

State of New Mexico  
LEGISLATIVE EDUCATION STUDY COMMITTEE

REPRESENTATIVES

Rick Miera, Vice Chair  
Joni Marie Gutierrez  
Dianne Miller Hamilton  
Mimi Stewart  
Thomas E. Swisstack  
W. C. "Dub" Williams

State Capitol North, 325 Don Gaspar, Suite 200  
Santa Fe, New Mexico 87501  
PH: (505) 986-4591 FAX: (505) 986-4338  
<http://legis.state.nm.us/lcs/lesc/lescdefault.asp>

SENATORS

Cynthia Nava, Chair  
Gay G. Kernan  
Mary Kay Papen  
William E. Sharer

ADVISORY

Ray Begaye  
William "Ed" Boykin  
Kandy Cordova  
Roberto J. Gonzales  
Jimmie C. Hall  
John A. Heaton  
Harriet I. Ruiz  
Sheryl M. Williams Stapleton  
Richard D. Vigil  
Teresa A. Zanetti



ADVISORY

Vernon D. Asbill  
Mark Boitano  
Carlos R. Cisneros  
Dianna J. Duran  
Mary Jane M. Garcia  
John Pinto  
Leonard Tsosie

D. Pauline Rindone, Ph.D., Director  
Frances R. Maestas, Deputy Director

September 12, 2006

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** Frances R. Maestas

**RE: STAFF BRIEF: REGIONAL EDUCATION COOPERATIVES (RECs)**

---

The 2006 Interim Workplan of the Legislative Education Study Committee (LESC) includes a presentation by representatives of New Mexico's Regional Education Cooperatives (RECs) for the establishment of a permanent operational base for RECs from General Fund dollars.

**Issues:**

- According to the Public Education Department (PED), nine RECs currently serve 58 of New Mexico's public school districts and charter schools and other state-supported facilities, including juvenile justice sites statewide, the Children's Psychiatric Hospital, the Department of Corrections, and the Sequoyah Adolescent Treatment Center.
- PED notes that the services offered by RECs vary. In addition to serving as administrators of some *Individuals with Disabilities Education Act* (IDEA) funds and providing technical assistance to participating districts on special education issues, some RECs have expanded as permitted by the act to provide services from sources such as:
  - the federal *Drug-Free Schools and Communities Act of 1986*;
  - the federal *No Child Left Behind Act of 2001* (NCLB) Reading First and Transition to Teaching initiatives; and
  - the federal *Carl D. Perkins Act*.

- No funding sources are currently required in regulation or statute for the operation of RECs. However, PED states that \$1.0 million in federal IDEA-Part B funds is set aside annually to be allocated equally among the RECs for infrastructure costs. For FY 07, the nine RECs currently in operation received \$111,000 for these costs. PED reports that RECs manage all of the flow-through IDEA funds for their member districts and have agreements to allocate some of those funds to operate their offices. RECs may also support programs and operations through other state and federal grants and contracts.
- In the 2005 interim, the (PED) reported that PED entered into a contract with an independent contractor, Kardas, Abeyta & Weiner, P.C., for a reconciliation of their federal flow-through funds and a review of the entire federal fund distribution process.
- One of the recommendations of the review, they reported, was for PED to distribute federal flow-through dollars to eligible recipients on a reimbursement basis as required by the *Federal Cash Management Information Act*. Subsequently, beginning in FY 06, PED established a process that that reimburses federal flow-through recipients funds twice monthly; however, the process resulted in a cash flow problem for RECs because these entities operate almost entirely on federal funding.
- In 2006, the Executive recommendation for public school support included a request for a \$750,000 to PED to be distributed at the beginning of each fiscal year to address funding shortfalls of RECs “due to structural federal reimbursement cycles and the state fiscal year.” Quoting from the language in the Executive recommendation: “A condition of this recommendation is that each REC must retain an equivalent cash balance account at the end of the fiscal year to meet operational requirements for the beginning of the new fiscal year. Without such a cash reserve, RECs will be severely limited in their capacity to serve small and rural school districts. The funding is a one-time, nonrecurring request. PED plans to develop the rule governing the ‘float’ prior to allocation of the funding.”
- In 2006, the Legislature provided \$750,000 in a special nonrecurring appropriation to PED to provide temporary cash flow assistance for REC operations. The appropriation included language that:
  - allows PED to advance dollars to an REC with a justified need only after determining that the cooperative has met certain requirements, including a timely audit, compliance with financial reporting requirements, and financial stability;
  - requires an REC to return any advances to PED by June 30, 2007; and
  - allows these dollars to remain available for advances to RECs in FY 08.
- According to the Department of Finance and Administration (DFA), to date, none of the \$750,000 appropriated to PED has been expended; however, PED reports that it has received a request for \$250,000 from REC #5 Central (Albuquerque).
- According to the RECs, the PED process for distribution of the appropriation of the 2006 Legislature has not provided cash assistance to RECs in a timely manner; therefore, RECs are requesting a permanent operational base to sustain the REC’s current infrastructure on a yearly basis and to expand and enhance regional educational services for all New Mexico schools, families, and communities.

## **Background:**

- In 1984, the former State Board of Education (SBE) by regulation authorized the creation of Regional Center Cooperatives (RCCs) to submit consolidated applications to PED to provide services to groups of school districts and other eligible state-supported schools for eligible school-aged children under the federal *Education of the Handicapped Act*, now known as the IDEA.
- In 1993, the *New Mexico Regional Cooperative Education Act* was enacted to permit the State Board of Education (now PED) to authorize the formation of RECs to provide education-related services. According to the statute, RECs are deemed individual state agencies administratively attached to PED.
- In 2001, the act was amended by the Legislature to transfer oversight of REC budgets and expenditures from the DFA to SBE, and to authorize the State Superintendent of Public Instruction to designate RECs as boards of finance whose appropriations are deposited directly to them. By 2001, all nine RCCs had become authorized RECs pursuant to the act.
- Under the act, each REC must be governed by a regional education coordinating council composed of the superintendents or chief administrative officers of the participating districts and state schools. Councils' duties include adopting a budget and administrative guidelines for the REC and hiring the executive director and other necessary staff.
- The law also required PED, working with the RECs, to develop a statewide long-range plan for educational and technical assistance activities in public and charter schools served by cooperatives, and to provide annual reports to the LESC, the Legislative Finance Committee, and the Governor.
- The law authorizes REC coordinating councils to provide the following expanded list of services to participating entities, at the direction of their councils:
  - education-related services;
  - technical assistance and staff development opportunities;
  - cooperative purchasing capabilities and fiscal management opportunities; and
  - such additional services as the entities may determine to be appropriate.

## **Presenters:**

Ms. Sandy Gladden, Director, Regional Education Cooperative #9, and Mr. Don Moya, Deputy Secretary for Finance and Operations, PED, will discuss issues relating to the distribution of the appropriation for RECs provided by the 2006 Legislature and the establishment of a permanent operational base for RECs from General Fund dollars.

**Questions the committee may wish to consider:**

1. What are some of the reasons why PED did not distribute dollars from the appropriation provided by the 2006 Legislature to address funding shortfalls of RECs at the beginning of the fiscal year?
2. How have RECs continued to operate without a distribution of these funds?
3. What other revenue sources fund REC operations?
4. What factors were considered in determining an amount for a permanent operational base for RECs?
5. If the Legislature appropriates General Fund dollars to RECs, how will they comply with the *Accountability in Government Act*?
6. What changes in current law may need to be considered?