2 Mill SB9 Levy or the up-to 10 mill HB33 Levy.”

Before USDE, Gallup and Zuni argued the department should require PED to calculate a unique Impact Aid credit for every school district. USDE agreed with this arguments, saying the state “must calculate the proportion of Impact Aid funds that can be used to reduce State aid by including the SB9 revenues in the denominator of the proportion for each district.” PED’s request for certification includes a proportionality test that meets the requirements imposed by USDE.

Following the submission of PED’s FY21 calculation, Gallup, Grants, and Zuni sued PED in state district court to prevent PED from submitting information that meets the requirements imposed by USDE. The school districts argue that as a matter of state law, the state may only take credit for exactly 75 percent of all Impact Aid funds; the state may not reduce the credit to meet the requirements of federal law without an amendment to the Public School Finance Act. According to PED’s submission to USDE, the state would be unable to take credit for 75 percent of Impact Aid payments in seven of the 30 school districts and charter schools

**Permissible Credits for Impact Aid School Districts**

| School District or Charter School | Permissible Credit | Assessed Valuation per MEM | Assessed Value Rank |
|-----------------------------------|--------------------|----------------------------|---------------------|
| Alamogordo                        | 75.0%              | \$146,633                  | 63                  |
| Albuquerque                       | 75.0%              | \$181,475                  | 55                  |
| Bernalillo                        | 74.8%              | \$234,016                  | 40                  |
| Bloomfield                        | 33.7%              | \$313,643                  | 30                  |
| Central                           | 75.0%              | \$146,912                  | 62                  |
| Clovis                            | 75.0%              | \$108,762                  | 76                  |
| Cuba                              | 75.0%              | \$276,880                  | 33                  |
| Dulce                             | 48.2%              | \$618,802                  | 11                  |
| Española                          | 75.0%              | \$151,925                  | 61                  |
| Farmington                        | 75.0%              | \$137,893                  | 67                  |
| Gallup-McKinley                   | 75.0%              | \$72,167                   | 85                  |
| Grants/Cibola                     | 75.0%              | \$103,722                  | 79                  |
| Jemez Mountain                    | 35.5%              | \$1,119,501                | 5                   |
| Jemez Valley                      | 65.5%              | \$272,660                  | 35                  |
| Los Alamos                        | 75.0%              | \$215,093                  | 45                  |
| Los Lunas                         | 75.0%              | \$106,401                  | 78                  |
| Magdalena                         | 75.0%              | \$100,392                  | 80                  |
| Maxwell                           | 75.0%              | \$166,173                  | 59                  |
| McCurdy Charter School            | 75.0%              | \$151,925                  | 61                  |
| Peñasco                           | 75.0%              | \$168,379                  | 57                  |
| Pojoaque Valley                   | 75.0%              | \$93,956                   | 81                  |
| Raton                             | 75.0%              | \$177,368                  | 56                  |
| Ruidoso                           | 47.7%              | \$368,228                  | 24                  |
| Southwest Aeronautics             | 75.0%              | \$181,475                  | 55                  |
| Southwest Preparatory             | 75.0%              | \$181,475                  | 55                  |
| Southwest Secondary               | 75.0%              | \$181,475                  | 55                  |
| Taos                              | 36.1%              | \$380,424                  | 23                  |
| Tularosa                          | 75.0%              | \$126,900                  | 70                  |
| Walatowa High Charter School      | 75.0%              | \$272,660                  | 35                  |
| Zuni                              | 75.0%              | \$1,996                    | 89                  |

Source: PED



that receive Impact Aid payments, with an estimated fiscal impact of \$1.4 million.

The Gallup, Grants, and Zuni lawsuit asks the district court to determine if the Public School Finance Act allows PED to reduce the credit for Impact Aid to meet the requirements of federal law.

