

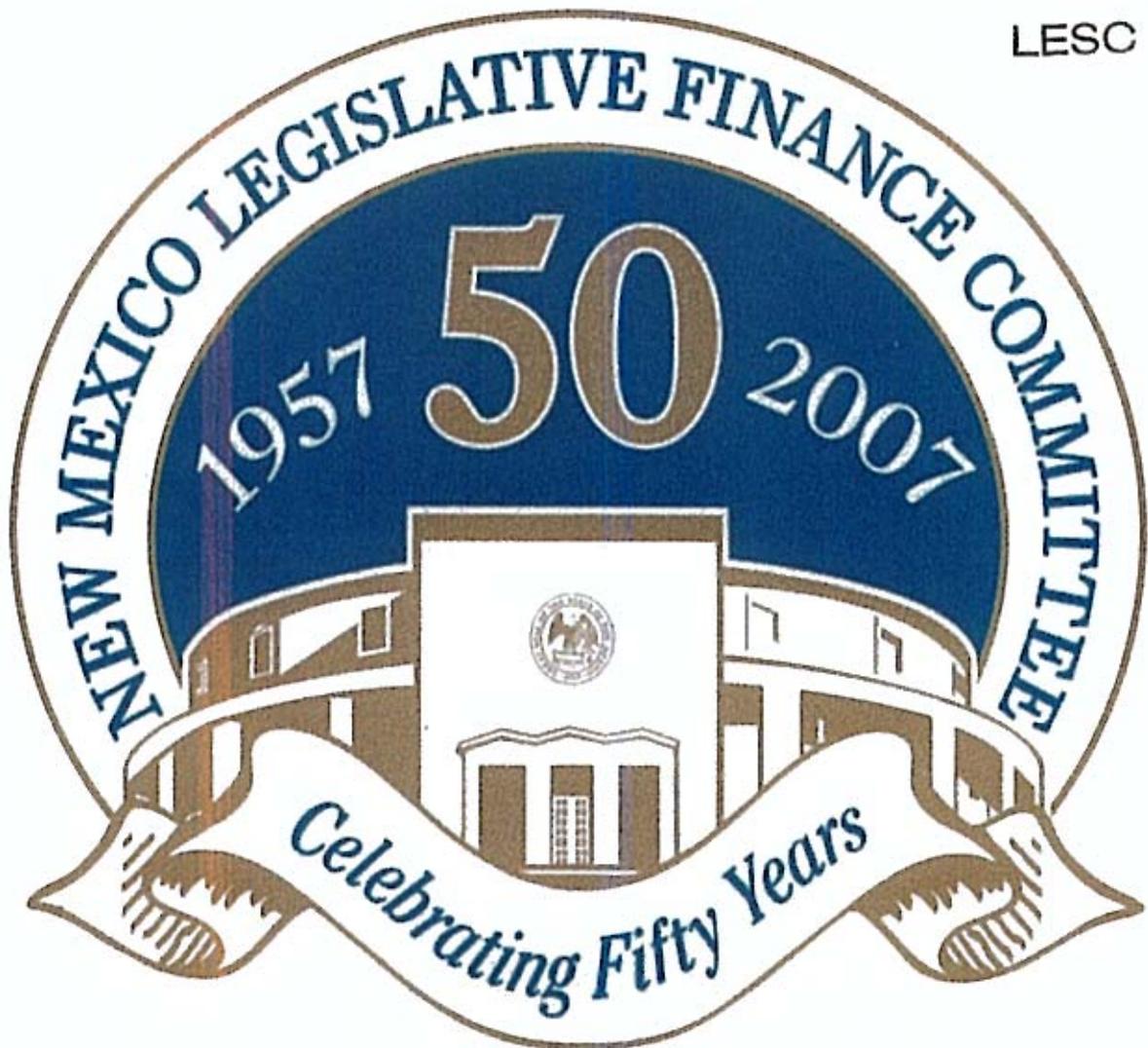


Report  
to  
The LEGISLATIVE FINANCE COMMITTEE

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Review of Rio Rancho Public Schools  
June 18, 2008

Report # 08-04

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June 17, 2008

Dr. V. Sue Cleveland, Superintendent  
Rio Rancho Public Schools  
500 Laser Road NE  
Rio Rancho, NM 87124

Dear Dr. Cleveland,

On behalf of the Legislative Finance Committee (Committee), I am pleased to transmit the *Review of Rio Rancho Public Schools*.

The review team assessed Rio Rancho Public Schools' governance and management practices, the use of funding and cost-effectiveness of resource allocation the success of district efforts to recruit and retain high quality teachers and student academic performance. The report will be presented to the Committee on June 18, 2008. An exit conference was conducted on June 13, 2008 to discuss the contents of the report with you and your respective staff.

I believe this report addresses issues the Committee asked us to review and hope your school district benefits from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

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

David Abbey, Director

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***Public education is a core state responsibility and accounts for over 43 percent of all state spending.***

***The review sought to evaluate the operations of a selected school district to identify best practices and ensure efficient and effective use of public resources.***

***RRPS appropriately focuses efforts and resources on the classroom.***

***RRPS is not disadvantaged by the funding formula because of its student population growth and needs to improve planning for opening new schools.***

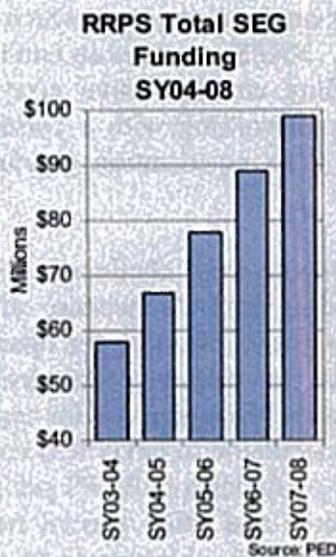
Since its formation in 1994, Rio Rancho Public School district (RRPS) has grown, not only in student population, but in recognition as one of New Mexico's top school districts. Public education is a core state responsibility and accounts for over 43 percent of all state spending. Since school year 2003-2004 (SY04), the Legislature has increased spending on public education nearly \$600 million (33 percent), from about \$1.8 billion to \$2.4 billion in SY08.

Given that local school districts are responsible for spending such a large portion of the state budget, Legislative Finance Committee staff sought to evaluate the operations of a selected school district to identify best practices and ensure efficient and effective use of public resources. RRPS was selected for review because of the district size in student population, amount in state revenue (about equal to the Department of Public Safety at \$100 million) and experience with school construction. The district's stability in key leadership positions and reputation for student performance offered an opportunity to identify best educational practices. The program evaluation assessed district governance practices, resource allocation and spending decisions, and efforts to improve teacher quality and student performance.

Overall, the Rio Rancho Public School district is well run and appropriately focuses efforts and resources on the classroom, which has helped produce positive student outcomes. RRPS provides an enriched learning environment to students, including an impressive array of technology, facilities and capable educators working with a common vision, while relying almost entirely on state equalization guarantee (SEG) funding for operations.

Like all school districts, RRPS is not immune from challenges. The district is not disadvantaged by the funding formula because of its student population growth, and needs to improve planning for opening new schools. Specifically, RRPS needs to maximize its general obligation bond and 2-mill levy property tax revenue streams for capital costs and ensure modest cash balances are available to cover less costly items such as supplies. While the majority of students in RRPS perform well on state standardized tests, low-income and other special needs students lag behind their peers and are not making achievement gains at a fast enough rate to close the gap. Financial resources and more qualified teachers are not always aligned at schools with the highest concentration of low-income students. While not intentional, this misalignment does not appear to support state efforts to close the achievement gap between low-income students and their peers.

*The public school funding formula provides additional funding for districts experiencing student population growth.*



*RRPS exhibits many of the best practice qualities for successful districts.*

## Key Findings

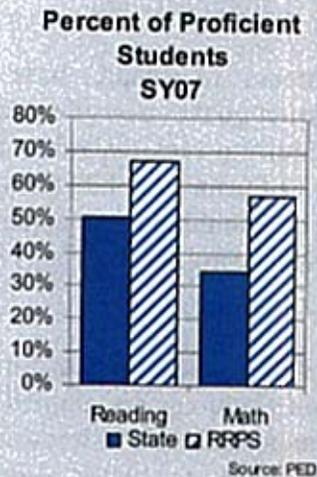
**The current funding formula does not under compensate Rio Rancho Public Schools for student population growth.** New Mexico's public school funding formula provides additional funding for districts experiencing student population growth in excess of one percent. Since School Year 2003-2004 (SY04), the public school funding formula has provided RRPS about the same revenue per student for growth as per student revenue generated from prior-year membership. RRPS has benefited from changes to the funding formula for growth more than other districts and now receives more revenue from growth than all other school districts combined. The American Institutes for Research (AIR) study of New Mexico's school funding formula failed to consider enrollment growth units already provided for in statute. As a result, cost estimates for the proposed new formula related to student population growth should be revisited.

**Student population growth creates challenges; however better budget planning could ease financial pressures of opening new schools.** RRPS has experienced rapid growth in student population, but also funding. RRPS capital program is in a good position to fund and manage future growth. The district continues to benefit from a 67 percent state matching rate on projects, partly as a result of historically undervalued non-residential property. However, RRPS financial planning lacks strategic focus and is insufficient for funding new schools. Failure to budget expected costs allowed RRPS to claim and receive emergency supplemental funding totaling \$1.9 million from the Public Education Department (PED). Some of the funding will boost cash balances and, at the time of this report, RRPS had not budgeted the funding for items identified in the approved application.

**High expectations and stable leadership have contributed to quality educational programming and high levels of student achievement.** Parents and Rio Rancho as a community set high expectations for their schools and students. Stable leadership in key district positions is a key contributing factor to the district's success. RRPS exhibits many of the best practice qualities for successful districts and schools identified by research, including the research supporting the New Mexico funding formula task force. Better use of financial data would help RRPS make certain that instructional costs and intervention programs yield desired academic benefits and that resources are aligned with student needs.

**The three-tiered teacher licensing system has shown progress in boosting compensation and, based on a small exploratory study, student achievement at Rio Rancho public schools.** New Mexico's three-tiered teacher licensure system has resulted in substantial increases in teacher pay at RRPS. Students in Rio Rancho classrooms with

*Students in Rio Rancho classrooms with teachers who had completed the professional development dossier showed growth in test scores that exceeded district and statewide average gains.*



*Economically disadvantaged students in RRPS score high when compared to the state averages, but struggle when compared to peers in their own district.*

*The early state testing dates limit the number of instructional days before the most significant accountability measure for districts and students.*

teachers who had completed the professional development dossier showed growth in test scores that exceeded district and statewide average gains. Schools with more low-income students have more inexperienced and beginning level licensed teachers. RRPS estimates professional development spending totals around \$2.3 million, though results of these expenditures are unclear.

**RRPS student achievement exceeds average state scores and most peer schools in Albuquerque, but more progress is needed to improve student achievement levels for low-income students.**

A higher percentage of RRPS students are proficient on state tests versus state averages, but district-wide, the percentage of students proficient and above in reading and math has remained relatively flat for three years. Generally, the percentage of students reaching proficiency shows very limited improvement or declines as they move into higher grade levels. Rio Rancho performed above or at expected levels with limited exceptions when compared to peer schools in Albuquerque, Farmington, and Santa Fe. The achievement gap between all students and economically disadvantaged students is a key area where RRPS struggles. Economically disadvantaged students in RRPS score high when compared to the state averages, but struggle when compared to their peers in their own district.

**RRPS special education population is similar to state averages, though growth in ancillary services raises concerns.** The percentage of students in special education at RRPS is generally in line with state averages and similar districts.

**RRPS has a well run, but expensive, student transportation program.** RRPS spends approximately \$4 million dollars to transport about 12,000 students to and from school. Direct costs per mile (bus contract, bus leases, and insurance) and administrative costs are higher at RRPS than peer districts that also outsource their transportation services. The Procurement Code exempts bus contracts and as a result RRPS has not competitively procured this service since 1995.

**Miscellaneous state practices may warrant further review.** The early state testing dates limit the number of instructional days before the most significant accountability measure for districts and students. The late results and difficulty extracting useful data from PED's Student Teacher Accountability and Reporting System (STARS) reduces the instructional value of the state assessment because schools and teachers cannot effectively use the results to inform instructional practices for students. These issues raise concerns over whether the expense of the test (an estimated \$22 million) and the expense of adding additional instructional days (an estimated \$14 million per day) after the test will produce expected results.

## Key Recommendations

The Legislature may wish to request AIR to revise its cost estimates for the proposed public school funding formula related to recommended changes for student population growth.

Set targets for anticipated administrative and start-up costs for newly planned schools in alignment with district capital outlay plan and projected revenues. The financial plan should identify and maximize sources of funding, including bond proceeds, SB9 2-mill levy funds, or cash balances from the operational budget due to restraint in spending and taking advantage of economies of scale in administration.

Implement a regular budget review process to ensure base and expansion expenditures are aligned with district goals. Consider using a modified zero-based budget approach by requiring each department and school to send budget requests at 95 percent of prior year budget with a listing of expansion requests. The process should ensure expansion requests are directly related to district student learning goals and long-range financial plans.

Identify revenue generated by students within the funding formula versus expenditures at each school to ensure resources are aligned with district academic plans for improving achievement levels of low-income and other special needs students. Also, work to better align the distribution of teachers with more experience and demonstrated skills to work at schools with higher levels of low-income students.

The Public School Capital Outlay Oversight Taskforce and associated administrative entities should examine whether adjustments to the funding formula are needed to account for significant increases or depletion of property values to ensure the state can maintain a stable and equitable distribution of funding for school construction.

The Legislature may wish to consider whether to place restrictions on the year in which a district may spend emergency supplemental distributions. PED should issue administrative rules requiring school districts to spend emergency supplemental distributions on areas of the budget experiencing shortfalls.

Seek PED approval of all ancillary staff reported with work effort in excess of 100 percent.

Adopt a local policy for the regular placement of RRPS transportation contract out for bid. The policy should, at a minimum, follow the spirit of the state Procurement Code.

### DISTRICT AT A GLANCE

Article XII, Section 1, of the New Mexico Constitution states a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained.

In 1993, the New Mexico Department of Education approved the creation of the Rio Rancho school district and in 1994 the district began operations. The mission of Rio Rancho Public Schools (RRPS) is dedicated to graduating each student with an educational foundation for success as a responsible, ethical contributor to society and their vision is student excellence. RRPS has two primary methods for attaining their mission and vision. These include:

- Student Achievement: Students will attain high levels of performance in academic and life skills.
- Effective and Efficient Systems: System performance will be continually improved by using documented approaches/processes that are regularly evaluated.

### FAST FACTS

**Size-** Rio Rancho is the third largest district in New Mexico, with over 15,000 students and a budget in excess of \$105 million in SY08.

**Schools-** RRPS currently consists of sixteen schools: one pre-k school, eight elementary schools, three middle schools, one mid high, two high schools and one specialized learning center. The school district will soon open two new elementary schools (Fall 2008) and one new high school (Fall 2009).

**Teachers-** RRPS had about 1,000 teachers in SY07. Of these teachers, 194 were beginning level one teachers, 510 were professional level-II teachers, and 276 were master level-III teachers. As of 2007, 122 of these teachers had completed the Professional Development Dossier under the state's new three-tiered licensure system.

**Students-** RRPS has 15,653 students. About 48 percent of the district's students are Anglo, 41 percent are Hispanic, four percent African American, four percent Native American, and about 2 percent are Asian/Pacific Islander.

**Student Teacher Ratio-** Rio Rancho has a student to teacher ratio of 13.3 for elementary, 14.8 for middle school/ mid high, and 16.1 for high school in SY07.

**Student Performance -** In SY07, 68 percent of 4<sup>th</sup> grade RRPS students were proficient and above on the state reading test and almost 62 percent on the math test. Statewide about 55 percent of 4<sup>th</sup> graders were proficient and above in reading and about 46 percent on the math test.

## HISTORY OF MAJOR EVENTS

**1974** Rio Rancho Elementary School, the first school in Rio Rancho, is built by Albuquerque Public Schools (APS).

**1993** NM Department of Education approves the creation of the Rio Rancho school district.

**1994** Dr. Sue Cleveland is hired as Superintendent; on July 1 the district officially begins operations. Voters approve a \$27.1 million bond issue and the 2-mill levy for school maintenance and technology.

**1995** Colinas del Norte Elementary School opens and is the first new school built by the new district. The district moves into its current central office facility. Sandoval County and Intel reach an agreement under which Intel receives \$8 billion in industrial revenue bonds; in return, Intel agrees to provide \$30 million for construction of Rio Rancho High School.

**1997** Rio Rancho High School opens with a freshman, sophomore, and junior class.

**2003-04** Voters approve a \$23 million bond issue and renewal of the 2-mill levy. RRPS' enrollment officially doubles in size since its inception in 1994 when enrollment passes the 11,810 mark.

**2004-05** Approximately \$2 million in legislative capital outlay is appropriated by the Legislature purchase land for a second high school campus. RRPS purchases 140 acres from the State Land Office for the school.

*Source: RRPS*

## LEADERSHIP

### *Board of Education*

The school board sets district policy, hires the superintendent and approves the annual budget, in addition to other powers and duties set out in state law. RRPS uses a five-member board representing single-member districts. Terms are staggered and last four years.

Rio Rancho Public Schools Board of Education					
<i>Position</i>	<i>Name</i>	<i>District</i>	<i>Elected</i>	<i>Re-Elected</i>	<i>Term Expires</i>
President	Lisa Cour	5	Feb. 4, 1997	Feb. 14, 2005	2009
Vice- President	Marty Scharfglass	2	Feb. 4, 2003	Feb. 6, 2007	2011
Secretary	Margaret Terry	3	Mar. 12, 2001	Feb. 14, 2005	2009
Member	Don Schlichte	1	Mar. 12, 2001	Feb. 14, 2005	2009
Member	Divyesh Patel	4	Feb. 6 2007		2011
Superintendent	V. Sue Cleveland, Ed. D.				

## ORGANIZATION

**Office of the Superintendent:** The superintendent is the chief executive officer of Rio Rancho Public Schools and is responsible for the day to day operations of the district.

**Associate Superintendent for Curriculum & Instruction:** This office provides support for the Special Services Department, principals, and teachers in areas of the instructional process, curriculum, professional development and strategic planning.

**Facilities:** The Facilities Department plans, builds, and maintains the district's facilities.

**Finance:** The Finance Department directs and manages the operation of all financial and business affairs of the district, including overseeing the food services contractor SodexHo.

**Human Resources:** Human Resources plans and administers all personnel functions for the district.

**Information Technology:** IT is responsible for technical support of all administrative, educational, and communications technology as well as the Student Administrative Systems and the Public Education Department's Student Data and Accountability and Reporting System.

**Research, Assessment and Data Analysis:** This unit coordinates testing administration, compiles and analyzes data and provides results to schools and is responsible for state and federal reporting.

**Special Services:** Special Services provides instructional programs and related services designed to meet the unique needs of students.

**Student Services:** This department oversees due process student hearings, discipline issues, parent concerns and complaints, and various other programs, including nurses, counselors and after school programs.

**Transportation:** This department is responsible for the safe transportation of students to and from all schools and is operated by Durham School Services.

## SCHOOLS AND STUDENTS

School Level	School Name	Enrollment (March 2008)	Met AYP 2007	2007 AYP Designation
High Schools	Rio Rancho High School	3187		CA
	Independence High School	181		CA
	Cleveland High School(Aug. 2009)	N/A	N/A	
Mid-High	Rio Rancho Mid High School	2406		CA
Middle Schools	Eagle Ridge Middle School	627	✓	SI-II
	Lincoln Middle School	834		
	Mountain View Middle School	940	✓	
Elementary Schools	Colinas del Norte	1230	✓	
	Enchanted Hills	828	✓	
	Ernest Stapleton	945		
	Martin Luther King Jr.	964		
	Maggie Cordova	721	✓	
	Puesta del Sol	834		
	Rio Rancho	732	✓	
	Vista Grande	933	✓	
	Sandia Vista (Fall 2008)	N/A	N/A	
	Cielo Azul (est. 2008)	N/A	N/A	
Alternative Schools	Rio Rancho Shining Stars Preschool (Pre-K, Ages 3-5)	145	N/A	
	Rio Rancho Cyber Academy	142		

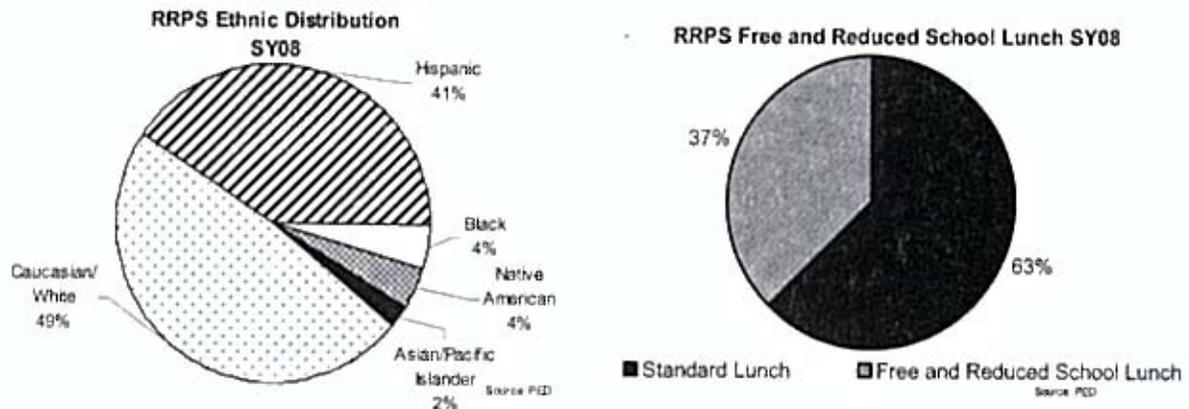
Adequate Yearly Progress (AYP) Designations:

Corrective Action (CA): Did not meet AYP for four consecutive years in the same subject and/or other academic indicator(s).

