



# New Mexico Public Education: Funding, Performance, and Early Childhood Interventions

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January 24, 2019

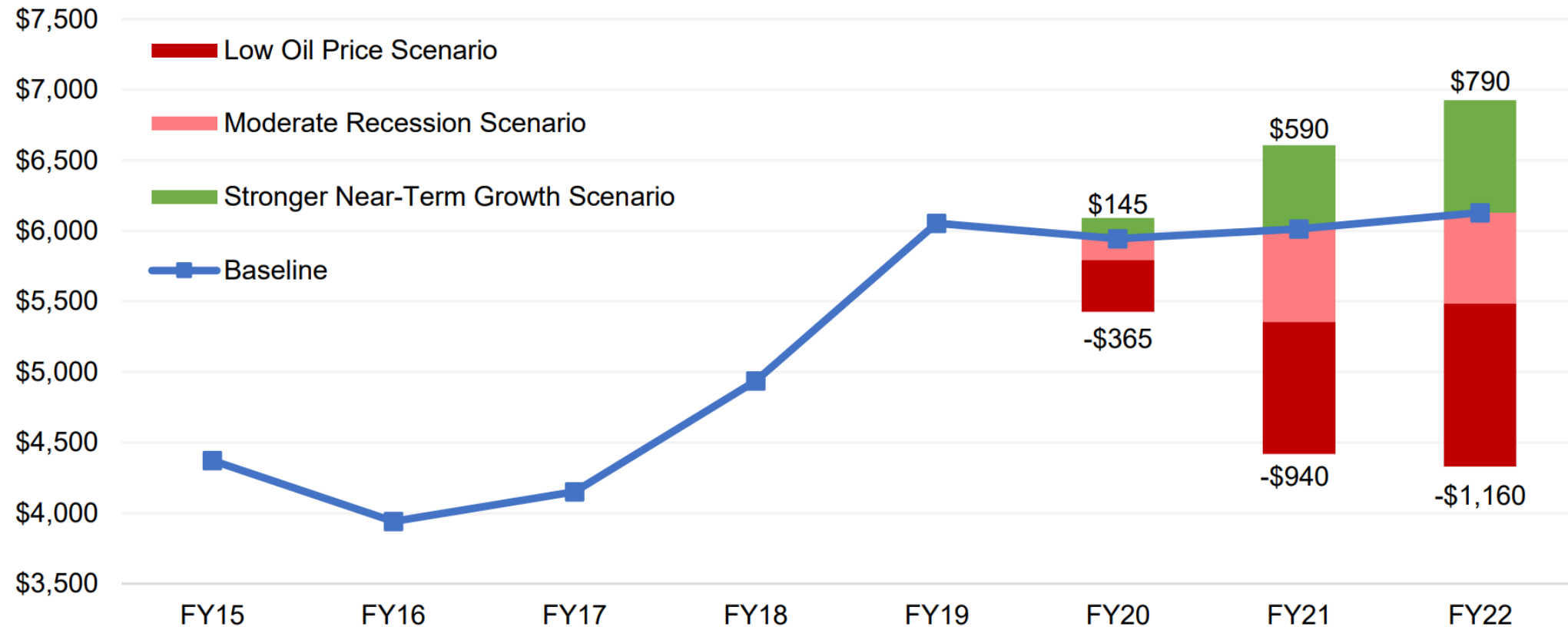
# Total State Funding: General Fund Revenue Forecast for FY21

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- The New Mexico Consensus Revenue Estimating Group is comprised of economists from the LFC and the state departments of finance, taxation, and transportation.
- As of December 2019, the Consensus Revenue Estimating Group forecasts \$787 million in new money for the state in FY21.
- The current revenue estimate for FY21 is \$109 million lower than earlier estimates due to slowing oil and gas production.



# Total State Funding: General Fund Revenue Sensitivity Analysis (in Millions)



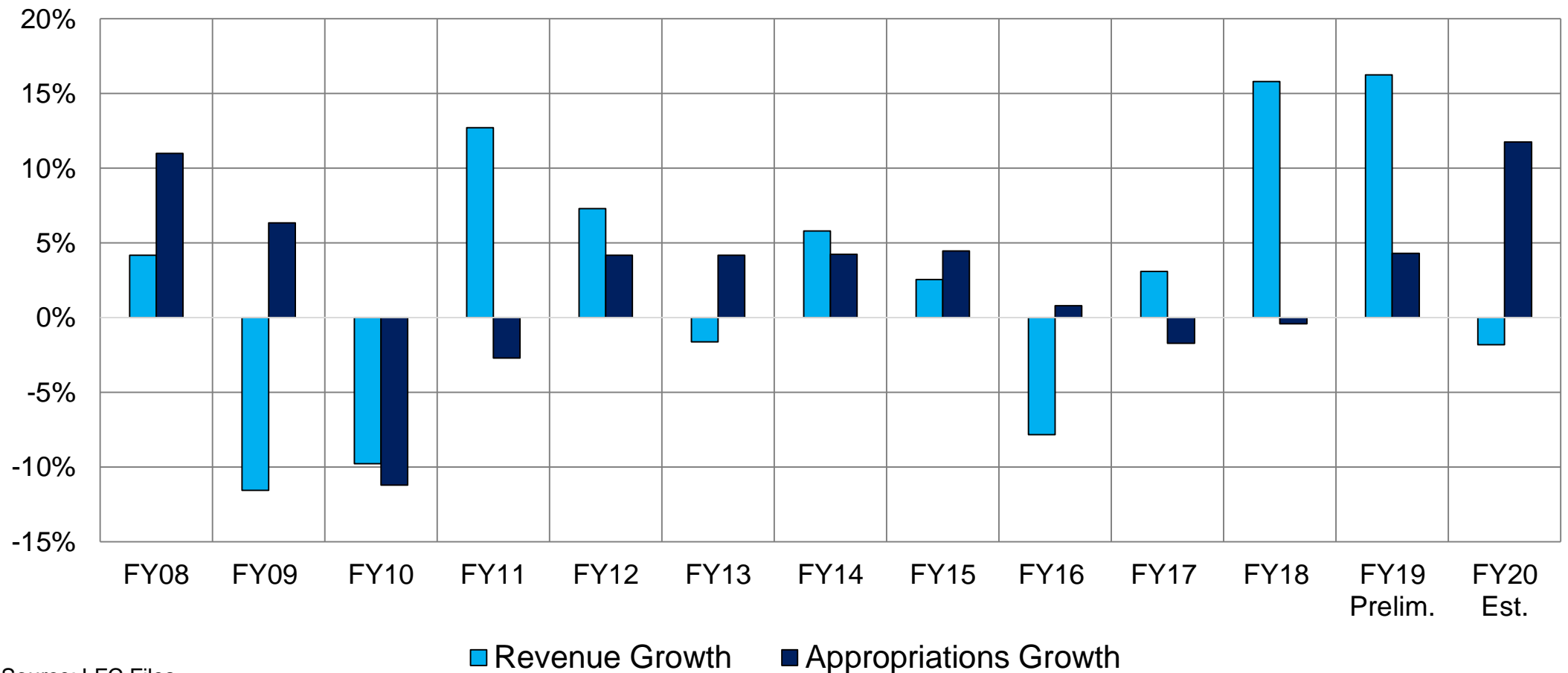
\*Includes revenues from severance taxes (including any tax stabilization reserve distributions), federal mineral leasing payments, personal income taxes, and gross receipts taxes.

Source: December 2019 Consensus Revenue Estimate, Moody's Analytics



# New Mexico's Fiscal Stability:

## Recurring General Fund Year-Over-Year Revenue and Appropriations Growth



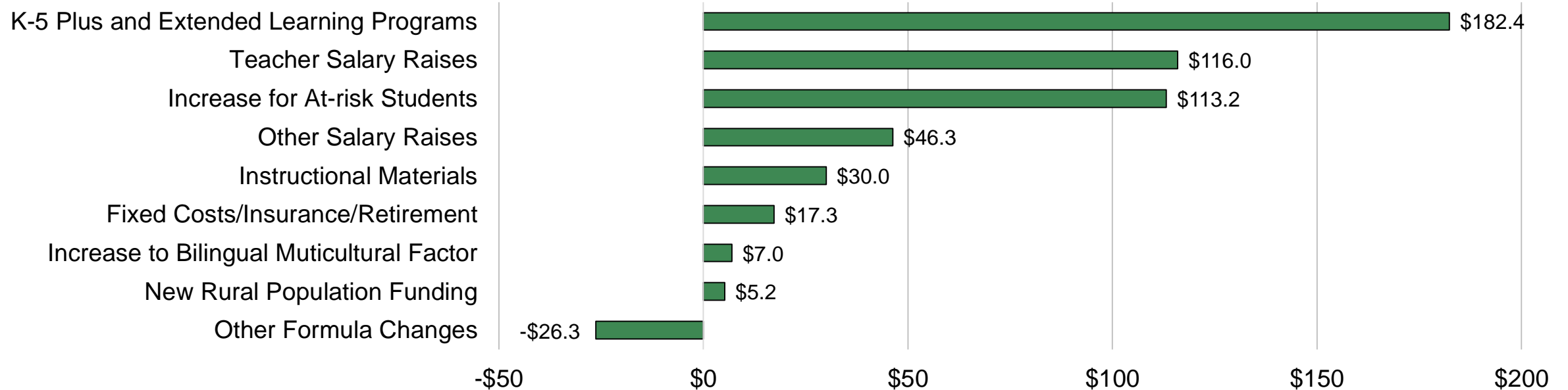
Source: LFC Files



# Increased Public Education Appropriations in FY20:

A \$491 million (19 percent) increase in Formula Funding from \$2.6 billion to \$3.1 billion

## Changes in Public Education Program Cost Funding FY19 to FY20 (in millions)



Note: The "other formula changes" category reflects decreases to program cost from decreased student enrollment, phasing-out small school funding in large districts, and setting a public school age limit of 22.

Source: LFC (May 2019) Post-Session Review.



# Context: Appropriations Grow while Student Enrollment Falls (FY16 to FY20)

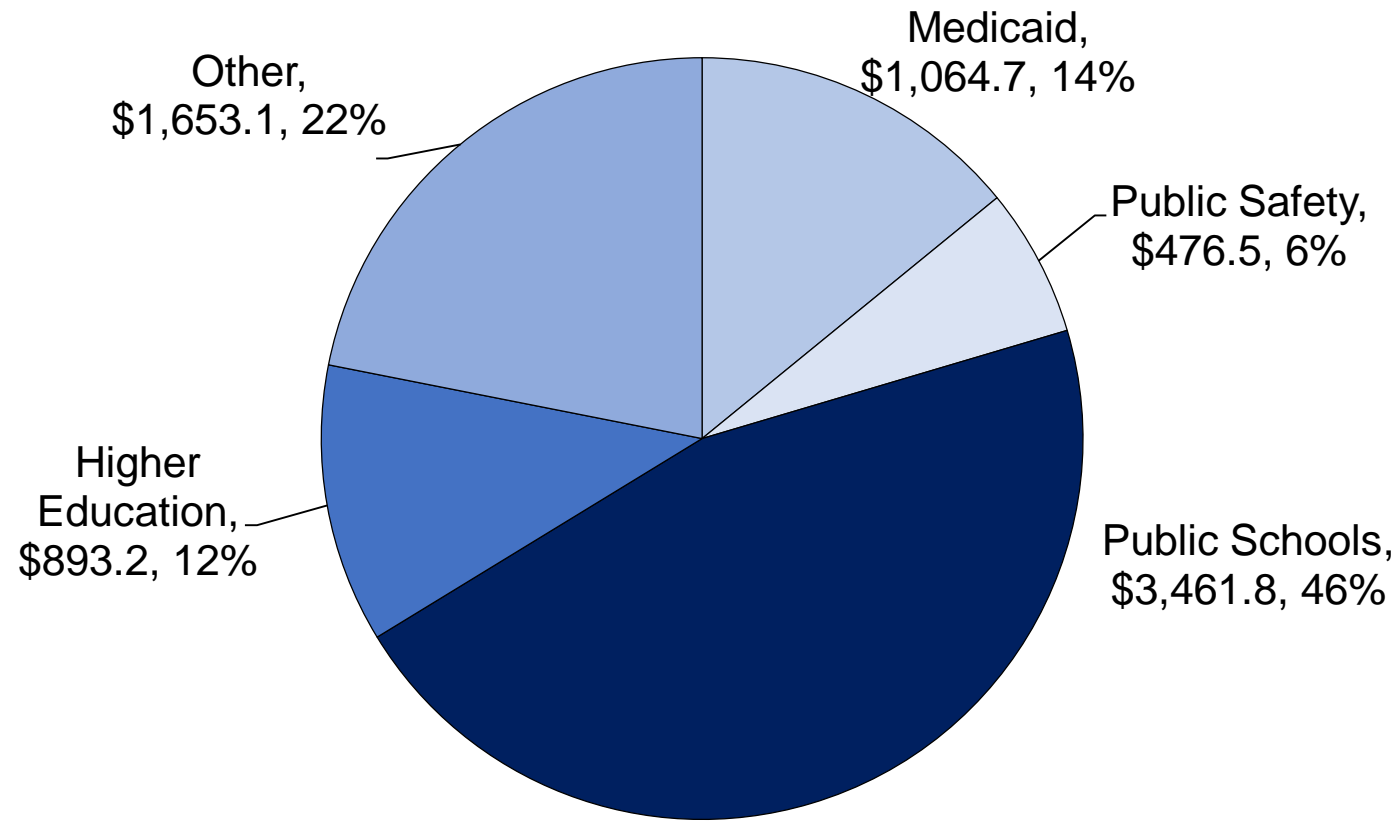
	Enrollment (MEM)	Appropriations (Program Cost)
Albuquerque	-7%	13%
Central Consolidated	-7%	9%
Cuba	-6%	33%
Deming	-3%	35%
Gadsden	-4%	27%
Gallup	-2%	25%
Lake Arthur	-26%	6%
Las Cruces	-1%	18%
Magdalena	-11%	2%
Moriarty	-6%	10%
Rio Rancho	1%	22%
Santa Fe	-6%	14%
<b>Statewide</b>	<b>-3%</b>	<b>23%</b>

Source: LFC analysis of PED data.