The Public School Finance Act defines federal revenue to include “75 percent of grants from the federal government as assistance to those areas affected by federal activity authorized in accordance with Title 20 of the United State Code, commonly known as ‘PL 874’ or ‘impact aid;” however, federal rules preclude a state from taking credit for Impact Aid payments for Indian education, for special education, and for construction. Under current practice, the state does not take credit for 75 percent of these funds because that would be unlawful under federal law. Instead, the state takes credit for 75 percent of those types of Impact Aid that federal rules allow the state to consider when allocating state aid. This has the effect of taking a credit for a different share of total Impact Aid payments in each school district and charter school.

Notably, because of the way federal rules are designed, the state would be unable to take the full credit for Impact Aid in school districts with relatively high tax bases that also receive Impact Aid. As a result, this system functions as essentially the opposite of an equalization system: those school districts with more resources are eligible for more state aid due to high property values. To combat this result, the Legislature may want to consider options to reverse this.

***Decrease the SB9 State Match for School Districts with High Property Values.*** Under current law, most school districts have their state matching funds for SB9 reduced by the amount of property tax revenue the school district receives, but school districts with high property tax bases remain eligible for some state funding even if that school district raises enough tax revenue to meet the full program guarantee. By reducing state aid to high property value school districts, this policy would increase the proportion of the school districts’ total property tax revenue considered as part of the state equalization plan. However, decreasing the state match could lead to school districts with a low state match to opt out of the program altogether. Because SB9 is a local option property tax that must be approved by local voters, state matching funds

Laws 2020, Chapter 64 (HB254) would have increased state matching payments under SB9; however, this law was repealed during the 2020 special session due to insufficient revenue to the public school capital outlay fund to pay for the increase, which threatened the ability of the state to fund systems- and standards-based awards.

provide an incentive for school districts to levy the tax. This differs from the half mill levy for operations, which is levied by state law and is levied in every school district, subject to the state’s yield control statute. If the law were changed so that a school district with a large property tax levy received little or no state match, that school district may be less likely to levy the tax, leading to less revenue for public schools.

***Increase Property Tax Revenue Credits.*** By increasing the amount of property tax revenue considered by the funding formula, the state could increase the permissible credit in high property value school districts. There are several ways this could be accomplished. The Legislature could consider exempting the half mill levy from the yield control statute, which would increase local revenue to public schools and increase funding formula credits. As an unweighted average, school districts levy

0.326 mills on residential property, 0.476 on nonresidential property, and 0.496 on copper, oil, and gas. The current half mill levy results in credits of \$17 million; eliminating yield control would result in an increase to this amount.

The Legislature could also consider increases in the percentage credit for local revenue. Prior to 1999, the state took credit for 95 percent of federal and local revenue. Increasing the credit only for local revenue could increase the permissible credit in high property value school districts.

### **Impact on the Funding Formula**

For FY21, PED assumed a total of \$44.1 million in funding formula credits; legislative staff estimate between \$25 million and \$28 million would come from Impact Aid. If the state is unable to take credit for Impact Aid in FY20, it could result in a decrease to statewide program cost of about 0.9 percent. This could result in a mid-year decrease to the unit value, or the need to appropriate additional funding to the SEG during the 2021 session. Following USDE's April determination, the Legislature appropriated \$31 million to the SEG distribution to partially backfill the loss of the credit.



Funding Sources Considered in USDE's Determination for FY20

| Item   | Result   | Note  |
|--|----------|---|
| <b>School Districts Argued These Funds Should be Included:</b> |          |   |
| Transportation Distribution <sup>1</sup>                       | Included | USDE noted it is permissible to exclude portions of the transportation distribution based on school site characteristics or the special needs of students; however USDE was unable to separate these amounts for the FY20 determination |
| Instructional Material Fund                                    | Included | Appropriation moved to funding formula in FY20  |
| Dual Credit Instructional Materials                            | Included |   |
| General Obligation Library Bonds                               | Excluded | Not specifically addressed, but determination finds proceeds of bond sales are not revenue and should be excluded.  |
| New Mexico Reads to Lead                                       | Included | Appropriation discontinued in FY20  |
| Public School Capital Improvements Act (SB9)                   | Included |   |
| Public School Buildings Act (HB33)                             | Excluded |   |
| Spaceport Gross Receipts Tax                                   | Included |   |
| Wind Farm Payments in Lieu of Taxes                            | Included |   |
| Industrial Revenue Bond Payments in Lieu of Taxes              | Included |   |
| Educational Technology Bonds                                   | Excluded |   |
| <b>School Districts Argued These Funds Should be Excluded</b>  |          |   |
| Refunds of Prior Year Expenditures                             | Included |   |
| Indirect Costs   | Included |   |
| E-Rate   | Excluded |   |
| Fees from Governmental Entities                                | Included |   |
| Insurance Recoveries   | Excluded |   |

