New Mexico Public Education: Mid-Session Review

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Presentation Overview

- Mid-Session Fiscal Summary
- Description of the New Mexico Sufficiency Lawsuit
- Review of Evidence-Based Programs
New Mexico’s Fiscal Stability:
Recurring General Fund Year-Over-Year Revenue and Appropriations Growth

Source: LFC Files
FY19 and FY20 Overview

- $1.1 billion in “New Money” in FY20.
- HB2 $688 million.
- $1.3 billion in “excess” one-time, non-recurring funding in FY19.
- Other major spending components – Roads, Capital Outlay, Taxes.
Major Focus going into Session for LFC

- NCSL *No Time to Lose*
- LFC/LESC Interim Coordination
- High Quality Teaching and Effective School Leadership
- Extended Learning Opportunities, particularly for At-Risk Students
- Effective and Efficient Administration and Accountability.
New Mexico General Fund Appropriations Recommendation for FY20: $7 Billion Total (in Millions)

- Public Schools, $3,251.6, 46%
- Rest of State Gov. and Higher Education, $3,761.7, 54%

Source: LFC Files
### State Funding for Public Schools, FY20 HB2 Increases

#### Formula Funding:
- Allocated by a funding formula called the **State Equalization Guarantee (SEG)** formula.
- Instructional Materials Funding moved to operational funding in HB2.
- School districts and charter schools have discretion over how to spend operational funds.

#### Categorical (“Middle-of-the-Line”) Funding:
- Allocated by formulae for specific programs, e.g. transportation.
- School districts and charter schools must use categorical funds for categorical programs.

#### PED Initiative (“Below-the-Line” or “Related Recurring”) Funding:
- Allocated by the Public Education Department (PED) for initiatives and pilot projects.
- School districts and charter schools generally apply for competitive grants from the PED.

Source: LFC Files

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula Funding:</td>
<td>$3.1 Billion</td>
</tr>
<tr>
<td>Categorical Funding:</td>
<td>$103 Million</td>
</tr>
<tr>
<td>PED Initiative Funding:</td>
<td>$63.1 Million</td>
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</tbody>
</table>

($489 million, 19% increase)
Major Funding Items in Formula (HAFC - HB2)

- At-Risk Student Funding: $113 million
- K-5 Plus Funding: $119 million
- Extended Learning Time Programs: $62 million
- Salary Increases (6%) and Increased Minimum Salaries ($162.3 million)
- Instructional Materials ($30 million) and a separate $26.5 million special
- Bilingual program funding gets a 20% increase ($6.9 million)
- Insurance, Fixed Costs, ERB Increases
- Much of the Funding is tied to HB5/SB1

Source: LFC Files
Categorical, Related Recurring, and Other Funding

- Transportation: $113.6 million
- PreK: $42 million
- School Buses: $33 million
- Teacher Loan Repayment: $25 million
- State-Support Reserve and Education Reforms: $65 million

Source: LFC Files.
Note: PreK funding includes federal funds.
Final FY18 Public School Operational Funding Allocated by SEG Formula Components (in Millions)

Source: LFC files.
Historical New Mexico Public School Operational SEG Funding

New Mexico Public School Funding (in Billions)

Source: LFC Files.
Note: ARRA refers to the federal American Recovery and Reinvestment Act of 2009.
Distribution of Increased Funding in the SEG Formula

Change in Formula Funding
FY08-FY13*

- Districts
- Charters

$60,309,091

$64,269,067

Source: LFC Files. *FY13 Preliminary. All other Final Funded Run Program Cost
Distribution of Increased Funding in the SEG Formula

Formula Funding Change from FY08 to FY18
(in Millions)

<table>
<thead>
<tr>
<th>School Districts</th>
<th>Charter Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>$107.2</td>
<td>$122.3</td>
</tr>
</tbody>
</table>

FY18 School District and Charter School Student Enrollment

<table>
<thead>
<tr>
<th>School Districts</th>
<th>Charter Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>304,413</td>
<td>24,627</td>
</tr>
</tbody>
</table>

Source: LFC analysis of PED data.
Note: Formula funding measured as program cost.

Source: LFC analysis of PED data.
Note: Enrollment measured as student membership (MEM)
Percent Increases in Public School Operational Spending: $370 Million (16 Percent) Total Increase from FY07 to FY17

Source: LFC analysis of PED data
Public Schools: Statewide Unrestricted Cash Balances in Operating Budgets (in Thousands)

Source: LFC analysis of PED data
New Mexico Public Education: Academic Performance is Well Below Targets.

