

**LEGISLATIVE EDUCATION
STUDY COMMITTEE**

**REPORT TO THE FIRST SESSION
OF THE
FORTY-SEVENTH LEGISLATURE**

State of New Mexico

JANUARY 2005

State of New Mexico
LEGISLATIVE EDUCATION STUDY COMMITTEE

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January 2005

Forty-Seventh Legislature, First Session
State Capitol
Santa Fe, New Mexico

Dear Fellow Legislators:

This report summarizes the activities of the Legislative Education Study Committee (LESC) during the 2004 legislative interim as well as the committee's recommendations for the 2005 legislative session. Based upon the research and testimony that the LESC considered, you will find in this report:

- public school support recommendations for FY 06;
- a summary of education issues considered during the 2004 interim, along with the committee's recommendations for the 2005 legislative session; and
- tables containing information designed to assist you as you consider public school issues during the 2005 legislative session.

On behalf of the LESC, it is my pleasure to transmit this report to each of you. I hope that you will find it informative and useful.

Sincerely,

Representative Rick Miera, Chair

THE LEGISLATIVE EDUCATION STUDY COMMITTEE

The Legislative Education Study Committee (LESC) is authorized by New Mexico statute to

conduct a continuing study of all education in New Mexico, the laws governing such education and the policies and costs of the New Mexico educational system . . . ; recommend changes in laws relating to education . . . ; and make a full report of its findings and recommendations

The LESC is composed of 24 members of the Legislature (14 of whom are advisory) appointed to provide proportionate representation from both houses and both political parties in the Legislature.

**LEGISLATIVE EDUCATION STUDY COMMITTEE
2005 REPORT TO THE LEGISLATURE**

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LEGISLATIVE EDUCATION STUDY COMMITTEE
PUBLIC SCHOOL SUPPORT RECOMMENDATIONS FOR FY 06
(Dollars in Thousands)

		FY 05	LESC	
		APPROPRIATION	RECOMMENDATION	
1	PROGRAM COST	\$1,802,906.6	\$1,903,074.6	1
2	Adjustment for Overprojection of FY 04 Cash Balance Credit	(\$11,600.0)	\$11,600.0	2
3	Adjusted Program Cost	\$1,791,306.6	\$1,914,674.6	3
4	ENROLLMENT GROWTH (5,768,268 units/2004-2005 Funded)	\$5,200.0	\$17,507.6	4
5	FIXED COSTS	\$1,900.0	\$3,650.0	5
6	INSURANCE COSTS ¹	\$19,000.0	\$20,235.4	6
7	COMPENSATION for Public School Employees:			7
8	Teachers	\$19,276.0	TBD	8
9	Instructional Staff	\$3,531.1	TBD	9
10	Other Certified and Non-certified	\$7,991.7	TBD	10
11	Annualize FY 04 6.0 percent raise in FY 05 for Teachers & Instructional Staff	\$25,830.5		11
12	Minimum Salaries – Three-tiered Licensure Structure			12
13	Levels 2 & 3 to \$35,000 in FY 05	\$8,638.7	*r	13
14	Levels 2 & 3 to \$40,000 in FY 06		\$41,000.0	*r 14
15	Movement from Level 1 to Level 2 in FY 06		\$10,800.0	*r 15
16	Increase in Employer's ERB Contribution (.75%)		\$12,400.0	16
17	Full-day Kindergarten Phase V	\$9,600.0	*r	17
18	Replace Full-Day Kindergarten TANF Funds ²		\$4,000.0	18
19	Student Assessment CRTs/School District Costs	\$1,800.0	*r	19
20	National Board Certification		\$113.8	20
21	Elementary Fine Arts (Year 3) – Current Statute	\$4,000.0	*r	21
22	Elementary Physical Education Program (Year 1 of 7-year Phase-in)		\$4,000.0	22
23	Career Ladder for Educational Assistants (Year 2 of 4-year Phase-in)	\$5,000.0	*r	23
24	PROGRAM COST	\$1,903,074.6	\$2,045,681.4	24
25	Dollar Increase Over FY 05 Appropriation		\$142,606.8	25
26	Percentage Increase		7.5%	26
27	LESS PROJECTED CREDITS	(\$61,000.0)	(\$58,600.0)	27
28	LESS OTHER STATE FUNDS (from driver's license fees)	(\$1,700.0)	(\$1,300.0)	28
29	STATE EQUALIZATION GUARANTEE	\$1,840,374.6	\$1,985,781.4	29
30	Dollar Increase Over FY 05 Appropriation		\$145,406.8	30
31	Percentage Increase		7.9%	31
32	CATEGORICAL PUBLIC SCHOOL SUPPORT			32
33	TRANSPORTATION			33
34	Operational	\$84,717.8	\$88,078.7	34
35	School-owned Bus Replacements	\$342.6	\$176.4	35
36	Rental Fees (Contractor-owned Buses)	\$12,336.0	\$11,296.5	36
37	Compensation	\$840.4		37
38	Increase in Employer's ERB Contribution (.75%)		\$301.0	38
39	TOTAL TRANSPORTATION	\$98,236.8	\$99,852.6	39
40	SUPPLEMENTAL DISTRIBUTIONS			40
41	Out-of-state Tuition	\$495.0	\$380.0	41
42	Emergency Supplemental ³	\$2,600.0	\$3,200.0	42
43	INSTRUCTIONAL MATERIAL FUND	\$26,600.0	\$32,300.0	43
44	EDUCATIONAL TECHNOLOGY FUND	\$5,000.0	\$5,000.0	44
45	INCENTIVES FOR SCHOOL IMPROVEMENT FUND			45
46	Adequate Yearly Progress Program (at least 60 percent)	\$960.0	*r	46
47	State Improving School Program (up to 40 percent)	\$640.0	*r	47
48	SCHOOLS IN NEED OF IMPROVEMENT FUND ⁴	Federal Funds	Federal Funds	48
49	TOTAL CATEGORICAL	\$134,531.8	\$142,332.6	49
50	TOTAL PUBLIC SCHOOL SUPPORT	\$1,974,906.4	\$2,128,114.0	50
51	Dollar Increase Over FY 05 Appropriation		\$153,207.6	51
52	Percentage Increase		7.8%	52

¹ The NMPSIA estimate includes use of cash balance and an increase in medical premiums for FY 06 of 11 percent.

² For FY 05, the Legislature appropriated an additional \$4.0 million in TANF funds for implementation of full-day kindergarten programs. For FY 06, the \$4.0 million must be appropriated either from TANF or from the General Fund (line 18).

³ The LESC recommendation (line 42) includes \$2.2 million for small school district operational needs. Language to that effect will be included in HB 2.

⁴ PED has indicated that the available federal funding is sufficient and that no General Fund is required.

53	RELATED APPROPRIATIONS: RECURRING				53
54	Apprenticeship Assistance	\$650.0		\$650.0	54
55	Beginning Teacher Induction/Mentorship	\$900.0	*r	\$1,000.0	55
56	CHARTER SCHOOLS STIMULUS FUND	\$200.0		\$650.0	56
57	Core Curriculum Framework (school district projects)	\$381.6		\$400.0	57
58	Family and Youth Resource Act/Family and Youth Services	\$1,800.0	*r	\$1,800.0	58
59	Indian Education Act of 2003	\$2,500.0	*r	\$2,500.0	59
60	Kindergarten Plus (Extended Kindergarten for High-poverty Areas)	\$100.0	*r	\$400.0	60
61	Teacher Loan for Service (to CHE)	\$386.5	*r	\$400.0	61
62	TOTAL RELATED APPROPRIATIONS: RECURRING	\$6,918.1		\$8,000.0	62
63	GRAID TOTAL	\$1,981,824.5		\$2,136,114.0	63
64	Dollar Increase Over FY 05 Appropriation			\$154,289.5	64
65	Percentage Increase			7.8%	65
66	RELATED APPROPRIATIONS: NON-RECURRING				66
67	ADS upgrade to meet NCLB requirements	\$500.0	*n		67
68	Adult GED Initiative	\$200.0	*n		68
69	Assessment PED – Test Development			\$7,264.6	*n 69
70	Bullying Prevention Initiative	\$350.0	*n	\$350.0	*n 70
71	Center for NM Border Educator Leadership	\$200.0	*n	\$600.0	*n 71
72	Charter School Expanded Services	\$475.0	*n		72
73	Dance Activity Program/In-school or Residency	\$100.0	*n		73
74	Dropout Prevention Program	\$200.0	*n		74
75	Education Support (1 FTE) ⁶	\$113.6	*n		75
76	Educator Preparation: Three-tiered Licensure Support (includes 1 FTE) ⁶	\$47.6	*n		76
77	Family School Readiness Program Initiative (Even Start)	\$200.0	*n	\$200.0	*n 77
78	Governor's Commission on Teaching	\$50.0	*n		78
79	Indian Education (1 FTE) ⁶	\$113.6	*n		79
80	Information Technology Education Reform Support (1 FTE) ⁶	\$113.6	*n		80
81	Information Technology Infrastructure Upgrade and Network	\$200.0	*n		81
82	INSTRUCTIONAL MATERIAL FUND	\$1,500.0			82
83	Magnet Career Academy	\$200.0	*n		83
84	Math and Science Standards-based Education Technology	\$200.0	*n		84
85	Middle College Dropout Initiative	\$100.0	*n		85
86	NCES Chart of Accounts Implementation	\$1,800.0	*n	\$1,000.0	*n 86
87	Pre-kindergarten Pilot Program for 4-Year Olds			\$9,000.0	*n 87
88	PROFESSIONAL DEVELOPMENT FUND ⁶	\$2,400.0	*n	\$2,400.0	*n 88
89	Public School Funding Formula Study			\$350.0	89
90	Rural Ed. Initiatives	\$300.0	*n		90
91	Rural Education (1 FTE) ⁶	\$113.6	*n		91
92	Rural School Advanced Placement Acceleration Program	\$100.0	*n		92
93	School District and PED Quality Assurance and District Interface (1 FTE) ⁶	\$113.6	*n		93
94	SCHOOL LIBRARY FUND	\$1,000.0		\$3,000.0	94
95	State Student Identification Number System (maintenance)	\$93.0	*n		95
96	Student Assessment	\$385.5	*n		96
97	Student Assessment Criterion-Referenced Testing – State-level costs	\$350.0	*n		97
98	Teacher Licensing Support (includes 1 FTE) ⁶	\$140.0	*n		98
99	Three-tiered Licensure Evaluation System Implementation	\$1,000.0	*n	\$1,000.0	*n 99
100	Truancy Initiative	\$500.0	*n	\$500.0	*n 100
101	Vocational High School Model	\$225.0	*n		101
102	TOTAL RELATED APPROPRIATIONS: NON-RECURRING	\$13,384.1		\$25,664.6	102
103	DATA PROCESSING APPROPRIATION: NON-RECURRING				103
104	Implementation of a Comprehensive Data Warehouse at PED			\$7,000.0	104
	⁶ For FY 06, these seven FTEs are included in the PED budget request as permanent positions.				
	⁶ The Professional Development Fund shall include the following programs: Re:Learning, Regional Educational Technology Assistance, Strengthening Quality in Schools, Service Learning, Golden Apple, and Closing the Achievement Gap. In FY 06, PED shall evaluate programs funded through the Professional Development Fund and provide a report to the LESC by November 2005.				
	RECURRING AND NON-RECURRING REFORM INITIATIVES				
	*r Public School Reform Initiatives (recurring)				
	Base Recurring Reform	\$36,325.2		\$46,995.2	
	FY 05: FY 04 program cost dollars "booked" to reform in FY 05	\$8,170.0			
	FY 05: 2.0 percent salary increase for teachers includes \$2.5 million in	\$2,500.0			
	New Recurring Reform			\$51,800.0	
	Subtotal Recurring Reform	\$46,995.2		\$98,795.2	
	*n Public School Reform Initiatives (non-recurring)	\$10,884.1		\$22,314.6	
	TOTAL REFORM	\$57,879.3		\$121,109.8	
	NOTE: Amounts that are marked with an asterisk are reform initiatives. An "r" designates a recurring initiative, and an "n" designates a non-recurring initiative.				