Source: April 15th determination from USDE

<sup>1</sup>The USDE determination note that when calculating disparity using the exclusion method it is permissible to exclude the portion of the transportation distribution attributable to site characteristics or the special needs of students.



### Estimated Impact Aid Credit Liability

|  | FY19 Final             | FY20 Final             | FY21 Preliminary       |
|--|------------------------|------------------------|------------------------|
| Program Units                          | 631,219                | 642,423                | 650,146                |
| Unit Value                             | \$4,190.85             | \$4,602.27             | \$4,531.74             |
| <b>Program Cost</b>                    | <b>\$2,645,342,386</b> | <b>\$2,956,602,370</b> | <b>\$2,946,291,429</b> |
| Budgeted Drivers' License Fees         | \$5,000,000            | \$5,000,000            | \$7,000,000            |
| 75% Impact Aid Credit                  | \$63,239,250           | \$59,992,240           | \$28,104,775           |
| 75% Other Local and Federal Credits    | \$21,916,076           | \$19,291,862           | \$16,022,528           |
| <b>75% Total Credits</b>               | <b>\$85,155,326</b>    | <b>\$79,284,102</b>    | <b>\$44,127,303</b>    |
| SEG Distribution                       | \$2,560,187,060        | \$2,877,318,268        | \$2,902,164,126        |
| SEG Appropriation*                     | \$2,582,377,600        | \$2,886,410,000        | \$2,895,173,400        |
| <b>Estimated SEG Reversion</b>         | <b>\$27,190,540</b>    | <b>\$14,091,732</b>    | <b>\$9,274</b>         |
| State-Support Reserve Fund Balance     | \$19,100,000           | \$29,100,000           | \$0                    |
| <b>Potential Outstanding Liability</b> |                        | <b>-\$16,800,508</b>   | <b>-\$28,095,501</b>   |

Source: PED, LFC Files

\*Note: Does not include K-5 Plus or ELTP appropriation



TABLE 5

**NEW MEXICO PUBLIC EDUCATION DEPARTMENT  
REVISED IMPACT AID DISPARITY FOR 2020-2021  
Inclusion Method on a Revenue Basis  
USDE Methodology**