# LFC FY21 Recurring General Fund Appropriation Recommendation: \$7.5 Billion Total (in Millions)

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Source: LFC (2020) Budget Recommendation for FY21. Vol. I, p.1  
Note: Public Schools include prekindergarten transfer



# LFC FY21 Rec: State Funding for Public Schools

## Formula Funding:

- Allocated by a funding formula called the **State Equalization Guarantee (SEG)** formula.
- Instructional Materials Funding moved to operational funding in 2019 state budget.
- School districts and charter schools have discretion over how to spend operational funds.

**\$3.2  
Billion**  
(\$167 million,  
5.4% increase)

## Categorical Funding:

- Allocated by formulae for specific programs, e.g. transportation.
- School districts and charter schools must use categorical funds for categorical programs.

**\$131.4  
Million**

## 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.

**\$32.9  
Million**

Source: LFC (2020) Budget Recommendation for FY21, Vol. II, p.407-408





# LFC and Executive Recurring General Fund Recommendations for FY21

- Total public education funding is about the same in both the LFC and Executive recommendations.
- The Executive recommendation funds more PED initiatives, while the LFC has a larger funding increase for public school transportation.
- Directionally, both recommendations are very similar.

**Comparison of FY21 General Fund Budget Recommendations**

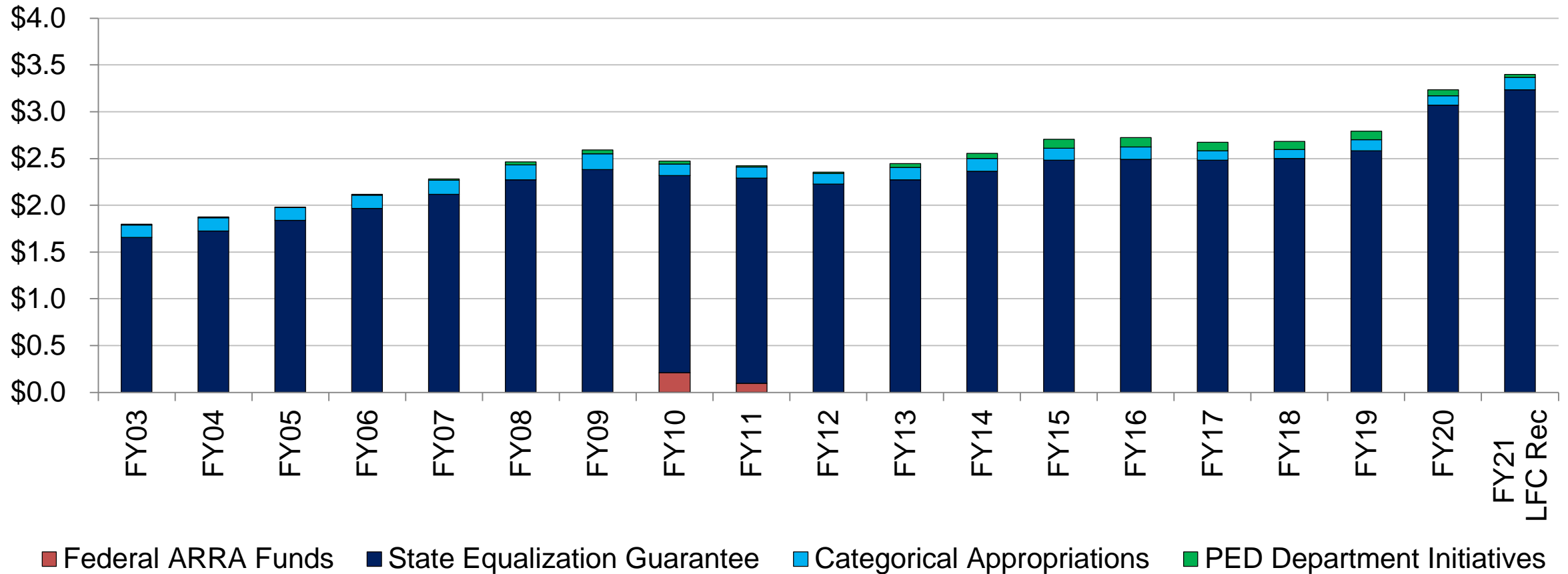
Category		FY20 OpBud	FY21 Executive Rec.	% Increase	FY21 LFC Rec.	% Increase
Public Education Budget	SEG Formula	\$3,068.8	\$3,236.3	5.5%	\$3,235.5	5.4%
	Categorical	\$102.9	\$110.3	7.1%	\$131.4	27.7%
	PED Initiatives	\$26.8	\$52.2	94.6%	\$33.0	22.8%
	PED Budget	\$13.6	\$15.1	10.9%	\$14.9	9.4%
	<b>Total Public Education</b>	<b>\$3,212.2</b>	<b>\$3,414.0</b>	<b>6.3%</b>	<b>\$3,414.7</b>	<b>6.3%</b>
<b>Total State Budget</b>		<b>\$7,085.3</b>	<b>\$7,679.9</b>	<b>8.4%</b>	<b>\$7,549.2</b>	<b>6.5%</b>

Sources: LFC and Executive Budget Recommendations for FY21

Note: Does not include prekindergarten transfer.



# Recurring General Fund Appropriations for Public Education (in Billions)



Note: ARRA means American Recovery and Reinvestment Act.

Source: LFC Files



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



The LFC education budget recommendation is:

- informed by national and state research, and
- developed in conversation with the LESC and educational stakeholders.



# Cost-Benefit Analysis: Examining What Works

## Summary of Teacher Quality Interventions.

Intervention	Evidence of Positive Impact	Benefit-to-Cost-Ratio	Chance Benefits Will Exceed Cost	Effect Size on Test Scores
Teacher professional development	<b>Strong</b> ( <i>depends on model</i> )			
<i>Use of data to guide instruction</i>		\$132	98%	0.117
<i>Targeted</i>		\$38	79%	0.071
<i>Online, targeted</i>		\$9	61%	0.020
<i>Induction/mentoring</i>		\$0	38%	0.046
<i>Not targeted</i>		\$6	60%	0.000
Teacher coaches/consultant teachers	<b>Strong</b> ( <i>depends on model</i> )			
<i>Content-focused coaching</i>		\$190	94%	0.107
<i>Online coaching</i>		\$93	92%	0.082
<i>Literacy collaborative</i>		\$32	99%	0.428
<i>Coaching</i>		\$28	81%	0.060
Teacher experience	<b>Strong</b>	\$13	99%	0.058
Teacher performance pay	<b>Strong</b>	\$22	87%	0.019
Incentives for hard to staff subjects/schools	<b>Strong</b>	<i>Not in RF</i>		
Teacher evaluation systems	<b>Promising</b>	<i>Not in RF</i>		
Teacher residency programs	<b>Promising</b>	<i>Not in RF</i>		
National Board Certification	<b>Mixed or Inconclusive*</b>	<i>Not in RF</i>		
Grow Your Own programs	<b>Mixed or Inconclusive</b>	<i>Not in RF</i>		
Teacher graduate degrees	<b>No Effect</b>	\$0	7%	0.000

\* Indicates that program is included in a social policy clearinghouse  
Source: Results First, using New Mexico assumptions

Source: LFC (2019) Results First: Education Initiatives. p.15



# Reform Framework

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- High Quality Teaching and School Leadership
- Extended Learning Opportunities
- Effective Oversight and Accountability



# The LFC FY21 Public Education Recommendation Includes...

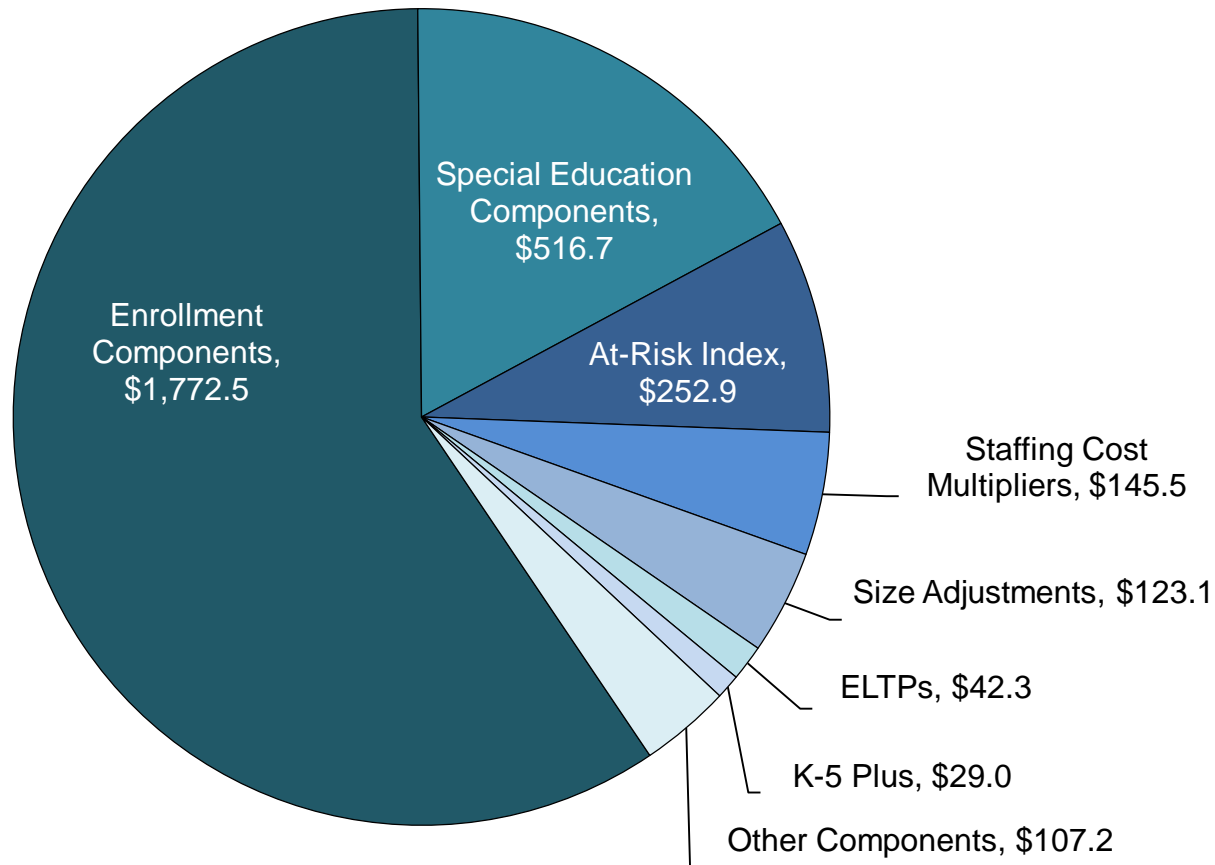
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- \$70 million for an average 3 percent compensation increase for school personnel,
- \$37 million in additional compensation for teachers with extra responsibilities,
- \$27 million in additional transportation funding (replaces bond funding with general fund dollars),
- \$20 million in additional funding for at-risk students,
- \$12 million for mentorship and professional development, and
- \$9 million in additional Extended Learning Time Program (ELTP) funding with flexibility to leverage \$51 million in unspent K-5 Plus funds.