ADDITIONAL RECOMMENDATIONS OF THE LESC

P-20 INITIATIVE

- Introduce legislation to implement the *Pre-Kindergarten Act* to provide the first year of a voluntary program for four-year-olds in communities that meet certain criteria, among them early childhood programs – public or private – licensed by July 1, 2005 and public schools not meeting adequate yearly progress; to provide for joint administration of the program by the Public Education Department (PED) and the Children, Youth and Families Department (CYFD), with the assistance of the Child Development Board; and to provide for applications to PED and CYFD by local early childhood community councils.
- Introduce legislation and appropriate funds to establish a core curriculum framework that supports the selection or development, as well as the implementation, of a challenging, sequential curriculum at the K-6 level in public schools to prepare all students for pre-Advanced Placement (AP) and AP coursework in grades 7-12.
- Amend statute to require standardization of placement tests for general education requirements among all New Mexico public institutions of higher education.
- Regarding concurrent enrollment or dual credit, amend statute to require a school district to transfer to a two-year or four-year postsecondary institution the tuition and fees for any student who, during the term, is counted in the membership of the public school district and who will receive high school credit for coursework at the postsecondary institution, unless the school district and the postsecondary institution have agreed to waive or reduce tuition or fees.
- Amend Lottery Success Scholarship statutes to:
 - maintain scholarship eligibility for those students who are simultaneously enrolled in both a four-year and a two-year institution per requirements of the student's program;
 - extend eligibility to full-time resident students who, within two years of completion of a high school diploma at a public or accredited private New Mexico high school or upon receiving a general educational development (GED) diploma, are accepted to attend one of the New Mexico institutions of higher education;
 - extend eligibility for up to four semesters to a full-time resident student who has graduated from a New Mexico high school since implementation of the Lottery Success Scholarship Program, who has not taken advantage of the program, who has not attained a bachelor's or higher degree, and who, within two years of attaining an associate degree, is accepted to attend one of the New Mexico institutions of higher education to pursue a baccalaureate degree;
 - allow second chance eligibility for those students who lose their lottery scholarship eligibility and then stay in school the next semester at their own expense and bring their cumulative grade point average (GPA) up to 2.5;

- extend eligibility from four consecutive years to five consecutive years beginning with the second semester of the recipient’s first year of enrollment, providing that the recipient meets all other statutory requirements; and
 - allow recipients who “stop out” for a period of up to two consecutive semesters during pursuit of an associate or a baccalaureate degree to maintain their remaining eligibility when they return.
- Amend the *Post-Secondary Articulation Act* to:
- establish a common course name and numbering system for lower-division courses in public two- and four-year postsecondary institutions and provide deadlines for the development of lower-division discipline modules to be completed by fall semester 2008;
 - require acceptance of transfer modules in a block for credit toward a degree;
 - require acceptance of courses in the general education core taken by secondary students for dual credit to fulfill lower-division degree requirements;
 - require admission of students as upper-division students upon transferring a lower-division discipline module; and
 - require reimbursement to students for the costs of courses in a transfer module that are not accepted and require notification to students of the complaint process.
- Amend the *Teacher Loan for Service Act* to include students in two-year postsecondary teacher preparation programs.

SCHOOL PERSONNEL

- Change current law to implement a phase-in of minimum annual salaries for principals and assistant principals that includes a responsibility factor and an evaluation component, beginning in school year 2006-2007.
- Amend statute and appropriate funds to phase in over a three-year period a career ladder for educational assistants that includes four licensure levels and minimum salaries as follows: FY 05 – Level 1, \$11,000; FY 06 – Level 2, \$13,000; FY 07 – Level 3, \$15,000; and FY 08 – Level 4, \$17,000.
- Introduce a memorial to request PED to report to the Legislative Education Study Committee (LESC) on the progress of development of the procedures and processes of the Professional Practices and Standards Council.

- Amend statute to insert clean-up language to ensure that statute remains consistent with the public school reforms enacted by the 2003 Legislature by:
 - clarifying the roles of the superintendent, principal, and local school board with regard to personnel decisions, while protecting the due process rights of employees; and
 - amending the definition of “teacher” in statute to add individuals who hold a Level 1, Level 2, or Level 3-A license and whose responsibilities may include curriculum development, peer intervention, peer coaching, and/or mentoring.

ASSESSMENT AND ACCOUNTABILITY

- Provide a non-recurring appropriation for the implementation of a comprehensive data warehouse project at PED using an information technology architecture design developed by the Decision Support Architecture Consortium, an initiative of the Council of Chief State School Officers.

STUDENT SERVICES

- Introduce legislation and appropriate funds to provide comprehensive professional development for public school personnel in three- and four-year-old Developmentally Delayed (DD) and K-3 level programs regarding the educational and related needs of students with Autism Spectrum Disorder.
- Amend the *Public School Code* to add one-half unit of New Mexico history to requirements for high school graduation and to decrease the number of elective units by one-half unit.
- Amend the *Public School Code* to:
 - require that all students in three- and four-year-old DD programs and grades K-6 receive physical education each week to be phased in over a seven-year period; and
 - require PED, in collaboration with public schools and others, to promulgate rules governing the sale or distribution of foods and beverages to students in public schools outside of school meal programs.
- Amend statute to insert clean-up language to ensure that statute remains consistent with the public school reforms enacted by the 2003 Legislature by:
 - restoring health education as a required subject in grades 1 through 3 and as an elective in grades 4 through 8; and
 - restoring health education as one of the electives that must be offered by high schools to meet high school graduation requirements.

- Amend the *Indian Education Act* to require the PED Indian Education Division to select or develop as well as implement a challenging, sequential, and culturally relevant curriculum at the K-6 level in New Mexico school districts that serves American Indian students to prepare them for pre-AP and AP coursework in grades 7-12.
- Amend the *Nursing Practice Act* to authorize the NM Board of Nursing to establish certified medication aides training programs where they are needed, including public schools and juvenile detention facilities that provide public school programs.
- Amend the *Instructional Material Law* to change the allocation date to April 1 from July 1; change the adoption process for instructional material on the multiple list; create a fund consisting of fees charged to publishers for the review of their instructional materials; provide per diem and mileage for the reviewers of the adoption process from the fund; require PED to provide payment to depositories on behalf of private schools; allow PED to assume a cash balance credit in determining the allocation in the following year; increase from 30 to 50 the percentage of the allocation that may be spent on materials not on the multiple list; allow for waivers under certain provisions; institute annual reporting requirements; and add an emergency clause.
- Amend the *School Library Material Act* to include clean-up language to require PED to “allocate” instead of “distribute” at least 90 percent of the estimated entitlement for each eligible entity by July 1 of each year.

PUBLIC EDUCATION DEPARTMENT REORGANIZATION

- Amend the *Public Education Department Act* to include PED’s approved organizational structure.

FISCAL ISSUES

- Introduce legislation and appropriate funds to create a Public School Funding Formula Task Force that will conduct a comprehensive study of the Public School Funding Formula and make recommendations to the 2007 Legislature. The study will include a thorough analysis of all formula components currently in statute plus consideration of possible changes to the formula, including, but not limited to, a revised Training and Experience (T&E) index aligned to the three-tiered licensure system for teachers, size factors associated with small schools and small school districts, and any other factor with the potential to affect the equity and efficacy of the formula as a whole. The funding will be appropriated to the Legislative Council Service (LCS) to support the work of the task force and to contract with an individual or individuals selected by the task force to assist with the study. Staff from LCS, LESC, Legislative Finance Committee (LFC), Department of Finance and Administration (DFA), and PED will provide technical assistance.
- Introduce legislation to require PED, effective July 1, 2005, to establish a progressive licensure and compensation framework for all instructional support providers and by school year 2007-2008 to adopt a highly objective performance evaluation for the providers and provide minimum salary levels.