**JULY 2020 REVISED PROPORTIONALITY OF LOCAL PROPERTY TAX REVENUE**

| A                                 | B                            | C   | D                                  | E = (C+D)/B    | F*                        |
|-----------------------------------|------------------------------|---|------------------------------------|----------------|---------------------------|
| SCHOOL DISTRICT                   | 2018-2019 LOCAL PROPERTY TAX | 2018-19 LOCAL PROP. TAX FOR CREDIT (75% 0.5 MILL) | SB-9 LOCAL PROPERTY TAX CONSIDERED | TAX PROPORTION | PROPORTION FOR STATE AID* |
| AIMS @ UNM                        | \$0                          | \$0   | \$0                                | 75.00%         | 75.00%                    |
| Alamogordo                        | \$1,879,430                  | \$232,614   | \$1,569,279                        | 95.87%         | 75.00%                    |
| Albuquerque                       | \$36,942,365                 | \$4,086,309                                       | \$28,869,140                       | 89.21%         | 75.00%                    |
| Albuquerque Collegiate            | \$0                          | \$0   | \$0                                | 75.00%         | 75.00%                    |
| Albuquerque School of Excellence  | \$61,667                     | \$0   | \$61,667                           | 100.00%        | 75.00%                    |
| Albuquerque Sign Language Academy | \$33,026                     | \$0   | \$31,540                           | 95.50%         | 75.00%                    |
| Aldo Leopold Charter School       | \$79,180                     | \$0   | \$54,361                           | 68.66%         | 68.66%                    |
| Alma D' Arte Charter High School  | \$0                          | \$0   | \$0                                | 75.00%         | 75.00%                    |
| Altura Preparatory                | \$0                          | \$0   | \$0                                | 75.00%         | 75.00%                    |
| Amy Biehl Charter High School     | \$96,613                     | \$0   | \$94,620                           | 97.94%         | 75.00%                    |
| Animas                            | \$92,661                     | \$12,648  | \$75,797                           | 95.45%         | 75.00%                    |
| Artesia                           | \$4,517,445                  | \$659,388   | \$1,123,495                        | 39.47%         | 39.47%                    |
| ASK Academy                       | \$132,511                    | \$0   | \$132,511                          | 100.00%        | 75.00%                    |
| Aztec                             | \$1,558,139                  | \$199,382   | \$899,746                          | 70.54%         | 70.54%                    |
| Belen                             | \$1,488,644                  | \$181,425   | \$1,205,062                        | 93.14%         | 75.00%                    |
| Bernalillo                        | \$1,462,436                  | \$130,743   | \$962,468                          | 74.75%         | 74.75%                    |
| Bloomfield                        | \$3,440,311                  | \$277,612   | \$882,497                          | 33.72%         | 33.72%                    |
| Capitan                           | \$962,191                    | \$84,285  | \$190,408                          | 28.55%         | 28.55%                    |
| Carlsbad                          | \$9,109,125                  | \$1,344,024                                       | \$2,531,078                        | 42.54%         | 42.54%                    |
| Carrizozo                         | \$168,363                    | \$21,772  | \$81,456                           | 61.31%         | 61.31%                    |
| Central                           | \$2,059,991                  | \$308,850   | \$1,648,192                        | 95.00%         | 75.00%                    |
| Cesar Chavez Community School     | \$68,521                     | \$0   | \$65,668                           | 95.84%         | 75.00%                    |
| Chama Valley                      | \$341,587                    | \$37,838  | \$164,129                          | 59.13%         | 59.13%                    |
| Cimarron                          | \$1,007,432                  | \$125,521   | \$200,758                          | 32.39%         | 32.39%                    |