# FY20 Public School Operational Funding Allocated by SEG Formula Components (in Millions)



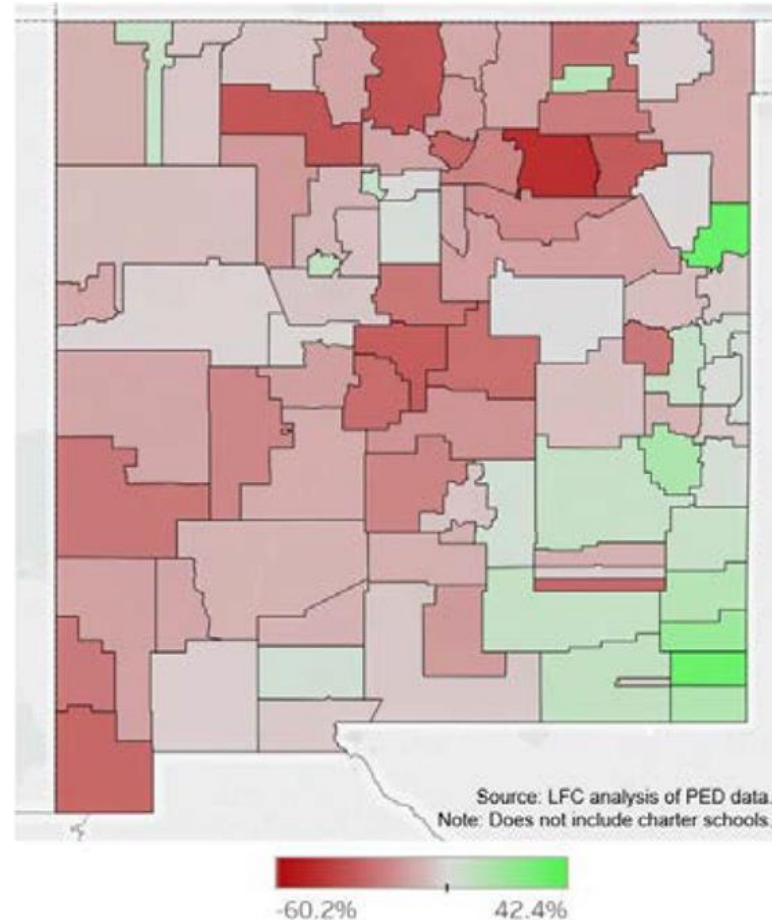
Formula Components	Program Cost Funding	Percent of Total
Enrollment Components	\$1,772.5	59%
Special Education Components	\$516.7	17%
At-Risk Index	\$252.9	8%
Staffing Cost Multipliers	\$145.5	5%
Size Adjustment Components	\$123.1	4%
Extended Learning Time Programs	\$42.3	1%
K-5 Plus Programs	\$29.0	1%
Other Components	\$107.2	4%
<b>Total</b>	<b>\$2,989.1</b>	<b>100.0%</b>

Note: Later in FY20, PED will increase monthly allocations to school districts and charter schools in order to allocate the full \$3.1 billion appropriation by the end of FY20.  
Source: LFC analysis of Preliminary FY20 SEG Funding Formula





# Percent Changes in School District Student Membership, FY09 to FY19



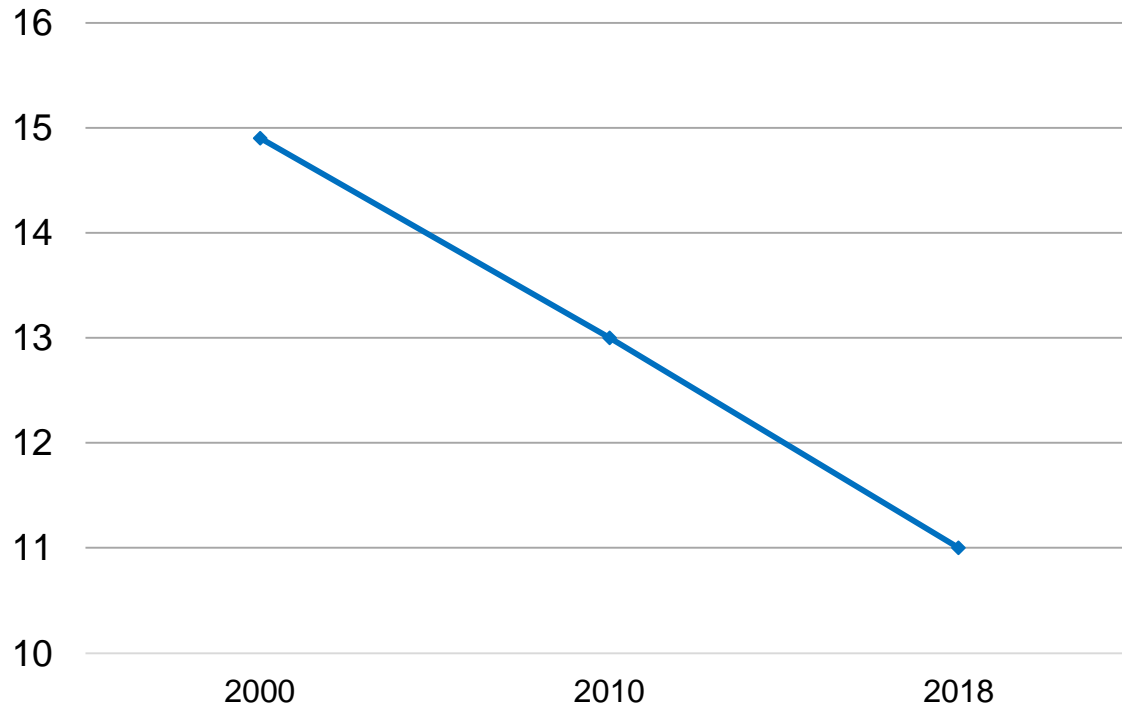
Source: LFC (2019) Program Evaluation:  
North Central School Districts. p.10





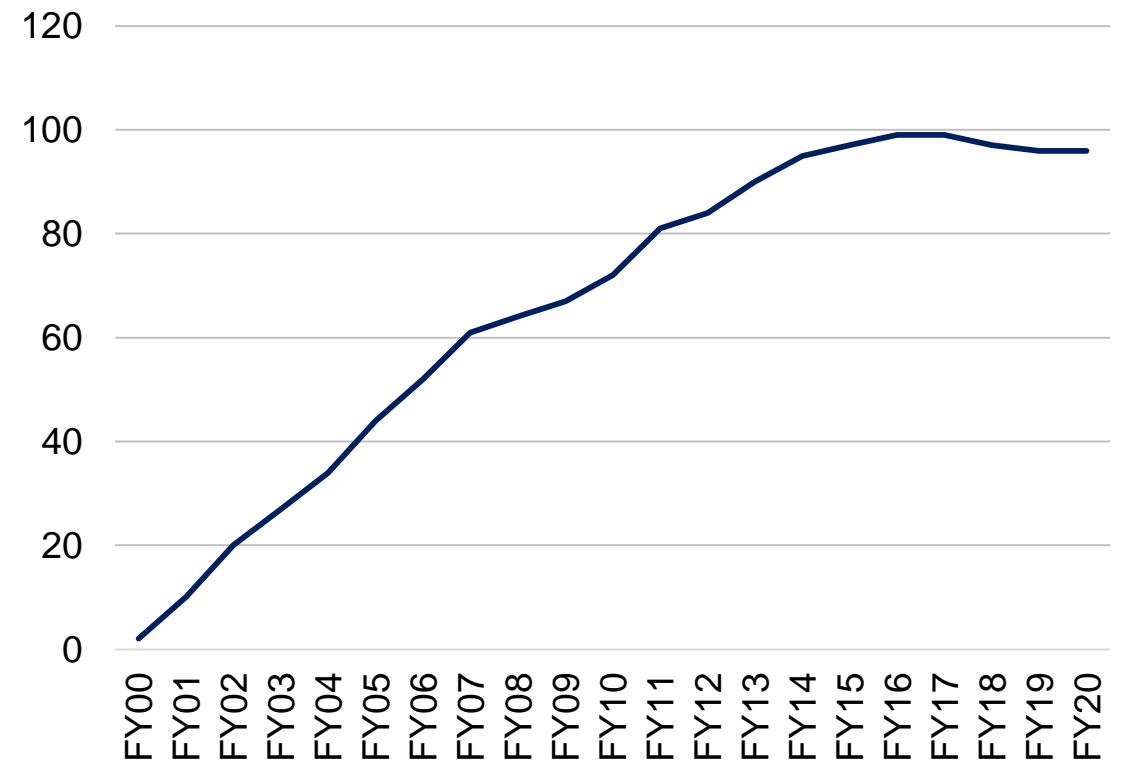
# Factors Driving School District Enrollment Declines

**New Mexico Births per 1,000 Persons,  
2000-2018**



Source: LFC analysis of state Department of Health data

**Number of New Mexico Charter Schools,  
FY00-FY20**



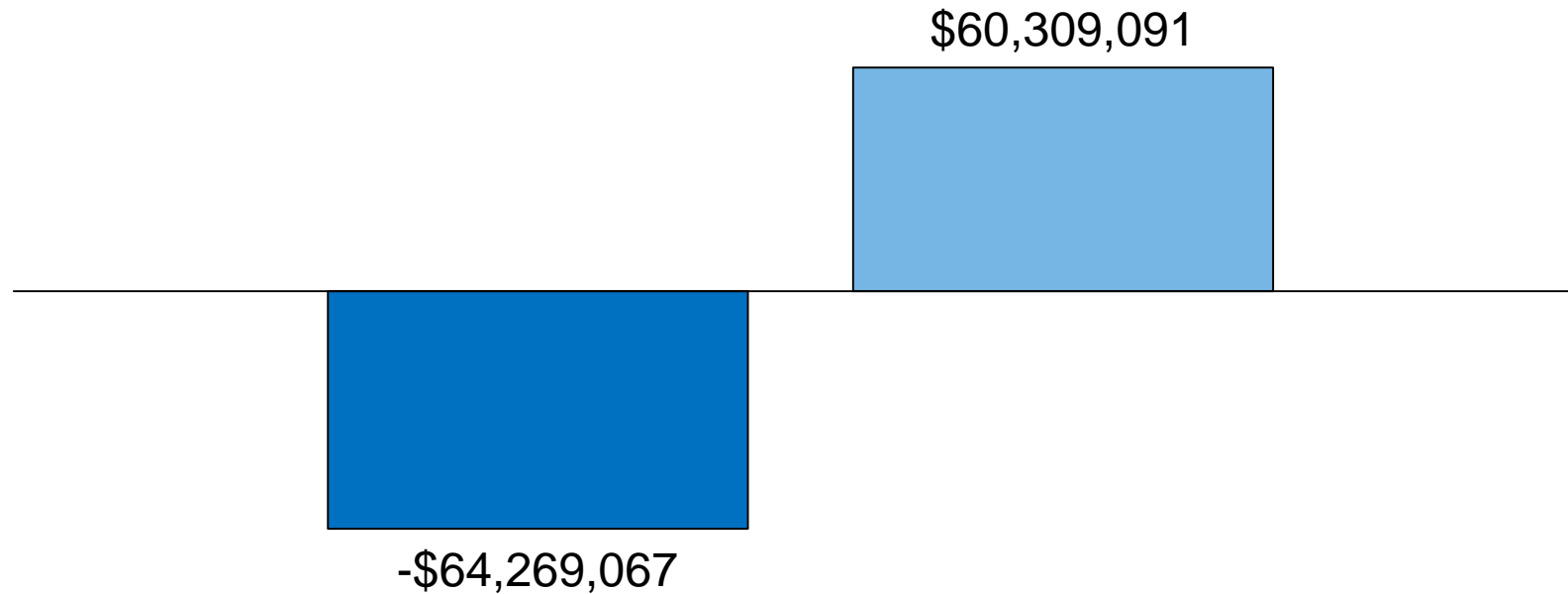
Source: LFC Files.