- Introduce legislation to work toward bringing solvency to the Educational Retirement Fund, as well as parity with the *Public Employees Retirement Act* (PERA), by increasing the *Educational Retirement Act* (ERA) employer contribution by 0.75 percent each year over a 10-year period.
- Introduce legislation to require the Educational Retirement Board (ERB) to follow the Prudent Investor Rule as a way to improve long-term investment performance.
- Introduce a memorial to request ERB to provide ERA members and the LESC with a yearly report on the status of the solvency of the Educational Retirement Fund.
- Increase the ERA multiplier (2.35) to reach parity with the PERA multiplier (3.00), phased in over a five-year period, by increasing the multiplier by 0.125 in FYs 06, 07, 08, and 09 and by 0.150 in FY 10.
- Amend the ERA to change the current provisions regarding the ERA cost-of-living adjustment (COLA) to bring it to parity with PERA, specifically to require that the COLA go into effect three years after the member's retirement (rather than at age 65, as in the ERA) and to be a standard 3.0 percent regardless of the consumer price index (CPI) (rather than one-half of the previous year's CPI, as in the ERA).
- Pending completion of a comprehensive study of the Public School Funding Formula, include language in the *General Appropriation Act of 2005* to appropriate non-recurring funds for FY 06 to be used upon verification of need by PED to assist school districts with membership of 200 or fewer to cover required operational expenditures, including any legislative salary mandates or guidelines, for which appropriated program cost is insufficient. Eligible school districts must apply for the funding to PED and document the need for the additional funds.
- Amend the program cost calculation section of the *Public School Finance Act* to align numerical references related to the total program units used to determine program cost (clean-up language).

PUBLIC SCHOOL CAPITAL OUTLAY

- Per recommendations of the Public School Capital Outlay Task Force (PSCOTF) – after evaluation of the pilot year under the new public school capital outlay standards-based process – amend statutes to develop the structure and goals of the state public school capital outlay program and to provide for the program's continued implementation. Statutes recommended for amendments include the *Public School Capital Outlay Act*, *Public School Capital Improvements Act*, *Technology for Education Act*, *Public School Insurance Authority Act*, *Severance Tax Bonding Act*, and other statutes related to school district general obligation bonds, school district construction, and applicability of state construction codes to school district projects. The PSCOTF also recommends the following appropriations and authorizations:

- include \$31.0 million (of the \$70.0 million) to be designated for roof repairs at those schools previously identified through the deficiencies correction program, with the remainder to partially fund a new statewide, voluntary roof initiative for other roof repairs that create a threat of significant property damage;
- reimburse the Public School Capital Outlay Fund for loans to provide full-day kindergarten facilities beyond the amount included in the \$5.0 million statewide general obligation bond passed by voters in November 2004;
- increase the state guarantee amount under the *Public School Capital Improvements Act* (SB 9) from \$50.00 to \$60.00 per mill per unit;
- develop and implement a uniform, statewide, web-based facility information management system (FIMS) to provide a centralized database of maintenance activities and comprehensive maintenance request and expenditure information;
- allow the Public School Facilities Authority (PSFA) to contract with the Construction Industries Division and the state fire marshal's office to permit and inspect Public School Capital Outlay Council-funded projects; and
- provide funding for DFA to develop and adopt a student population forecasting model in conjunction with the LFC, PED, LESC, and PSFA.

OTHER ISSUES

- Amend the *1999 Charter Schools Act* to make each charter school its own board of finance; to provide a mediation process to resolve disputes between charter schools and their chartering authority, as well as disputes related to the approval or denial of a charter or the adequacy of facilities; to implement and clarify requirements for charter school facilities; and to allow lease payment funds to flow to charter schools during their first year of operation – among other provisions.
- Amend the *Public School Code* to designate the Public Education Commission as the sole state agency responsible for the supervision and administration of the state plan relating to career and technical education.
- Introduce a memorial to commemorate the 90th anniversary of the founding of the National Parent-Teacher Association.

REPORT OF THE 2004 LEGISLATIVE INTERIM

INTRODUCTION

During each interim, the Legislative Education Study Committee (LESC) examines a wide range of education issues, both fiscal and programmatic, that affect the achievement and well-being of preschool, elementary, and secondary students in New Mexico. Issues are identified at the initiative of committee members, other legislators, or bills or memorials; and the LESL Workplan establishes the framework for the committee's research, data collection, deliberations, and analysis. This report summarizes the LESL's examination of education issues identified during the 2004 legislative interim and includes its recommendations for the 2005 legislative session. Like the reports of the 2002 and 2003 interims, this report also highlights a theme that recurred through much of the testimony before the committee: the federal *No Child Left Behind Act of 2001* (NCLB) and its implications for public education in New Mexico.

Unlike the reports from previous interims, however, this one does not identify a particular issue as a focus area for day-long or sequential hearings. Even so, several of the separate presentations during the 2004 interim happened to address one or more of the stages of education from preschool to postsecondary, a continuum of learning that is often called P-20. The LESL has been interested in this continuum of learning for years; in fact, it was a focus area during the 2001 interim. For this report, then, the first thematic heading is P-20 Initiative; subsequent headings are School Personnel, Assessment and Accountability, Student Services, Public Education Department Reorganization, Fiscal Issues, Public School Capital Outlay, and Other Issues.

The 2004 interim was also notable because it included two significant anniversaries: the 30th anniversary of the New Mexico Public School Funding Formula and the 50th anniversary of *Brown v. Board of Education*. Summaries of these events are included under the headings Fiscal Issues and Other Issues, respectively.

Yet another notable feature of the 2004 interim was a substantial increase in the committee's workload. During the 2002 interim, the committee heard 45 formal presentations on a variety of education issues. During the 2003 interim that number increased to 56, and for this interim the total was 72. Throughout the three interims, there were corresponding increases in the number of presentations selected for summarizing in the annual reports and in the number of written reports that agencies submitted to the committee.

To examine issues during the 2004 interim, the LESL heard testimony from a wide range of presenters. Some of them represented state agencies, offices, or boards: the Public Education Department; the Public Education Commission; the Secretary of Public Education; the Commission on Higher Education; the Office of the Governor; the Lieutenant Governor; the State Historian; the Children, Youth and Families Department; the Human Services Department; the Office of Workforce Training and Development; the Legislative Council Service; the Legislative Finance Committee; the New Mexico Public Schools Insurance Authority; the Public School Facilities Authority; the Public School Capital Outlay Council; the Public School Capital Outlay Task Force; the Educational Retirement Board; the New Mexico Board of Nursing; and the New Mexico Activities Association. Other presenters represented students, parents, public schools, school districts, early childhood education programs, regional education cooperatives, institutions of higher education, boards of regents, deans of teacher preparation programs,

elected officials, contractors, other educational organizations, and business or community interests: the New Mexico Coalition for Literacy, New Mexico Action for Healthy Kids, the New Mexico Child Care Association, the Lion's Club, Rite of Passage, Heavenly Reins, the Education Center, and Taos Productions, Ltd. The committee also heard testimony from national organizations, including the Harrison School for Management & Policy, the Asia Society, the Center for Education Policy Research, the Education Commission of the States, and the National Conference of State Legislatures, as well as education scholar Richard A. King.

In addition, as in the past, the LESC held meetings in communities throughout New Mexico – Albuquerque, Farmington, Las Cruces, Las Vegas, Ruidoso, and Santa Fe – and it provided a forum for students, school personnel, members of the public, and other interested parties to express their views on certain education issues.

Finally, this report is divided into two main sections – narrative and graphic. The narrative section is subdivided into the thematic headings noted above, and the graphic section includes charts and tables presenting public school support data. Although the report covers the majority of the issues examined during the 2004 legislative interim, it is intended as a summary, not a fully detailed record. Readers interested in more information are encouraged to consult staff briefs, minutes, reports of previous interims, and other material on file in the LESC office or available through the LESC website, <http://legis.state.nm.us/lcs/lesc/lescdefault.asp>.

ISSUES STUDIED BY THE LESC

P-20 INITIATIVE

Early Childhood Education and Pre-Kindergarten for Four-year-olds

As it has during every interim since 1998, the LESC heard testimony during the 2004 interim about early childhood education (ECE). In one respect, the testimony during the 2004 interim was the result of a hearing during the 2003 interim. At that time, the LESC heard testimony from the Child Development Board and the Children, Youth and Families Department (CYFD) in response to two joint memorials that the LESC had endorsed during the 2003 session calling for better alignment of early care education programs in New Mexico. One of the outcomes of this testimony was the realization that no single entity had responsibility for or oversight of the various state and federal ECE services offered in New Mexico. Consequently, the LESC considered legislation that would have given such authority to the Child Development Board, but the committee decided instead to accept a written proposal from CYFD that the Child Development Board “provide the LESC with a comprehensive New Mexico State Early Learning Plan” to implement universal access to pre-kindergarten programs. At the first of two hearings during the 2004 interim, the Chair of the Child Development Board presented a draft of the Early Learning Plan, with particular attention to program standards and learning outcomes, together with a preliminary report of an on-going study of the early childhood workforce in New Mexico, conducted by the New Mexico Association for the Education of Young Children.

In addition to receiving the draft Early Learning Plan, the committee heard testimony from the Lieutenant Governor, the Secretary of Public Education, and the Secretary of CYFD about New Mexico Pre-K, an initiative of the executive branch to implement a voluntary preschool program for four-year-old children in New Mexico. According to this testimony, the pre-k initiative is to be based on a community-based combination of public and private efforts, and it is to use the Early Learning Plan as its foundation. This testimony also acknowledged the widely recognized value of early childhood education in general and in particular as a means of closing the achievement gap; the fully documented research on brain development during a child’s first few years; and economic impact studies that show an approximate seven-to-one return on investments in ECE. In addition, the testimony described the role of early childhood community councils, addressed the preparation and supply of ECE teachers, and confirmed that New Mexico Pre-K is intended to supplement, rather than supplant, existing programs and resources.

As part of the first hearing on this issue, the committee also heard testimony from the President of the New Mexico Child Care Association, an organization that represents the child care industry in the state, consisting of more than 600 licensed centers and nearly 400 licensed homes with approximately 10,000 people in the workforce. This testimony raised several economic points; identified teacher training as the greatest need in ECE; and emphasized the importance of recognizing and strengthening the contributions of existing providers, both public and private, to maximize resources, prevent duplication of services, increase economic development, and ensure the continuation of quality care outside of school hours.

Likewise, the testimony from a representative of Head Start stressed the benefits of collaboration, as well as the value of including Head Start in the planning at both the state and local levels. This testimony also identified some of the challenges facing the implementation of New Mexico Pre-K, among them developing a highly qualified workforce (including the proper deference to experience) and obtaining suitable facilities.