Source: PED

School Improvement II (SI-II): Did not meet AYP for three consecutive years in the same subject and/or other academic indicator(s).

The district population is a very diverse group of students with the majority of students being either White/Caucasian or Hispanic.

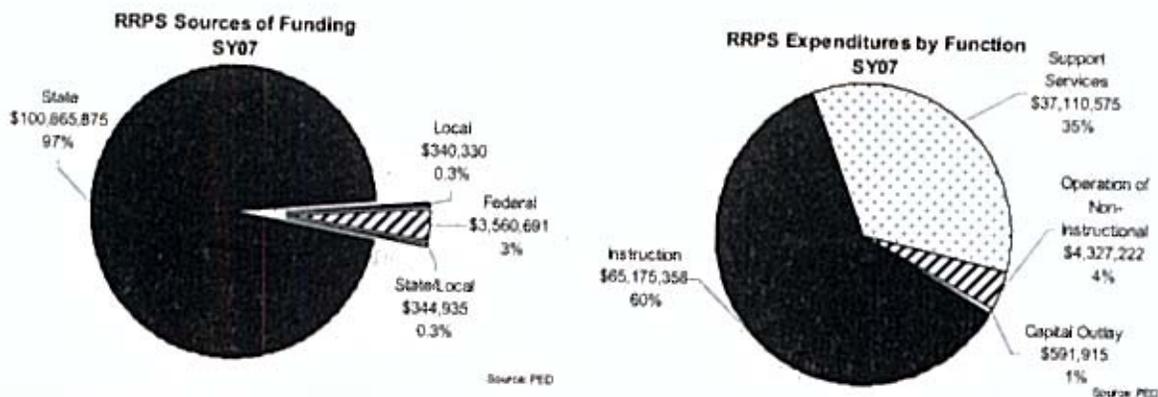


## FUNDING

The 89 public school districts in New Mexico receive operational revenue from the general fund, other state appropriations, local revenue, and a variety of federal programs. The state equalization guarantee (SEG) or 'funding formula' allocates funds to the districts. Accounting for more than 90 percent of school districts' operational revenue, the SEG is the largest state distribution. The SEG is enrollment driven with several adjustment factors including students with special needs, such as special education and English language learners. The autonomous school districts have considerable latitude in determining how these funds are to be spent to address local needs or priorities; however they must comply with PED regulations. This guarantee represents an attempt to assure all public school students access to programs and services appropriate to their needs despite local geographical or economic conditions. The distribution is noncategorical in nature and encourages local priority initiatives through the absence of categorical funding.

Since its enactment in 1974, the Public School Funding Formula has been the policy method by which the New Mexico State Legislature continues to provide equity in funding for all students relying upon the tax base of the state rather than the property tax wealth of individual districts.

For 2006/2007 RRPS received funding of \$105,271,477 (not including capital funds or debt services) for its operational budget. The primary source of funding for RRPS came from state funding. The funds were spent on instruction (including certain instructional materials), support services (including transportation), operation of non instructional and capital outlay.



## PROJECT INFORMATION

**Review Objectives.** The purpose of the review was to examine a medium-large school district's operations, performance and any successful strategies used to close the achievement gap for low-income or minority students which may serve as a model for other districts. The program evaluation consisted of the following objectives.

- **Governance.** Assess oversight of school district and use of governance and management best practices.
- **Spending.** Review the use of funding and cost-effectiveness of resource allocation decisions.
- **Teacher Quality.** Review the success of district efforts to recruit and retain high quality teachers and whether professional development activities meet state standards for quality.
- **Student Outcomes.** Review student academic performance and the extent to which policy, spending and/or personnel changes may have contributed to the intended results of improved student performance.

**Review Activities (Scope and Methodology).** Staff used the following criteria to select a school district for review: medium to large size based on student population and revenue; moderate to minimal turnover in superintendent's office and stable board; stable business office so that staff may gain a better understanding of school district business operations; experience building new schools; and proximity to Santa Fe to reduce travel.

Based on the criteria listed above, Rio Rancho Public Schools was selected for examination. RRPS has grown to the third largest school district in student population and has an annual budget of over \$100 million – equivalent to the state Department of Public Safety. The district has had very stable leadership, good student performance and ample experience managing school construction. These factors, staff believed, could aid in identifying best practices for dissemination to other districts in future reviews of school district operations.

### Scope and Methodology:

- Reviewed and analyzed applicable statutes, PED regulations, and RRPS policies and procedures;
- Analyzed current funding formula using RRPS budget and enrollment data;
- Assessed information obtained from outside sources, including the AIR Study of the funding formula and Internet sources such as the National Center for Education Statistics;

- Attended district leadership and school board meetings and interviewed 4 of 5 school board members;
- Interviewed central office administrators, school administrators, teachers, and other staff;
- Reviewed program documents and data provided during field visits conducted at selected RRPS schools including two elementary, two middle, the mid-high and high schools;
- Analyzed related-services ancillary and special education enrollment data;
- Reviewed available fiscal data from RRPS, PSFA, and PED including comparisons to peer districts/schools for 2000-2009 budgeted;
- Analyzed teacher qualifications and experience data; and
- Analyzed Annual Yearly Progress (AYP) and student performance results including comparisons to peer districts/schools for 2005-2007.

**Review Authority.** The committee is authorized under the provisions of Section 2-5-3 NMSA1978 to examine the laws governing the finances and operation of departments, agencies and institutions of New Mexico and all of its political subdivisions, the effect of laws on the proper functioning of these governmental units, and the policies and costs of governmental units as related to the laws. Pursuant to its statutory authority, the committee may conduct performance reviews and inquiries into specific transactions affecting operating policies and costs of governmental units and their compliance with state laws.

**Review Team.**

Charles Sallee, Program Evaluation Manager

Craig Johnson, Program Evaluator

Kyle Burns, Program Evaluator

Preston Cox, Program Evaluator

**Exit Conference.** The contents of this report were discussed with Dr. V. Sue Cleveland, Superintendent; Dr. Carl Leppleman, Associate Superintendent; Randy Evans, Chief Financial Officer and senior staff from Rio Rancho Public Schools; Mr. Don Moya, Deputy Secretary and Mr. Steve Burrell, Director of School Budget and Finance, Public Education Department; and LFC staff on June 13, 2007.

**Report Distribution.** This report is intended for the information of the Office of the Governor, the Rio Rancho Public School District, the Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report which is a matter of public record.



Manu Patel

Deputy Director for Program Evaluation

## FINDINGS AND RECOMMENDATIONS

### THE CURRENT FUNDING FORMULA DOES NOT UNDERCOMPENSATE RIO RANCHO PUBLIC SCHOOLS FOR STUDENT POPULATION GROWTH.

#### New Mexico's public school funding formula provides additional funding for districts experiencing student population growth in excess of one percent.

The Legislature first adjusted the formula in 1990 to provide additional units (0.5) for growing districts. The formula has always assumed that district's experiencing less than one percent growth could absorb the incremental costs of adding students and do not require an adjustment. The Legislature has made a number of additional adjustments to the funding formula related to student population growth, as shown in the text box to the right.

In 1999, the state modified the formula to calculate program units on previous year's membership (MEM). The formula still provided 0.5 additional units per MEM for growth, but the change negatively impacted the amount of additional funding provided to growing districts, particularly RRPS. However, during this period RRPS was still able to build up cash balances to their highest levels in the past seven years.

The most significant change to the funding formula related to growth units occurred in 2003 when the Legislature enacted House Bill 169 to add 1.5 units for each student MEM above one percent.

*The current funding formula provides districts with 1.5 units for each MEM over one percent, plus 0.5 units for all growth MEM. This results in a full 2 units per MEM for growth in excess of one percent and 0.5 for the first one percent. (Section 22-8-23.1). To receive additional funding for growth, a school district must meet the statutory requirement of membership growth that is equal to or greater than one percent based on fortieth (40<sup>th</sup>) school day enrollment numbers.*

#### Legislative Changes to Funding Formula related to Growth

**1990:** Enrollment Growth Units added to formula.

- Growth defined as difference between current year and prior year funded membership
- For districts with growth over 1 percent, new students multiplied by 0.25 units in 1990-1991 and 0.5 units in 1991-1992 and thereafter.

**1999:** General Appropriations Act for FY00 increased enrollment growth factor to 1.0 for districts and 1<sup>st</sup>-time formula-based programs using current year rather than prior year MEM. Change did not remain in effect past FY00.

**2003:** Growth redefined as difference between current year 40 day MEM and prior year 40 day MEM

- For districts with growth over 1 percent, new students multiplied by 1.5 units for new students above 1.0 percent and an additional 0.5 unit for all new students.
- Adjusted growth unit calculations to exclude full-day kindergarten for the 1<sup>st</sup> year full-day kindergarten is implemented.

**2006:** Effective SY07-08, charter schools can retain funding attributed to growth over 1.0, prior to the change, charter school's growth was considered district growth.

Source: LESC

The statute uses a four-step calculation to arrive at additional units for growth.

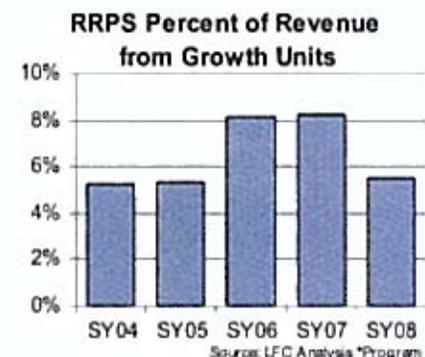
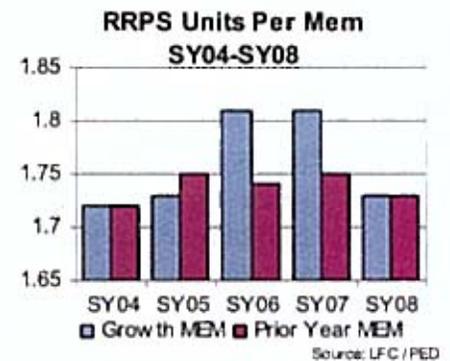
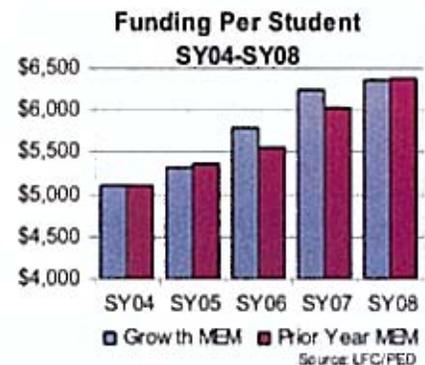
1. Calculate whether the district grew by at least one percent from one year to the next. If yes, move to next step.
2. Calculate membership increase in excess of one percent and multiply by 1.5.  
 $((\text{Current Year MEM} - \text{Previous Year MEM}) - (\text{Current Year MEM} \times .01)) \times 1.5 = \text{Units}$ .
3. Multiply total membership increase by 0.5  
 $(\text{Current Year MEM} - \text{Previous Year MEM}) \times 0.5 = \text{Units}$ .
4. Add the results of steps two and three to arrive at the total units generated from student enrollment growth. See appendix A for the full statutory text.

**Since SY04, the public school funding formula has provided Rio Rancho about the same revenue per student for growth as per student revenue generated from prior-year membership.** In fact, the funding formula generated significantly more units and funding per MEM for growth MEM compared to prior year MEM in SY06 and SY07.

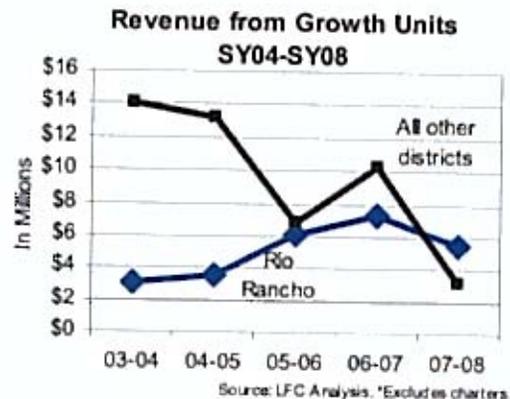
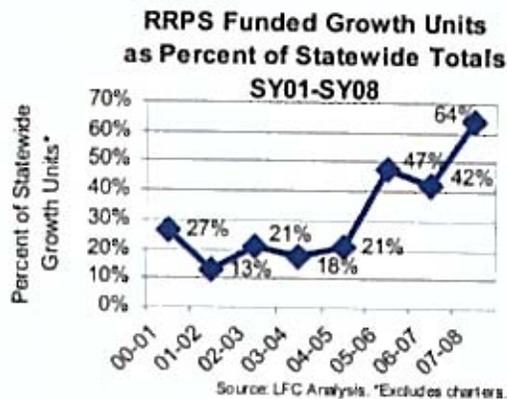
Over the past five fiscal years, RRPS received a net gain of an estimated \$460 thousand above what it would have received if the formula simply gave the average number of units a district generated from prior year MEM calculations. Since the formula provides two units per MEM above one percent growth, the more a district grows the more MEMs qualify for a full two units. This suggests that the current formula funds rapidly growing districts at a level commensurate with or better than districts with stable enrollment. In SY05, RRPS received about one percent less per student from growth units than prior year, but the total difference was only \$35 thousand.

For RRPS, growth units generate between five and eight percent of its total program cost for the state equalization guarantee. For example, in SY07 RRPS growth units generated about \$7.3 million, or eight percent, of the total program cost of \$89 million.

Finally, because of the Legislature's commitment to public education, the amount per student (unit value) has also increased almost 21 percent between SY04-SY08. The state's financial commitment to education has continued to increase significantly, while student population has remained flat statewide contributing to even more funding available per student.



**RRPS has benefited from changes to the funding formula for growth more than other districts and now receives more revenue from growth than all other school districts combined.** A growing percentage of total growth units have shifted to RRPS since the Legislature added more units to the formula for student population growth in 2004. RRPS now accounts for about 64 percent of the growth units statewide, excluding charter schools.



**The American Institute of Research (AIR) study of New Mexico's school funding formula failed to consider enrollment growth units already provided for in statute.** Specifically, the AIR report incorrectly noted that "under the current funding formula, districts receive money based on the previous year's enrollment, creating a funding lag of approximately one year. Since growing districts are not being funded for the actual number of students in their schools and classrooms, this lag year is especially problematic for districts that are consistently growing since these growing districts never really catch up." The AIR report makes no reference to the additional program units for enrollment growth, which use current year 40<sup>th</sup> day counts, provided by the current funding formula (Section 22-8-23.1 NMSA 1978). In the case of Rio Rancho, the district received as much, and occasionally more funding per student for the new students as they did for the prior year students since 2004.

AIR recommended funding either prior-year program units or current year 40<sup>th</sup> day membership, depending on whichever was greater. The recommendation is estimated to cost \$16 million, however it is unclear how much the increase is attributable to increasing base funding for schools versus changing the distribution of existing levels of funding through the new formula. Presumably this estimate would decrease given that the SEG provided about \$12.5 million in SY08 for growth in student population.

The recommendation does not account for the added administrative costs for PED and complexity in administering two formulas for a small handful of growing districts. For example, only 21 districts have experienced a net increase in student population between SY01 and SY08. The rate of growth varies widely from 0.14 percent in Dulce (net increase of one student) to over 53 percent in RRPS. The raw number of student growth is primarily concentrated at four districts: Albuquerque (10,689), RRPS (5,434), Las Cruces (2,200) and Gadsden (944). These districts account for 93 percent of total increase in student population over the past eight years.

## **Recommendations**

The Legislature may wish to request AIR to revise its cost estimates for the proposed public school funding formula related to recommended changes for student population growth. Based on the revised figures, the Legislature may want to consider whether to move forward with modifying how the formula treats student population growth, given the number of districts that would benefit from the change, the amount of funding required and the administrative costs and complexity in administering two formulas (one based on prior 80-120 day membership and one based on 40<sup>th</sup> day membership).

**STUDENT POPULATION GROWTH CREATES CHALLENGES; HOWEVER BETTER BUDGET PLANNING COULD EASE FINANCIAL PRESSURES.**

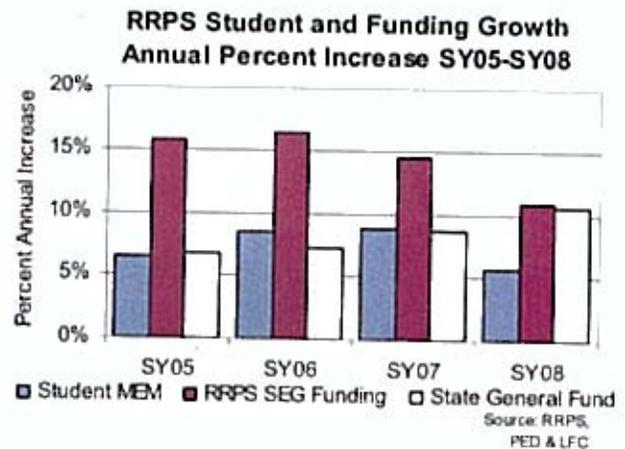
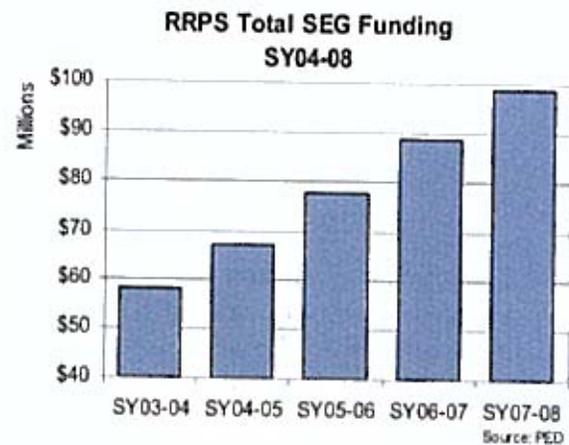
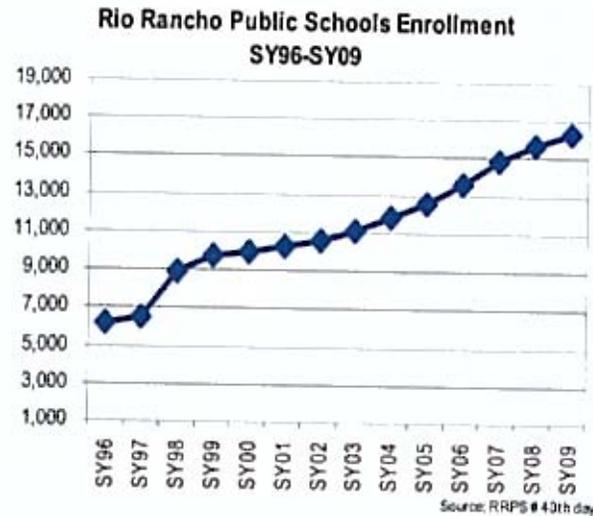
**RRPS has experienced rapid growth in student population, and also in funding.**

Between SY96 and SY08, enrollment at Rio Rancho has grown an average of six percent per year (excluding SY98 when the high school opened). In relation to other districts, Rio Rancho was the 6<sup>th</sup> largest district in SY02 and is now the 3<sup>rd</sup> largest district. During that same period, the district opened four new school buildings and expanded classrooms at seven schools.

Likewise, SEG funding levels at the district have also grown, and have outpaced the percent growth in student population. SEG funding grew between 11 and 16 percent annually between SY05 and SY08. By comparison, state recurring appropriations to the general fund have grown between about six and 11 percent each year during the same time period.

*RRPS newest schools will have incremental start-up costs, primarily for high school athletics and band, and for purchasing entire library collections at all three schools. RRPS did not provide detail behind the cost estimates for libraries and science labs, making an analysis of whether some of these costs are covered by bond proceeds difficult.*

Local general obligation bond proceeds and state aid through Public School Capital Outlay Council awards cover the vast majority of start up costs for furniture, fixtures and equipment (FF&E) at new schools, including technology. For example, Cleveland High School has \$2.8 million budgeted and the two new elementary schools have about a million dollars budgeted for FF&E costs, according to the Public School Finance Authority. However, RRPS reports additional costs listed on the next page that it expects to incur.