# Distribution of Increased Funding in the SEG Formula

## Change in Formula Funding FY08-FY13\*

■ Districts ■ Charters

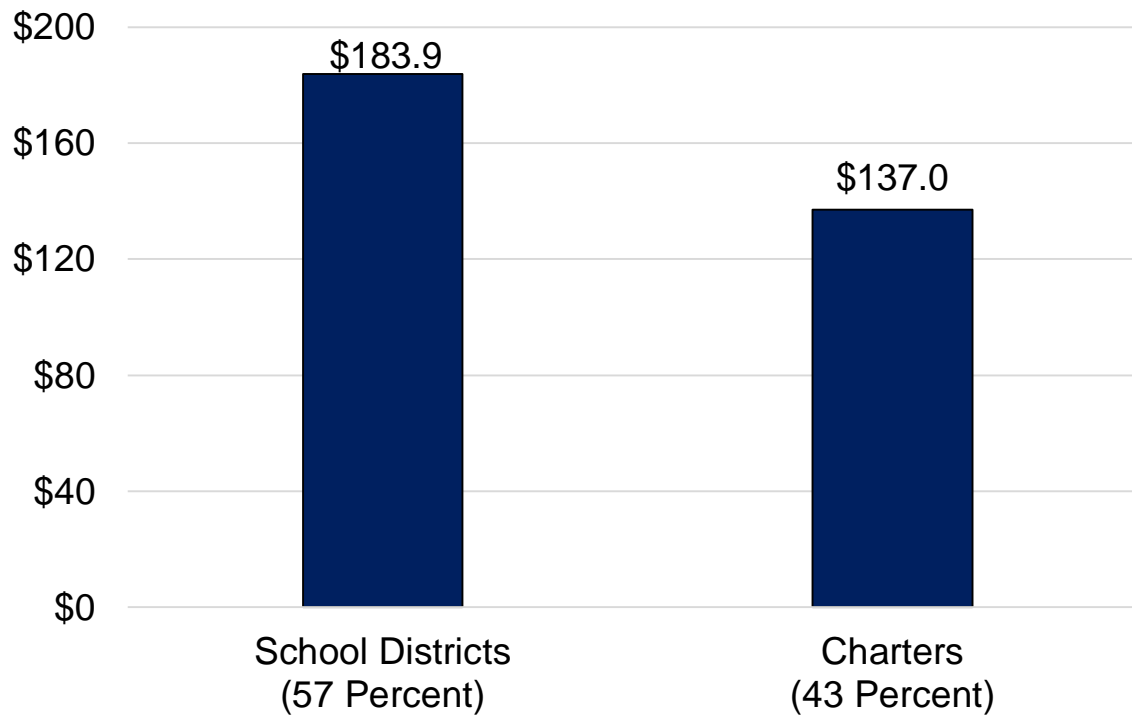


Source: LFC Files. \*FY13 Preliminary. All other Final Funded Run Program Cost

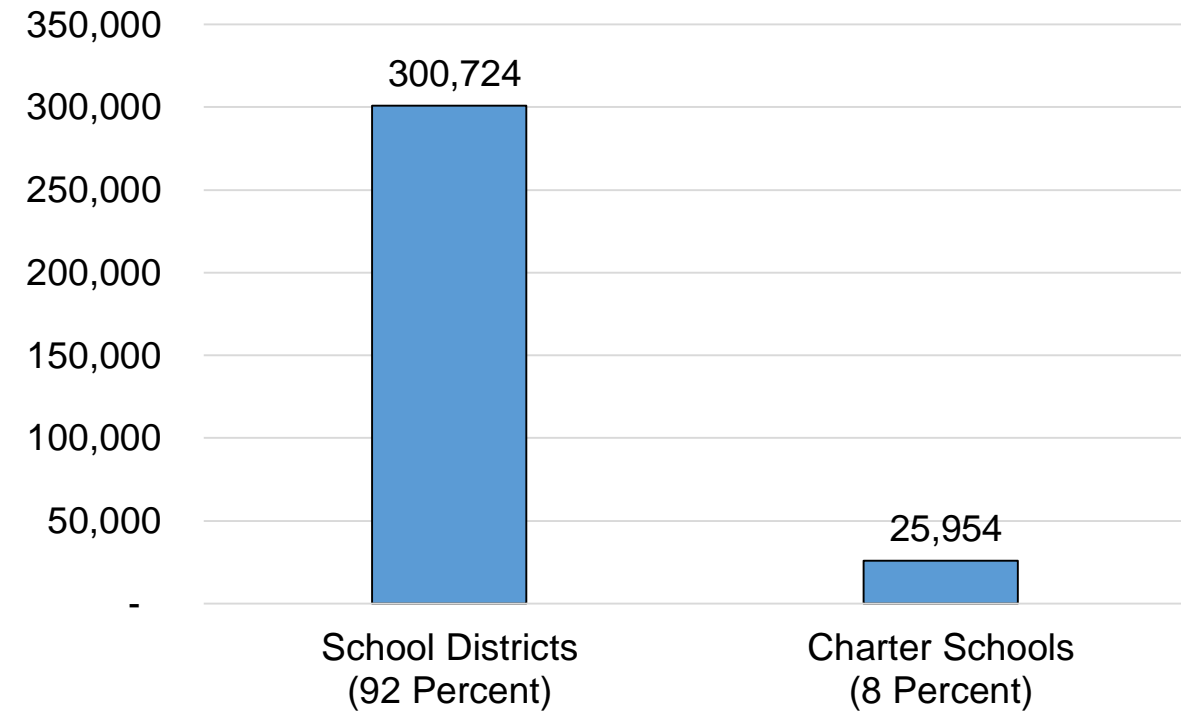


# Distribution of Increased Funding in the SEG Formula

**Formula Funding Changes from FY08 to FY19  
(in Millions)**



**FY19 School District and Charter School  
Enrollment**

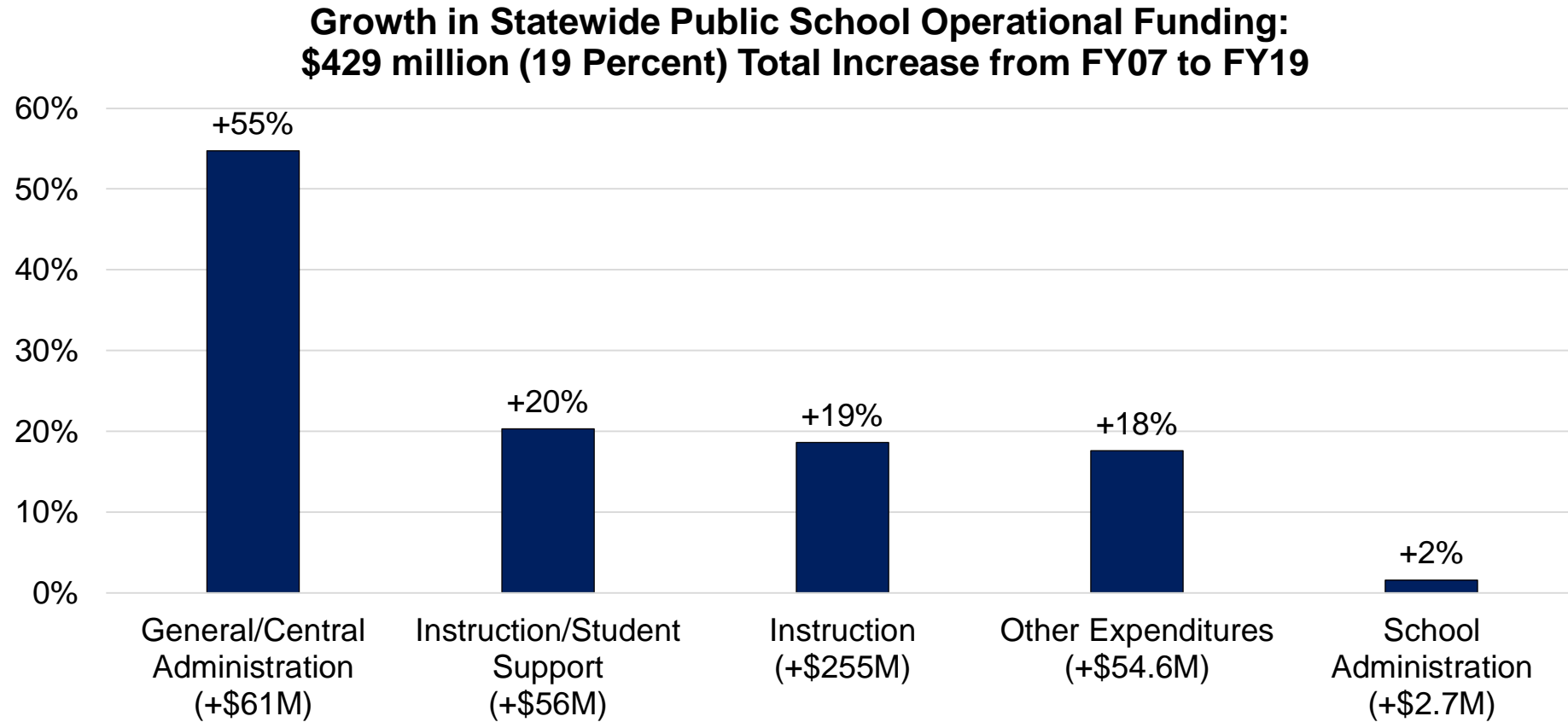


Note: Formula funding defined as program cost funding.  
Source: LFC analysis of PED final funding formulas

Note: Enrollment defined as funding formula student membership (MEM).  
Source: LFC analysis of PED final funding formulas



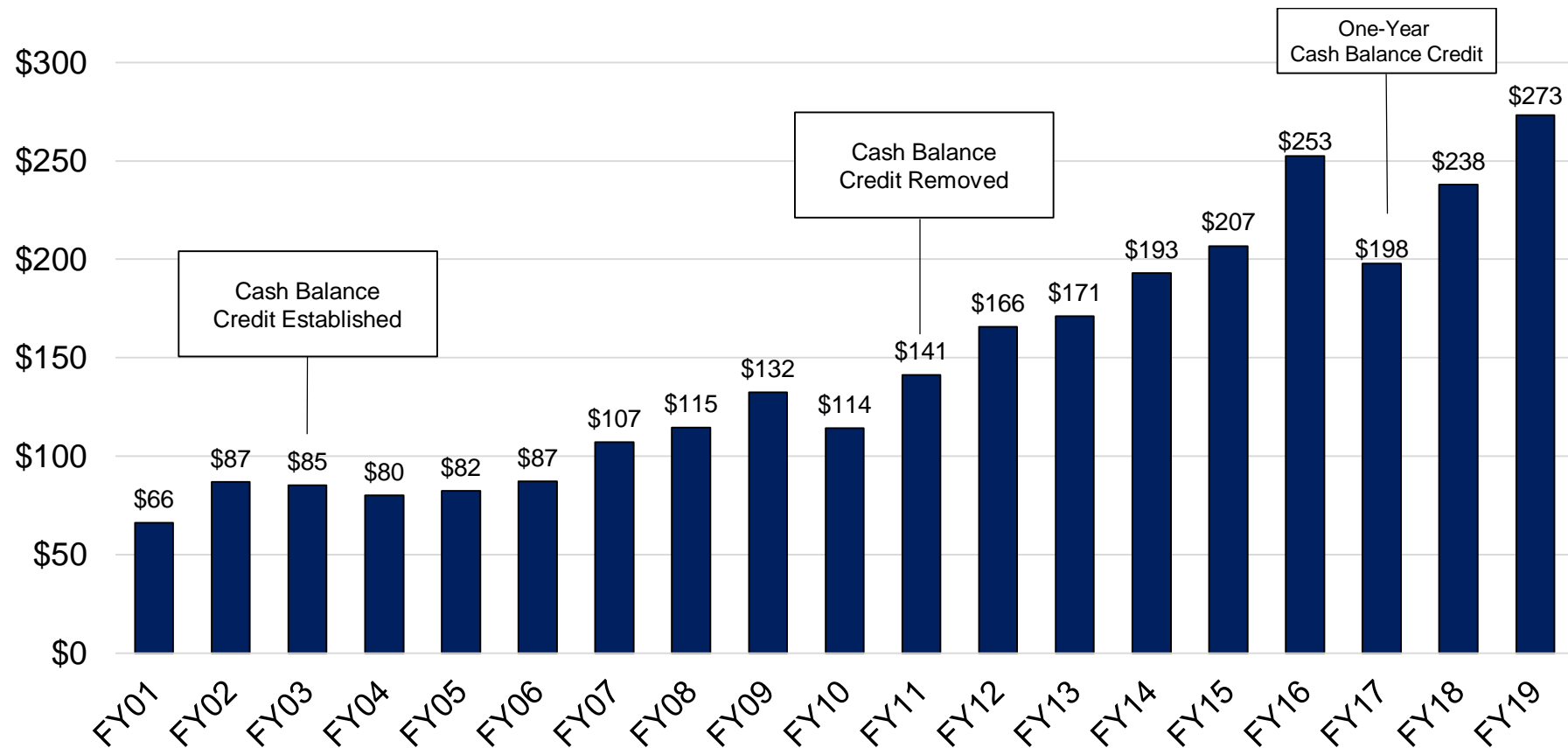
# As appropriations increased, districts and charters made local spending decisions