Additional testimony during the two hearings came from representatives of the New Mexico Association for the Education of Young Children, the New Mexico School Boards Association, the Southern New Mexico Child Care Directors Association, representatives of ECE programs and services, and other interested parties, most of whom supported the concept of voluntary pre-kindergarten but questioned certain details of the proposal, such as teacher credentials and professional development, transportation, facilities, governance, the role of private providers, the capacity of postsecondary educational institutions to provide additional training, and the effect of the statewide program upon smaller programs that serve specialized populations like homeless children.

In their subsequent testimony, the Secretary of Public Education and the Secretary of CYFD explained several refinements that they had made since the first hearing during the interim in an attempt to address some of the concerns that had been raised. Among other points, they indicated their plans for continued emphasis upon the voluntary nature of the program and the inclusion of private providers; a more concerted effort toward workforce development; some possibilities for leasing facilities; more clearly defined membership and responsibilities of the early childhood community councils, as well as some options for their geographic boundaries; a framework for state-level governance and oversight; and a clearer distinction between the roles and responsibilities of PED and CYFD.

Finally, assuming a half-day program implemented in September 2005, the two cabinet secretaries testified that they anticipate a funding level of \$9.0 million from the General Fund, exclusive of transportation costs and facility needs, during each of the first two years of the program. This limited two-year implementation will focus on communities most in need and most prepared for the program, and it will provide data to analyze the program's impact. The secretaries also projected a total cost of \$52.0 million for the five-year rollout from FY 08 to FY 12.

Core Knowledge Curriculum/AP Framework

Moving from Pre-Kindergarten to the elementary and secondary grades, the committee heard testimony on two related curriculum matters: Core Knowledge and Advanced Placement. Core Knowledge is a sequenced curriculum for grades K–8 that stresses strong, relevant academics in core subjects such as math, science, language arts, social studies, music, and fine arts, designed so that knowledge builds on knowledge year after year. The curriculum defines a body of information that an educated person should know to participate in the global society. According to testimony from a national Core Knowledge coordinator, the program has been implemented at schools in 46 states, with a concentration in Texas, Colorado, and Florida, where it has contributed to documented academic improvement in schools with predominantly low-income and minority students.

Advanced Placement (AP) is a national program conducted in individual schools to offer college-level courses to high school students. If students score high enough on the AP exams, given each May, they may earn credit or advanced standing at most of the nation's colleges and universities. Since 1990, the Legislature has appropriated approximately \$2.8 million to support AP programs statewide, through direct appropriations, through special projects appropriated to the former State Board of Education, or, since 1997, through appropriations to New Mexico Highlands University (NMHU).

During the 2003 interim, the LESC heard testimony about the process of preparing students in elementary school to take pre-AP courses in grades 7 and 8 and AP courses in high school. Then during the 2003 session, the Legislature considered, but did not pass, legislation to establish an AP framework to help school districts implement curricula in K-6 to prepare students for Pre-AP and AP courses. Even though that bill did not pass, the Legislature did appropriate \$381,600 to the former State Department of Education (now PED) to support the establishment of an AP framework. As staff testimony explained, however, PED used the FY 04 appropriation for middle and high school AP teacher training via a joint powers agreement with NMHU. For FY 05, the Legislature appropriated an additional \$381,600 to PED to develop the AP Framework.

According to testimony from PED, the FY 05 appropriation of \$381,600 will be used for two purposes. First, \$100,000 is being used for two awards of up to \$50,000 each for two school districts to participate in a pilot study for the framework. This study is to be conducted through a competitive grant process for pilot projects using vertical teaming to create a sequential core curriculum. Second, \$281,000 will be used for teacher training for AP and pre-AP courses through a joint powers agreement with AP New Mexico at NMHU.

The committee also heard testimony from Hobbs Municipal Schools about the adoption by the Hobbs School Board, through financial support from the JF Maddox Foundation, of the Core Knowledge curriculum sequence in grades K-6 as a strategy for preparing students to succeed in expanded pre-AP and AP coursework in grades 7-12. This testimony credited Core Knowledge and the pre-AP and AP programs for the “significant inroads” that the district has made in closing the achievement gap between Anglo students and low-income minority students, a population that has increased in the district during the past several years.

High School Reform Initiative

In New Mexico, as well as in the rest of the country, educators and employers have expressed concerns about students graduating from high school unprepared for college or the workplace. During the 2004 interim, the LESC heard testimony on high school reform issues and initiatives from local, state, and national perspectives.

LESC staff testimony provided a brief history of the high school reform initiative, starting with June 2000 and the National Commission on the High School Senior Year, appointed by the previous administration, and leading up to the current administration’s Preparing America’s Future High School Initiative, launched in October 2003. A critical component of this initiative was a series of seven regional high school summits conducted by the US Department of Education (USDE) to help state teams work through and create short- and long-term plans for strengthening outcomes for youth and improving high schools. The issue of high school reform, staff testimony continued, has attracted the attention not only of the USDE, but also a number of other national organizations, including the Bill and Melinda Gates Foundation, the National Conference of State Legislatures (NCSL), and the Education Commission of the States (ECS).

Also at the national level, testimony from NCSL focused on the grant that NCSL received from the Gates Foundation on High School Redesign to inform legislators and legislative staff how to reform high schools, how to make them more effective, and how to help students prepare for college and for work. This project is needed, NCSL explained, because high schools have not changed significantly in the last century and because research indicates a need to make high

schools a place where higher-level learning occurs. With an expected completion date of 2005, the NCSL study will contain, among other things, examples of high schools that have implemented innovative initiatives that could serve as models.

From the state perspective, PED testified first about New Mexico's participation in one of the regional high school summits sponsored by the USDE in April 2004. Part of this effort was a New Mexico First Town Hall meeting in November 2004, which developed 18 recommendations to PED for improving high school education in New Mexico. The recommendations reflect a focus on an individualized and structured approach to student achievement with an emphasis on rigor, support, and accountability.

From the local district perspective, Rio Rancho Public Schools testified about the district's experience with its high school reform initiative, implemented through *Breaking Ranks II: Strategies for Leading High School Reform*, a program that involves extensive community input because it emphasizes the need to provide every student with meaningful relationships with adults.

Other local examples came from Gadsden Independent Schools, which has designed both the program and the building at its new Chaparral High School to meet the needs of the 21st Century; Deming Public Schools, which has developed a full-day alternative high school program to serve at-risk students; and Las Cruces Public Schools, which has implemented a framework for improving teaching and learning that relies upon data-based decisions, an Advanced Placement curriculum, and a consortium of school districts in the southwestern quadrant of the state and New Mexico State University.

Alignment of High School Curricula and Postsecondary Placement Tests

During the 2001 and 2002 interims, the LESC heard testimony on the issue of alignment of K-12 curricula and tests with the admissions requirements of institutions of higher education (IHEs) as one means of creating a seamless education system that facilitates successful progression of students between K-12 and higher education. Also, legislation from 2003 required PED to collaborate with the Commission on Higher Education (CHE) in aligning high school curricula and end-of-course tests with the placement tests administered by public two- and four-year IHEs in New Mexico.

Testimony from representatives of PED, CHE, and the New Mexico Association of Community Colleges outlined the activities planned and undertaken to implement the requirements of law.

In a final written report expected to illustrate that the alignment had been completed, PED reviewed some of the work described during two earlier presentations, noted as a next step alignment of standards to prepare students for higher education or the workforce, and suggested an amendment to the statute that had prompted the alignment project in the first place, an amendment that would redirect the alignment effort away from placement tests and toward standards in high schools and IHEs and postsecondary "entrance competencies." Despite a committee request to that effect, the written report contains no indication of involvement or acceptance by four-year IHEs.

Finally, in addition to the testimony from state agencies, the committee heard testimony from the Center for Educational Policy Research at the University of Oregon explaining three basic approaches to alignment: course-based, test-based, and standards-based. This testimony also offered some insights into incorporating elements from each approach and into pursuing both short-term and long-term strategies; and it included recommendations for developing a formal structure for the alignment. Briefly, this structure would include a step-by-step review of high school performance standards by a panel of school personnel (secondary and postsecondary) and community business leaders, who would determine where expectations and practices correspond and where gaps exist. Based on the results of this review, course templates for high school exit-level exams and entry-level courses in general education core areas would be developed to provide students with early information about their readiness for college.

Concurrent Enrollment

During the 2004 interim, the committee continued a discussion of concurrent enrollment, or dual credit, that had begun during the 2003 interim. At that time, the committee heard a presentation from a statewide advisory committee formed by PED and the Commission on Higher Education (CHE) in response to two joint memorials from the 2003 regular session. Two of the most significant issues raised during the 2003 interim presentation were (1) the lack of uniformity or consistency among the concurrent enrollment agreements between school districts and postsecondary institutions (particularly in terms of payment arrangements), and (2) the lack of reliable data on the number of students participating in concurrent enrollment throughout New Mexico.

To address the payment issue, the LESC endorsed legislation during the 2004 session that would have required a school district to transfer funds to a four-year institution of higher education (IHE) to pay the tuition and fees of a concurrently enrolled student, a provision that has applied to two-year IHEs since 1990. The legislation was amended during the session to allow both two-year and four-year IHEs to agree with school districts to waive or reduce tuition and fees prior to any transfer of funds. The legislation failed, however.

Testimony during 2004, from PED, CHE, and the New Mexico Association of Community Colleges (NMACC), essentially acknowledged that most of the issues raised during 2003 remained unresolved, although progress had been made on some fronts, transportation and data collection in particular. The NMACC further testified that participation in concurrent enrollment courses has been increasing overall and at most of New Mexico's two-year IHEs. This testimony also acknowledged a finding of the Education Commission of the States: that the two greatest obstacles to concurrent enrollment are the uncertainty of financial arrangements and excessive restrictions on the eligible courses.

At the time of this writing, PED and CHE were collaborating to revise regulations to address most of the issues surrounding concurrent enrollment.

Improving Student Success in Higher Education

The Executive Director of the Commission on Higher Education (CHE) testified about the results of a study prepared for CHE that outlines recommendations for improving access to postsecondary education for a wide range of New Mexico residents. According to this testimony, New Mexico faces unique challenges in higher education because it has one of the

lowest success rates in the country in terms of the number of high school students who eventually earn a college degree, yet the state does very well in both the number of recent high school graduates who go to college and in the number of adults who participate in college.