| Clayton                           | \$345,163                    | \$49,359  | \$191,571                          | 69.80%         | 69.80%                    |
| Cloudcroft                        | \$442,241                    | \$41,003  | \$158,577                          | 45.13%         | 45.13%                    |
| Clovis                            | \$2,056,271                  | \$300,569   | \$1,655,512                        | 95.13%         | 75.00%                    |
| Cobre                             | \$624,791                    | \$74,042  | \$492,504                          | 90.68%         | 75.00%                    |
| Coral Community Charter           | \$67,679                     | \$0   | \$67,124                           | 99.18%         | 75.00%                    |
| Corona                            | \$149,396                    | \$22,286  | \$58,039                           | 53.77%         | 53.77%                    |
| Cuba                              | \$386,826                    | \$55,634  | \$255,650                          | 80.47%         | 75.00%                    |
| DEAP                              | \$4,219                      | \$0   | \$4,219                            | 100.00%        | 75.00%                    |
| Deming                            | \$1,481,794                  | \$222,012   | \$1,185,778                        | 95.01%         | 75.00%                    |
| Des Moines                        | \$95,476                     | \$13,332  | \$62,618                           | 79.55%         | 75.00%                    |
| Dexter                            | \$196,771                    | \$23,452  | \$165,501                          | 96.03%         | 75.00%                    |
| Dora                              | \$70,184                     | \$10,429  | \$56,279                           | 95.05%         | 75.00%                    |
| Dream Dine'                       | \$0                          | \$0   | \$0                                | 75.00%         | 75.00%                    |
| Dulce                             | \$823,164                    | \$122,457   | \$274,345                          | 48.20%         | 48.20%                    |
| Elida                             | \$69,006                     | \$9,311   | \$56,592                           | 95.50%         | 75.00%                    |
| Espanola                          | \$1,126,809                  | \$89,471  | \$1,007,515                        | 97.35%         | 75.00%                    |
| Estancia                          | \$298,594                    | \$39,284  | \$246,216                          | 95.61%         | 75.00%                    |
| Estancia Valley Classical Academy | \$185,429                    | \$0   | \$143,073                          | 77.16%         | 75.00%                    |
| Eunice                            | \$2,296,013                  | \$341,167   | \$269,783                          | 26.61%         | 26.61%                    |
| Explore Academy                   | \$0                          | \$0   | \$0                                | 75.00%         | 75.00%                    |
| Farmington                        | \$3,743,613                  | \$448,550   | \$3,145,546                        | 96.01%         | 75.00%                    |
| Floyd                             | \$37,270                     | \$5,517   | \$29,913                           | 95.07%         | 75.00%                    |
| Fort Sumner                       | \$181,514                    | \$26,115  | \$121,310                          | 81.22%         | 75.00%                    |
| Gadsden                           | \$2,369,446                  | \$293,280   | \$1,978,406                        | 95.87%         | 75.00%                    |
| Gallup                            | \$2,080,000                  | \$280,762   | \$1,705,650                        | 95.50%         | 75.00%                    |
| Gilbert L. Sena Charter School    | \$55,620                     | \$0   | \$54,184                           | 97.42%         | 75.00%                    |
| Grady                             | \$22,584                     | \$3,314   | \$18,165                           | 95.11%         | 75.00%                    |
| Grants/Cibola                     | \$864,718                    | \$121,354   | \$702,912                          | 95.32%         | 75.00%                    |