Source: LFC analysis of PED data



# Unrestricted, Year-End Cash Balances in Public School Operating Budgets Statewide (in Millions)



Source: LFC analysis of PED data



# New Mexico Public Education: Academic Proficiency is Increasing but Still Low.

					Program Rating
					Y
Budget: \$2,699,006.4 FTE: N/A	FY17	FY18	FY19	FY19	
Measure	Actual	Actual	Target	Actual	Rating
4 <sup>th</sup> grade reading proficiency	25.2%	29.1%	30%	31%	G
4 <sup>th</sup> grade math proficiency	23.1%	25.6%	30%	28%	Y
8 <sup>th</sup> grade reading proficiency	27.9%	29%	30%	31%	G
8 <sup>th</sup> grade math proficiency	20.2%	20.8%	30%	13%	R
Recent New Mexico high school graduate college remediation rate	33.5%	Not reported	<35%	Not reported	R
4-year cohort graduation rate	71.1%	73.9%	75%	Not reported	Y

Source: LFC FY19 Fourth  
Quarter PED Report Card p.2



# New Mexico Education Sufficiency Lawsuit: *Martinez and Yazzie v. State of New Mexico*

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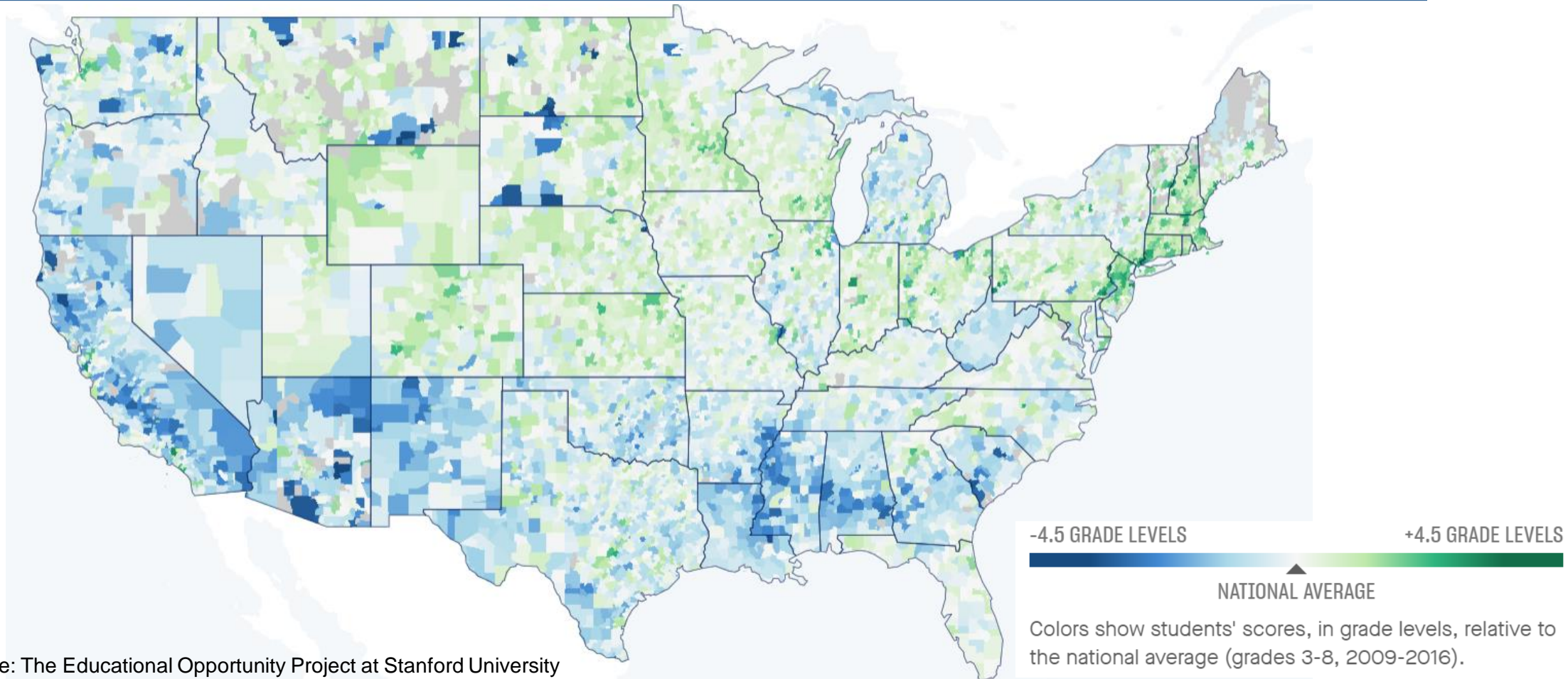


- The plaintiffs alleged that New Mexico is not meeting its constitutional obligation to provide sufficient funding and programming for at-risk public school students.
- In July and December, the District Court ruled that:
  - 1) Outputs are “dismal” and therefore...
  - 2) Inputs (funding/programming) must be insufficient; and
  - 3) Oversight over public education should be enhanced.





# National Student Average Test Scores, Grades 3-8, 2009-2016 (Green = Positive, Blue = Negative)

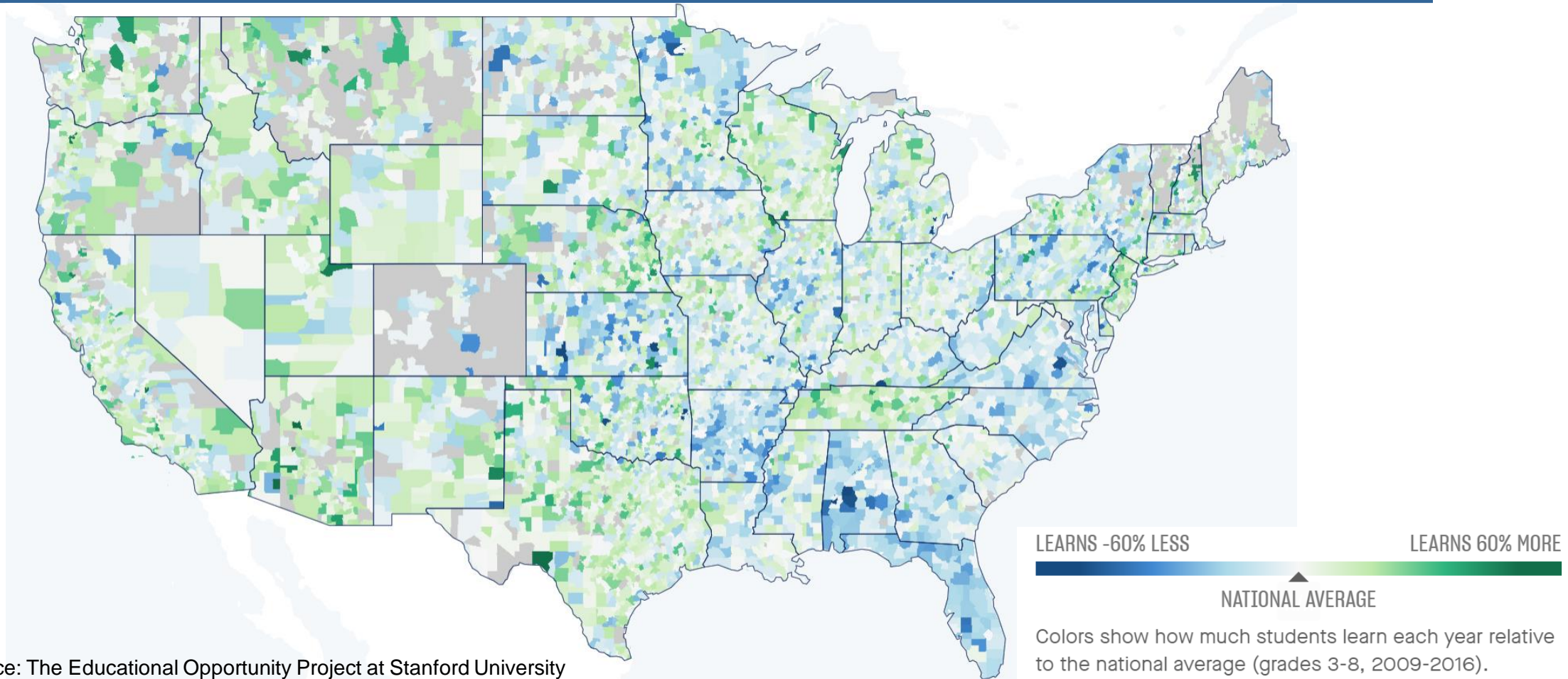


Source: The Educational Opportunity Project at Stanford University





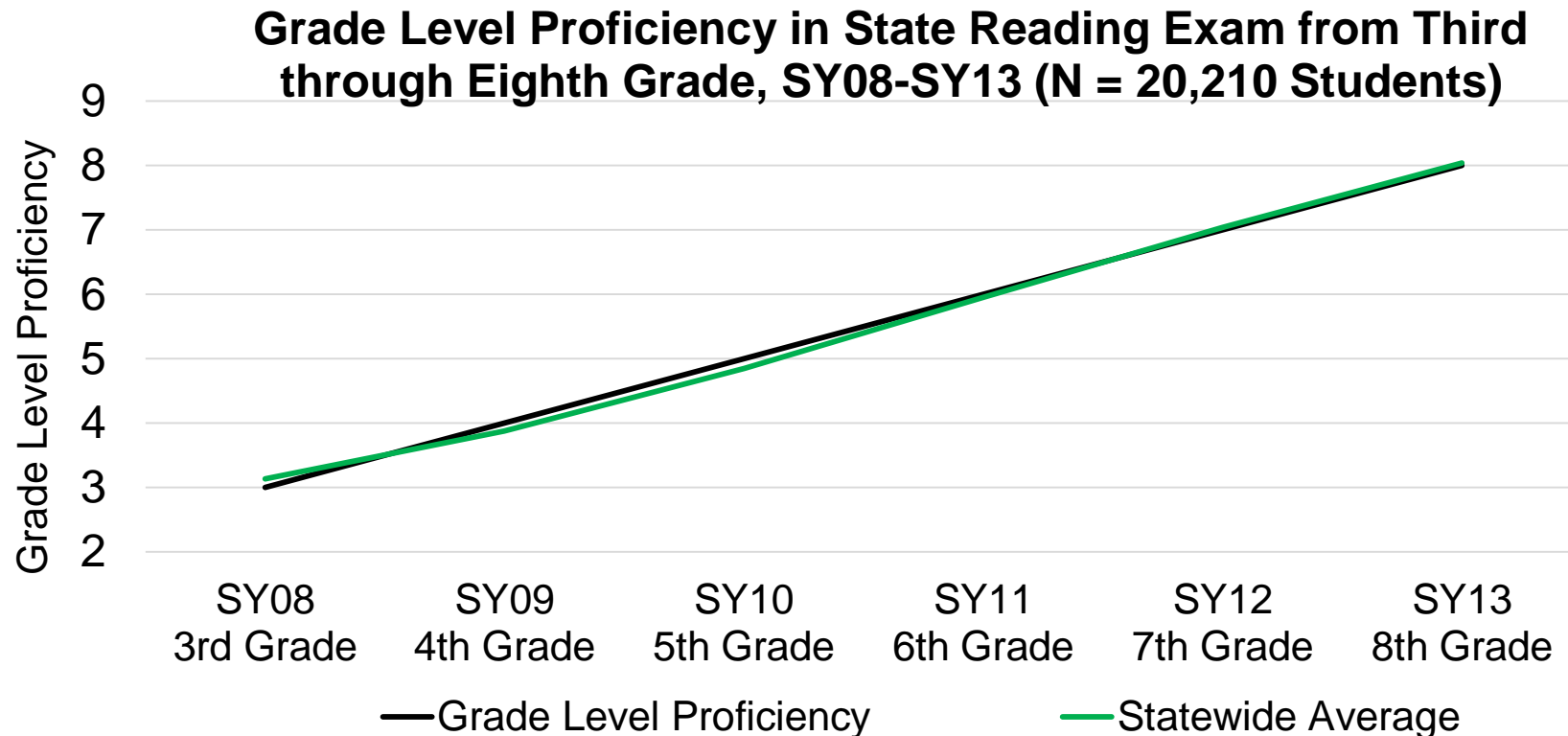
# National Student Average Test Score Growth, Grades 3-8, 2009-2016 (Green = Positive, Blue = Negative)