One of the particular challenges is New Mexico's net loss of its high school graduates – many of them, according to ACT scores, among the state's brightest – to institutions in other states. Another challenge is that, according to *Measuring Up 2004*, a publication of the National Center for Public Policy and Higher Education, New Mexico does well in the “participation in college” indicator but poorly in the “high school performance” and “college success” indicators. Regarding the high school performance indicator, the CHE Director testified that ninth grade students in New Mexico are much less likely to graduate from high school than those in most other states and that, if they do graduate, they are less likely to be prepared for college. In addition, according to US Census data, New Mexico ranks fifth among all states in the number of 18- to 24-year-olds who do not have a high school diploma. Regarding the college success indicator, New Mexico ranks low in baccalaureate production, both in the western region and in the nation as a whole. This disappointing performance occurs, the director further testified, despite the higher percentage, both in the western region and in the nation as a whole, of the state's financial resources devoted to higher education.

The CHE testimony also identified other factors that work against New Mexico's effort to sustain and enhance access to higher education, among them a decline in the purchasing power of the federal need-based Pell Grants and increased student reliance on loans rather than grants. The lottery scholarship has helped address some needs, but the deterioration in funding in real terms for the state need-based grant program, together with declines in federal support and greater reliance on loans, has left students from New Mexico's lowest income families needier than before the lottery scholarship program was implemented, according to testimony from the Director of CHE.

To address the challenges and concerns in her testimony, the CHE Director cited recommendations in the study that focus on three key areas of concern:

- the transition from high school to college, particularly for the most disadvantaged students, which could be addressed through a more rigorous high school curriculum, improved alignment between high school and college, additional funding for outreach and tutoring programs, and a re-examination of the way the state finances remediation;
- chronic equity gaps in student participation and persistence in postsecondary education, which could be addressed through amendments to the lottery scholarship program (see “Lottery Success Scholarship Issues,” p. 17) and expansion of students' work-study and other employment opportunities; and
- the lack of incentives for institutions to do more to improve the performance of all their students, particularly for low-income and minority students, which could be addressed through a phase-in of a performance funding factor in the higher education funding formula, with the ultimate goal of distributing a significant level of state formula funding to institutions of higher education based on student success.

Finally, the Director of CHE noted that the recommendations in the study that she had presented are those of CHE staff, not necessarily the commission itself, because, at the time of the testimony, CHE had not met to review and adopt the recommendations. Since then, CHE has included in its funding request for the 2005 session most of the proposals presented, with the exception of additional funding for outreach.

Lottery Success Scholarship Issues

The *New Mexico Lottery Act* (1995) provides that net revenues from the New Mexico Lottery be used to provide scholarships for eligible New Mexico students. Under this act, net proceeds are credited to the Lottery Tuition Fund and appropriated to Commission on Higher Education (CHE) to award all qualifying high school graduates tuition scholarships at public institutions of higher education (IHEs) in New Mexico. To be eligible for a Lottery Success Scholarship, a student must:

- be a New Mexico resident;
- graduate from a New Mexico public high school or accredited New Mexico private high school or earn a General Educational Development (GED) certificate;
- enroll full-time at an eligible New Mexico public college or university in the first regular semester immediately following high school graduation; and
- maintain at least a 2.5 grade point average (GPA) during the first college semester and for each semester thereafter.

In addition, statute extends eligibility to students who enlist in the armed services within 120 days of graduating or earning a GED if they are honorably or medically discharged from the service and if they are accepted at a New Mexico postsecondary institution within 120 days of separation from the service.

Staff testimony noted that, since its implementation in April 1996, the lottery has generated more than \$150.4 million for New Mexico Lottery Success Scholarship for New Mexico students. According to testimony from CHE, the balance in the Lottery Tuition Fund for FY 04 was approximately \$50.0 million; and most of the scholarship funds go to students who are attending one of New Mexico's six four-year IHEs. Also according to CHE, 32,605 students have received lottery scholarships since 1996.

The CHE testimony also included a number of recommendations for expanding the Lottery Success Scholarship (all of which would require amendments to statute), in part to address what CHE has identified as a lack of need-based scholarships in general and in part to address more specific concerns regarding New Mexico's status in higher education (see "Improving Student Success in Higher Education," p. 15):

- make the scholarship for a set dollar amount that the student can apply to any expenses rather than a tuition credit so that students and their families may retain their eligibility for federal student aid and tuition tax credits;

- limit the amount of surplus in the Lottery Tuition Fund and use the income from that surplus to provide outreach from higher education to secondary school students;
- use non-recurring funds to create a Student Aid Trust Fund for needs-based aid; and
- extend scholarship eligibility to additional groups of students:
 - those who enroll within two years of, instead of immediately after, graduating or earning a GED certificate;
 - those who fail to meet the minimum 2.5 GPA during their qualifying semester but who stay in school at their own expense and raise their cumulative GPA to the minimum;
 - those who attend New Mexico tribal colleges; and
 - those who complete an associate degree at their own expense and transfer to a baccalaureate program at a public IHE in New Mexico.

Articulation of College Credits among Two- and Four-year IHEs

Enacted in 1995, the *Post-Secondary Education Articulation Act* requires Commission on Higher Education (CHE) to establish and maintain a comprehensive statewide plan for the articulation of educational programs and to facilitate the transfer of students between postsecondary institutions, particularly in terms of transfer modules, which the act defines as standardized lists of courses or skills for which credit is accepted for transfer from one institution to another. The act also assigns certain responsibilities to CHE, among them:

- to develop a statewide plan to facilitate student transfer;
- to establish transfer modules of lower-division courses accepted for transfer at all institutions, meeting lower-division degree requirements; and
- to establish a complaint procedure for transfer students who fail to receive credit for courses contained in a transfer module taken at another institution.

LESC staff testified that, during the 2004 Legislature, the LESC endorsed House Bill (HB) 119, which was introduced in response to testimony during the 2003 interim regarding delays and added costs experienced by students in teacher preparation programs when they transferred to another institution of higher education (IHE) that did not accept, toward a degree, the credits that the student had earned at the first IHE. If it had passed, HB 119 would have amended the *Post-Secondary Education Articulation Act* to require receiving institutions to reimburse students whose complaints were upheld by CHE for the complete cost, including tuition, books and fees, for each course the student was required to repeat at the institution. The bill would also have required receiving institutions to publish the complaint process in their catalogs or otherwise notify transfer students about the process.

The testimony from CHE highlighted the significance of the transfer credit issue, noting, among other points, that, during school years 1998-1999 and 1999-2000, half of both associate and bachelor's degrees were awarded to transfer students. Passage of the *Post-Secondary Education Articulation Act* has helped improve the acceptance rate of transfer credits from less than 70 percent in school year 1989-1990 to approximately 86 percent in school year 2002-2003; and CHE has adopted regulations and established guiding principles regarding course transfer and articulation based upon the premise that postsecondary education in New Mexico should be viewed as a statewide system with institutions that are components of a network in which transfer of credit is facilitated. Despite these efforts, however, CHE testified that certain implementation issues still need to be addressed, mostly in terms of ensuring compliance with current law and regulation. CHE testimony also suggested that the articulation process would go more smoothly if the commission had explicit statutory authority to institute a statewide course name and numbering system. Testimony from several IHEs supported this suggestion.

The Role of Two- and Four-year IHEs in Teacher Preparation Programs

As part of its interest in the P-20 Initiative, the LESC heard testimony from the New Mexico Association of Community Colleges (NMACC) and the New Mexico Deans' Council, among other parties, on the compact among the teacher preparation programs in New Mexico's public and private two- and four-year institutions of higher education (IHEs) to ease student transfer between two- and four-year postsecondary teacher preparation programs. Part of the background to this issue is the requirement in the federal *No Child Left Behind Act of 2001* (NCLB) that all teachers of core academic subjects be highly qualified by the end of school year 2005-2006.

The NMACC testimony described a national community college education summit sponsored by the Education Commission of the States (ECS) in June 2003, which a team from New Mexico attended. This summit provided a framework for developing a culture of cooperation among K-12 education, community colleges, and universities; and the framework helped the state draft the compact to ensure that, if they took the appropriate courses, education majors would have their earned credits accepted by all teacher preparation programs in the state. Without such a compact, NMACC further testified, community college education students transferring to four-year programs are likely to continue finding, in some cases, that the courses they have taken at the two-year institution are not accepted at the four-year institution for credit toward a degree, thus lengthening the time required to earn a degree and increasing tuition and financial aid costs. Such problems have occurred, the NMACC testimony continued, despite the *Post-Secondary Education Articulation Act of 1995* and the subsequent creation by the Commission on Higher Education (CHE) of 64-credit transfer modules for education degrees (see "Articulation of College Credits among Two- and Four-year IHES," p. 18).

The New Mexico Deans' Council testified that the draft compact to strengthen the articulation procedures among teacher preparation programs was developed by representatives of both public and private teacher preparation programs. Three basic themes run through the compact – alignment, seamless transition, and accountability – and it addresses such issues as common competencies for introductory coursework, common admission standards and advisement procedures, and expansion of the *Teacher Loan for Service Act of 2001* to include high school and two-year college students who are on a teacher education pathway.

According to this testimony, the compact also provides that, if a conflict does arise between institutional standards over the content of teacher preparation courses in a transfer module, the four-year IHE would be the entity responsible for accommodating or adjusting the student's program to minimize additional credit hours while maximizing coursework to meet the competencies. Endorsed by the Council of University Presidents, the NMACC, and CHE, the compact is already in place at some IHEs; yet, at the time of this writing, CHE reported that the institutions will sign the compact on April 27, 2005.

NNMCC Teacher Preparation Program

In 2004, the Legislature passed legislation authorizing Northern New Mexico Community College (NNMCC) to develop, implement, and seek accreditation for a baccalaureate degree program in teacher education at its Española campus, in partnership with New Mexico Highlands University (NMHU). The Legislature also appropriated \$175,000 to NNMCC to begin implementation of the new teacher preparation program. Testimony during the 2004 interim afforded the committee a status report on this program.