**New Elementary School  
Estimated Start-Up Costs**

<b>Category</b>	<b>Amount</b>	<b>Per Student (800)</b>
IT	\$63,000	\$79
FA Art	\$11,854	\$15
Health Office	\$16,923	\$21
Cust. Supplies	\$21,930	\$27
Library*	\$220,000	\$275
Leveled Library	\$15,000	\$19
Library Automation	\$12,000	\$15
Maps/Globes	\$15,000	\$19
Teacher Assessment Kits	\$9,000	\$11
<b>Estimated Total Per Elem.</b>	<b>\$384,507</b>	<b>\$481</b>
<b>Total (Less Library)</b>	<b>\$164,507</b>	<b>\$206</b>

Source: RRPS

\*No detail behind estimate. RRPS indicates only spending \$55 thousand

**New High School Estimated Start-Up Costs**

<b>Category</b>	<b>Amount</b>	<b>Per Student (2,400)</b>
IT	\$320,000	\$133
Fine Arts (Band, etc)	\$564,230	\$235
Student Health Office	\$28,867	\$12
Custodial Supplies	\$109,649	\$46
Library*	\$950,000	\$396
Science Labs*	\$450,000	\$188
Athletics	\$501,392	\$209
<b>Total</b>	<b>\$2,924,139</b>	<b>\$1,218</b>

Source: RRPS

\*No detail behind estimate.

The district will have spent nearly \$340 thousand on administrative costs across the three schools before they open. RRPS has elected to hire elementary principals and an administrative assistant before the schools open at a cost of about \$106 thousand. However, most of the administrative expense can be found in the new Cleveland High School at a two year cost of about \$233 thousand. Additional administrators have been added or planned in SY08 and SY09. The district hires administrators early to help plan for opening the new schools, but staff also carry out other administrative duties at overcrowded schools. The total incremental cost for adding these staff is estimated at \$860 thousand over a three year period. RRPS can afford these extra administrators due to economies of scale created from growth and temporarily crowded schools.

**New Schools' Administrative Costs (Salary & Benefits)  
SY08-SY09**

	2007-08	2008-09	Total
CLEVELAND HS	\$55,510	\$177,656	\$233,166
ELEMENTARY (2 SCHOOLS)	\$106,491	*	\$106,491
<b>TOTAL BY YEAR</b>	<b>\$162,001</b>	<b>\$177,656</b>	<b>\$339,657</b>

\* Schools open.

Source: RRPS

**RRPS capital program is in a good position to fund and manage future growth, but property tax yield controls will limit growth in SB-9 funding for ongoing maintenance and equipping new schools in the near future.** RRPS generally performs good planning and construction management. PSFA project status reports show RRPS schools generally on-time and budget. RRPS has used elementary school prototype designs to help speed planning and reduce costs, though estimated savings could not be verified.

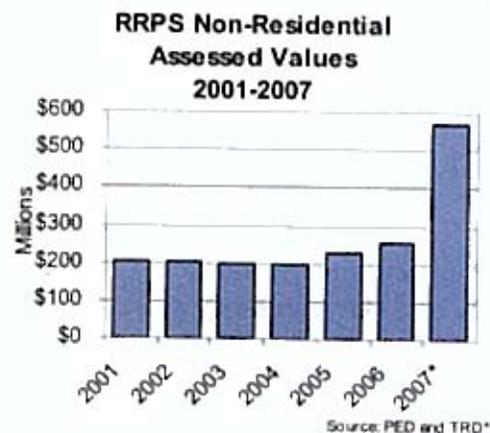
*RRPS newest high school and two elementary schools will cost an estimated \$155 million in all funds. Each elementary school costs an estimated \$20 million to construct and equip with furniture and technology. The new Cleveland High School will cost an estimated \$115 million in land acquisition, design, construction and furniture, fixtures and equipment. The costs of the high school were increased significantly to include a district funded performing arts center (\$11 million) and academic academies in addition to bids that exceeded the original estimate (\$13 million).*

*Since 1999, the state has invested significantly in RRPS schools, with the Public School Capital Outlay Council funding over \$118 million in projects. The Legislature has made an additional investment of about \$4.5 million in direct appropriations for RRPS schools since 2004. Direct appropriations include about \$2 million towards an estimated \$2.5 million dollar purchase of 140 acres from the State Land Office for the new Cleveland High School.*

*Despite rapidly increasing property values, RRPS continues to benefit from a generous state match of 67 percent of project costs to meet adequacy standards. This result is caused by a number of factors in how the state calculates a local district's matching rate, including using a three-year rolling average of property values and factoring in the growth in student population among others. Using a three-year rolling average dampens the effect of rising property values on how much a school district has to use of its own local bonds to pay for new schools and, in these situations, shifts costs to the state.*

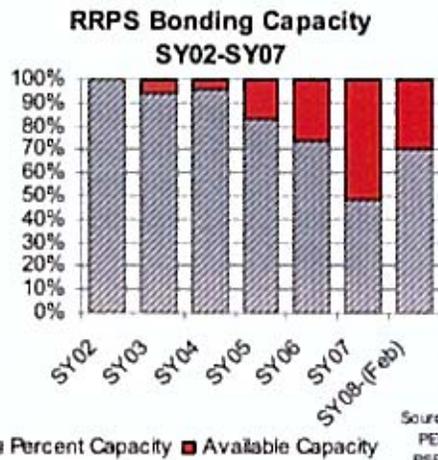
For example, some of RRPS non-residential property values have finally been reassessed to reflect their current and full value by the Sandoval County Assessor. As a result, in 2007 the non-residential values skyrocketed from about \$220 million in 2006 to almost \$600 million in 2007. However, RRPS local match will increase only two percent from 31 to 33 percent from FY08 to FY09. Without the three year rolling average RRPS local match could have increased to an estimated 41 percent. By FY09 assuming no significant changes in enrollment RRPS rate will finally adjust fully.

Historically, RRPS non-residential property values have been less than other school districts including Roswell, Taos, Gallup, Farmington and, in some years, Gadsden between 2001 and 2007. Rio Rancho's tax base does not include the value of Intel, since that company has received local Industrial Revenue Bonds since the formation of RRPS. The company does not

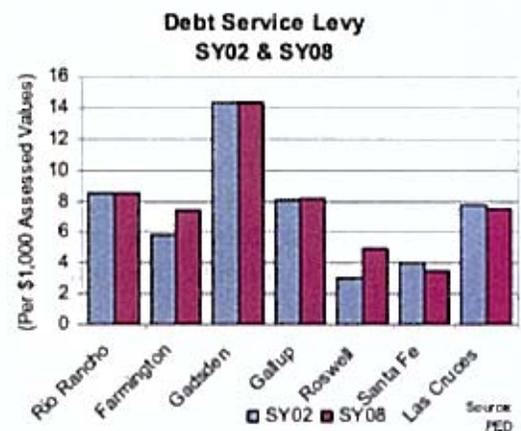


make any payments to RRPS as a result of the most recent IRB, unlike the 1996 agreement which provided an estimated \$30 million towards construction of the district's first high school.

*Increased property values and state investment in local school projects have contributed to an improved RRPS bonding capacity since SY02.* RRPS has maintained a steady debt service levy since 2002, despite continued construction on schools to accommodate student population growth during the same time period. Other large schools districts have varying debt service levy, however, no other district has grown or had as much construction over the same time period. Gadsden has a very low tax base and has to tax its citizens at a much higher rate than other districts despite a state matching rate of about 88 percent. By comparison Santa Fe has very high property values and therefore can yield significant revenue from lower tax effort.



*Statutory yield controls have limited the growth in SB-9 revenue at RRPS that may pose challenges for maintaining older schools and equipping new schools.* The Public School Capital Improvements Act (Sections 22-25-1 through 22-25-10 NMSA 1978) allows district to seek voter approval for imposition of a property tax not to exceed 2-mills. The law is commonly referred to as SB-9 (enabling legislation) or "two-mill levy." The state guarantees a certain yield of revenue to offset districts with low property tax base but also limits the growth of revenue in districts with significant increases in values. Districts can use the revenue for maintenance of school buildings, but also to equip and furnish schools and purchase technology. RRPS has not felt the full financial benefit from increasing property values, particularly non-residential rates. For example, yield controls have resulted in an estimated \$841 thousand in revenue that cannot be captured unless the district goes back to the voters to approve a new two-mill levy.



*The public school capital outlay funding formula promotes stability in cost sharing for school construction between the state and local school districts. However, in the case of Rio Rancho, stability may come at the possible expense of equity to other districts.* For example, for some projects like new elementary schools, RRPS receives a 67 percent match. Such a favorable match would indicate a substantial need for state assistance to finance the project. However, during the same time period RRPS also decided to fully fund the cost of a performing arts center for its new high school at a cost of about \$11 million. This indicates RRPS has more than sufficient bonding capacity beyond meeting its 33 percent local match requirements for adequacy.

Other local political subdivisions have a direct impact on school funding as well, including cities and counties. For example, issuance of Industrial Revenue Bonds can impact a community's tax base which bumps the amount of state aid a school district may receive for school construction. Likewise, undervalued property by a county assessor's office may show a school district with a lower tax base which qualifies the district for even more state assistance.

These issues warrant further examination of the public school capital outlay funding formula and whether changes are necessary to adjust for low valuation in certain areas due to county assessors not keeping property at their current and correct value or to adjust for the impact of economic development incentives that sap a school district's property tax base.

**RRPS financial planning lacks strategic focus and is insufficient for funding new schools.**

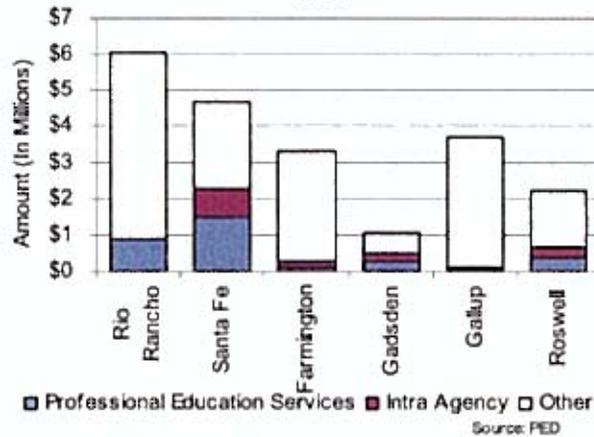
Consistent high growth requires financial foresight and careful planning. As a rapidly growing district that relies heavily on state aid, RRPS has very little margin for error in fiscal management. The district does not adequately plan and set aside funding in order to cover expected costs of opening new schools. This review found a number of instances where the district took action to under fund those areas necessary opening new schools, such as library spending and supplies and materials.

*RRPS uses an annual incremental budgeting process, which does not lend itself well to a fast growing district.* The primary data used when developing the budget is the previous year's budget. The district's budgeting process estimates the additional amount of money anticipated over the previous year and decides where to spend the new money based on requests submitted by schools and district leadership. In addition, the budget development process is not structured for routine re-examination of base expenditures.

The district has not linked its operating budget to the more strategic capital outlay plan, which projects capital needs a full five years out. As a result, the district does not routinely restrain expansion spending to create reserves necessary to cover costs not otherwise funded by bond proceeds. Student enrollments and the subsequent need for teachers are the main drivers for budget allocations amongst the schools.

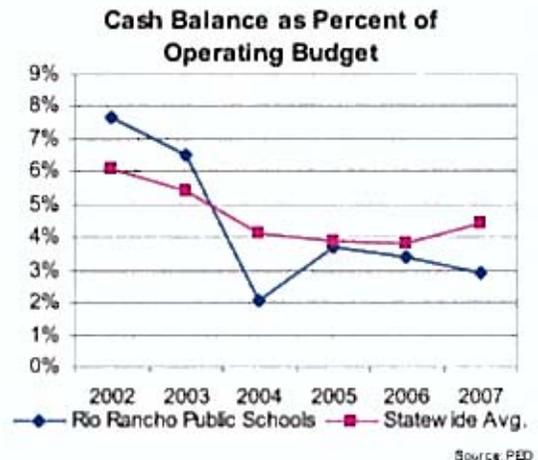
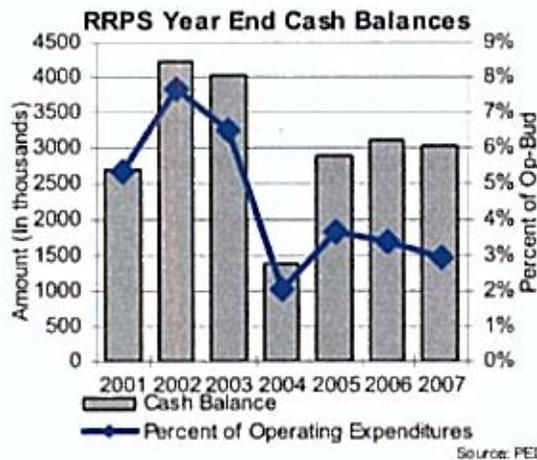
RRPS spending patterns are generally in line with districts of similar size, except for certain line items related to contracts. Rio Rancho spends more than most districts on contractual services (over 10 percent of expenditures). In 06-07, RRPS classified expenditures totaling \$5.2 million or \$345 per student to the Other Contract services category, compared to the statewide average of \$225 per student.

### Contract Expenditures SY07



RRPS year-end cash balances have steadily declined since 2002, but state credits have only accounted for a very small percentage of the decrease. RRPS experienced a significant drop in year-end cash balances in 2004, but only \$349 thousand can be attributed to the state taking credit for excess balances. Since 2004, RRPS has carried about \$3 million per year over into the following school year. The percent of cash balances used for the following year's operating budget has shown a decline due to the increase in state aid during the same time period.

Statewide, school districts have experienced a gradual decline in the use of cash balances for operations between 2002 and 2007. However, statewide averages slightly increased in 2007 and yet RRPS has continued a downward trend despite not opening any new schools in SY07. This data shows districts, and RRPS, are generally spending their operating revenue in the year received. However, in the case of RRPS more fiscal restraint is needed to save some funding for their anticipated incremental costs of opening new schools, particularly if the district is unwilling to use other funding sources.



*The district's efforts to capture savings available from economies of scale are insufficient. LFC staff estimate RRPS could have saved between \$3 and \$4 million in SY07 and SY08 due to economies of scale in administration and overhead. Generally, RRPS does a good job of directing resources to instruction and direct student support services. The district only spends about 20 percent of its operational funding on administration (central office and schools) and other overhead costs. Total overhead costs end up spread across significantly more students when the district is not adding new schools. For example, the district added about 2,000 new students which accounted for an estimated \$20.2 million during SY07 and SY08. No one would suggest that there are instructional benefits to overcrowded schools. Yet when enrollments exceed design capacity RRPS needs to plan to absorb these students with minimal expansion of administration and overhead costs.*

**RRPS new accounting system has made budget oversight difficult during SY08.** The district spent \$336 thousand on new accounting software that has resulted in numerous reporting problems. As a result, the district's financial condition throughout SY08 has remained unclear or cumbersome to monitor. RRPS has experienced the following problems.

- Inability to report financial information to PED timely.
- Incorrect budget status reports. In some cases, the system was creating additional budget funds that were not in fact available.
- Need to track employee benefit costs through separate spreadsheets due to software glitches.
- Lack of security or tracking of patches and software updates.

The district fully purchased the system before ensuring its functionality, and as a result has become dependent on the vendor for ongoing training and technical support at a cost of about \$45 thousand annually. RRPS also lacks desktop training and support materials to assist staff understanding of how to use the system and will require vendor support in these areas as well.

**Rio Rancho's school board exercises insufficient budget authority and oversight of school district finances.** The budget development process at RRPS lacks the spirit of transparency envisioned in state statutes, particularly for inclusion of parental input (Section 22-8-11 NMSA 1978). The district posts school board meeting agendas on their website a few days prior to the meeting, however appropriate information is not always available. For example, the April 14 budget workshop was held at 3:30 pm, a time when many parents are working, and there were no budget documents available for public review posted for the meeting. A budget presentation was given to Rio Rancho's Parental Advisory Council (PAC), yet this presentation lacks detail, as well.

*The board approved a preliminary SY09 operating budget, without even being provided an actual budget document in either the budget workshop or board meeting. The fact that the board took action on a preliminary budget without an actual budget document also puts parents and community members at a distinct disadvantage to provide input on district spending decisions. In addition, the school board's budget development policy also lacks substantive guidance. The five sentence policy merely required adherence to state laws and regulations. The policy states the board will encourage advance planning and guide spending to achieve the greatest educational returns however there is very little evidence to suggest the school board is actively engaged in either of those activities. The school board has not adopted any investment policies or disclosure policies.*

The board conducts no ongoing oversight of district spending and does not receive the most basic financial information such as a monthly budget status report. Without a regular budget status report, the board members have no way to determine the extent to which district spending is in line with approved operating budgets. Budget adjustment requests (BARs), warrants, and Intra-budget transfers are placed on the consent calendar and, based on published board meeting notes, there is no discussion regarding these items and they are consistently approved as presented. In addition, RRPS had not completed its SY07 financial audit at the time of this review (May 2008).

**Failure to budget expected costs allowed RRPS to claim and receive emergency supplemental funding totaling \$1.9 million from the Public Education Department.** The emergency supplemental distribution was the largest single distribution to any school district in the last ten years. State law authorizes PED to make supplemental distributions of state aid to school districts in financial need (Section 22-8-30 A (2)). PED interprets “districts in financial need” as those which document their inability to meet state laws, and standards for excellence using all their available resources.

RRPS did not spend the supplemental emergency funding in SY08, and instead planned to carry the state aid forward into SY09. Contrary to RRPS application to the state, the supplemental emergency distribution was used to boost cash balances instead of covering shortfalls in SY08. RRPS application for \$2.5 million included specific needs directly related to opening two new elementary schools and a new high school as shown in the table below. According to the application, RRPS indicated that “these current needs are for items that need to be ordered as soon as possible.”

**Rio Rancho Public Schools  
Supplemental Emergency Request – SY08**

<i>Elementary Schools x 2 (Open Fall 2008)</i>			<i>Cleveland High School (Opens Fall 2009)</i>	
Category	Each school	Total Amount	Category	Total Amount
Library Needs (book collections, automation system, leveled libraries, equipment, furniture)	\$300,000	\$600,000	Athletics (uniforms, equipment, supplies for 8 <sup>th</sup> & 9 <sup>th</sup> grade)	\$200,000
Instructional Materials (PE, Science, Math, Reading, etc.)	\$250,000	\$500,000	Fine Arts (Uniforms, instruments, startup equipment, etc.)	\$400,000
Summer Workers	\$16,500	\$33,000	Library Needs (book collections, automation system, equipment, furniture)	\$550,000
<b>Total</b>	<b>\$566,500</b>	<b>\$1,133,000</b>	Instructional Materials (PE, Science labs, textbooks, etc)	\$217,000
			<b>Total</b>	<b>\$1,367,000</b>

Source: RRPS Supplemental Emergency Application

However, when RRPS received the funding the district put all \$1.9 million into “other contract services” which is an object code unrelated to the stated needs on the application. The district anticipates not spending the funding as RRPS SY09 budget identifies the \$1.9 million in emergency supplemental distribution as a revenue source for the upcoming school year. PED allowed this action, which appears inappropriate since emergency supplemental distributions are intended to cover current year budget shortfalls. In addition, PED avoided having to revert the

unspent \$1.9 million to the general fund at the end of SY08 as required by the General Appropriations Act.

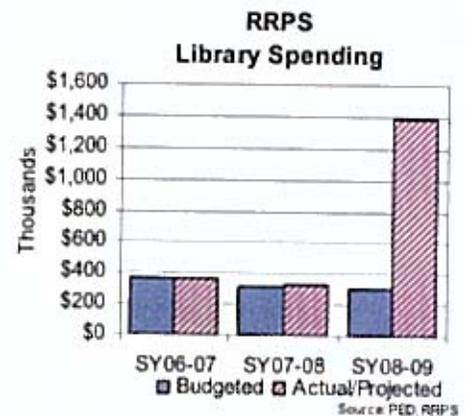
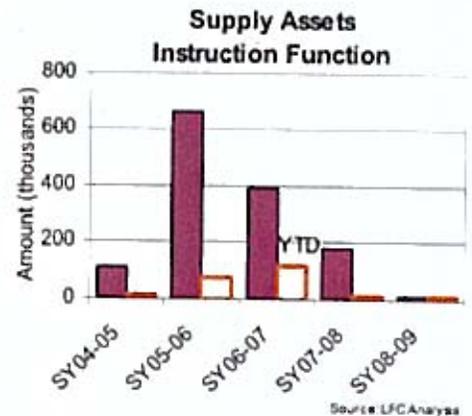
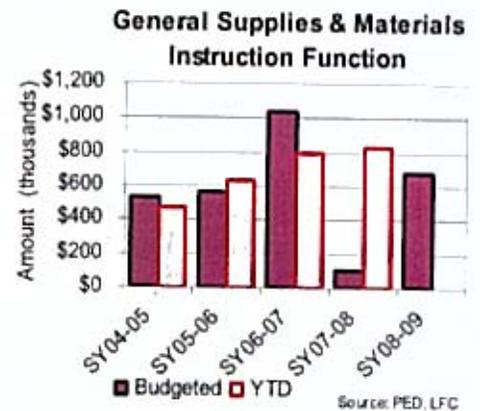
*In SY08, RRPS decreased its budget in key spending areas that should have increased due to the opening of new schools, including general supplies, supply assets and library expenses. According to RRPS, new schools require additional supplies, equipment and library materials; however the district did not budget for these expenses and as a result has a shortfall in the budget.*

For example, spending on instructional general supplies and materials increased from about \$480 thousand in SY05 to almost \$800 thousand in SY07. The district reduced this line item for the SY08 budget to \$102 thousand. Spending growth has continued for this object code and is projected to top \$830 thousand in SY08.