Source: The Educational Opportunity Project at Stanford University



# Findings from NM Longitudinal Data: Students Generally Gain a Year's Worth of Learning Each Year

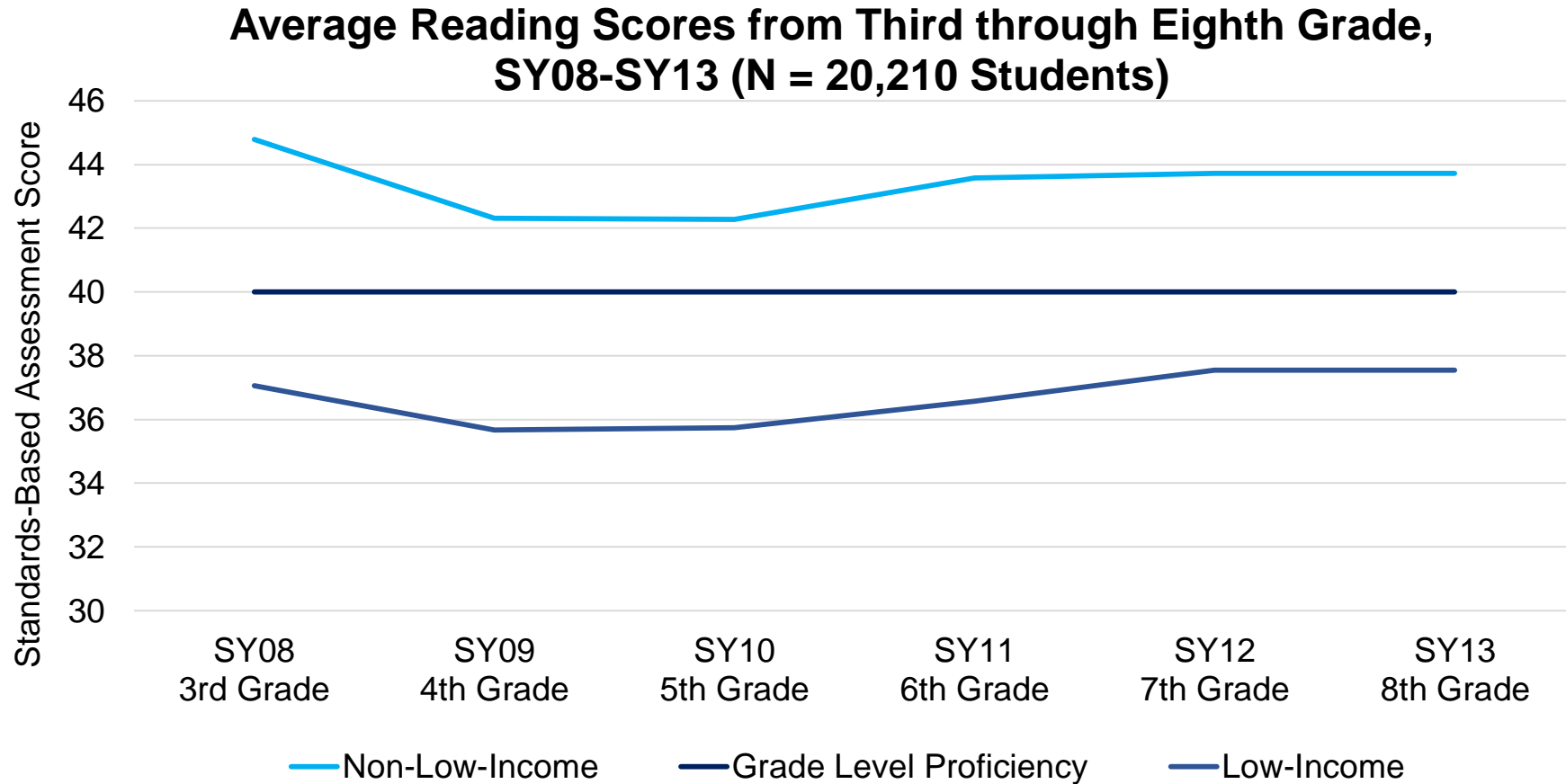


Source: LFC (2017) Longitudinal Student Performance Analysis, p.8

Note: Average state reading scores for each year were divided by 40 (the proficiency threshold score) and then multiplied by the grade level number. A score of 40 in third grade would be a value of three in this chart.



# Findings from NM Longitudinal Data: Low-Income Students Start off Academically Behind



Source: LFC (2017) Longitudinal Student Performance Analysis. p.8



# Student cohorts gain a year's worth of academic growth, but this growth does not bridge the achievement gap

## Grade Level Proficiency in the PARCC ELA Exam from Third through Sixth Grade, SY15-SY18

School Districts	Cohort Size	SY15 (3rd Grade)	SY16 (4th Grade)	SY17 (5th Grade)	SY18 (6th Grade)
Statewide	18,297	2.9	3.9	4.9	5.9
Española	218	2.8	3.8	4.9	5.9
Pecos	36	2.8	3.9	4.8	5.9
Pojoaque	109	2.9	3.9	4.8	5.8
Santa Fe	751	2.9	3.9	4.9	5.9
Taos	105	2.9	3.8	4.8	5.7
<b>Grade Level Proficiency</b>		<b>3.0</b>	<b>4.0</b>	<b>5.0</b>	<b>6.0</b>

Notes: Average PARCC scores for each year were divided by 750 (the proficiency threshold score) and then multiplied by the grade level. An average PARCC score of 750 in third grade would be a value of three.

Source: LFC analysis of PED data



# What Works in Public Education: Eight Characteristics of High-Performing Schools.

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**High  
Expectations  
and Standards**

**High Levels of  
Collaboration  
and  
Communication**

**Strategic  
Assignment  
of Principal  
and Staff**

**Focused  
Professional  
Development**

**Regular and  
Targeted  
Parent and  
Community  
Involvement**

**Caring  
Staff  
Dedicated  
to  
Diversity  
and Equity**

**Curriculum,  
Instruction,  
and  
Assessment  
Aligned with  
Core  
Standards**

**Data-Driven  
Focus and  
Frequent  
Monitoring of  
Student  
Achievement**

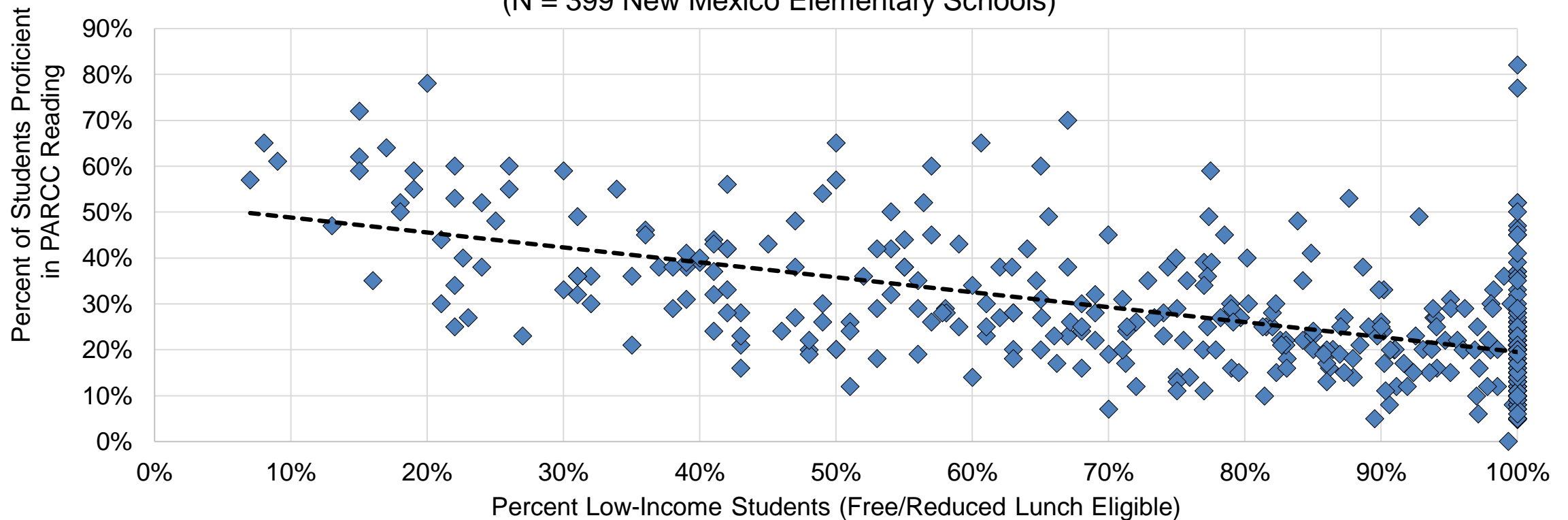


Source: LFC (2014) Performance and Improvement Trends: A Case Study of Elementary Schools in New Mexico. p.12



# 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)

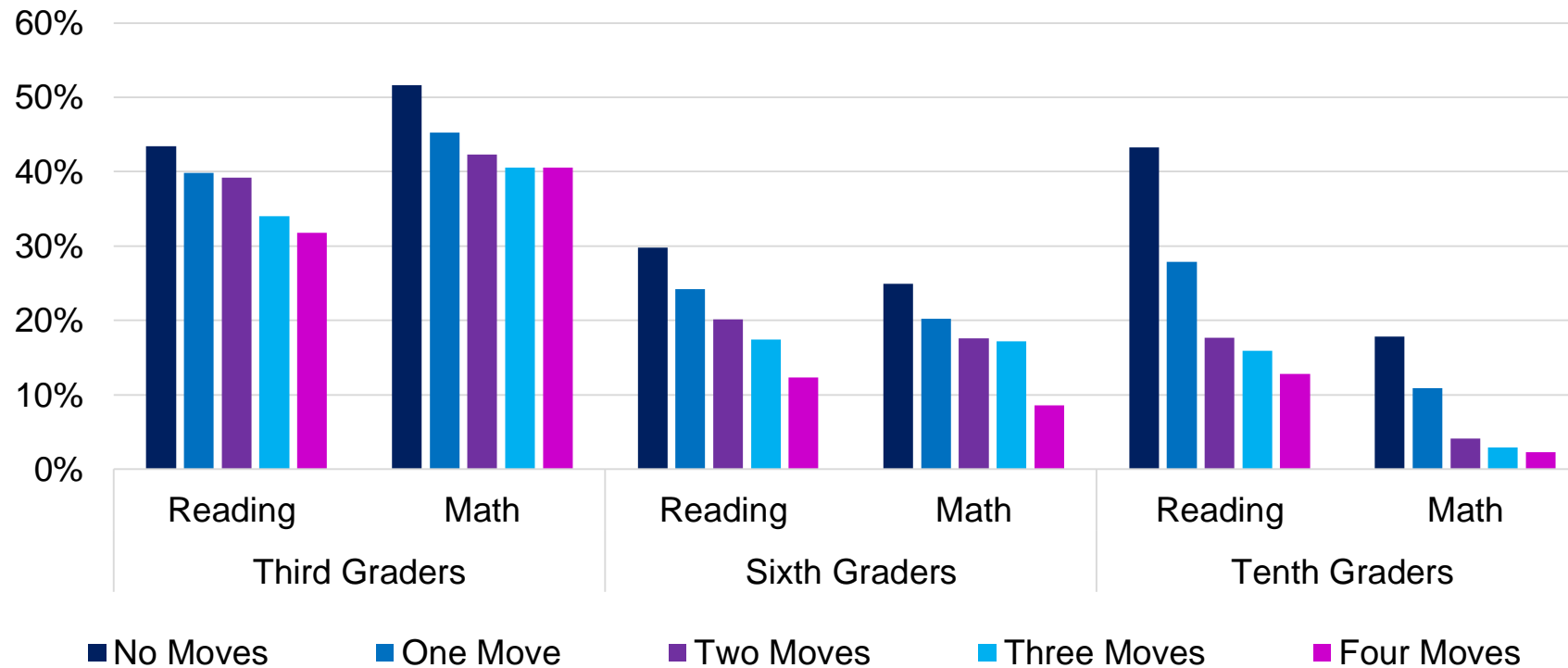


Source: LFC analysis of PED data.