The testimony from NNMCC was premised on the belief of the board of trustees that the college is finally carrying out the original constitutional mission of its founders, who created a Spanish-American School in 1909 to prepare teachers for northern New Mexico. This testimony also cited some of the conditions that prompted NNMCC to initiate the program, including limited economic development in north-central New Mexico, the low number of high school graduates, the poor quality of many public schools in the area, and the current shortage of highly qualified teachers, which is likely to intensify when many veteran teachers retire from the region's public schools.

According to NNMCC testimony, the board of trustees authorized the program in July 2004; in August the college received approval from the North Central Association of Colleges and Schools to offer this program, as well as other baccalaureate teacher preparation programs to be developed in the future; and in the fall of 2004, NNMCC enrolled 111 candidates for the new baccalaureate degree, with plans to implement other BA programs in special education and bilingual education in FY 06 and in secondary education in FY 07. At the time of this writing, the college was awaiting program approval by the PED, which, according to law, must approve teacher preparation programs in the state.

On other points, NNMCC intends to request another appropriation for FY 06 because the college will not be eligible for a funding formula distribution for this program until FY 07. Finally, the NNMCC testimony alluded to some meetings with NMHU officials but noted that the college was seeking to collaborate with the University of New Mexico.

In its testimony, Commission on Higher Education (CHE) agreed that NNMCC's constitutional authorization creates a unique circumstance but also noted that CHE had some concerns nonetheless, among them the proliferation of baccalaureate programs in teacher preparation and the cost of bringing in the doctorate-level faculty required to provide a quality program.

Recommendations of the LESC:

- *Introduce legislation to implement the Pre-Kindergarten Act to provide the first year of a voluntary program for four-year-olds in communities that meet certain criteria, among them early childhood programs – public or private – licensed by July 1, 2005 and public schools not meeting adequate yearly progress; to provide for joint administration of the program by PED and Children, Youth and Families Department (CYFD), with the assistance of the Child Development Board; and to provide for applications to PED and CYFD by local early childhood community councils.*
- *Introduce legislation and appropriate funds to establish a core curriculum framework that supports the selection or development, as well as the implementation, of a challenging, sequential curriculum at the K-6 level in public schools to prepare all students for pre-Advanced Placement (AP) and AP coursework in grades 7-12.*
- *Amend statute to require standardization of placement tests for general education requirements among all New Mexico public institutions of higher education.*
- *Regarding concurrent enrollment or dual credit, amend statute to require a school district to transfer to a two-year or four-year postsecondary institution the tuition and fees for any student who, during the term, is counted in the membership of the public school district and who will receive high school credit for coursework at the postsecondary institution, unless the school district and the postsecondary institution have agreed to waive or reduce tuition or fees.*
- *Amend Lottery Success Scholarship statutes to:*
 - *maintain scholarship eligibility for those students who are simultaneously enrolled in both a four-year and a two-year institution per requirements of the student's program;*
 - *extend eligibility to full-time resident students who, within two years of completion of a high school diploma at a public or accredited private New Mexico high school or upon receiving a general educational development (GED) diploma, are accepted to attend one of the New Mexico institutions of higher education;*
 - *extend eligibility for up to four semesters to a full-time resident student who has graduated from a New Mexico high school since implementation of the Lottery Success Scholarship Program, who has not taken advantage of the program, who has not attained a bachelor's or higher degree, and who, within two years of attaining an associate degree, is accepted to attend one of the New Mexico institutions of higher education to pursue a baccalaureate degree;*
 - *allow second chance eligibility for those students who lose their lottery scholarship eligibility and then stay in school the next semester at their own expense and bring their cumulative GPA up to 2.5;*
 - *extend eligibility from four consecutive years to five consecutive years beginning with the second semester of the recipient's first year of enrollment, providing that the recipient meets all other statutory requirements; and*
 - *allow recipients who "stop out" for a period of up to two consecutive semesters during pursuit of an associate or a baccalaureate degree to maintain their remaining eligibility when they return.*
- *Amend the Post-Secondary Articulation Act to:*
 - *establish a common course name and numbering system for lower-division courses in public two- and four-year postsecondary institutions and provide deadlines for the development of lower-division discipline modules to be completed by fall semester 2008;*
 - *require acceptance of transfer modules in a block for credit toward a degree;*

- *require acceptance of courses in the general education core taken by secondary students for dual credit to fulfill lower-division degree requirements;*
 - *require admission of students as upper-division students upon transferring a lower-division discipline module; and*
 - *require reimbursement to students for the costs of courses in a transfer module that are not accepted and require notification to students of the complaint process.*
- *Amend the Teacher Loan for Service Act to include students in two-year postsecondary teacher preparation programs.*

SCHOOL PERSONNEL

Three-tiered Licensure Evaluation System

The public school reform legislation enacted by the 2003 Legislature created a three-tiered teacher licensure evaluation and salary system intended (1) to increase student achievement by recruiting and retaining high-quality teachers and (2) to align with the “highly qualified teacher” requirements of the federal *No Child Left Behind Act of 2001* (NCLB). This reform legislation also included a requirement for “a highly objective uniform statewide standard of evaluation” (HOUSSE), which corresponds to a similar provision in NCLB. The PED implemented the new evaluation system on schedule in July 2004.

In addition, the Legislature has made two appropriations to support the implementation of the three-tiered licensure evaluation system:

- for FY 04, \$250,000 to begin implementation of the evaluation system; and
- for FY 05, \$1.0 million to PED to train administrators in the use of the new system to evaluate teachers.

The PED testimony highlighted the two components of the evaluation system: the professional development dossier and the local annual performance evaluation. The dossier is a collection of the teacher’s classroom data (lesson descriptions, handouts, student work, video and audio recordings, and photos) organized into five strands – Instruction, Student Learning, Professional Learning, Verification, and Evaluation – that incorporate the nine teaching competencies delineated in PED rules. The purpose of the dossier is to assemble evidence to support a teacher’s advancement from Level 1 to Level 2 or from Level 2 to Level 3 in the three-tiered licensure system.

The local annual performance evaluation, PED testimony continued, is based upon the professional development plan that each teacher develops in collaboration with the school principal, adjusted according to each teacher’s licensure level. The evaluation is intended to ensure that teachers are not only “highly qualified” under both state and federal law but also “highly effective” in the classroom. Toward that end, the local evaluations include a number of new provisions, among them clear requirements for annual evaluations, classroom observations, professional development plans developed by the 40th day of each school year, and expectations for teachers differentiated according to the licensure level.

The PED testimony about the evaluation system addressed a number of other points as well, among them the creation, through PED rule, of an educator quality council in part to continue the oversight functions of the Three-tiered Implementation Council and also to assume the duties of the former Professional Standards Commission (see “Professional Standards Board for Teachers,” p. 25).

The testimony on this topic also included an account by Farmington Municipal Schools of that district’s using the state evaluation standards and PED-supplied material as a base and then expanding or adjusting them to meet local needs. For example, the district has required additional classroom observations, developed a professional growth plan (in addition to the state-required professional development plan), and added a tenth competency under Strand C, Professional Learning, prescribing “a professional demeanor” to help ensure professional and ethical behavior by teachers.

Other issues raised during the testimony included the concern among many teachers with the statutory provision that principals’ salaries are based not on performance but on the size of the school (see “Salaries of School Principals and Assistant Principals,” p. 23) and the question whether instructional coaches and resource teachers, who work not with students but with other teachers, are included in the three-tiered licensure evaluation and salary system.

Finally, the PED testimony noted that, as the training of teachers and administrators in the new evaluation system progresses, New Mexico may well become a model for the rest of the nation. Several states, PED testified, are now watching New Mexico quite closely because of the state’s “unique” combination of a career ladder for teachers with a licensure and evaluation system tied to salary increases.

Salaries of School Principals and Assistant Principals

In 2003, as another part of the public school reforms, the Legislature implemented minimum annual salaries for Level 3B school principals on a standard 10-month contract effective in school year 2005-2006. Based on school size, the salary minimums range from \$58,000 for principals in schools with 200 or fewer students to \$68,000 for principals in schools with more than 1,000 students. However, concerns among educators and policymakers over tying the principal’s salary to the size of the school led the LESC to include this topic in its 2004 workplan and to ask the LESC staff to establish a work group to examine current law and to develop recommendations for consideration of the LESC prior to the 2005 legislative session.

The LESC School Principals’ Work Group consisted of staff from the LESC, Legislative Finance Committee, and PED; and of representatives from school principals, superintendents, school district finance and human resources personnel, the New Mexico Coalition of School Administrators, and the New Mexico School Boards Association. In addition, representatives responsible for educational leadership programs in the state’s postsecondary educational institutions were also invited to attend the meetings and to participate in the discussions.

According to their testimony, the members of the work group concluded that salary minimums based solely on school size do not consider the varying roles and responsibilities of school principals according to the level of the school (elementary, middle/junior, or high school). Such factors as the complexity of instruction, the number and kind of after-school events and activities, and the community expectations, work group members believed, should figure into a

principals' salary schedule. The work group also concluded that assistant principals should be included in the minimum salary requirement and that the minimum salary of a school principal and assistant principal in a school district should not be less than the minimum salary required for a Level 3A teacher.

Therefore, the work group recommended amending the *School Personnel Act* to implement a three-year phase-in of minimum annual salaries for principals and assistant principals on a 10-month contract, beginning with school year 2005-2006. More specifically, the work group recommended amending statute to:

- require a minimum salary for principals and assistant principals that is at least equal to the minimum salary required for a Level 3A teacher multiplied by a “responsibility factor”;
- define the terms “responsibility factor” and “instructional leader”;
- require PED, no later than FY 07, to develop an evaluation system for principals and assistant principals that is linked to the implementation of Level 3B minimum salaries; and
- provide an appropriation for FY 06 to fund the first year of a three-year phase-in of minimum salaries for principals and assistant principals.

Educational Assistants: Career Ladder

The federal *No Child Left Behind Act of 2001* (NCLB) requires that all educational assistants have at least a high school diploma and that educational assistants serving in schools that receive Title I funds meet one of the following qualifications (upon hire after January 8, 2002, or by January 8, 2006, if already working as an educational assistant):

- complete at least two years of postsecondary study; or
- earn an associate or higher degree; or
- meet a rigorous standard of quality and demonstrate, through a formal state or local academic assessment, knowledge of and the ability to assist in the instruction of reading, writing, and mathematics.