The district has indicated it has had to shift costs for furniture, fixtures and equipment to its operating budget. However, an examination of spending patterns shows a decreasing budget and spending for supply assets (less than \$5,000) between SY06 and SY09 budgeted. The state chart of accounts requires districts to post costs related to the initial, additional, and replacement equipment such as furniture, equipment, machinery, band uniforms and instruments. The district's cost estimate of \$560 thousand for band and related fine arts equipment is not reflected in its SY09 budget. As a result, the district may request another source of funding or supplemental during the upcoming school year.

RRPS has decreased, not increased, its budgeting and spending on library books and related costs during years it could have been saving for opening new schools. In fact, RRPS has budgeted only \$305 thousand for SY09, but has reported to LFC staff \$1.4 million in expected one-time costs associated with opening two elementary schools and a high school.

The district estimates it will cost \$220 thousand per elementary library to buy a library collection rated as "average" by the N.M. Library Association guidelines. Spending \$220 thousand per elementary library would provide a library collection of about 16,000 titles. By comparison, RRPS newest existing elementary school has about 7,000 titles. District spending patterns indicate RRPS spent about \$360 thousand in SY07 and projected \$333 thousand in SY08 on library costs. RRPS reports spending about \$55 thousand for each new elementary library.



*State law needs clarification on whether school districts may use emergency supplemental distributions to boost year-end cash balances and carry funding into the following fiscal year.* Legislative appropriations for emergency supplemental distributions to schools district revert to the general fund if unexpended at the end of the appropriation period. However the Public School Finance Act allows districts to keep all cash balances, within certain limits, but is silent on supplemental distributions. As such, PED does not require districts to expend the emergency funding within the year the supplemental distribution was made, and does not recover and revert unspent funding to the general fund per the General Appropriations Act (GAA). The Public School Finance Act places no restrictions on districts cash balances as a result of emergency supplemental funding either (Section 22-8-30 and Section 22-8-41 NMSA 1978).

## **Recommendations**

Set targets for anticipated administrative and start-up costs for newly planned schools in alignment with district capital outlay plan and projected revenues. Ensure planning for new schools includes a full accounting of not only construction and FF&E costs, but also one-time start-up and administrative costs prior to opening. The district should identify sources of funding in their planning for the new school, including bond proceeds, SB9 2-mill levy funds, or cash balances from the operational budget due to restraint in spending and taking advantage of economies of scale in administration. In years where the district is opening new schools simultaneously, RRPS should consider using bond proceeds to fund library collection costs that exceed the additional revenue that could be used from the library materials fund (Section 22-15C-6 NMSA 1978).

Implement a regular budget review process to ensure base and expansion expenditures are aligned with district goals. Consider using a modified zero-based budget approach by requiring each department and school to send budget requests at 95 percent of prior year budget with a listing of expansion requests. The process should ensure expansion requests are directly related to district student learning goals and long-range financial plans.

Provide monthly budget status reports to the board. Ensure reports are placed on agenda for discussion at a minimum once per quarter.

The board should adopt annual budget guidelines after receiving public input. The guidelines should be used to broadly direct staff in developing a budget recommendation for board and public consideration. Board members should receive a full budget document in addition to high level executive summaries of budget recommendations at budget workshops and board meetings prior to forwarding the preliminary budget for PED review. These materials should be made available to the public on the district's website.

The Public School Capital Outlay Oversight Taskforce and associated administrative entities (Public School Capital Outlay Council, Public School Finance Authority, PED and Taxation and Revenue Department (TRD)) should examine whether adjustments to the funding formula are needed to account for significant increases or depletion of property values to ensure the state can maintain a stable and equitable distribution of funding for school construction. These entities should also work with TRD to ensure county assessors are keeping property around the state at the current and correct value.

The Legislature may wish to consider whether to place restrictions on the year in which a district may spend emergency supplemental distributions. The state could choose to take credit against a district's SEG for emergency supplemental distributions that are carried over into the following fiscal year.

PED should issue administrative rules requiring school districts to spend emergency supplemental distributions on areas of the budget experiencing shortfalls. PED approval process for emergency distributions should take into consideration district budgeting and spending practices before making an award. For example, additional documentation should be required from districts to demonstrate they made efforts to realign spending patterns or used emergency reserves first to cover shortfalls before seeking additional state aide.

RRPS and PED should update the Committee with information on any modifications to RRPS SY09 budget or SY08 expenditures related to spending the \$1.9 million supplemental distribution. The update should include sufficient detail to identify how RRPS used the supplemental funding and any funding carried forward into SY09.

## **HIGH EXPECTATIONS AND STABLE LEADERSHIP HAVE CONTRIBUTED TO QUALITY EDUCATIONAL PROGRAMMING AND HIGH LEVELS OF STUDENT ACHIEVEMENT.**

**Parents and Rio Rancho as a community set high expectations for their schools and students.** Throughout the brief history of RRPS, student achievement has been consistently at top levels in the state. The initial success of district efforts has translated into an ongoing expectation from the community that RRPS schools perform at the highest levels. Likewise, interviews with district administrators and teachers reinforced this concept as schools are under constant pressure (while still supportive) to ensure students achieve at or above expected levels. Parent satisfaction surveys reveal consistently high levels of approval. Interestingly, parents of children attending some of the district's highest performing schools had slightly lower satisfaction ratings than poorer performing schools.

**Stable leadership in key district positions is a key contributing factor to the district's success.** RRPS has had one superintendent since the district's formation in 1994. The district has four key central office administrators, including the chief financial officer and director of curriculum and instruction that have been with the district for more than 13 years. Many of the district's schools have experienced very limited turnover at the principal position, though some turnover can be attributed to the district promoting from within its own ranks.

Staff longevity itself does not translate into success. However, longevity does allow for full implementation of the superintendent's vision, programming and other systems, within the general direction of policy direction set by the local school board. As a result, district administrators communicate and reinforce a consistent vision for student achievement and continuous improvement to operational units and schools consistently for years.

**RRPS exhibits many of the best practice qualities for successful districts and schools identified by research supported by the New Mexico Funding Formula Task Force.** The task force contracted with the American Institutes of Research to provide a series of briefs reviewing the existing educational research literature on what factors contribute to student success. RRPS exhibits the following key best practices.

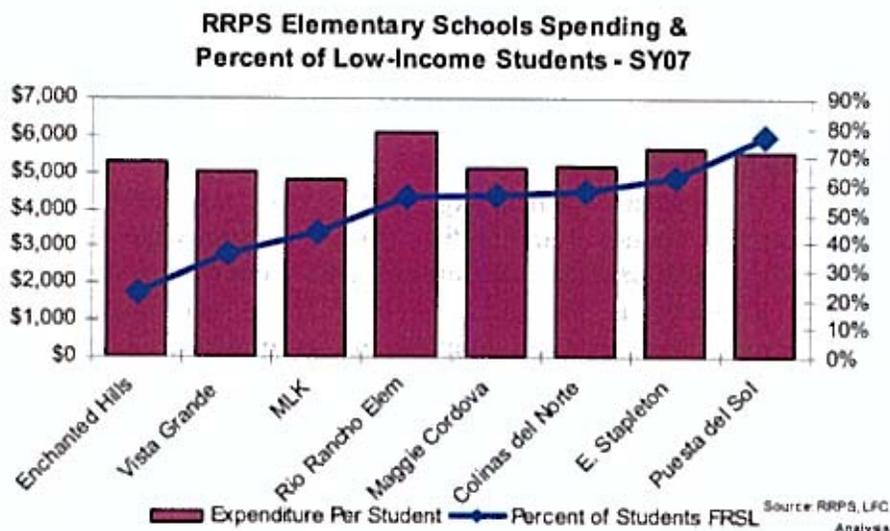
- *Focus on student achievement and learning.* Students are central to RRPS decision making process. In some cases, adult interests, whether teachers, parents or community members, conflict with student interests related to learning. In most cases RRPS has balanced these competing interests in favor of student learning. For example, district administrators identified problems with the block scheduling at Rio Rancho High School one of which allowed students to complete their basic math and other course work by the end of their sophomore year. As a result, students were ill prepared for college level work in key areas such as math because students had not taken a math course for two years in some cases. However, block scheduling provides an exceptional amount of time for teacher planning and a lower workload. Despite opposition from teachers, the district is now moving away from block scheduling. In other cases, however, adult interests prevail such as the school calendar where low attendance and other interests dominate the days the district plans for professional development and holidays.

- *Establish goals and action plans.* RRPS has long used principles of total quality management. While the district complies with the state's Educational Plan for Student Success (EPSS), it has developed another document for establishing annual goals and specific action steps tied to estimated funding needs for operational units in the district. RRPS administrators prioritize action steps and annual resources and hold directors and principals accountable for results.
- *Aligns curriculum and instruction to state standards and goals.* RRPS has implemented detailed curriculum standards tied to state standards and reinforces their use through ongoing principal leadership and central office oversight. Additional focus is being placed on ensuring each grade builds on the previous year, otherwise called "vertical alignment."
- *Use data to guide improvement.* Data informs instruction and is central to RRPS day to day activities from central office down to the classroom. Central office administrators use district and school level data to ensure results are meeting district goals. Principals have data books showing progress at the school level. Every teacher has data books on class performance. Each student has a data book showing their academic progress. RRPS uses Northwest Evaluation Association (NWEA) computer-based tests to benchmark student performance from the classroom to the district-level. NWEA tests are administered for all students in the fall and spring and show growth in student achievement. The test is highly correlated with the state standards based assessment. Teachers and administrators use the information to inform exactly what areas each student is doing well or needing additional improvement in reading and math.
- *Monitor progress and intervene if necessary among others.* District administrators identified weakness in secondary math scores. As a result, RRPS is in the process of evaluating its entire math curriculum and instruction across the entire district to identify ways to ensure standards are high, curriculum is aligned across grade levels and teachers are using best instructional practices.
- *Commits to professional learning.* RRPS has embarked on a systems change to create professional learning communities (PLCs) district-wide. PLCs provide an organized approach to professional collaboration and a development process among staff at each school, primarily at the grade level. PLCs meet regularly to ensure curriculum, expectations, and work are aligned and share instructional practices among teachers, though not across schools. In breaking with the norm, teachers at many RRPS schools are now sharing student achievement results for their classes with other teachers and collaboratively working to improve student gains. RRPS is moving towards an academic coaching model to provide ongoing continuous professional development to its teachers in support of the PLC systems change. These two approaches are markedly different than the standard professional development strategy of hiring professional trainers or sending teachers to conferences and seminars.

**Better use of financial data would help RRPS make certain that instructional costs yield desired academic benefits and align resources with student needs.** RRPS, like most districts, uses an annual financial (budget) and academic plan (EPSS) that are not always aligned. Typically, student achievement data or learning goals are routinely used to justify expansion spending, but rarely do programs have to justify continued funding based on performance relative to costs. Programs typically also justify their performance and cost in isolation from the larger environment, in this case an entire school district. For example, RRPS has implemented a research based best practice elementary school reading intervention programs, including using a

program called Reading Recovery. RRPS regularly evaluates student outcomes and whether the interventions are achieving their goals of getting students to read at grade level by the end of the year. However, this outcome is extremely expensive and RRPS has spent well over \$1 million expanding the interventions, which include one-on-one and small group sessions with master teachers, to all elementary schools. RRPS has not evaluated whether gains are sustained over time (at least until 3<sup>rd</sup> grade); whether the program should be universal or targeted; whether the program outcomes justify the expense given RRPS student population growth is in all grade levels and other students may need intervention as well.

*Spending per student is about the same for each elementary school, despite some schools having significantly higher proportions of low-income students that typically require additional resources.* This phenomenon is largely driven by the distribution of teachers at each school. The most experienced and qualified teachers, and thus most expensive, are concentrated at low-needs schools. Higher poverty schools do receive additional federal resources, such as Title I, but not enough to overcome the lower expenditures on salaries for higher numbers of beginning and inexperienced teachers. In addition, RRPS has allocated additional operational funding to higher needs schools. For example, Puesta Del Sol received about \$150 thousand more in reading and math intervention spending than Enchanted Hills in SY07. Even with RRPS additional spending efforts, the inability to move or attract the best teachers (which in most cases have more experience and high licensure levels) to the schools with the most students in need makes improving student achievement for low-income students difficult.



RRPS has the financial expertise to begin a process of identifying revenue generated per school versus allocation based on student demographics. This exercise would help the district identify whether some schools are generating more revenue for the district than they receive, relative to student need or resource requirements for improving student achievement.

**Rio Rancho's school board generally operates appropriately.** Board members need to improve their oversight of district finances as detailed elsewhere in this report. However, the board operates appropriately by keeping within its statutory role of setting and overseeing policy and refraining from interfering in the day to day operations of the district. The board and superintendent have a good working relationship and use an appropriate process for resolving

constituent complaints. Board meetings meet minimum requirements for notifying the public and accepting public input into board decisions.

*Some board policies need updating or consider new policy.* For example, board policies governing the hiring process for staff could be updated based on HB 212 (2003) language which stripped local boards of approval authority over hiring employees. Board policy 209 states the superintendent can extend offers of employment "so long as all such offers are expressly conditional on the subsequent recommendation to and approval by the school board." RRPS actions generate significant revenue from short-term investments. The board does not have a specific investment policy nor does it regularly monitor how staff invests district resources or the results of those decisions.

### **Recommendations**

Consider matching PLCs from different schools to reinforce standard expectations for student achievement and instructional practices among all schools regardless of student achievement or demographic make-up.

Evaluate Reading Recovery to ensure student outcomes are sustained through third grade and that program outcomes justify cost in relation to the district's overall academic and financial plan.

Identify revenue generated by students (based on grade and demographic or other special need factors) within the funding formula versus expenditures at each school to ensure resources are aligned with district academic plans for improving achievement levels of low-income and other special needs students.

Update current board policies to reflect current state law as appropriate.

## **THE THREE-TIERED TEACHER LICENSING SYSTEM HAS SHOWN PROGRESS IN BOOSTING COMPENSATION AND STUDENT ACHIEVEMENT AT RIO RANCHO PUBLIC SCHOOLS.**

**New Mexico's three-tiered teacher licensure system has resulted in substantial increases in teacher pay at RRPS.** The three-tiered licensing system guarantees minimum salaries for teachers at certain levels. Statewide between FY04 and FY08 over \$82 million was invested to implement the three-tiered system and support salary increases.

General fund appropriations for instruction at Rio Rancho have increased from \$37 million in FY04 to \$66 million for FY08 (budgeted). This represents an increase in direct instruction funding of over 75 percent. The increase in the number of teachers and teacher salaries account for an estimated \$17 million of the \$28 million dollar increase in direct instruction funding.

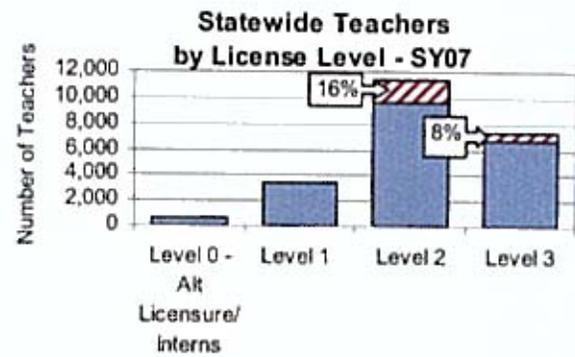
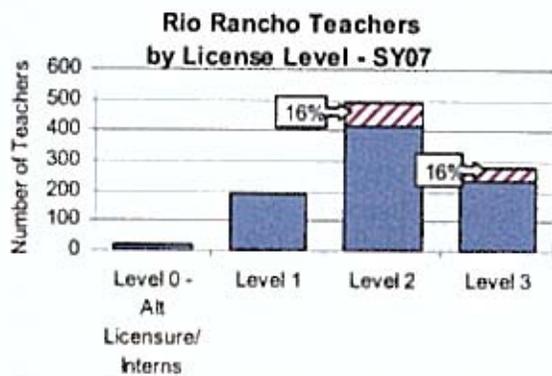
Between SY04 and SY08 (budgeted) the average salary of returning Rio Rancho teachers has increased by around 24 percent. During that time frame the average years of experience for RRPS teachers only increased by 0.25 years. The three-tiered system was the primary factor leading to the increase in teacher salaries.

### **Students in Rio Rancho classrooms with teachers who had completed the professional development dossier (PDD) perform at a higher level than district and statewide averages.**

A growing body of research indicates that teacher quality is a key factor in improving student achievement. New Mexico has elected to improve the recruitment and retention of a high-quality teacher workforce by not only increasing pay, but through the PDD process which requires teachers to demonstrate they are more competent teachers. As such, this review sought to assess whether teachers participating in the PDD process have shown greater student achievement scores compared with RRPS and statewide growth in student achievement.

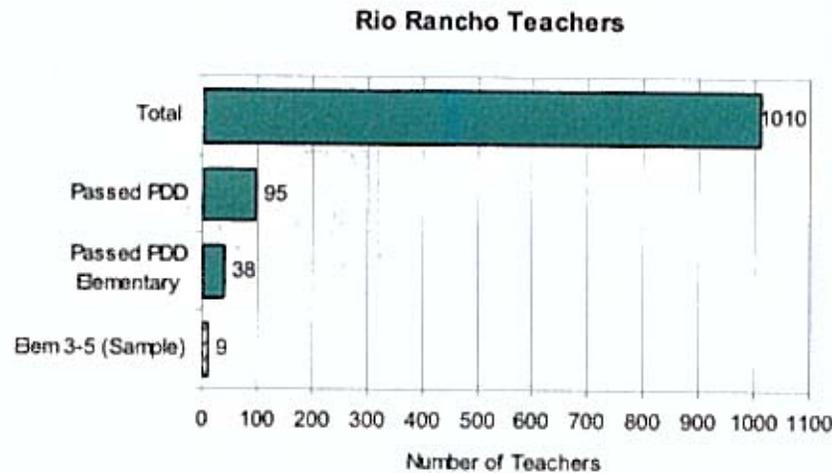
Student growth on the classroom level was measured by following students from SY06 to SY07 and measuring the difference in their NM Standards Based Assessment scores and proficiency levels. SY06 was used as a baseline as these scores were generated the year before the student's entered the PDD passer's classroom. State and district growth was measured by the average scores differences from SY06 to SY07. The Northwest Education Association (NWEA) test scores were compared to a study aligning NWEA scores with NMSBA test scores. NWEA tests are taken in the fall and spring of the same academic year and allow for assessing growth in student achievement while the student is in a given teacher's classroom.

*Like other districts, RRPS has had few teachers advance in licensure through the PDD process. Rio Rancho has over 1,000 teachers. As of February 2007, only about 122 had through the PDD to gain a higher licensure level. More have likely passed at the time of this publication. At RRPS, 16 percent of level two and 16 percent of level three teachers gained their licensure through the PDD process. These numbers are very similar to the state averages where 16 percent of level two and 8 percent of level three teachers gained licensure through the PDD process.*



Legend: Licensed Teachers (solid blue), Licensed Teachers that Passed PDD (hatched). Source: OEA

The review could only identify 95 RRPS teachers who have gone through the PDD licensure process and still worked at the district or that had classroom assignments. Of this group, 38 teach at the elementary level, and only nine of those teachers had NMSBA test data available for review and all but one were level two teachers.



The teachers were evaluated according to their classroom NMSBA test scores in comparison to district and statewide averages for the corresponding grade level. The student scores from the sampled teachers showed strong differences from the district and state.

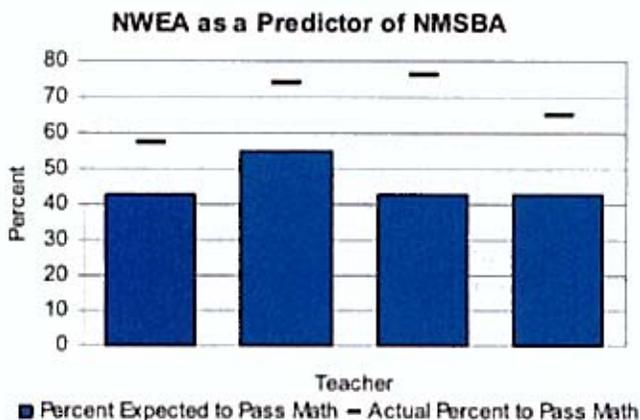
*In most cases, students in classrooms taught by teachers who had completed the PDD increased more than district and statewide averages. In six observed classrooms taught by PDD licensed teachers all improved their students' average scaled scores by a larger number of points than the state average. Two teachers failed to increase math scores faster than the district average, but all six increased scores by a larger amount for the reading test.*

Third grade teachers with PDD licensure did not perform as well when compared to state and district averages. Two of three failed to outperform the state or district in math scores and one teacher failed to outperform the district in reading.