# Longitudinal Data: Student Mobility affects Student Academic Achievement

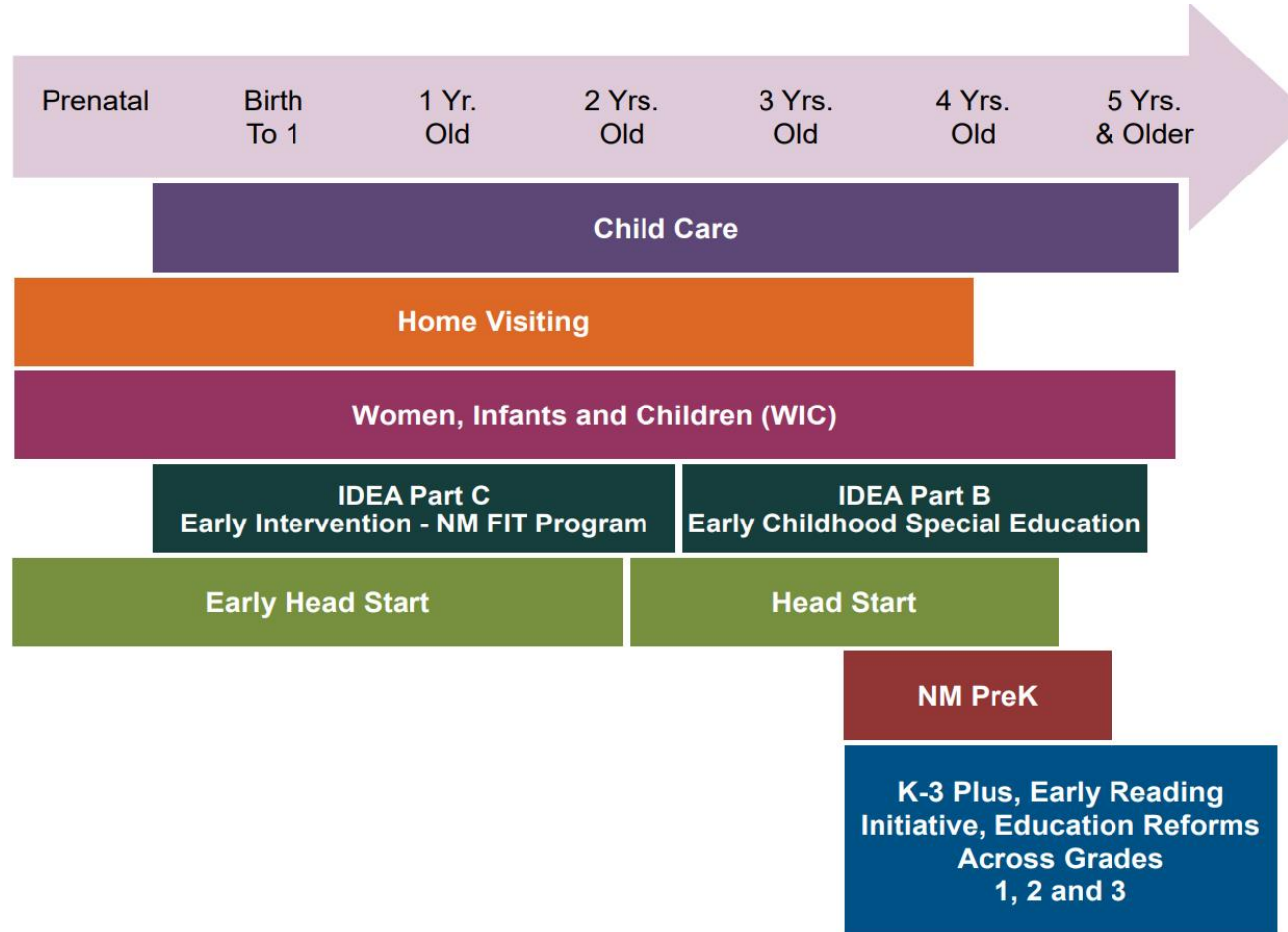
**Percent of Students Proficient on SY16 PARCC by Number of School Changes, SY13-SY16**



Source: LFC (2017) Longitudinal Student Performance Analysis. p.14



# New Mexico's Early Childhood System



Source: UNM Cradle to Career Policy Institute (CCPI).



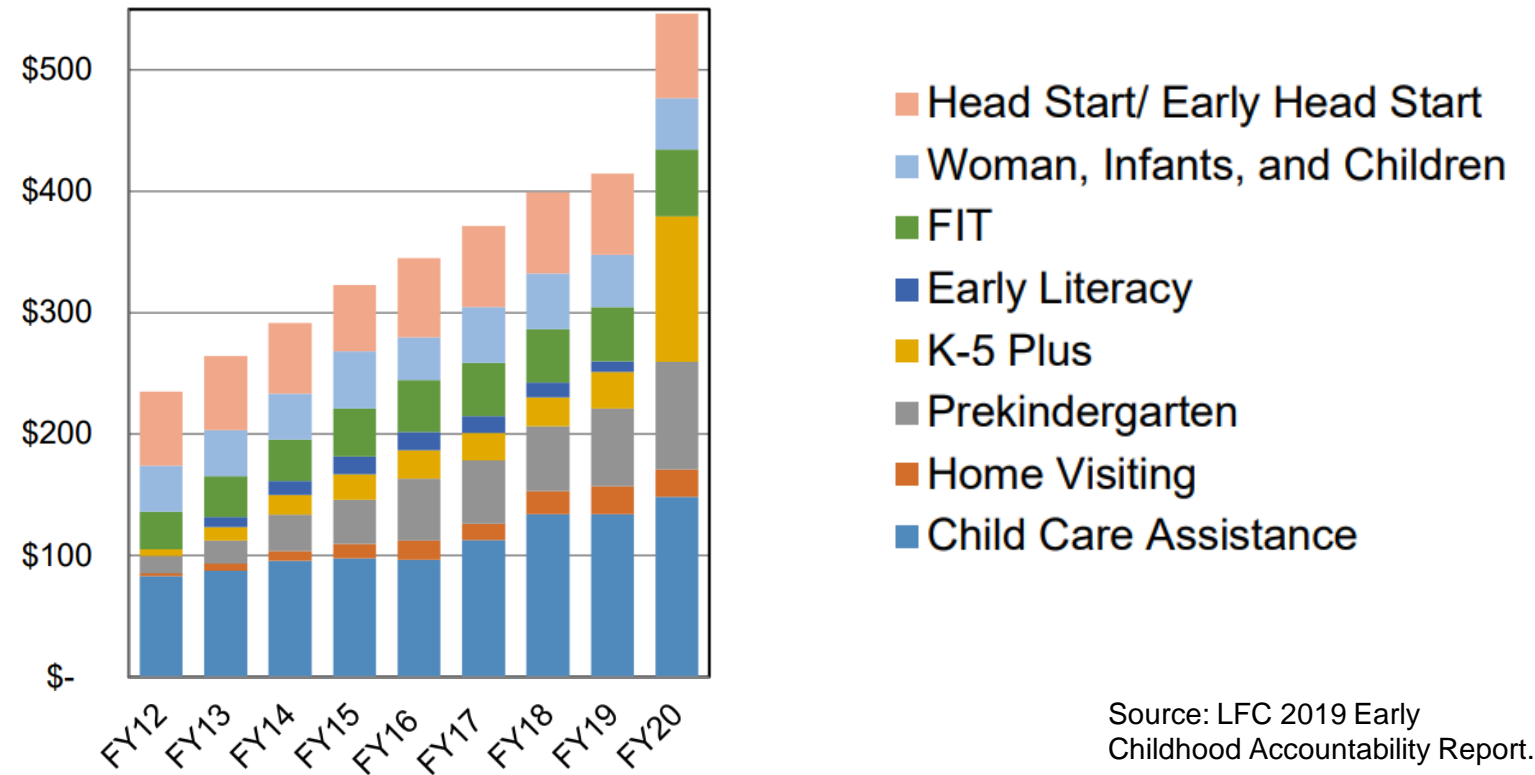


# Data-Driven Appropriations:

## Data has informed State Investment in Early Childhood Programs



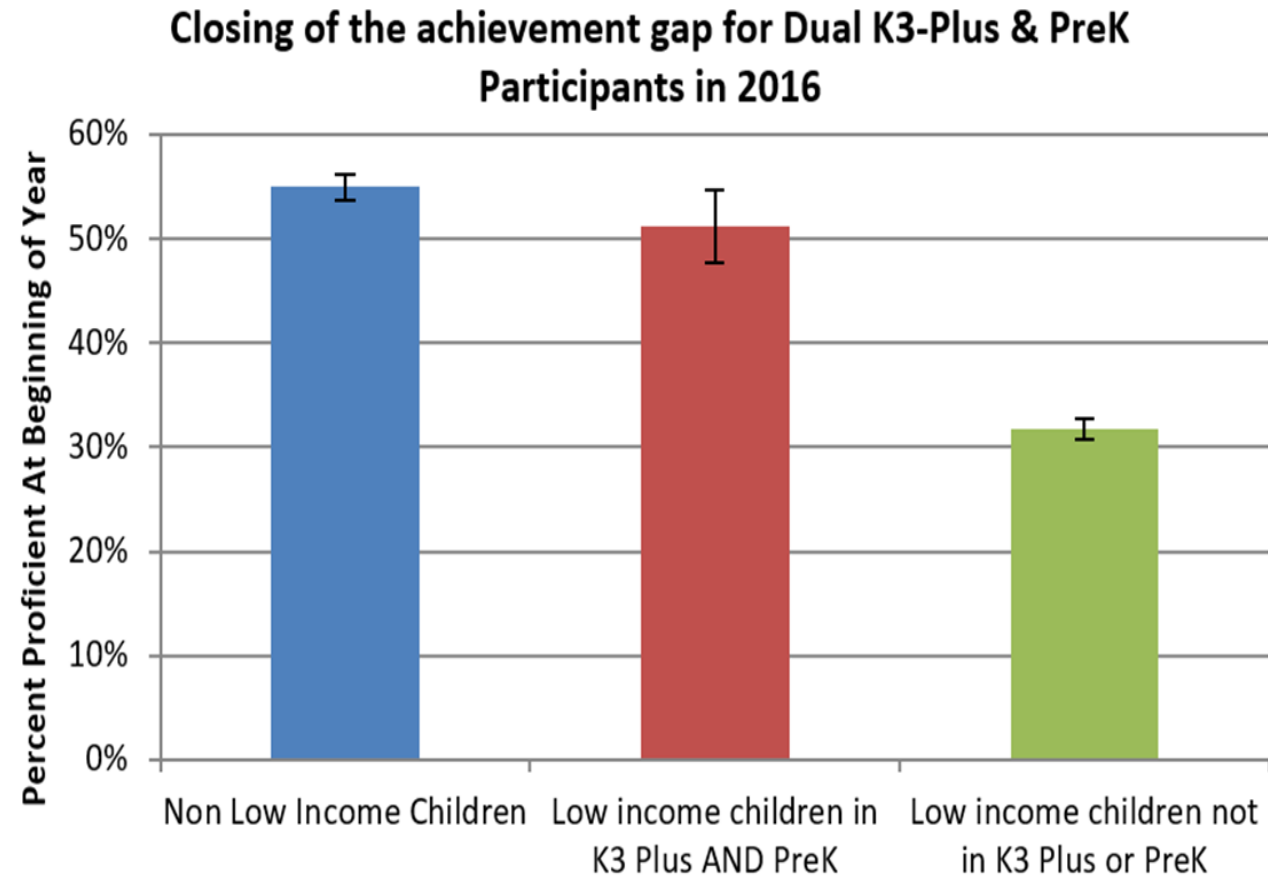
NM Recurring Early Childhood Funding History  
(in Millions)