Although NCLB increases the training requirements for educational assistants, salaries for these individuals remain low. For school year 2001-2002, PED reported that the average salary for an educational assistant was \$12,550. In school year 2002-2003, the reported average salary for an educational assistant was \$13,162, and many full-time educational assistants were receiving annual salaries below \$10,000.

As a consequence of the increased requirements of NCLB, coupled with the low levels of compensation for educational assistants, the LESC endorsed and the 2003 Legislature passed House Joint Memorial (HJM) 35, which requested that PED, in cooperation with the Commission on Higher Education (CHE), study the needs and resources related to improving the

knowledge, skills, and status of educational assistants and substitute teachers. In response to the memorial, LESC staff established the HJM 35 Work Group, which recommended a four-level licensure and salary framework for educational assistants to be phased in over a four-year period. All of the licensure levels in this framework were designed to meet the paraprofessional requirements in NCLB.

In January 2004, the LESC endorsed legislation based upon the final recommendations of the HJM 35 Work Group. Subsequently, the 2004 Legislature enacted a career advancement initiative for educational assistants that:

- requires PED to institute a licensure system through regulation for educational assistants;
- establishes a \$12,000 minimum annual salary for licensed educational assistants beginning in FY 05, but authorizes the Secretary of Public Education to adjust the minimum salary in accordance with appropriations for that purpose in each school year (for FY 05 the Secretary established the minimum salary at \$11,000); and
- requires school districts to initiate in FY 05 the implementation of a career salary framework that supports the licensure framework.

Because the final version of the legislation passed by the 2004 Legislature differed significantly from the legislation originally endorsed by the LESC, the LESC requested that staff continue to study the issue. In July 2004 the Educational Assistants' Career Ladder Work Group was reconstituted from the original HJM 35 Work Group with additional representation. The work group participants again recommended four licensure levels with accompanying minimum salaries of \$11,000, \$14,000, \$17,000, and \$20,000, respectively. The major difference between the recommendations of the HJM 35 Work Group in 2003 and those of the Educational Assistants' Career Ladder Work Group in 2004 is that the new recommendations include two licensure levels, Level 1 and Level 2, that are designed for educational assistants employed in positions that do not require them to meet NCLB requirements.

Testimony from the National Education Association – New Mexico explained the rationale for the 2004 work group's recommendations and the goals they are meant to achieve: (1) to recognize the added credentialing requirements under federal law; (2) to provide career advancement for those seeking academic degrees; and (3) to meet the needs of all educational assistants. Additional testimony from the New Mexico Federation of Educational Employees focused on district-level issues such as student and staff mobility, passing rates on the exam for educational assistants, and the portfolio as an alternative to the exam.

Professional Standards Board for Teachers

The National Education Association – New Mexico (NEA – NM), the New Mexico Federation of Educational Employees (NMFEE), and the New Mexico Association of Classroom Teachers testified in support of the establishment of a professional standards board for teachers in New Mexico. Among other reasons cited, teachers want a larger say in determining entry standards into their profession, as attorneys and doctors have, because they know what is needed if their students and newer colleagues are to succeed and because strengthening the preparation of one teacher improves the ability of all teachers to help students. In addition, the NMFEE testimony cited several standards that such a board should apply to teacher preparation.

Testimony also included an account of the former Professional Standards Commission (PSC), an advisory group appointed by the former State Board of Education (SBE), which had made recommendations to SBE regarding the approval of professional preparatory programs, the licensure of school personnel, a code of ethics for certified school personnel, and other matters related to education. Noting that PED planned to create another council to replace the PSC, NEA – NM testified that, without a professional standards board of some type in place, teachers cannot fully have the rights and privileges available to other professionals. The union testimony suggested three options to remedy the situation:

1. establish a fully independent board by means of legislation, as was attempted in 1997 when a bill was introduced but not passed;
2. allow PED to create a board through regulation; or
3. enact legislation instructing PED to create a board and specifying its functions, one of which should be to establish and maintain the code of ethics.

In December 2004, PED filed a rule creating the Professional Practices and Standards Council, which will replace the PSC and perform the duties that the PSC had performed.

Recommendations of the LESC:

- *Change current law to implement a phase-in of minimum annual salaries for principals and assistant principals that includes a responsibility factor and an evaluation component, beginning in school year 2006-2007.*
- *Amend statute and appropriate funds to phase in over a three-year period a career ladder for educational assistants that includes four licensure levels and minimum salaries as follows: FY 05 – Level 1, \$11,000; FY 06 – Level 2, \$13,000; FY 07 – Level 3, \$15,000; and FY 08 – Level 4, \$17,000.*
- *Introduce a memorial to request PED to report to the LESC on the progress of development of the procedures and processes of the Professional Practices and Standards Council.*
- *Amend statute to insert clean-up language to ensure that statute remains consistent with the public school reforms enacted by the 2003 Legislature by:*
 - *clarifying the roles of the superintendent, principal, and local school board with regard to personnel decisions, while protecting the due process rights of employees; and*
 - *amending the definition of “teacher” in statute to add individuals who hold a Level 1, Level 2, or Level 3A license and whose responsibilities may include curriculum development, peer intervention, peer coaching and/or mentoring;*

ASSESSMENT AND ACCOUNTABILITY

New Mexico Assessment Program

In 2002, Congress reauthorized the *Elementary and Secondary Education Act* as the *No Child Left Behind Act of 2001* (NCLB). More specific and stringent than its predecessor, NCLB requires states and school districts to improve student achievement and close academic achievement gaps among students of different racial, ethnic, and economic backgrounds, as

demonstrated through a prescribed degree of improvement each year known as Adequate Yearly Progress (AYP). To meet AYP, a school must not only show the prescribed degree of improvement for students overall and for each of the subgroups (economically disadvantaged students, major racial or ethnic groups, students with disabilities, and English language learners) but also demonstrate that at least 95 percent of the students in each group were tested. Among other requirements, the federal law also sets deadlines for states to develop annual criterion-referenced tests (CRTs) aligned to state standards.

Implementation of Criterion-referenced Tests/Writing Tests/K-2 Diagnostic and Standards-based Assessments

Partly in response to NCLB, state law that was instituted with the public school reforms of 2003 requires the New Mexico Accountability System to change from the use of norm-referenced tests (NRTs) to criterion-referenced tests (CRTs) as its primary measure of student achievement. In 2003, PED issued a request for proposals to develop the required CRTs in English and Spanish and subsequently awarded the contract to Harcourt Educational Measurement Company. PED testimony during the 2004 interim outlined the schedule for state development and administration of CRT assessments as required by NCLB and state law:

- NCLB requires states (1) to develop and implement annual assessments in reading and math in grades 3 to 8 and at least once in either grades 10, 11, or 12 for school year 2005-2006; and (2) for school year 2007-2008, to administer annual science assessments a total of three times, at least once in either grades 3, 4, or 5, once again in either grades 6, 7, 8, or 9, and a final time in either grades 10, 11, or 12.
- In addition to meeting the requirements of NCLB, New Mexico state law requires testing in social studies and in grade 9, provided that the Legislature appropriates funding for test development and implementation for the 9th grade and social studies assessments.

Regarding the writing tests, the 2004 Legislature enacted an LESC-endorsed bill that eliminates the individual writing assessment in grades 4, 6, and 8 and requires that school districts apply writing assessment scoring criteria to the extended response portion of the new language arts CRTs by school year 2005-2006. The PED testified that this change will add to the cost of the Harcourt Educational Measurement contract, but federal funds will cover that cost. Beginning in FY 04, the state will receive approximately \$4.4 million in federal NCLB dollars per year for each of four years for CRT development and implementation. In addition, the state will realize some savings through elimination of the costs of individual writing assessments.

The final part of this topic before the committee was the issue of K-2 diagnostic and standards-based assessments. The PED testified that the state has selected the Dynamic Indicators of Basic Early Literacy Skills (DIBELS) instrument to meet federal requirements to assess the federal Reading First program in grades K-3 and to meet the assessment needs of full-day kindergarten and the Kindergarten Plus Pilot program. Even so, this testimony continued, the PED Assessment and Accountability Advisory Council has continued its review of a variety of assessment instruments to determine whether others might also meet the state's needs. The council has asked PED to survey school districts to verify the kind of information that the assessments in current use yield; and, at the time of this writing, PED was reviewing a New Mexico-specific assessment developed by Measured Progress.

Update on NCLB Testing Requirements

Staff testimony noted several concerns raised by the National Conference of State Legislatures over inconsistencies and costs associated with NCLB and listed the appropriations that the 2004 Legislature had made to fund assessment costs. For FY 04, for example, the Legislature appropriated \$1.8 million for school district costs to administer CRTs to be distributed through the Public School Funding Formula; and since FY 01, the Legislature has appropriated approximately \$5.4 million for school district costs in base program cost.

The PED testimony described the department's process in developing assessment instruments to meet NCLB testing requirements, coordinated by the PED Assessment and Accountability Advisory Committee. This testimony also noted that PED had obtained approval from the US Department of Education to make several changes and additions to the New Mexico NCLB accountability plan, among them the implementation of a "safe-harbor" provision to avoid over-identifying low-performing schools and the use of a "confidence interval" (similar to a margin of error) to ensure that the state is 95 percent certain before indicating that a particular school has not met AYP.

Additional testimony came from school superintendents and other members of the audience, who raised such concerns as these:

- dramatic increases in districts' testing costs;
- the difficulty of districts' responding to school rankings when they are not published until late August, as was the case in 2004;
- the "statistical impossibility" of the ultimate NCLB requirement that 100 percent of students reach proficiency by 2014; and
- the likelihood that, under such NCLB requirements, 90 to 95 percent of New Mexico schools eventually will be classified as "in need of improvement."

School Improvement Schools/Supplemental Services

Between 1998 and 2003, PED rated public schools according to the state accountability system. With the enactment of the federal *No Child Left Behind Act of 2001* (NCLB) and state school reform legislation in 2003, PED began rating schools according to a new set of standards and categories based upon "adequate yearly progress" (AYP). Therefore, school year 2004-2005 has been a transition year from one system to another. Under the new system, both state and federal law provide a series of consequences, or sanctions, for schools that fail to make AYP.