**TABLE 5**

**NEW MEXICO PUBLIC EDUCATION DEPARTMENT  
REVISED IMPACT AID DISPARITY FOR 2020-2021  
Inclusion Method on a Revenue Basis  
USDE Methodology**

**JULY 2020 REVISED PROPORTIONALITY OF LOCAL PROPERTY TAX REVENUE**

| A  | B                | C                    | D                 | E = (C+D)/B | F*     |
|--|------------------|----------------------|-------------------|-------------|--------|
|  | <b>2018-2019</b> | <b>2018-19 LOCAL</b> | <b>SB-9 LOCAL</b> |             |        |
| Hagerman   | \$92,273         | \$12,576             | \$75,505          | 95.46%      | 75.00% |
| Hatch  | \$209,042        | \$28,679             | \$170,804         | 95.43%      | 75.00% |
| Hobbs  | \$4,204,980      | \$566,407            | \$2,857,952       | 81.44%      | 75.00% |
| Hondo Valley                                       | \$89,985         | \$13,249             | \$72,320          | 95.09%      | 75.00% |
| Horizon Academy West                               | \$157,453        | \$0                  | \$150,421         | 95.53%      | 75.00% |
| House  | \$39,445         | \$5,325              | \$32,345          | 95.50%      | 75.00% |
| Hozho Academy                                      | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| J. Paul Taylor                                     | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| Jal  | \$7,553,789      | \$1,132,258          | \$171,654         | 17.26%      | 17.26% |
| Jemez Mountain                                     | \$512,786        | \$73,033             | \$109,127         | 35.52%      | 35.52% |
| Jemez Valley                                       | \$234,965        | \$24,558             | \$129,324         | 65.49%      | 65.49% |
| La Academia Dolores Huerta                         | \$35,188         | \$0                  | \$35,188          | 100.00%     | 75.00% |
| La Promesa Early Learning Center                   | \$117,941        | \$0                  | \$111,765         | 94.76%      | 75.00% |
| La Tierra Montessori School of the Arts & Sciences | \$27,709         | \$0                  | \$27,709          | 100.00%     | 75.00% |
| Lake Arthur  | \$141,478        | \$20,836             | \$71,649          | 65.37%      | 65.37% |
| Las Cruces   | \$7,983,689      | \$976,038            | \$6,682,305       | 95.92%      | 75.00% |
| Las Montañas Charter School                        | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| Las Vegas City                                     | \$627,391        | \$61,283             | \$542,509         | 96.24%      | 75.00% |
| Logan  | \$173,506        | \$25,980             | \$137,372         | 94.15%      | 75.00% |
| Lordsburg  | \$329,851        | \$48,516             | \$185,343         | 70.90%      | 70.90% |
| Los Alamos   | \$265,385        | \$199,039            | \$0               | 75.00%      | 75.00% |
| Los Lunas  | \$1,909,761      | \$172,372            | \$1,679,932       | 96.99%      | 75.00% |
| Loving   | \$1,014,386      | \$151,457            | \$207,822         | 35.42%      | 35.42% |
| Lovington  | \$1,730,178      | \$240,181            | \$1,278,161       | 87.76%      | 75.00% |
| Magdalena  | \$66,415         | \$7,971              | \$55,787          | 96.00%      | 75.00% |
| MASTERS Program                                    | \$159,110        | \$0                  | \$65,255          | 41.01%      | 41.01% |
| Maxwell  | \$52,172         | \$7,201              | \$42,571          | 95.40%      | 75.00% |
| McCurdy Charter School                             | \$146,034        | \$0                  | \$146,034         | 100.00%     | 75.00% |
| Media Arts Collaborative Charter School            | \$80,226         | \$0                  | \$79,416          | 98.99%      | 75.00% |
| Melrose  | \$83,885         | \$12,218             | \$67,594          | 95.14%      | 75.00% |
| Mesa Vista   | \$156,651        | \$13,070             | \$118,423         | 83.94%      | 75.00% |
| Mission Achievement and Success                    | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| Monte Del Sol Charter School                       | \$260,651        | \$0                  | \$106,621         | 40.91%      | 40.91% |
| Montessori Elementary School                       | \$137,557        | \$0                  | \$135,703         | 98.65%      | 75.00% |
| Mora   | \$206,170        | \$21,831             | \$177,062         | 96.47%      | 75.00% |
| Moriarty   | \$1,172,741      | \$178,215            | \$714,194         | 76.10%      | 75.00% |
| Mosquero   | \$189,173        | \$28,202             | \$47,448          | 39.99%      | 39.99% |
| Mountainair  | \$164,840        | \$23,439             | \$115,338         | 84.19%      | 75.00% |
| New America School                                 | \$124,364        | \$0                  | \$100,119         | 80.51%      | 75.00% |
| New America School - Las Cruces                    | \$81,558         | \$0                  | \$78,635          | 96.42%      | 75.00% |
| New Mexico Connections Academy                     | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| New Mexico School for the Arts                     | \$179,984        | \$0                  | \$70,065          | 38.93%      | 38.93% |
| North Valley Academy                               | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| Pecos  | \$293,574        | \$12,196             | \$229,629         | 82.37%      | 75.00% |
| Penasco  | \$119,757        | \$9,273              | \$107,392         | 97.42%      | 75.00% |
| Pojoaque Valley                                    | \$406,046        | \$36,280             | \$357,673         | 97.02%      | 75.00% |
| Portales   | \$700,120        | \$98,970             | \$568,160         | 95.29%      | 75.00% |
| Quemado  | \$222,431        | \$29,432             | \$86,207          | 51.99%      | 51.99% |
| Questa   | \$471,085        | \$62,189             | \$165,718         | 48.38%      | 48.38% |
| Raton  | \$364,156        | \$45,144             | \$301,586         | 95.21%      | 75.00% |
| Red River Valley Charter School                    | \$0              | \$0                  | \$0               | 75.00%      | 75.00% |
| Reserve  | \$114,589        | \$16,604             | \$80,972          | 85.15%      | 75.00% |
| Rio Rancho   | \$5,202,520      | \$547,928            | \$4,471,949       | 96.49%      | 75.00% |

**TABLE 5**

**NEW MEXICO PUBLIC EDUCATION DEPARTMENT  
REVISED IMPACT AID DISPARITY FOR 2020-2021  
Inclusion Method on a Revenue Basis  
USDE Methodology**