Source: LFC 2019 Early  
Childhood Accountability Report. p.1



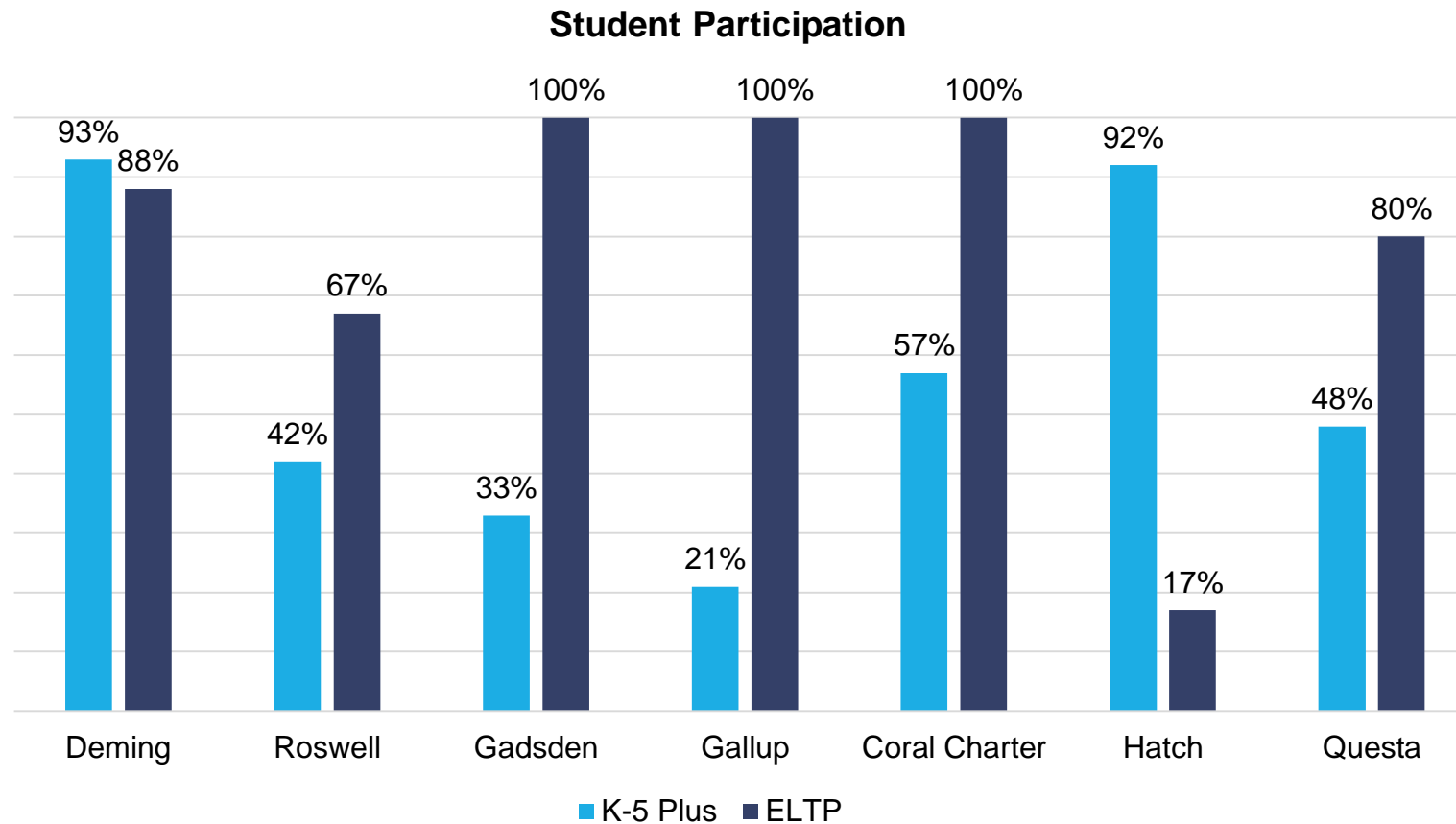
# PreK and K-3 Plus can help close the Achievement Gap



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



# Some Districts and Charters went big with K-5 Plus and Extended Learning Time Programs (ELTPs) in FY20



Source: LFC analysis of PED data.



# Funding and Flexibility for K-5 Plus and Extended Learning Time Programs

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**EXTENDED**  
**Learning Time**

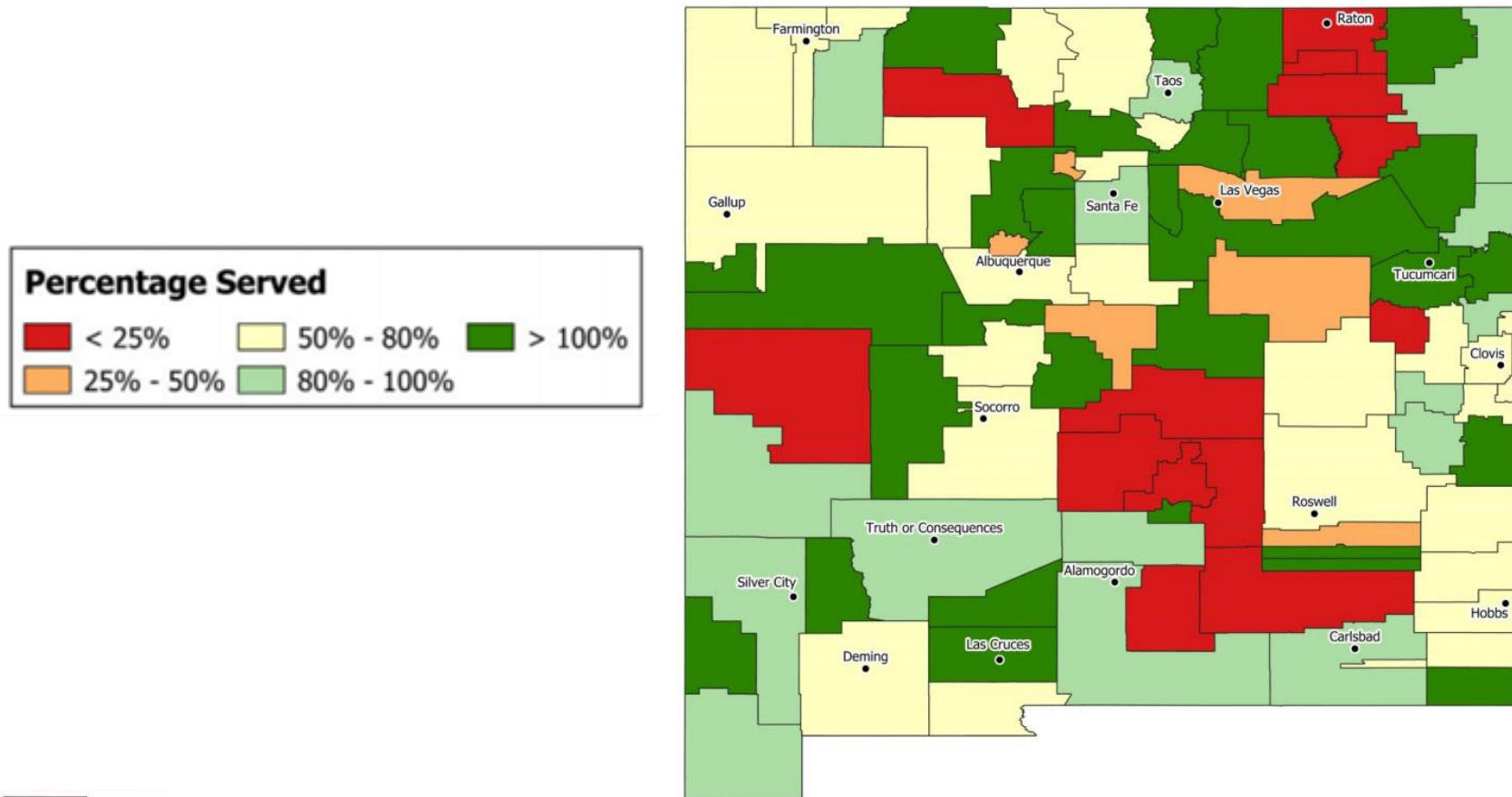


**K-5 PLUS**

- The LFC recommendation includes \$71.4 million for ELTP participation statewide in FY21, an \$8.9 million or 14 percent expansion.
- The LFC recommendation leverages \$51 million in unused K-5 Plus funding from FY20.
- At the current unit value, New Mexico is on track to leverage \$164 million on K-5 Plus and ELTPs in FY21.



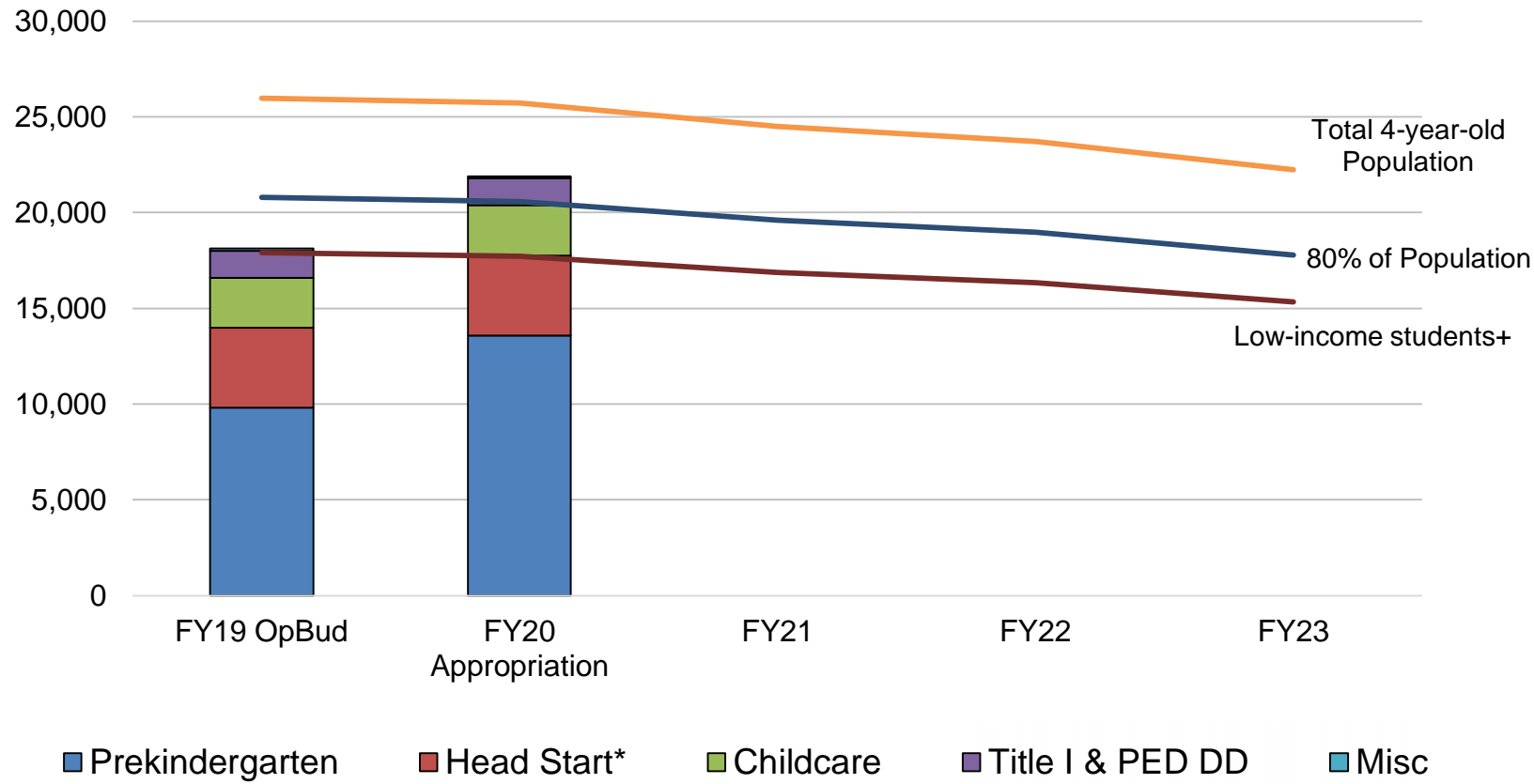
# The Need for Program Coordination: Services for 4-Year Olds by School District, 2018-20



Source: LFC 2019 Early Childhood Accountability Report. p.5



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



Source: LFC 2019 Post-Session Review. p.18

Notes: Represents funded slots not accounting for children enrolled in multiple services or seasonality. Children accessing more than one service is <1,100.

\*Includes American Indian Head Start Program (slots) = 685

+Estimated from free and reduced-lunch (FRL) participation rates in New Mexico public schools (185 percent of federal poverty

Misc = City of Albuquerque and City of Santa Fe funded slots.

FY20 appropriation is prior to governor action on the state budget bill (HB2).



# Conclusion

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- New Mexico is receiving increased state revenues from the energy sector, but this could change.
- New Mexico needs to strategically target funding to what works, better coordinate its early education programs, and monitor education spending.





For More Information

- <http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx>
  - Session Publications – Budgets
  - Performance Report Cards
  - Program Evaluations

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