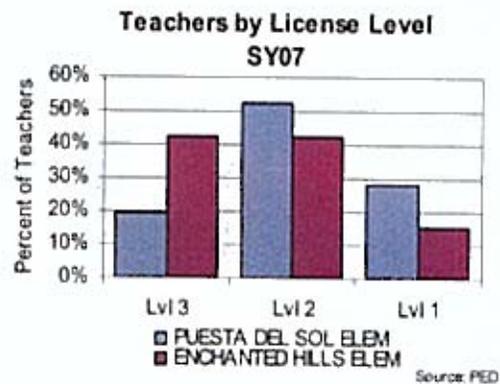
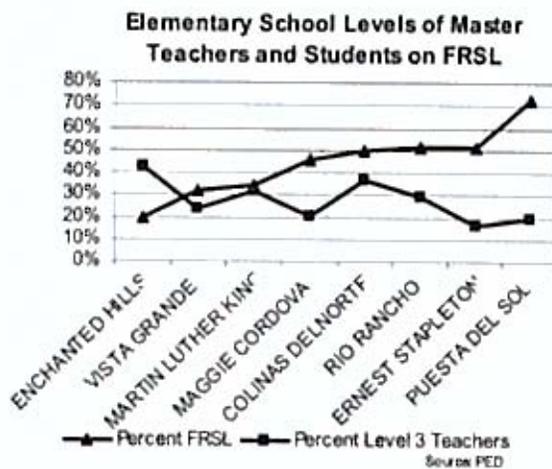
In most cases students in the observed classrooms had higher average scores than state and district averages. For 4<sup>th</sup> and 5<sup>th</sup> grade classes taught by teachers who had passed the PDD there was only one instance out of twelve where the scaled score average was lower than the district average. In no case was the scaled score average lower than the state average.

Students in classes taught by PDD passers had very similar Northwest Evaluation Association (NWEA) scores and growth to the district. Scores observed were very similar to the district scores from both fall and spring test dates. The findings on the NWEA data were less clear than they were with the NMSBA test data. The PDD passing teachers class scores were inconsistent and did not regularly show growth at levels that outperform the state and district averages like they did on the NMSBA test.

In some cases the NWEA scores under predicted expected proficiency levels on the NMSBA test, meaning students did better on the NMSBA than the NWEA predicted. For example, in the 4<sup>th</sup> and 5<sup>th</sup> grade classes observed all had a higher percentage of proficient students on the NMSBA test than the NWEA test predicted. Conversely, the 5<sup>th</sup> grade teacher with the highest level of growth on the NWEA test experienced the lowest level of growth on the NMSBA test.

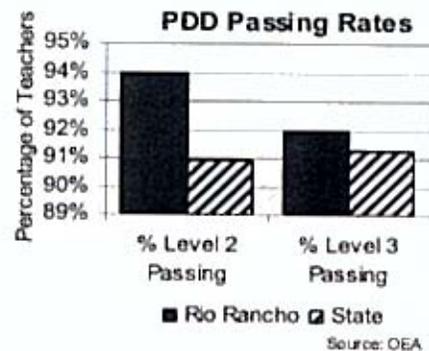


**Schools with more low-income students have more inexperienced and beginning teachers.** Research indicates that schools with a higher percentage of their students on FRSL perform at lower levels on state tests than other schools. For example, Puesta Del Sol elementary has the highest occurrence of low-income students and yet when compared with Enchanted Hills has less master teachers and more beginning teachers. Enchanted Hills Elementary has the lowest occurrence of low-income students in RRPS, but has the highest occurrence of level three teachers in the district. Enchanted Hills is also RRPS' top performing elementary school and Puesta Del Sol one of the lowest. This trend is repeated across the district with little variance. As the percent of students on FRSL goes up, the percent of level three teachers decreases.



**RRPS offers dossier preparation classes to teaching staff and has high passing rates for its teachers.** According to district officials, during SY07 RRPS teachers who submitted dossiers had an overall pass rate of 94 percent. State level data indicates that RRPS teachers pass the PDD at higher rates than statewide averages, though only slightly.

The district reinforces that they want teachers to advance through the levels and provides support, from prep classes on school sites and partnering with other teachers to sharing ideas and strategies with like grade level colleagues as they are preparing their dossiers. The robust program includes a PDD Coordinator and three PDD facilitators and consists of eight sessions, which cover topics such as scanning and uploading documents.



**RRPS estimates professional development spending totals around \$2.3 million, though results of these expenditures are unclear.** Funding for professional development days comes from state and federal sources, with state funding being the primary source. The state accounting system used by RRPS makes it difficult to track the actual costs associated with professional development because of the lack of codes specific to professional development in the chart of accounts. The chart below shows the use of funds for professional development. Estimated numbers are a result of the discrepancy in the chart of accounts. PED has updated the chart of accounts for SY09 to add better transparency in professional development spending.

**RRPS Professional Development  
2006- 2007**

Use	Amount
Five Professional Development Days	\$1,313,330
All Non-Student Training & Travel (T&T)	\$479,615
Instructional Coaches	\$275,722
Secondary Curriculum	\$66,152
Elementary Curriculum	\$48,130
Operational Mentor Budget	\$35,829
State Mentor Budget	\$26,373
IT	\$18,131
Finance	\$12,319
Student Support	\$5,537
Fine Arts Additional Comp	\$4,675
PDD Trainers	\$4,165
Special Services	\$1,110
Fine Arts Other Services	\$519
<b>Total Spent on Professional Development</b>	<b>\$2,291,966</b>

Source: RRPS, LFC analysis.

The expenditures total nearly \$2.3 million and there are no measures in place to relate professional development to student performance. The above costs do not include overhead costs for the RRPS central office. Included are the costs for staff to receive outside training, but it is unclear if the costs for bringing in external trainers are included in RRPS estimates.

There are limited measures in place for tracking the results of professional development to either student achievement or improved teacher effectiveness as measured by annual performance evaluations. Surveys are the only method to track the effectiveness of professional development. The questions range from “the information from this workshop is relevant to my job” to “the setting, temperature, lighting were comfortable and appropriate for this type of workshop.” There is no method of assessing the value added to students by teachers participating in professional development, though this problem is not unique to RRPS.

*The timing of professional development days in the school calendar appears unrelated to teacher and student needs.* Some of the days fall around holidays and are not targeted to ensure maximum instructional time for students. District officials expressed a lack of authority to require teachers to participate in needed professional development activities. However, state law and PED regulation already have a framework for principals and teachers to mutually agree on professional development needs annually as part of the three-tiered licensure system. These professional development plans (PDPs) are separate from “growth plans” districts may require teachers to implement. Growth plans are a human resource process.

## **Recommendations**

Work to fill vacant teaching positions in higher poverty schools with level-III master teachers or level-II teachers possessing qualifications the district feels would aid in improve student achievement of low-income students. The district should work towards a better balance of beginning, professional and master teachers at its higher poverty schools to ensure a proper amount of human resources are dedicated to these students with additional learning needs. Consider working with local teacher union officials to create other incentives and authority for the district to transfer willing experienced teachers to higher need schools.

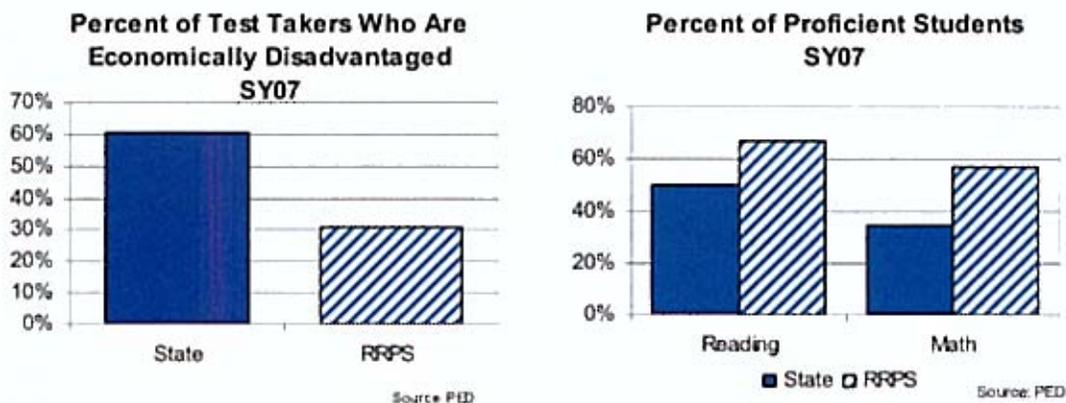
Use the annual professional development plans required of all teachers as a catalyst for getting teachers who need professional development to participate in appropriate course offerings.

Develop a system to link attendance at professional development courses to improved teacher competencies as measured by annual evaluations. RRPS should also work with PED on efforts to tie professional development to student achievement.

RRPS should evaluate its PDD training program for cost effectiveness. A reduced program may still be able to achieve satisfactory results.

**RRPS STUDENT ACHIEVEMENT EXCEEDS STATE SCORES AND MOST PEER SCHOOLS IN ALBUQUERQUE, BUT MORE PROGRESS IS NEEDED FOR LOW-INCOME STUDENTS.**

**A higher percentage of RRPS students are proficient on state tests versus state averages, but improvements have leveled off.** When compared to statewide percentages of proficient students RRPS consistently performs at a higher level. For SY07 RRPS had 67 percent of its students proficient on the reading test, versus 50 percent statewide. RRPS performed at an even higher level on math tests when compared to the state, with proficiency levels 23 percent higher than the state. The state has nearly double the occurrence of economically disadvantaged students, which is a major factor that explains the differences between the district and the state.



Although the district levels of proficiency are higher than state averages, the district lacks growth on the reading test for all students and in reading and math for economically disadvantaged students.

Between SY05 and SY07 RRPS improved its level of proficient students on the reading test by less than one percent. Between SY06 and SY07 the district experienced a slight decrease in the amount of proficient students on the reading test.

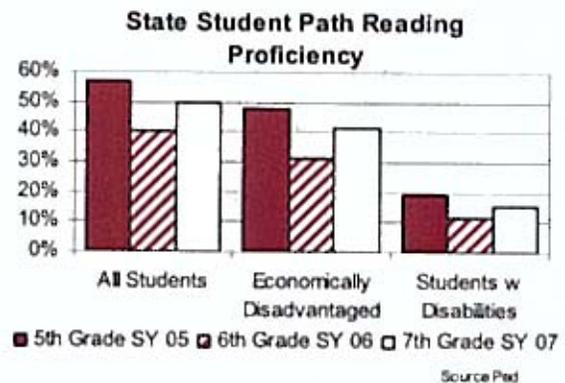
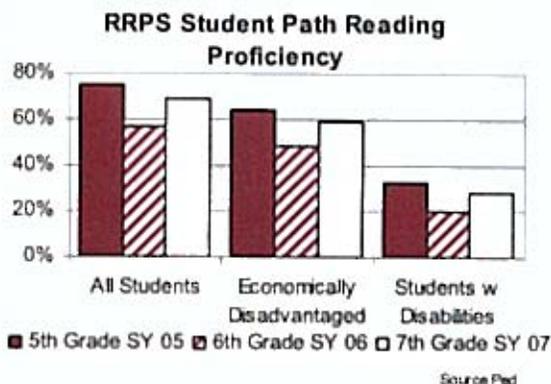
*The district also struggled with growth for its economically disadvantaged students.* The district witnessed a decline of nearly four percent between SY06 and SY07 on the reading test for economically disadvantaged students. On the math test the percent of economically disadvantaged students proficient increased by less than one percent.

RRPS is a high performing school district when compared to the state, but the district lacks improvement overall. This is important since Annual Measurable Objectives (AMO) to meet Annual Yearly Progress (AYP) increase each year. The AMO requires a certain amount of students be proficient each year.

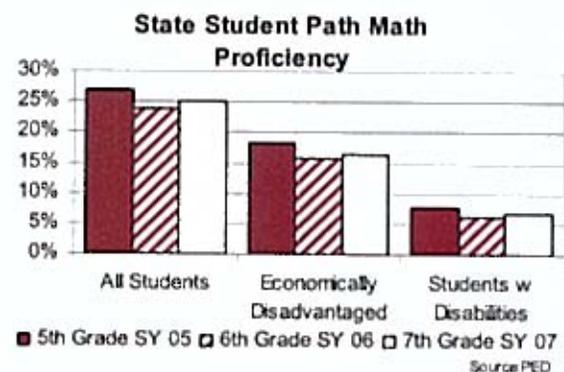
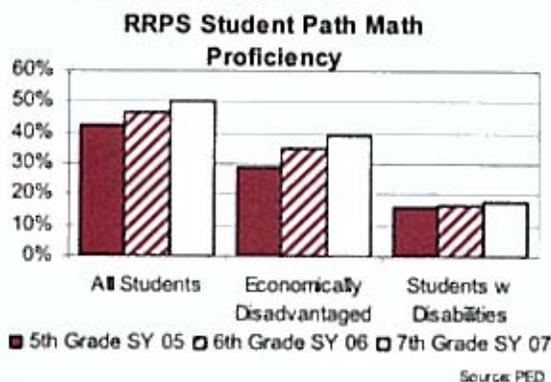
Generally, the percentage of students reaching proficiency shows very limited improvement or declines as they move into higher grade levels. Student path data was constructed to follow the progression of students as they advance to a new grade level. The path begins with a specific grade level starting in SY05 and then moves to the next grade level in the subsequent year. By following student paths it is possible to examine if a greater number of students are becoming proficient as they move up in grade level.

Rio Rancho had higher levels of proficiency than the state averages for all students, economically disadvantaged, and students with disabilities categories. Although students in Rio Rancho performed at a higher level their growth patterns were very similar to the state.

When looking at levels of proficiency in reading the patterns for students progressing from 3<sup>rd</sup> to 5<sup>th</sup> grade and from 5<sup>th</sup> to 7<sup>th</sup> grade are almost identical to patterns at the state level.



In many areas the trend is downward sloping and the percent of proficient students progressing up in grade level is decreasing or showing limited improvement. The only area where Rio Rancho showed consistent growth that varied from the state trend was for students progressing from 5<sup>th</sup> to 7<sup>th</sup> grade on the math test.



Apart from the one exception, RRPS appears to have similar fluctuations or changes in the percent of proficient students progressing in grade level as the state.

**The achievement gap between all students and economically disadvantaged students is a key area where RRPS struggles.**

*What is the Achievement Gap?*

The difference between the academic performance of poor students and wealthier students and between minority students and their non-minority peers is commonly known as the achievement gap.

According to the Education Commission of the States, "the gap in achievement separating poor and minority students from less disadvantaged students has been the focus of discussion, research and controversy for nearly 40 years."

Closing the achievement gap requires accelerating the growth of minority and low-income students at higher rates than the growth of their peers. Since the achievement gap likely emerges prior to these students entering school, students enrolled in high-poverty schools must have greater growth from the day they begin their formal education.

A large body of research has identified a variety of factors that appear related to the achievement gap, including:

- students' economic background
- their parents' education level
- their access to high-quality preschool instruction
- peer influences
- teachers' expectations
- curricular and instructional quality

In a report by the Economic Policy Institute (EPI), achievement gaps, in large measure, appear when children first enter kindergarten as evidenced by substantial variations in children's cognitive ability.

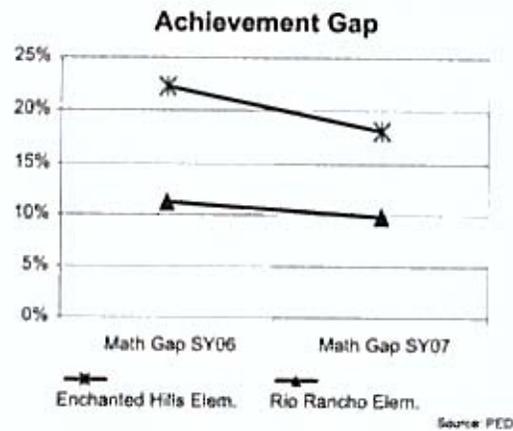
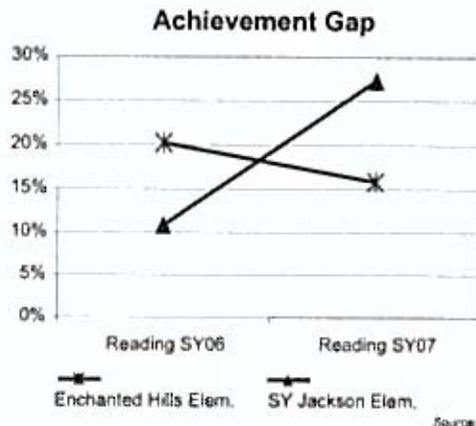
According to research, socioeconomic status accounts for more of these variations than any other factor, including race/ethnicity, family educational expectations, and access to quality child care. A larger proportion of racial and ethnic minority children are from low-income families, which contribute to the disparities in achievement between these students and their Anglo peers.

Many states have experienced inconsistent progress across grade levels in achievement levels and closing achievement gaps. Research suggests secondary schools continue to pose the greatest challenges for educators to improve low-income and minority student achievement.

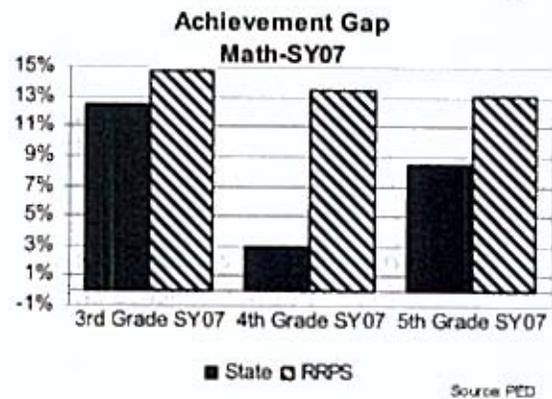
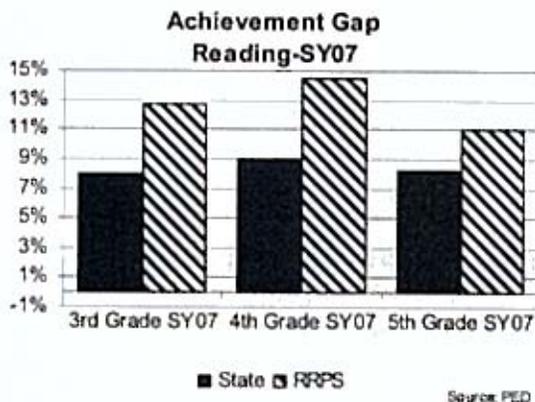
Economically disadvantaged students from RRPS achieve at a higher level than the statewide averages for all students, but the gap between all students and economically disadvantaged students is larger for RRPS than it is for the state.

Between SY05 and SY07 the state achievement gap has decreased each year for both reading and math. Rio Rancho experienced a decrease in its achievement gap for both reading and math between SY05 and SY06, but between SY06 and SY07 the achievement gap increased to levels higher than they were for SY05.

Certain schools in Rio Rancho have lower achievement gaps than peer schools from outside the district and some schools have also had success at decreasing their achievement gap against the trend of RRPS.



As a district 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> grade achievement gaps increased between SY06 and SY07 for both reading and math. The achievement gap for these grades is also higher than the state averages.



Economically disadvantaged students need to make better gains in their scores in order to close the achievement gap. However, RRPS does not have specific goals or strategies in their Educational Plan for Student Success (EPSS) for accomplishing this goal. Economically disadvantaged students in RRPS score high when compared to the state averages and goals, and thus is not required to account for economically disadvantaged students in its EPPS. However, RRPS economically disadvantaged students struggle to achieve at similar rates with peers in their own district.

In an effort to further understand the economic and social factors that contribute to the persistent achievement gap in New Mexico, a concise study comparing the performance of economically disadvantaged students was conducted using census data from school districts with characteristics similar to RRPS or high poverty districts similar to New Mexico in general.

The independent study not only confirms the results of several other more robust studies establishing the impacts of poverty and family structure on student achievement, but also indicates the factors that contribute to the achievement gap in poor districts have a similar relationship with student achievement in districts with lower levels of poverty. In other words, the community of Rio Rancho is not immune from the primary sources of the achievement gap; it just has lower levels of these contributing causes.