**JULY 2020 REVISED PROPORTIONALITY OF LOCAL PROPERTY TAX REVENUE**

| A   | B             | C             | D            | E = (C+D)/B | F*     |
|---|---------------|---------------|--------------|-------------|--------|
|   | 2018-2019     | 2018-19 LOCAL | SB-9 LOCAL   |             |        |
| Roots and Wings Community School                | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Roswell   | \$2,521,536   | \$295,354     | \$2,127,731  | 96.10%      | 75.00% |
| Roy   | \$17,509      | \$2,447       | \$14,247     | 95.34%      | 75.00% |
| Ruidoso   | \$1,668,176   | \$188,442     | \$606,748    | 47.67%      | 47.67% |
| San Jon   | \$47,372      | \$13,177      | \$29,803     | 90.73%      | 75.00% |
| Sandoval Academy (SABE)                         | \$23,788      | \$0           | \$23,788     | 100.00%     | 75.00% |
| Santa Fe  | \$13,359,846  | \$1,119,300   | \$4,005,821  | 38.36%      | 38.36% |
| Santa Rosa                                      | \$281,068     | \$38,924      | \$229,170    | 95.38%      | 75.00% |
| School of Dreams Academy                        | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Silver City                                     | \$1,274,203   | \$141,773     | \$882,807    | 80.41%      | 75.00% |
| Six Directions Indigenous                       | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Socorro   | \$436,883     | \$53,200      | \$365,950    | 95.94%      | 75.00% |
| South Valley Preparatory School                 | \$51,653      | \$0           | \$49,979     | 96.76%      | 75.00% |
| Southwest Preparatory Learning Center           | \$64,405      | \$0           | \$63,242     | 98.19%      | 75.00% |
| Southwest Secondary Learning Center             | \$80,655      | \$0           | \$80,655     | 100.00%     | 75.00% |
| Springer  | \$96,995      | \$11,739      | \$80,970     | 95.58%      | 75.00% |
| SW Aeronautics, Mathematics and Science Academy | \$88,657      | \$0           | \$86,209     | 97.24%      | 75.00% |
| Taos  | \$2,838,655   | \$160,394     | \$864,911    | 36.12%      | 36.12% |
| Taos Academy                                    | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Taos Integrated School of the Arts              | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Taos International School                       | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Tatum   | \$240,913     | \$32,966      | \$146,985    | 74.70%      | 74.70% |
| Texico  | \$204,831     | \$30,125      | \$164,665    | 95.10%      | 75.00% |
| The Great Academy                               | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Tierra Adentro                                  | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| Tierra Encantada Charter School                 | \$248,193     | \$0           | \$95,718     | 38.57%      | 38.57% |
| Truth or Consequences                           | \$781,066     | \$118,512     | \$434,036    | 70.74%      | 70.74% |
| Tucumcari                                       | \$269,274     | \$36,482      | \$220,631    | 95.48%      | 75.00% |
| Tularosa  | \$242,153     | \$30,206      | \$201,879    | 95.84%      | 75.00% |
| Turquoise Trail Elementary                      | \$371,539     | \$0           | \$147,666    | 39.74%      | 39.74% |
| Vaughn  | \$237,490     | \$35,624      | \$61,867     | 41.05%      | 41.05% |
| Wagon Mound                                     | \$82,032      | \$10,955      | \$59,572     | 85.97%      | 75.00% |
| Walatowa Charter High School                    | \$0           | \$0           | \$0          | 75.00%      | 75.00% |
| West Las Vegas                                  | \$433,379     | \$44,301      | \$374,310    | 96.59%      | 75.00% |
| Zuni  | \$5,484       | \$907         | \$4,274      | 94.49%      | 75.00% |
| STATEWIDE                                       | \$150,150,970 | \$17,561,888  | \$89,593,242 | 71.36%      | 71.36% |

\*State law caps the amount credited at 75%. Therefore, all entities were capped at this amount for state aid credits.