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY16 Actual</th>
<th>FY17 Actual</th>
<th>FY18 Target</th>
<th>FY18 Actual</th>
<th>Program Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fourth-grade students who are proficient on standards-based assessments in reading</td>
<td>25%</td>
<td>25.2%</td>
<td>30%</td>
<td>29.1%</td>
<td>Y</td>
</tr>
<tr>
<td>Fourth-grade students who are proficient on standards-based assessments in mathematics</td>
<td>23.1%</td>
<td>23.1%</td>
<td>30%</td>
<td>25.6%</td>
<td>R</td>
</tr>
<tr>
<td>Eighth-grade students who are proficient on standards-based assessments in reading</td>
<td>25.7%</td>
<td>27.9%</td>
<td>30%</td>
<td>29%</td>
<td>Y</td>
</tr>
<tr>
<td>Eighth-grade students who are proficient on standards-based assessments in mathematics</td>
<td>19.2%</td>
<td>20.2%</td>
<td>30%</td>
<td>20.8%</td>
<td>R</td>
</tr>
<tr>
<td>Recent high school graduates who take remedial courses at higher education institutions</td>
<td>43.1%</td>
<td>37.2%</td>
<td>&lt;35%</td>
<td>NR</td>
<td>R</td>
</tr>
<tr>
<td>Four-year cohort graduation rate</td>
<td>71%</td>
<td>71%</td>
<td>75%</td>
<td>NR</td>
<td>R</td>
</tr>
</tbody>
</table>

Source: LFC FY18 Fourth Quarter PED Report Card p.2
New Mexico Education Sufficiency Lawsuit: Yazzie and Martinez v. State of New Mexico

- The plaintiffs alleged that New Mexico is not meeting its constitutional obligation to provide sufficient funding and programming for at-risk public school students.

- In July and December, the District Court ruled that:
  1) Outputs are “dismal” and therefore…
  2) Inputs (funding/programming) must be insufficient; and
  3) Oversight over public education should be enhanced.
National Student Average Test Scores, Grades 3-8, 2009-2013 (Green = Positive, Purple = Negative)

Source: Stanford Education Data Archive.
National Student Average Test Score Growth, Grades 3-8, 2009-2013 (Green = Positive, Purple = Negative)

Source: Stanford Education Data Archive.
Findings from NM Longitudinal Data:
Students Generally Gain a Year’s Worth of Learning Each Year

Grade Level Proficiency in PARCC Reading Exam
From 3rd Through 6th Grade, SY15-SY18

Source: LFC analysis of PED data.
Note: Average state reading scores for each year were divided by 750 (the proficiency threshold score) and then multiplied by the grade level number. A score of 750 in third grade would be a value of three in these charts.
New Mexico Achievement Gaps: Low Income Students Start Off Academically Behind

Source: LFC analysis of PED data.
What Works in Public Education:
Eight Characteristics of High-Performing Schools.

What Works in Public Education: Targeting Resources to Evidence-Based Practices.

- New Mexico should systemically prioritize implementing programs and education interventions proven through rigorous research to improve student outcomes and that are cost beneficial.

- Targeting increased spending on certain populations of students with evidence-based interventions yields better and more cost-beneficial results than simply increasing funding.

- Results First report focuses on evidence-base for the following school interventions:
  - Teacher Quality – Page 14.
  - College and Career Readiness – Page 23.
  - Class Size – Page 25.
What Works in Public Education: Targeting Resources to Evidence-Based Practices.

While there is no silver bullet for improving outcomes, analysis can help identify evidence-based practices to improve student and teacher success.

- Class size reduction can have modest positive effects on student outcomes in early grades, but is less cost-beneficial in later grades.
- Teacher professional development on data-driven instruction has greater cost-benefit impact than other types of professional development.
- Creating more time for student learning and enrichment can improve outcomes, but additional time must be high quality.

Low-income schools tend to have lower student proficiency, but many low-income schools can have high proficiency.

**Relationship between Elementary Schools’ PARCC 3rd Grade Reading Proficiency and Percent of Students with Low Income, SY17**
(N = 399 New Mexico Elementary Schools)

Source: LFC analysis of PED data.
Longitudinal Data: Student Mobility affects Student Academic Achievement

Percent of Students Proficient on SY16 PARCC by Number of School Changes, SY13-SY16

New Mexico 4-Year-Old Service Capacity: Care and Education

Source: LFC Files, DOH
Notes: Represents funded slots not accounting for children enrolled in multiple services or seasonality
*Includes American Indian Head Start Programs (slots)=685
+Estimated from free/reduced lunch participation rates in New Mexico public schools (185 percent of federal poverty level)
Misc=City of Albuquerque and City of Santa Fe funded slots
Prekindergarten Performance

Student Third Grade Reading Proficiency by PreK Enrollment and Free and Reduced Lunch (FRL) Status, FY16

Prekindergarten Participation and 5th Grade PARCC Reading Proficiency in FY16

PreK and K-3 Plus can help close the Achievement Gap

Source: LFC 2017 Early Childhood Accountability Report. p.9
Conclusion

- The state’s response to the education sufficiency lawsuit will likely lead to significant changes for New Mexico public education.

- New Mexico needs to strategically target funding to what works and monitor education spending.
For More Information
    ▪ Session Publications – Budgets
      ▪ Performance Report Cards
        ▪ Program Evaluations

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