The strongest relationship with student performance existed between the percent of economically disadvantaged students in the school. As expected, the relationship is negative indicating that the

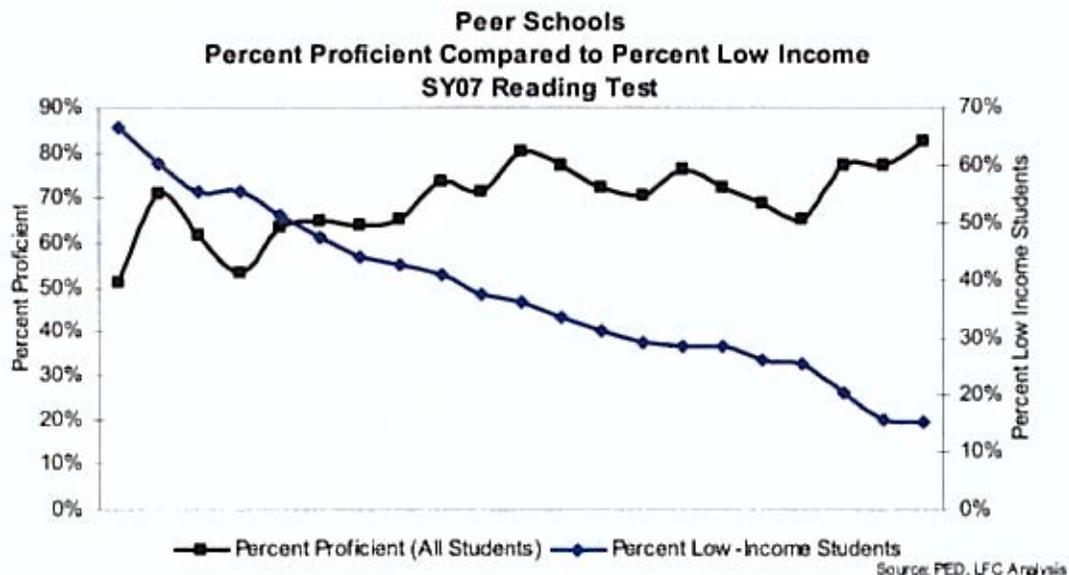
higher the percentage of economically disadvantaged students, the lower the percent reaching proficiency in math and reading. The strength of the relationship for median family income was moderate and positive, suggesting that as family income levels rise, the percent achieving proficiencies rise.

School districts with similar achievement gap characteristics to RRPS were Derby, Kansas, Pflugerville and Tomball Texas. Comparator districts for NM were Rapid City, South Dakota and Hondo, Texas. Cross-state comparisons are potentially specious because of differences in state tests.

**Rio Rancho performed above or at expected levels with limited exceptions when compared to peer schools in Albuquerque and Farmington.** To further examine proficiency levels and scoring, schools from RRPS were benchmarked against similar (peer) schools within the district and from other districts. The comparison schools were selected according to their percentage of economically disadvantaged and minority students. The benchmarking comparisons were looked at for the elementary, middle school, mid-high, and high school levels.

At the elementary level, the peer schools examined were Rio Rancho Elementary, Puesta del Sol, Vista Grande, and Enchanted Hills. The schools performed at varying levels when compared to their peers.

The proficiency levels for the elementary schools decreased as the percentage of students from low-income families increased. The percentage of low-income students was the strongest predictor for school level performance. All the observed elementary schools performed in line or above the level of their peers with the exception of Puesta del Sol.

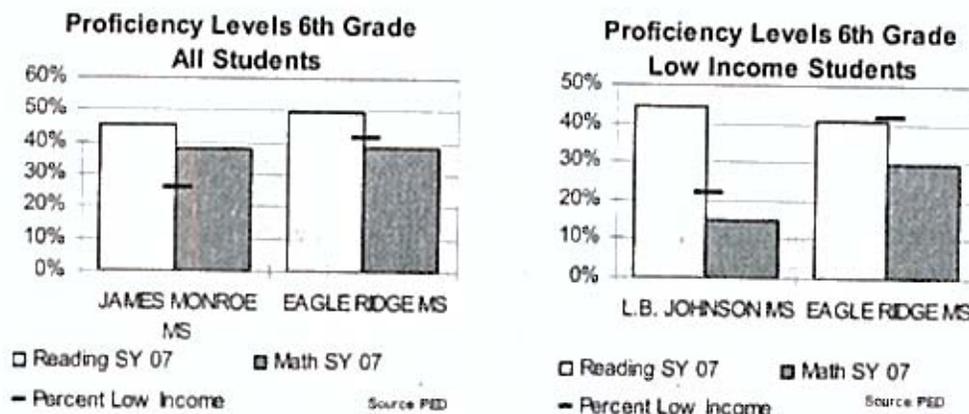


Puesta del Sol is Rio Rancho's lowest performing elementary and also has highest occurrence of economically disadvantaged students. Puesta del Sol is outperformed in reading for both all students and economically disadvantaged by its peers, excluding Matheson Park Elementary which has an 11 percent higher occurrence of economically disadvantaged students. In math Puesta del Sol performs more in line with its peers only being outperformed by Northeast Elementary of Farmington.

The four focus elementary schools in Rio Rancho observed growth in 15 of 16 possible categories from SY05 to SY06. From SY06 to SY07 the schools observed a decline in 13 of the same 16 categories. The growth was measured for reading and math in the all students and economically disadvantaged student categories.

At the middle school level Rio Rancho schools outperform their peer schools for 6<sup>th</sup> grade proficiency levels. Rio Rancho 6<sup>th</sup> grade students were comparable outside their peer groups with schools that had lower levels of economically disadvantaged students.

The three Rio Rancho middle schools are comparable to their peer schools across income level. Eagle Ridge Middle School in Rio Rancho is comparable to peer schools with levels of economically disadvantaged students up to 20 percent lower.



At the Mid-High, 8<sup>th</sup> grade, level Rio Rancho Mid-High was very comparable to its peer schools on the reading test and performed at a slightly higher level for the math test. The performance of Rio Rancho Mid-High was best, in comparison to its peer schools, on the math test for its economically disadvantaged student category with the closest school having a 9 percent lower amount of proficient students.

At the High School level, 11<sup>th</sup> grade, Rio Rancho High School performs in line with its peer schools or at a slightly higher level.

Rio Rancho High's economically disadvantaged students outperform their peers on the math test. Aside from the economically disadvantaged student category Rio Rancho High appears to perform in line according to its economic and minority student profiles, only being outperformed by Eldorado High School in Albuquerque.

Rio Rancho's 11<sup>th</sup> grade proficiency levels are very comparable to those at Piedra Vista in Farmington which has a higher occurrence of economically disadvantaged students. In the peer group Piedra Vista has the highest occurrence of level three teachers and Rio Rancho has the highest occurrence of level one teachers.

To look further into benchmarking two tailed T-tests were calculated to better understand what areas of performance were significant, only results that met a test for statistical significance were

recorded. Statistical significance indicates there is at least a 95 percent probability that the result did not occur by chance.

The results of the tests showed that Rio Rancho performed at or above the level of its peer schools with limited exceptions.

Most notably:

- Farmington elementary schools with substantial levels of “low-income” students outperformed similar Rio Rancho schools.
- Of the peer schools only Eldorado High School performed at a higher level than Rio Rancho High School on 11<sup>th</sup> grade math and reading tests.

Further information on benchmarking results can be found in the Appendix B.

### **Recommendations**

Individual schools in RRPS should benchmark student performance against peer schools to assess progress, in addition to standard comparisons to AYP goals and state average scores.

Develop EPSS goals targeting improvement of low-income student’s academic achievement and closing gaps in achievement between these students and their peers.

**RRPS SPECIAL EDUCATION POPULATION IS SIMILAR TO STATE AVERAGES, THOUGH GROWTH IN ANCILLARY SERVICES RAISES CONCERNS.**

The percentage of students in special education at RRPS is generally in line with state averages and similar districts. A higher proportion of special education students would result in greater costs for a district. In SY07, there were 69 districts that have the same or higher percentage of students with IEPs than RRPS. The statewide average is 13 percent, while RRPS is at 12 percent. For the prior year SY06, RRPS's students with disabilities population was 14.4 percent. Comparator districts ranged from Farmington at 12.8 percent students with disabilities to Los Lunas at 18.7 percent. These data indicate that Rio Rancho does not have a higher percentage of special education students when compared to similar districts and statewide averages.

In looking at categories of specific student disabilities at RRPS compared to statewide averages, RRPS's percentages of students with autism and growth rate of autistic children are considerably higher than statewide averages. Also, RRPS has a higher percentage of children with "Other health impairment" and "Specific learning disability" and a lower percentage of children with "Developmental Delay" and "Speech or language impairment".

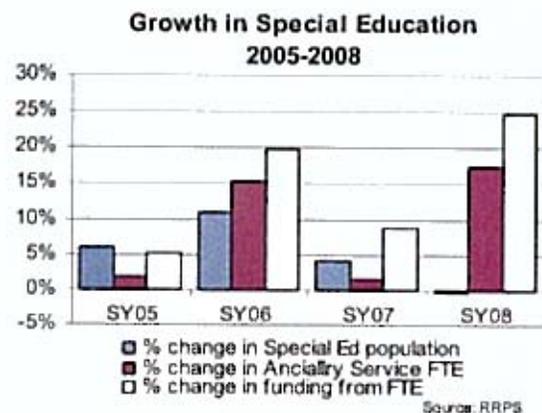
**Differences in Selected Special Education Categories**

Category	State Percent of total	RRPS Percent of total	Difference
Autism	1.94%	3.15%	1.21%
Developmental Delay	13.01%	8.92%	(4.09%)
Mental Retardation	3.76%	4.80%	1.04%
Other Health Impairment	6.82%	8.30%	1.48%
Specific Learning Disability	40.06%	44.66%	4.6%
Speech or Language Impairment	24.70%	22.43%	(2.27%)

Source: PED

**Recent growth in Ancillary Service FTE outpaces special education population growth.**

Special Education Ancillary Service FTE are a high risk area in the funding formula for unit chasing or abuse. The number of FTE is multiplied by 25, the largest adjustment factor, to arrive at the number of units generated. According to data provided by the district, from SY07 to SY08, ancillary service FTE grew by 17.5 percent, while the total number of special education students declined slightly by 0.2 percent. In addition, the district has a significant number of FTE assigned over 100 percent work effort. Of 136 individual staff members, 42 individual ancillary service FTE are over 1.0 FTE, some as high as 1.5 FTE. A total of 8.85 FTE assigned over 100 percent of the time generated over \$862 thousand for RRPS. As raised in a previous LFC report on Albuquerque Public Schools, better accounting and oversight of ancillary FTE and workload is needed to ensure funding levels are supported by caseloads.



The district attributes these issues to an increase in diagnostician and psychologist positions due to growth in work related to children with autism and addressing the district's poor performance in completing initial evaluations within 60 days. The state target is 100 percent and RRPS data for SY07 was 42.9 percent; the district elected to address their performance on that target by increasing the number of staff and staff hours.

**RRPS spending on special education is slightly less than the amount of additional revenue generated through the funding formula for special education services.** One objective of the review is to compare revenues generated by a subpopulation to funds expended for that subpopulation. Program codes in the chart of accounts were examined to assess total special education expenditures. For SY 06-07, total Special Programs expenditures (Program 2000) from the SEG were \$18,263,399. The total revenue generated from the SEG for this subpopulation was \$18,972,050, a difference of over \$700,000. In 07-08, RRPS calculated their SEG distribution to be \$98,779,854.51, of which \$21,568,622 was determined to be generated by RRPS's special education needs. For 07-08, the adjusted budgeted amount of SEG revenue dedicated to expenditures in Special Programs is \$20,580,560, a difference of nearly \$1 million.

**Like many districts throughout the country, RRPS struggles to achieve test scores for special education students that are similar to regular education students.** NCLB requires that all students, including those with disabilities, achieve the same levels of proficiency in reading and math. For 2007, RRPS did not reach the state goals for reading and math at Ernest Stapleton elementary, Puesta del Sol elementary, and Rio Rancho High. Lincoln Middle School, Martin Luther King Jr elementary, and Rio Rancho Mid High did not meet AYP in reading, therefore those six schools did not make AYP.

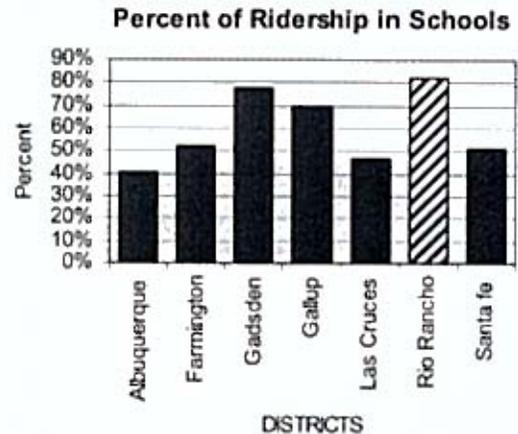
### **Recommendations**

Seek PED approval of all ancillary staff reported with work effort in excess of 100 percent.

## RRPS HAS A WELL RUN, BUT EXPENSIVE, STUDENT TRANSPORTATION PROGRAM.

### RRPS spends approximately \$4 million dollars to transport about 12,000 students to and from school.

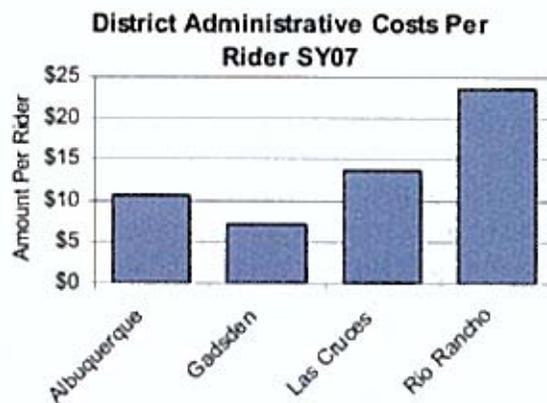
The district has used a private contractor named Durham School Services since the beginning of the district to provide bus transportation. RRPS has a model system of internal controls for bus transportation, including maintenance, drivers' records and data on location of registered sex offenders. RRPS uses the information to ensure safe transport of students. Impressive efficiency results are achieved from the computer routing system called 'Versa Track'. RRPS has the highest percent of students riding busses among peer schools. Presently, many buses run three routes. Buses are full and the 'three-tiered' bus system leads to arrival delays, especially in bad weather.



Source: PED SY06/07

### RRPS transportation administrative costs are higher than peer district's transportation programs.

The total RRPS administrative costs, exclusive of contractor overhead, is about \$284 thousand, which exceeds Las Cruces (\$152 thousand) and Gadsden (\$77 thousand). Despite having high ridership, RRPS administrative costs per rider significantly exceed these districts and Albuquerque.



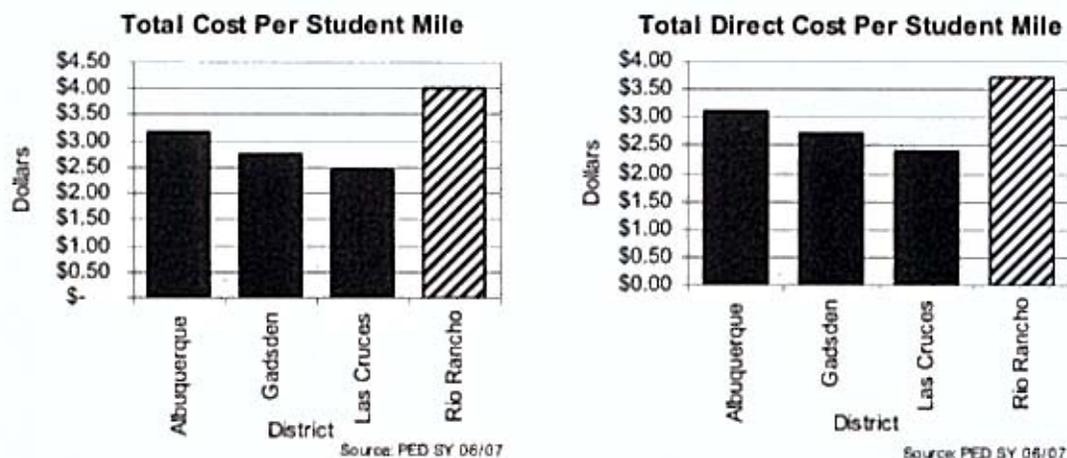
Source: LFC Analysis/ PED

### The bus contract has not been placed out for bids since 1995 and lacks performance standards.

State law exempts bus transportation contracts from the Procurement Code (Section 13-1-98 (H) NMSA 1978). As a result, these important purchased services are not subject to routine competition. Lack of market competition produces higher prices for taxpayers. While the Procurement Code does not require school districts to place these contracts out to bid, they may create local policies to ensure competition when purchasing these services.

The contract with Durham is not performance-based and lacks minimum protections for poor performance or incentives for exemplary performance. RRPS does annually review its contractor's performance against set performances measures, but these are not contractually required nor are there penalties associated with not meeting goals. The contract has very efficient routes and uses almost all its fleet to run three routes each day. However, this has also created problems with on-time performance. Like other districts, RRPS contractor has experienced problems with driver recruitment and retention. Outsourcing services relieves districts of the burden of taking on recruitment, training and day-to-day management of drivers and other employees.

**Direct costs per mile (bus contract, bus leases, insurance) are higher at RRPS than peer districts that also outsource their transportation services.** This indicates that the bus contract probably should have been placed for bid some time ago.



**Districts that outsource their entire transportation services have limited incentive to reduce costs.** State law requires funding from transportation allotments to be spent only on transportation, but allows districts with cash balances to keep 50 percent of savings and revert the remainder to the state. Districts may only use cash balances from their transportation allotment on direct transportation costs (25 percent on transporting students to and from school and up to 25 percent on other transportation services). This means that for every dollar RRPS can squeeze out of its transportation services, including administration, 50 cents will be returned back to its contractor. It is unclear why a district like RRPS would willingly reduce costs.

### **Recommendations**

Adopt a local policy for the regular placement of RRPS transportation contract out for bid. The policy should, at a minimum, follow the spirit of the state Procurement Code.

Update the current contract to include performance measures. Annually negotiate targets with the transportation vendor to ensure they are mutually agreeable and attainable. The contract should have penalties and incentives, related to performance.

## MISCELLANEOUS STATE PRACTICES MAY WARRANT FURTHER REVIEW.

Throughout the review of RRPS, certain state practices were identified as potential problems needing further study. RRPS is in very good position to expand its use of data to improve instruction and district operations but is hampered in many ways by state practices centering on student testing, access to data, requirements for district educational plans for student success (EPSS), and late categorical funding from the Public Education Department. The following specific problems and concerns were noted during this review.

- *Timing of the New Mexico Standards Based Assessment (SBA).* RRPS sets aside an entire week of instructional time to administer the SBA in late February, which is within the window of dates provided by PED. The amount of time needed to administer the test was a consistent concern raised by local educators. Taking the test in late February and early March limits the number of instructional days available to teachers and students.
- *Late results of SBA make using data for improving instruction difficult.* RRPS uses data extensively to improve instruction for both development of annual educational plans as well as classroom instruction. The district did not obtain final data from PED until early fall of 2007, which caused delays in packaging the information for use at the school and classroom level. Not until October did classroom teachers begin to receive and use data to plan instruction according to their student's needs. These delays reduce the reliance of SBA data for improving district, school and as importantly classroom planning.
- *Student, Teacher, Accountability and Reporting System (STARS) proves cumbersome, but has good potential.* RRPS created a separate locally developed system to load student achievement data into because STARS was too cumbersome to extract data from. LFC staff worked with PED to extract much of the data for this report, but needed a significant amount of technical assistance due to the system not being as user friendly as it could be. Expanding the system to local schools may not be warranted until the functionality can be improved significantly. The amount and type of data in STARS could be extremely usefully for improving New Mexico's school system.
- *Late categorical funding makes implementing effective programs difficult.* The review found instances where RRPS did not receive categorical funding or approval for federal funds until late into the school year, in some cases even just before school ended.

The early testing, late receipt of results limits the number of instructional days before the most significant accountability measure for districts and students, and reduces the instructional value of the state assessment. These issues raise concerns over whether the expense of the test (an estimated \$22 million) and the expense of adding additional instructional days (an estimated \$14 million per day) after the test produce expected results.

## Responses to Legislative Finance Committee Review of Rio Rancho Public Schools

June 18, 2008

Thank you for the opportunity to comment on the Legislative Finance Committee's (LFC) review of the Rio Rancho Public Schools. We thank the committee staff for the professionalism and cooperation exhibited during this process. Our district is firmly committed to continually improving our processes and services to students, and we will incorporate the committee's insights into this continuous improvement process.

We firmly believe in the value and the potential of every child in our school district and in the State of New Mexico. We are very pleased that the Committee staff's conclusions recognized that our district puts the needs of children first and foremost and provides quality programs and services to students.

We believe there are public policy issues that transcend the findings of this report, and that the LFC staff's findings and recommendations must be considered in this context:

**Doing more with less: as mandates on education have increased, funding levels as a proportion of the state budget have decreased:**

In the past several years, changes to state and especially federal law have greatly increased the mandates on public education. These include the testing and intervention requirements of the federal No Child Left Behind Act (NCLB), as well as changes to the Individuals with Disabilities Act (IDEA) regarding the interventions school districts are required to provide for students with disabilities. Court decisions and mediation rulings favoring expensive interventions for individual students have further increased costs for school districts. State and particularly federal funding have not kept pace with these legislated mandates as well as increases in fixed costs such as utilities, benefits, and insurance.

At the same time, the percentage of state funding going to public education has decreased -- from 51.6% twenty years ago to less than 44% today. It is true that in the past ten years, funding to public schools has increased by \$1.04 billion -- but most of this money has been earmarked for salaries and non-discretionary fixed costs, leaving little left for programs.

**Legislative mandates have eroded local discretion in how to allocate resources to best meet the needs of students and communities:**

In recent years, the legislature, in allocating funding to public education, has become more prescriptive in how local school boards and districts can use the funding. Most significantly, the legislature in the past several years has mandated salary increases. We are truly appreciative that the NM Legislature has seen fit to give teachers a living wage. This is an important incentive in recruiting and retaining good teachers in New Mexico, and it is also the right thing to do for those

who educate our children. But with salaries and benefits accounting for 88% or more of a school district's budget, this greatly limits a school board's discretion to meet other needs. When salary increases, improvement targets, and interventions are all mandated in law, there is very little left over for school districts to use for interventions to improve student achievement, teacher competencies, and to provide added classrooms and materials for growing student populations.

**These factors exacerbate the financial crunch for districts experiencing growth and disequalize the funding formula so that all students are not fully and fairly funded:**

At several points in the LFC staff report, the suggestion is made that districts experiencing growth and anticipating opening new schools should "save up" money out of their operational funding by cutting back on spending for programs, materials, and other "overhead." By this logic, districts that are stable or declining in enrollment and do not have to open additional classrooms and schools can put all of their operational funds into maintaining programs and services that impact student achievement, whereas districts that are growing cannot do that, but have to divert resources into opening new schools.

The committee staff report recognizes that RRPS does a good job of getting money into the classroom. The converse of this is that its administration is very lean, leaving little if any room to trim administrative "overhead." Given this, in order to make meaningful budget cuts, the district has to look to other areas, such as programs and materials that affect the educational program.

All districts have to meet the same NCLB-based targets for improving student achievement and the same federal mandates for serving special needs and other students. The law doesn't say, "You have to meet the individual needs of special ed students unless you are growing and have to set aside funds for new classrooms." Not adequately funding school districts for the cost of opening schools in effect takes programs and services away from students in some districts that other districts are able to provide.

Rio Rancho has tried hard to provide these programs despite the district's growth, and while the data suggests these programs are paying off for students, the district has paid the price in the form of dwindling cash reserves.

**Rio Rancho's current fiscal position is the cumulative result of these and other factors including:**

- Rio Rancho Public Schools has by far the highest growth rates in the state (more than 53% of enrollment in the past eight years, more than double that of any other district).
- During a four-year period (1999-2003), by any standard, growth was not adequately funded (only .5 unit for any student that increased a district's enrollment).
- In response, in order to make ends meet, the district was forced to limit employee raises (something which at the time it had the discretion to do), causing teacher and staff salaries to fall behind those of employees elsewhere in the state. This meant that when mandated minimum teacher salaries were phased in under the three-tier licensure provisions of HB 212, Rio Rancho had to spend considerably more to bring its salaries up to the mandated levels than districts that were able to incrementally increase their salaries during those years
- In four of the five years of three-tier licensure implementation, while the state as a whole was fully funded to bring salaries up to mandated levels, Rio Rancho and several other

districts did not receive enough money (by several hundred thousand dollars) to meet the mandate. This occurred because instead of appropriating to each district the amount of money it needed to meet the mandate, the money “flowed through” the funding formula. The net effect was that districts with relatively high salaries were able to meet the requirements whereas districts with lower salary levels (in Rio Rancho’s case, through no fault of its own) were left with less money than needed to meet the mandate

- Historically, Rio Rancho’s bonding capacity has not been able to keep pace with growth and the need for new schools. When RRPS became a district in 1994, its schools were overcrowded and the district had to simultaneously make up the deficit in classrooms and cope with ongoing growth. Exacerbating the problem, the district did not have sufficient bonding capacity, due to the low property tax base, to build all of the needed classrooms. The state has been very generous in helping Rio Rancho to build schools, and the 2007 reassessment of undeveloped property which greatly boosted tax revenues has improved the situation considerably. But for a variety of reasons, many enumerated in the report, RRPS’s tax revenues still fall short of meeting the district’s needs.
- During this period, as noted above, mandates related to NCLB and other changes in state and federal law increased, requiring Rio Rancho and other districts to meet the mandates without full funding. This is especially true in the case of a district like Rio Rancho that receives limited federal funding. Districts statewide continue to struggle with state and federal mandates that are not fully funded.

***The real question at hand may well be: Does New Mexico truly want to have a quality education system, and is it willing to expend the resources required to assure that its students receive a competitive education?***

We believe the answer to this question must be “yes.” Our actions as a school district reflect this belief, and our community strongly supports education.

It is in part an economic development issue. New Mexico will always be a state with limited resources unless it invests in education. Businesses put quality schools near or at the top of their list when making a decision to move to a community. If the state settles for mediocrity in funding its school system, its results in bringing new business and industry to the state will be likewise mediocre.

But beyond that, no one in New Mexico wants less than the best for our children. We owe them -- all of them, regardless of whether they live in an urban or rural area, a growing or declining district, whether they are rich or poor, disabled or not -- an education that will enable them to make the most of their opportunities.

In this vein, we encourage the LFC to carefully consider the recommendations of the Funding Formula Task Force and the study conducted by the American Institutes for Research (AIR). Their study found that education in New Mexico is insufficiently funded to do the job it needs to do for students. During the study’s fact-finding phase, communities and school districts across the state agreed that they do not have the resources to do everything they are being asked to do for children. Regardless of how the state chooses to fund public education, we hope it will carefully consider the *level* of funding and assure districts have sufficient funds to meet statutory mandates and institute best practices in teaching to maximize student learning.

We have provided this introduction to help set the stage for consideration of the LFC staff findings and recommendations because we believe the findings must be considered in the context of the broader picture. We are ourselves, at times, not certain whether the issue is one of sufficiency in education funding, of equity in funding for programs and services, or of providing districts adequate resources to deal with growth and particularly the opening of new schools. It is, most likely, all three.

### **Regarding the LFC staff findings and recommendations:**

#### **Compensation for growth:**

We must respectfully disagree with the finding that Rio Rancho is not under-compensated for growth.

Growth involves two factors.

- The state equalization guarantee established in 1974 funds each student based on the needs of that student and the programs provided by the school that are supplemented through the SEG.
- In the early 1990's, the legislature also recognized that when new students move into a school district, the district incurs certain one-time operational costs related to adding new students. A provision compensating districts at .5 units/student for students increasing a district's enrollment was added to the formula

Up until 1999, districts received the full value generated by each student enrolled on the 40<sup>th</sup> day of the school year, plus .5 unit/student to help with costs related to growth.

In 1999, state law changed so that instead of funding districts based on current year enrollment, it funded districts based on the previous year's enrollment. If a district's enrollment grew over that of the previous year, the district did not receive funding for those "new" students except for the .5 originally intended to help with one-time growth related costs. Even with limited help from emergency supplemental funding, Rio Rancho's estimates this under-compensation, based on students not funded in the current year, amounted to about \$5 million.

In 2003, the legislature changed the formula to fund, at 1.5 units/student, students increasing a district's enrollment above that of the prior year by more than 1%. The .5 for all "growth" students remained in the formula.

The net effect of these changes in the formula is described in the chart below which compares revenues generated by the formula during the three time periods described above based on a static set of growth factors and funding levels:

Time period	Enrollment (prior year)	Enrollment (current year)	Increase over prior year	First 1% of enrollment	Growth above 1%	Unit value	Average units/student	Units/over 1% above prior year)	Growth factor for one-time expenses related to growth	Funding generated by current year units/growth student	Funding generated by .5 for one-time expenses related to growth	Total funding generated by growth students	Difference from pre-1999 levels
Before 1999	12,000	12,700	700	127	573	\$3,200	1.75	N/A	0.5	\$3,920,000	\$ 1,120,000	\$5,040,000	\$ -
1999-2003	12,000	12,700	700	127	573	\$3,200	1.75	N/A	0.5	\$ -	\$ 1,120,000	\$1,120,000	\$(3,920,000)
2003-now	12,000	12,700	700	127	573	\$3,200	1.75	1.5	0.5	\$2,750,400	\$ 1,120,000	\$3,870,400	\$(1,169,600)

The staff report states that students increasing a district's enrollment by more than 1% are actually funded at a rate higher than existing students under the formula: 2.0 as opposed to the average unit generated by students in general (in Rio Rancho currently, around 1.75). That is true IF you include the .5 for one-time expenses related to growth in the 2.0. However, that was not the original intent of the .5 when it was first included in the formula in the early 1990's. The original intent was to compensate districts for one-time expenses related to growth *above and beyond the unit value generated by the student*. Based on this original intent, in the example above "growth" students should receive 2.25 units/student rather than 2.0. In addition, the first 1% of growth -- the first 127 students in the example above -- is funded at only .5 units/student. The bottom line is that compared to pre-1999 levels, districts including Rio Rancho are under-compensated.

It is true, as the staff report states, that if you grow a lot, the impact of the first 1% not being funded tends to be lessened proportionally. It is also true that in some years, Rio Rancho, based on counting funding for growth students at 2.0, actually did slightly better in per-student funding than it would have if all growth students had been counted at the 1.75 average units/student. However, this still leaves the district with less money than at pre-1999 levels to meet one-time growth-related expenses, such as operational costs related to opening new schools. It should also be noted that this only works with growth rates substantially in excess of 1%. Districts with low growth rates -- below and slightly above 1% -- get little or nothing.

***The issue here is the intent of the .5.*** It can be used to augment the 1.5 unit/student for operational expenses, OR it can be used to fund one-time growth-related expenses. It cannot do both. If the legislature wants to include the .5 as part of the unit/student used to pay for teachers and programs, it should separately fund districts opening new schools for one-time operational costs associated with opening schools. To do otherwise treats students in growing districts unfairly because growing districts have to fund one-time growth costs by taking money out of what they get to provide programs and services for kids. Meanwhile, districts that are stable or declining in enrollment do not have to incur these expenses and can use all of their funding for programs and services. This disequalizes the formula -- AIR described it as the biggest single disequalizer of the formula.

It is true that RRPS has derived more of a benefit from the enrollment growth provisions of the current formula than any other district. The reason is simple -- Rio Rancho had more new students. Under the SEG, growth money follows kids.

**AIR's consideration of current provisions for growth funding in its recommendations on a new funding formula**

Year	Number of growing districts	Number of "growth" students (40 <sup>th</sup> day)	Enrollment in growing districts	Percentage of total statewide enrollment in growing districts
2001-02	21	3,194	188,872	58.98%
2002-03	36	2,676	203,463	63.56%
2003-04	35	4,503	228,123	70.71%
2004-05	31	5,740	218,757	67.09%
2005-06	38	3,772	235,734	71.85%
2006-07	33	3,597	216,142	65.88%
2007-08	30	2,381	185,695	56.40%
2001-08 cumulative	21	20,741	212,662	64.59%

We believe that AIR did indeed consider that current statute accounts for enrollment growth, albeit arguably inadequately.

Rather than trying to "graft" the existing enrollment growth calculation onto its proposed new formula, AIR proposes to account for enrollment growth in a different way. This is because the new funding formula proposed in HB 241 uses a "student driven" methodology as opposed to the "program-driven" methodology in the current formula. To graft a growth formula from a "program" driven formula to a

"student driven" model is mixing apples and oranges. AIR's recommended provisions for growth, which are included in HB 241, are in our opinion appropriate and worthy of consideration by the legislature.

The staff report notes that only 21 districts currently have higher enrollment than in 2001, and that much of the enrollment growth in that period comes from four districts: Albuquerque, Rio Rancho, Gadsden, and Las Cruces. It should be noted, however, that while only 21 districts experienced aggregate growth over the past eight years, they account among them for more than 64% of enrollment statewide. If the legislature chooses to adopt only one methodology (prior year or current year) for determining the number of students, it may wish to consider whether it is fairer to craft the formula based on the number of districts that would benefit, or the number of students. The proposal in HB 241 is to provide a mechanism that fairly considers the needs of both districts and students, and RRPS believes this is a reasonable and fair approach:

**Budget planning:**

- ***RRPS agrees that long-range budget planning is beneficial; however, the state's budgeting process, the incremental nature of the funding process for public education, and the lack of sufficient funding for educational programs make it somewhat problematic.***

The state budgets funding on a year-to-year basis, and does not provide long-range revenue forecasts that might help districts anticipate funding levels year-to-year. In a situation where more than 90% of the budget depends on funding levels from the state and the state develops its budget year-to-year, when the state does not provide long-range revenue forecasts it creates challenges in trying to anticipate future revenues.

State regulation also makes the funding of public education in New Mexico incremental in nature. In order to meet state regulations regarding pupil/teacher ratios, staff must be added as students are added. Other expenses, such as support staff, materials costs, and the need for additional seats and classrooms, follow suit. The funding formula for public schools therefore depends on not only being able to forecast growth, but accurately forecast the characteristics of the individual students coming into the district (grade levels, high-need special ed students, etc.).

- ***There is a fundamental philosophical disconnect as regards how Rio Rancho, and school district in general, should pay for expenses related to growth and opening new schools***

In the course of its report, the LFC staff repeatedly references the need to cut back on programs and services to students in RRPS schools in order to make funds available for opening schools. As noted earlier, most dollars already go to the classroom and administrative overhead in the district is very lean, so cuts almost inevitably affect programs at the school level. It is manifestly unfair to suggest that our students in our existing schools should have to make due with less than students in districts that are not opening schools and do not have to set aside money and can use the funding for its intended purpose: to support programs and services. RRPS is a successful district because it has directed its resources towards improving teacher competencies and student outcomes. To redirect funding into opening new schools risks dismantling these programs and services.

- ***RRPS will look into the possibility of using bond funds for certain categories of expenses related to opening new schools***

It is possible some types of expenses for new schools -- items such as library books and band uniforms, for example -- could be funded through bond funds. However, the district has currently identified uses for all of the money approved by voters in the 2007 bond issue, so such identification properly should wait until the passage of subsequent bond issues in the interest of the districts' meeting its already-promised commitments to the community. Since bonding capacity is finite, any redirection of funds into these other types of expenses takes away from funds that could be used to build classrooms. And, does it make sense to finance items with a relatively short life-span with bond funds that are paid off over a lengthy period of time?

- ***Administrative costs related to the opening of new schools reflect the need to affect a smooth school opening for students and families and to provide additional administrative support at existing overcrowded schools in the period before the new school opens***

RRPS identifies principals for new schools at least a year in advance for elementary schools and two years in advance for high schools, in order to allow those staff members to become known to the community and to begin planning for their new schools. During this period, they also help out at existing schools. Many RRPS schools are over capacity -- Colinas del Norte, in particular, had an enrollment of more than 1,230 students this past year. With a school that large, it becomes impossible for a principal and assistant principal to physically complete all of the state-mandated teacher observations and evaluations required to assure

educational quality while maintaining a safe campus, dealing with discipline issues, and meeting the needs of students, staff and parents

- ***The \$1.9 million in supplemental emergency funding provided RRPS in SY 08 is likely to be expensed as projected in the current fiscal year***

In awarding the supplemental funding, RRPS was advised by PED that it might wish to consider using some of the funding to bolster its cash balance, in the interest of supporting its bond rating. Maintaining a healthy bond rating is in the best interest of Rio Rancho and New Mexico taxpayers in that it helps to keep interest rates for capital projects low and therefore is a responsible use of tax dollars. The books for SY 08 have not yet closed, but Rio Rancho now anticipates the supplemental emergency funding will be expensed as originally proposed in the current fiscal year.

- ***RRPS agrees that there are some benefits from “economies of scale;” however, this is to some degree offset by the cost of housing students***

The report notes that as schools get bigger there are some “economies of scale” associated with combining additional students into a single site. The report acknowledges that overcrowding is not a good thing: it potentially compromises student safety, increases disciplinary issues, lowers parent and student satisfaction, and does not promote good instructional practices. However, school districts also incur additional costs, especially the cost of acquiring and relocating portable classrooms to overcrowded campuses, which offset the cost savings from not hiring additional support staff. Some of these expenses could be paid through bond funds, but if they are, it cuts into available revenues for building permanent facilities.

### Capital funding

- ***RRPS is grateful for the level of state support provided for school construction and would not have been able to provide needed new schools without state help***
- ***In considering revisions to the Public School Capital Outlay Act, local districts should not be penalized for decisions affecting the property tax base that are beyond the district’s control***

The district appreciates and supports the staff’s recommendation that the legislature continue to review the Public School Capital Outlay Act to assure that all districts are treated fairly. However, school districts should not be penalized through an increase in the local match required to gain school construction funding for decisions by other governmental entities that adversely impact the school district’s tax base. Among other options, the legislature could consider not allowing school tax levies to be waived in awarding Industrial Revenue Bonds (IRB’s), and could insist that the state has a seat at the table when IRB proposals are considered.

We would note that IRB's such as those granted Intel have greatly benefited the state's tax coffers. Economic growth in any community benefits the state of New Mexico as a whole through corporate income tax and gross tax receipts.

- ***The Public Schools Capital Outlay Act rightly recognizes that school districts need the latitude to meet the needs of local communities and permits local communities, through voter-approved bond issues, to construct facilities exceeding the state's adequacy standards***

In planning for the new Cleveland High School, Rio Rancho visited 13 districts in six states to evaluate their facilities and to benchmark our facility plan against those of quality school districts. All of the facilities visited had performing arts centers, which are considered to be standard (and among the amenities businesses locating into a large community expect) in a large high school. We would also note that the state's educational program expectations include fine arts programs. If you are to offer quality art and music programs, students will need to have a place to perform and to display their work.

Rio Rancho voters felt strongly that a performing arts center and other facilities exceeding the state's adequacy standards were essential to providing a quality high school that is, in facilities and services, equitable with Rio Rancho High School. The current formula provides state matching funds only for those items that conform to adequacy standards and permits local voters to wholly fund additional facilities it feels are important. Communities should not be penalized, in terms of current and future state awards, for building facilities exceeding adequacy standards that clearly support the educational program and are considered standard elsewhere in the United States.

- ***The state may wish to consider benchmarking adequacy standards against the programs and services expected of outstanding schools in other states***

#### **Accounting system and board oversight**

- ***RRPS's new accounting software did indeed create problems for the district in SY 08 and made it difficult for the district to accurately track revenues and expenses***

Like many other entities, including state agencies, municipalities, and other school districts, RRPS has had challenges with its new software. It should be noted, however, that throughout this implementation period, the district assured that its employees and vendors were paid in a timely manner.

- ***The current Chart of Accounts is not coded down to the program level and we are still trying to develop a process to more accurately link line items to specific educational programs and services***

Some information requested by the LFC team proved to be hard to differentiate due to coding issues: for example, Reading Recovery is not differentiated from other literacy programs. If it is desirable to track programs to this level, a more accurate coding system is needed not just in Rio Rancho, but statewide.

- ***The issues with providing budget documents to the board and the public prior to preliminary approval of the budget were an outgrowth of the accounting system issues***

In previous years, these documents have been available to the board in advance, and the district anticipates that this year's situation was a one-time occurrence.

- ***RRPS will review its policies and procedures regarding board oversight of the budget***

As noted in the report, some policies may need to be updated, and the board may wish to consider a more regular schedule of budget reviews and updates.

- ***The lack of discretionary funding and local board flexibility in allocating school district revenues limits the options districts and communities have in setting priorities for school budgets***

When mandated salary levels, rising fixed costs, and state and federal mandates to provide specific services are considered, districts have very little money left over for communities to prioritize. Out of a budget of \$105 million, 95% is dedicated to non-discretionary costs such as salaries and benefits, utilities, insurance, and testing. This leaves only about five million left over – and that five million includes cash balance, supplies and library materials, software, legal costs, and contract services. As some of these “discretionary” costs are arguably non-discretionary – cash balances are a requirement, for example – there is very little money left over to do anything new, especially in years when the district is opening new schools.

RRPS has a very thorough process for soliciting input at all levels from the organization; however, when there is no money to fund any of these priorities this becomes a very frustrating process for the district and the community.

#### **Accountability data and allocation of resources based on data and student needs**

- ***There are many factors that should be considered in looking at the allocation of resources among schools; RRPS does indeed target additional resources to support high-need students and schools***

- RRPS provided data to the LFC staff detailing the allocation of interventionists and instructional coaches to the schools of highest need. This data demonstrates that these specialists, who work directly with high-need students and provide professional development to teachers, are concentrated in the district's highest-poverty schools
- RRPS's rapid growth has resulted in the district's having to hire large numbers of new teachers. Although the district tries to hire experienced teachers, the pool of available applicants consists largely of less-experienced and beginning teachers
- The quality of a teaching force should not be evaluated strictly based on the experience level of the teachers. There are some very outstanding young teachers who contribute every bit as much to student success as many older, experienced teachers

- RRPS's highest-poverty school, in one recent year, experienced the retirement of more than a dozen experienced teachers, a situation beyond the district's control. In addition, with the opening of another new school in the neighborhood, many of the remaining staff, including some experienced teachers, moved to the new school along with the students. Given the pool of available hires, it takes time to rebuild a staff after this degree of change. RRPS will look at how it reallocates staff when new schools open to limit the number of experienced teachers transferred out of any specific school.
- Involuntary transfers of teachers are subject to the terms of the negotiated agreement and must be considered as part of that process.
- ***RRPS's Educational Plans for Student Success (EPSS) target those areas where test and other data indicate the greatest need for student assistance***

At most RRPS schools, the largest gaps in student achievement and the areas where schools are not making AYP are for students with disabilities and English Language Learners; schools' EPSS therefore tend to target these areas.

The EPSS does not ignore the fact that there are gaps in student achievement among other groups as well, including economically-disadvantaged students. It should be noted that under the way the state counts students for accountability purposes, students can be counted in multiple categories (for example, a student can be economically disadvantaged, ELL, and special needs and show up in all of those subgroups' results). Therefore, interventions targeted towards students in some subgroups often help other subgroups as well.

- ***RRPS continues to work to raise student achievement at all levels and for all subgroups***

It is true that gains in student achievement in some areas have experienced a leveling-off and in some areas even a dip (though one year does not a trend make!). We are not making excuses and continue to work hard to improve achievement levels for all students and subgroups. However, we would note that the old 80-20 rule applies in this area. As students reach higher levels of achievement, large year-to-year gains are harder to come by.

- ***It is difficult to directly tie professional development expenditures to results in the classroom, but we believe the converse proves the point***

Strong gains in student achievement cannot be achieved without a solid professional development program.

#### **Student transportation costs**

- ***RRPS transports a much higher percentage of students than most large districts***

Because of the sprawling nature of Rio Rancho and hazardous walking conditions throughout the city, more than 80% of RRPS students qualify for bus transportation. Rio Rancho, with an enrollment of about 15,600, transports more students (more than 12,000) than Las Cruces, with an enrollment of more than 24,000 (they transport 11,700+).

- ***Operational requirements related to growth drive administrative overhead***

With Rio Rancho's rapid growth, new homes, new streets, and new students sprout up almost daily. Most districts set bus stops and routes at the beginning of the school year and need to make only minor adjustments, if they need to be adjusted at all, during the school year. In Rio Rancho, route and stop adjustments are required almost daily and the entire routing pattern needs to be completely overhauled four times a year in order to use buses in the most efficient manner. The addition of special ed students (100 since the 40<sup>th</sup> day) especially affects bus utilization. All of this requires a larger staff than might be necessary in more stable districts.

State regulations require local school boards or their designee (the district transportation department) to assume contract service approval and monitoring responsibilities (assuring driver certification, routes, stops, and multiple policies and procedures).

RRPS is proud of the fact that it has funded the administrative operations of its transportation program entirely from transportation funding and has not had to resort to expending operational dollars to support the administration of student transportation.

- ***RRPS agrees that more accountability should be demanded of bus contractors***

RRPS will look into incorporating performance measures with penalties in its transportation contractor contracts. The district also agrees that contracts should be put out to bid more frequently, and plans to put its contract out to bid in the next school year. It should be noted that the number of contractors in New Mexico with the capacity to provide services to large school districts is extremely limited.



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LEGISLATIVE FINANCE  
COMMITTEE

June 13, 2008

MEMORANDUM

TO: Manu Patel, Deputy Director, Legislative Finance Committee

FROM: Dr. Veronica C. Garcia, Secretary of Education *V.C.G.*

RE: PED RESPONSE TO REVIEW OF RIO RANCHO PUBLIC SCHOOLS

I want to begin my response by praising the LFC staff for its thorough review and for providing the Public Education Department (PED) with an early copy of the report memorandum. I believe that it captures many of the strengths and challenges that Rio Rancho Public Schools (RRPS) has faced and will face in years to come.

The PED applauds RRPS for its implementation of the Baldrige Criteria, e.g., quality tools, continuous improvement, etc. "Baldrige" (SQS) is one of the major training components of our School Improvement Framework that we want all districts to utilize because using data to make informed decisions and continuous improvement are powerful strategies.

**Spending/Funding**

- The Executive Summary states that the RRPS is not disadvantaged by the funding formula and that RRPS needs to provide better planning for funding needed to open new schools in the district. We essentially agree with these statements. However, it should be noted that spending decisions are largely a matter of local autonomy.
- The PED agrees that RRPS has benefited from the changes in funding growth since FY04 and now receives the majority of growth units in the state.
- One of the recommendations is to identify revenue generated by students (based on grade or demographics or other special need factors) within the funding formula versus expenditures at each school to ensure resources are aligned with district academic plans for improving

achievement levels of low-income and other special needs students. Although PED does not necessarily disagree with this approach, the funds generated by the funding formula and its components are non-categorical in nature and are a local autonomy issue.

- The report states that RRPS has experienced rapid growth in student population, but also funding which has outpaced the percent growth in student population. This is true. However, the factor of student membership is used in the formula to allocate funding. The amount of funding needed each year has gone up due to increases needed to implement statutorily mandated salary minimums for teachers and principals. In addition, fixed costs, such as insurance and fuel, continue to increase significantly.
- One of the findings of the report was that RRPS year-end cash balances have steadily declined since 2002. This is true; however, it should be noted that a school district that has experienced significant growth also incurs additional expenditures in providing student programs at new schools.
- Regarding RRPS utilizing the emergency supplemental in its cash reserve, we didn't believe it was prudent to allow the district to utilize it for recurring expenditures. Likewise, the district's dangerously low cash balance put it in danger of a lower bond rating, which means that our tax dollars for capital outlay wouldn't be maximized for their intended use.
- Most importantly, the information contained in the RRPS report regarding the use of emergency supplemental funds in FY08 is not correct. The district is in the process of submitting a BAR and intends to start expending the funds in FY 08 and will expend the remainder during FY09 as it equips and builds its new schools. Please note that the PED allocated emergency supplemental to RRPS due to the district's request, which was based on the financial impact of opening new schools. The PED verified that the district was experiencing decreased cash balance in determining the allocation. The FY09 RRPS budget is not yet completed or approved. The RRPS board must act by June 20, 2008.
- In reference to the board's involvement in the budget process, please note that the PED requests and receives a program budget questionnaire that shows the dates when the board held meetings to receive questions, comments and suggestions from parents and other community members in developing its budget. RRPS has provided such documentation each year. Most recently, it provided us with PED 901B10 Form, "Approval of the School District Operating Budget," which was signed by the majority of the board and verified that the board approved budgets on June 19, 2006 and on June 18, 2007. The form also verified that the board approved the operating budgets at scheduled local board meetings open to the public and provided the dates of the meetings.
- However, the PED intends to send a reminder letter to local boards of education and superintendents about their responsibilities in relation to budget approval and will continue to work with Joe Guillen, executive director of the New Mexico School Boards Association (NMSBA), to ensure that boards are reminded and trained regarding this very important aspect of their role. Please note that each year since the Legislature required local school board trainings in 2003, the PED and NMSBA have trained board members on the budget process, including accountability, pre-budget activities, budget process and timelines, revenue sources, expenditures, reporting requirements, membership reporting and other related issues. Members have also received a copy of NMAC 6.20.2 "Public School Finance Budgeting and Accounting for New Mexico Public Schools and School Districts."
- The PED agrees that RRPS is not as timely as it should be in reporting financial information. We're working with the district to improve this area. Further, the PED agrees that the board should receive monthly financial status reports.

- Regarding decreased spending areas that should have increased in RRPS' budget, it should be noted that a budget is a living document and districts/boards make adjustments as priorities change.
- Regarding transportation contracts, districts cannot alter the provisions of the contracts but can add an addendum.

#### Teacher Quality

Regarding the recommendations on professional development, please note the following, which was provided to the LFC in a memo on May 19, 2008:

- The PED is clarifying professional development framework rules and the EPSS process through its work on SB 211 of 2007 and the Teacher Education Accountability Task Force.
- The PED is receiving information from various companies on professional development tracking systems. This is the first step in the PED's future ability to compile and report annually on professional development spending and whether the spending meets guidelines for high-quality professional development.
- PED is working to ensure that agency spending is aligned with state policy goals and priorities through a cross-functional work group team established in 2007 about professional development. This team will eventually address streamlined reporting by districts.
- The Chart of Accounts has been amended and modified for FY 09 so that resources being spent on professional development can be identified. Information regarding the change was disseminated to districts at the 2008 Spring Budget Workshop.

#### Student Outcomes

- The Education Plan for Student Success (EPSS) has helped focus all of our districts on using data to set goals, appropriate learning targets and continually assess programs for their effectiveness in improving instruction. The EPSS was not intended as a resource allocation or overall strategic planning tool. The EPSS is currently being modified due to our collection of broad-based user input. We will be happy to share the latest iteration with the LFC.
- In relation to the New Mexico Standards-based Assessment (NMSBA), the NMSBA is intended to provide a snapshot in time of student performance and to meet the requirements of NCLB. In and of itself it is a summative assessment. Formative assessments are intended to help inform and modify instruction. The PED has been encouraging districts, particularly those that are low performing, to implement short-cycle or what is known as formative assessments. These assessments are given at least quarterly and provide timely input to teachers to modify instruction. The NMSBA takes into account the amount of instruction provided and tests accordingly.

RRPS uses the Northwest Evaluation Association for its short-cycle assessments, which are administered three times a year, in the fall, winter and spring. The district has also developed its own short-cycle assessment for math, which is administered quarterly. The use of this data has helped RRPS better meet the learning needs of its students.

New Mexico could test later in the year, however, that would mean moving from responses that are called constructed responses (show your work, demonstrate what you know) to multiple choice (fill in the blank type of assessment). It has been highly recommended from professionals in the field that the latter type of assessment, which provides unreliable results, is of a lesser quality and is basically a fill-in-the-bubble type assessment.

The testing contract will be up for renewal next year and the PED will certainly solicit broad-based input before the specifications for the RFP are developed.

Lastly, in terms of STARS, the potential for STARS to provide data to principals and classroom teachers is tremendous. For FY 09, PED requested \$7,350,000 to fund Phase 3 of the Data Warehouse. STARS Phase 3 will provide detailed performance information at the district and school levels by enhancing the interface available to district personnel and creating teacher-specific interfaces into the Data Warehouse. Phase 3 will provide disaggregated state data that can be used for decision making and will extend the STARS solution to the classroom by developing an enhanced education interface that school administrators, teachers and possibly parents could use to access information on student progress. However, the PED only received \$1.650 million to implement Phase 3. The PED is implementing a drastically reduced Phase 3 implementation plan as a result. To get STARS to meet its capacity will require appropriate levels of funding. The PED plans to request additional resources to the base budget.

- RRPS has the technical expertise to analyze NMSBA data as it's received each summer. But, again, the purpose of the NMSBA is to serve as a school accountability measure and not to drive instruction. Short-cycle assessments are the better way to drive instruction. However, RRPS does need to look longitudinally over the past three years at data from the NMSBA to assist with improving student performance. Again, RRPS has the technical expertise to accomplish this.
- Regarding the recommendation for individual schools in RRPS to benchmark student performance against peer schools to assess progress, it's difficult to judge the value of this strategy. Comparisons to peer schools may not reflect a high enough standard.
- Regarding concerns with ancillary staff, the PED has implemented new tools in STARS for better monitoring of this. Please note that FTE for students is determined based on a student's Individual Education Plan and not on a strict enrolee basis. Further, for the PED to approve all ancillary staff reported in excess of 100% would require additional staff in the Special Education Bureau.

Thank you.

Enclosures (6)

cc: James Jimenez, Chief of Staff, Office of the Governor  
Brian Conda, Director of Legislative Affairs, Office of the Governor  
David Abbey, Director, Legislative Finance Committee  
Paul Aguilar, Analyst, Legislative Finance Committee  
Charles Sallee, Analyst, Legislative Finance Committee  
Dr. Peter Winograd, Director, Office of Education Accountability  
Dr. Catherine Cross Maple, Deputy Secretary, Public Education Department  
Don Moyn, Deputy Secretary, Public Education Department  
Ruth Williams, Manager, Public Education Department

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**22-8-23.1. Enrollment growth program units.**

## Statute text

A. A school district or charter school with an increase in MEM equal to or greater than one percent, when compared with the immediately preceding year, is eligible for additional program units. The increase in MEM shall be calculated as follows:

$$\frac{(\text{Current Year MEM} - \text{Previous Year MEM})}{\text{Previous Year MEM}} \times 100 = \text{Percent Increase.}$$

The number of additional program units shall be calculated as follows:

$$((\text{Current Year MEM} - \text{Previous Year MEM}) - (\text{Current Year MEM} \times .01)) \times 1.5 = \text{Units.}$$

B. In addition to the units calculated in Subsection A of this section, a school district or charter school with an increase in MEM equal to or greater than one percent, when compared with the immediately preceding year, is eligible for additional program units. The increase in MEM shall be calculated in the following manner:

$$\frac{(\text{Current Year MEM} - \text{Previous Year MEM})}{\text{Previous Year MEM}} \times 100 = \text{Percent Increase.}$$

The number of additional program units to which an eligible school district or charter school is entitled under this subsection is the number of units computed in the following manner:

$$(\text{Current Year MEM} - \text{Previous Year MEM}) \times .50 = \text{Units.}$$

C. As used in this section:

- (1) "current year MEM" means MEM on the fortieth day of the current year;
- (2) "MEM" means the total school district or charter school membership, including early childhood education full-time-equivalent membership and special education membership, but excluding full-day kindergarten membership for the first year that full-day kindergarten is implemented in a school pursuant to Subsection D of Section 22-13-3.2 NMSA 1978; and
- (3) "previous year MEM" means MEM on the fortieth day of the previous year.

## History

History: 1978 Comp., § 22-8-23.1, enacted by Laws 1990 (1st S.S.), ch. 3, § 7; 1990 (1st S.S.), ch. 3, § 8; 2003, ch. 156, § 1; 2003, ch. 386, § 1; 2006, ch. 94, § 13.

Enchanted Hills was the highest performing elementary in Rio Rancho and also has the lowest occurrence of low income and minority students in the district. In its peer group Enchanted Hills performed on a very similar level to the schools with similar levels of low income students while being slightly outperformed by the schools with lower levels of low income students.

Vista Grande had higher levels of proficient students when compared to schools outside of RRPS and was very similar to schools within RRPS.

Maggie Cordova the newest elementary school in Rio Rancho and was one of the top performing schools in reading with a mid range percentage of economically disadvantaged students.

Rio Rancho Elementary performed at a slightly higher level than its peer schools both within and outside RRPS. The percentage of proficient students for Rio Rancho Elementary was higher than its peers in the four categories: All Students, Economically Disadvantaged, Reading, and Math.

### *Elementary Group 1*

Bluffview Elementary in Farmington outperformed Puesta del Sol in reading at the 3<sup>rd</sup> and 4<sup>th</sup> grade levels for "All Students" and for "Low-Income" students. Puesta del Sol's 5<sup>th</sup> grade "All Students" scores in math were significantly higher than Bluffview's. Northeast Elementary scores for "All Students" in reading were significantly higher than Puesta del Sol's. Puesta del Sol outperformed Matheson Park elementary at APS in math for "All Students" and "Low-Income" students in the 4<sup>th</sup> and 5<sup>th</sup> grades.

### *Elementary Group 2*

"Low-income" students at Rio Rancho elementary outperformed peers at Mitchell elementary at APS in reading.

### *Elementary Group 3*

"All students" scores and "low-income" student scores at Vista Grande outperformed peers at Ventana Ranch Elementary at APS.

### *Elementary Group 4*

Enchanted Hills "low-income" student's outperformed peers at APS's San Antonito Elementary in reading.

Enchanted Hills "All students" in the 4<sup>th</sup> grade outperformed peers at El Dorado in Santa Fe in reading and Enchanted Hills "low income" 4<sup>th</sup> graders outperformed peers at El Dorado in reading and math. Enchanted Hills "low income" 5<sup>th</sup> graders outperformed peers at El Dorado in reading and math. "All students" scores at Enchanted Hills outperformed peers at Chamiza Elementary at APS in both reading and math. Enchanted Hills 3<sup>rd</sup> and 5<sup>th</sup> graders "all students"

outperformed peers at Chamiza Elementary in math. Enchanted Hills "low-income" 5<sup>th</sup> graders outperformed peers at Chamiza in math and reading.

### *High School*

Math and reading scale scores for 11<sup>th</sup> graders at Rio Rancho High were compared with APS's Cibola, Eldorado, and Manzano high schools. RRHS's low-income students outperformed peers at Cibola in math and reading. RRHS's all student scores and low income student scores were significantly higher than peers at Manzano for math and reading. Eldorado's scores for all students outperformed peers at RRHS in math and reading. From highest to lowest performer, these schools would be Eldorado, RRHS, Cibola, and Manzano.

SUBPOPULATION / CONTENT AREA	SCHOOL (SY07)	MEAN SCALE SCORE	P- VALUE	HIGH PERFORMING DISTRICT
<b>GROUP 1</b>				
3rd grade - All students Reading	Bluffview Elementary	637.0	0.0001	Farmington
	Puesta del Sol Elementary	619.5		
3rd grade - EconDisadv Reading	Bluffview Elementary	630.4	0.0001	Farmington
	Puesta del Sol Elementary	610.7		
4th grade - All students Reading	Bluffview Elementary	652.1	0.001	Farmington
	Puesta del Sol Elementary	636.1		
4th grade - EconDisadv Reading	Bluffview Elementary	647.8	0.0059	Farmington
	Puesta del Sol Elementary	629.6		
5th grade - All students Math	Puesta del Sol Elementary	654.5	0.0171	Rio Rancho
	Bluffview Elementary	643.9		
All grades - All students Reading	Northeast Elementary	643.9	0.0448	Farmington
	Puesta del Sol	637.5		
4th grade - All students Math	Puesta del Sol	640.4	0.0434	Rio Rancho
	Northeast Elementary	630.5		
4th grade - All students Math	Puesta del Sol	640.4	0.0021	Rio Rancho
	Matheson Park Elementary	621.4		
4th grade - EconDisadv Math	Puesta del Sol	636.1	0.0002	Rio Rancho
	Matheson Park	609.3		
5th grade - All students Math	Puesta del Sol	654.5	0.014	Rio Rancho
	Matheson Park	642.0		
5th grade - EconDisadv Math	Puesta del Sol	645.9	0.0313	Rio Rancho
	Matheson Park	633.9		

SUBPOPULATION / CONTENT AREA	SCHOOL (SY07)	MEAN SCALE SCORE	P- VALUE	HIGH PERFORMING DISTRICT
<b>Group 2</b>				
All grades - EconDisadv Reading	Rio Rancho Elementary	646.6	0.0052	Rio Rancho
	Mitchell Elementary	633.1		
<b>Group 3</b>				
All grades - All Students Reading	Vista Grande Elementary	656.9	0.0021	Rio Rancho
	Ventana Ranch Elementary	649.8		
All grades - EconDisadv Reading	Vista Grande Elementary	647.3	0.0147	Rio Rancho
	Ventana Ranch Elementary	636.5		
All grades - All Students Math	Vista Grande Elementary	645.6	0.0001	Rio Rancho
	Ventana Ranch Elementary	632.4		
All grades - EconDisadv Math	Vista Grande Elementary	634.1	0.0004	Rio Rancho
	Ventana Ranch Elementary	617.6		
<b>Group 4</b>				
All grades - EconDisadv Reading	Enchanted Hills Elementary	649.5	0.0431	Rio Rancho
	San Antonito Elementary	632		
5th grade - All students Math	Enchanted Hills Elementary	675.8	0.0085	Rio Rancho
	San Antonito Elementary	663.4		
4th grade - All students Reading	Enchanted Hills	656.8	0.0048	Rio Rancho
	El Dorado	643		
4th grade - EconDisadv Reading	Enchanted Hills	643.2	0.0004	Rio Rancho
	El Dorado	608.6		
5th grade - EconDisadv Reading	Enchanted Hills	680.6	0.0391	Rio Rancho
	El Dorado	660.2		
5th grade - EconDisadv Math	Enchanted Hills	675.5	0.0114	Rio Rancho
	El Dorado	647.7		

All grades - All students Math	Enchanted Hills	651.7	0.0002	Rio Rancho
	Chamiza	640.7		

All grades - All students Reading	Enchanted Hills	660.7	0.0326	Rio Rancho
	Chamiza	655.1		

SUBPOPULATION / CONTENT AREA	SCHOOL (SY07)	MEAN SCALE SCORE	P- VALUE	HIGH PERFORMING DISTRICT
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**Group 5**

11th grade - All students Reading	Eldorado	636.4	0.0001	APS
	Rio Rancho High	627.5		

11th grade - All students Math	Eldorado	605.2	0.0001	APS
	Rio Rancho High	596.2		

11th grade - EconDisadv Reading	Rio Rancho High	618.2	0.0062	Rio Rancho
	Cibola	600.1		

11th grade - EconDisadv Math	Rio Rancho High	585.3	0.0213	Rio Rancho
	Cibola	572.9		

11th grade - All students Reading	Rio Rancho High	627.5	0.001	Rio Rancho
	Manzano	620.0		

11th grade - All students Math	Rio Rancho High	596.2	0.0001	Rio Rancho
	Manzano	587.2		

11th grade - EconDisadv Reading	Rio Rancho High	618.2	0.0018	Rio Rancho
	Manzano	603.5		

11th grade - EconDisadv Math	Rio Rancho High	585.3	0.0032	Rio Rancho
	Manzano	572.6		

NOTE: Two tailed T-tests were calculated and only results that met a test for statistical significance with a P-value of 0.05 or lower are reported. This means there is a least a 95% probability that the result did not occur by chance.