The first two consequences focus directly on students rather than schools.

- Any child attending a school that has failed to make AYP for two consecutive years or longer must be offered the choice of transferring to another public school in the district (including a charter school) not identified for school improvement.

- Children who attend schools that have not met AYP for three or more consecutive years are eligible to receive supplemental educational services (primarily tutoring).

The next two interventions focus more on schools. Under both state and federal law, after the fourth consecutive year of not meeting AYP, the school, in addition to the first two measures, must take one or more corrective actions, such as replacing the school staff, implementing a new curriculum, or decreasing management authority at the school level. After the fifth consecutive year of not meeting AYP, the school is subject to restructuring through one of the following actions: reopening as a charter school, replacing all or most of the school staff, or submitting to state takeover.

During the 2004 interim, the committee heard testimony from PED and two school districts about measures to help schools improve, supplemental educational services in particular.

According to the Secretary of Public Education, PED's plan for assisting schools in need of improvement includes Project Excel, an action plan intended to help close the achievement gap and raise the expectations and achievement levels for all students, in part by focusing on and enhancing each district's Educational Plan for Student Success. Project Excel also includes the assignment of each district superintendent to a contact person in the PED senior staff (see "Public Education Department Recommendations for Reorganization," p. 41) and the creation of the Secretary's Education Advisory Council for Excellence and Equity in Education.

PED staff also testified that, as of June 2004, 25 districts had schools that were required to offer supplemental educational services. Six of these districts, however, were unable to secure a PED-approved vendor due largely to the districts' isolated rural locations. Once the new school ratings were published in August 2004, 22 districts had schools that were required to provide supplemental educational services.

For school year 2004-2005, PED testimony continued, districts may select from 23 PED-approved vendors of supplemental educational services; and during the summer of 2004 PED held a vendor fair to introduce school districts to the providers. An evaluation of the vendors conducted by the Center for the Education and Study of Diverse Populations during spring and summer 2004 found that parents and students were generally satisfied with the services; however, the evaluation also revealed the need for better training for vendors, especially in working with culturally and linguistically diverse students; more timely and consistent record-keeping; and better, more frequent communication, especially with the host school.

The committee also heard testimony from the principals of two public schools about those schools' efforts to meet AYP. One, James Russell Lowell Elementary School, in Albuquerque Public Schools, was in its second year of Corrective Action, the most serious of the rankings under the previous accountability system; the other, César Chávez Community School, in Santa Fe Public Schools, had recently emerged from Corrective Action to meet standards. When the new school rankings were published in August 2004, both schools were determined to have made AYP. Altogether, according to PED, 519 schools in New Mexico made AYP for school year 2003-2004, and 125 received NCLB designations of School Improvement I or II, Corrective Action, or Restructuring I or II.

Finally, NCLB requires states to reserve a certain percentage of their Title I funds to allocate to school districts to assist schools identified for school improvement, corrective action, or restructuring. In addition, NCLB authorizes a grant program for the same purpose; however, this program has not been funded since FY 02.

Bilingual Education Audit Report

The 1973 Legislature enacted the *Bilingual Multicultural Education Act* to encourage the cognitive and effective development of New Mexico students by (1) utilizing the cultural and linguistic backgrounds of the students in the curriculum; (2) providing students with opportunities to expand their conceptual and linguistic abilities and potentials in a successful and positive manner; and (3) teaching students to appreciate the value and beauty of different languages and cultures. To be eligible for state funding, the act requires each school district program to be reviewed and approved by PED according to prescribed criteria.

During the 2003 interim, the Legislative Finance Committee (LFC) performance auditors conducted an audit of PED's bilingual multicultural education program. The objectives of the audit were to determine requirements for the distribution of program funds, use of funds, compliance with state and federal regulations, and program outcomes.

A number of findings were cited in the audit report, dealing with such matters as differences between federal and state law, lack of clarity in state law whether language capabilities comprise English or the native language or both, insufficient guidance from PED to school districts, insufficient expenditure data, and inaccurate school district reports about program participation.

Among their recommendations, the performance auditors indicated that the Legislature should consider a review of the *Bilingual Multicultural Education Act* to clarify program purpose and to provide direction on program priorities. An additional recommendation focused on implementing an adequate chart of accounts to allow for expenditure analysis of programs and to relate program outcomes to costs.

In 2004, in response to the audit, the Legislature amended the act to provide for more accountability in bilingual multicultural education programs. The 2004 Legislature also included language in the *General Appropriation Act of 2004* requiring PED to evaluate the program effectiveness and use of bilingual multicultural program funds to ensure that program needs are met and to report to the LFC and the LESC in July and December, 2004.

PED Evaluation of Bilingual Multicultural Education/Audit Bilingual Education, HM 3

In addition to other related measures discussed under ("Bilingual Education Audit Report,") the 2004 Legislature passed House Memorial 3, *Audit Bilingual Education*, which requested that PED conduct audits of all public schools with bilingual programs. During the 2004 interim, PED presented the results of these audits through both written reports and testimony before the committee.

According to PED, in the 60 school districts with state-funded bilingual multicultural education programs, 29 percent of all English language learner (ELL) students had attained proficiency in reading/language arts, either in English or in their home language, and 28 percent had attained proficiency in mathematics. The PED also reported that, according to annual English language proficiency assessments required by the federal *No Child Left Behind Act of 2001*, 20 percent of ELL students in those same districts were proficient in English alone.

The PED also testified that, through the Public School Funding Formula, school districts in New Mexico received a total of approximately \$35.6 million in operational funding in FY 04 intended for bilingual multicultural education programs; yet, using their discretion over the allocation of non-categorical operational funds, they spent a total of \$78.2 million in operational funds on those programs – a difference of approximately \$42.6 million. The additional expenditure indicates that, if earmarking of bilingual education funds were to occur, as some proponents of bilingual education have advocated, there would be fewer resources expended on this program.

Finally, PED testified that its examination of bilingual multicultural education programs indicated that the department needs to provide better training and technical assistance to school districts regarding assessment procedures and data reporting, and that bilingual education programs need greater consistency and depth if they are to enable ELL students to achieve academic success as well as proficiency in two or more languages. In addition, the department testified that it would be more successful in gathering accurate information about program expenditures after the statewide implementation of the National Center for Education Statistics uniform chart of accounts to track cost data.

Uniform Public School Chart of Accounts

Part of the US Department of Education (USDE) and the Institute of Education Sciences, the National Center for Education Statistics (NCES) is the primary federal entity for collecting and analyzing school-related data. One of its chief responsibilities is to compile the Common Core of Data (CCD), which is USDE's primary database on public elementary and secondary education in the United States. The CCD consists of information gleaned from five surveys that education agencies in all of the states, territories, the District of Columbia, and the Department of Defense Schools complete annually. In order to facilitate the collection of consistent financial data, NCES has established a common chart of accounts for use by all reporting entities. New Mexico, however, has not adopted the NCES chart of accounts but uses a crosswalk to map its chart of accounts to the NCES categories.

Because of organizational changes taking place at PED during the 2003 interim, the LESC requested that LESC staff establish a work group, with representatives from various state agencies and organizations, to facilitate the alignment of New Mexico's public school chart of accounts with that of NCES in order to provide valid inter- and intrastate expenditure comparisons, in particular for per-pupil administration costs and the amount of money that flows to classroom instruction. In addition, the 2004 Legislature appropriated \$1.8 million to PED for performance-based program budgeting and for the implementation of an NCES chart of accounts.

In its testimony during the 2004 interim, PED outlined its plan for implementing a uniform public school chart of accounts aligned with NCES but also reported that PED staff had been unable to devote the necessary time to proceed with the conversion process and emphasized that the June 2005 target date recommended by the LESC work group for the conversion process was "ambitious." Hearing this testimony, the committee requested that PED discuss the issue with the Governor to emphasize that additional funding reductions from school districts must be curtailed until a more consistent and accurate reporting system is implemented.

According to further testimony from PED, at least three years would be necessary to complete the design of a new chart of accounts; train PED, school district, and charter school personnel statewide; and provide them with adequate computer systems. The PED also testified that FY 07 was a more realistic target year for the conversion.

Performance Accountability Data Systems Project

During the 2004 interim, the Legislative Finance Committee (LFC) performance auditors conducted a Performance Accountability Data Systems Project in collaboration with staff from the LESC, PED, and Office of Education Accountability. The goals of the project were to inventory performance accountability data systems at the state and public school district levels; to examine the process for gathering, interpreting, and using accountability data; and to provide recommendations for PED and for the Legislature.

According to LFC testimony, the project identified several findings dealing with such matters as a labor-intensive data collection process for PED and school districts statewide because of incompatible data collection systems; inconsistent recording and reporting of information among school districts, including financial data, program costs and outcomes, and student and teacher data; unwritten protocols for changing existing data and for segregating the duties of finance personnel; and a need for PED and school district personnel to be provided training in collecting, analyzing, interpreting, and using data that affect a variety of areas, among them operations, instruction, and student performance.

Among the recommendations in their testimony, the performance auditors suggested that the Legislature consider appropriating funds to PED for the implementation of a comprehensive data warehouse project using an information technology architecture design developed by the Decision Support Architecture Consortium (DSAC), an initiative of the Council of Chief State School Officers. Additional recommendations focused on requiring PED to demonstrate performance through the development of a strategic implementation plan for the project; to work with DSAC to expand the architecture design into a P-20 performance accountability system; to include in the training of PED and public school district personnel methods and processes that allow public school personnel to interpret, analyze, and effectively use data to improve student achievement; and to fully implement a uniform public school chart of accounts by the beginning of FY 07 (see “Uniform Public School Chart of Accounts,” p. 31).

Finally, PED testified that the department has begun addressing the recommendations from the project.

Recommendation of the LESC:

- ***Provide a non-recurring appropriation for the implementation of a comprehensive data warehouse project at PED using an information technology architecture design developed by the Decision Support Architecture Consortium, an initiative of the Council of Chief State School Officers.***

STUDENT SERVICES

Gifted Education

During the 2004 interim, the LESC heard testimony about the status of gifted education in New Mexico at both the state and local levels, testimony that revolved around Senate Joint Memorial (SJM) 58, *Study Services for Gifted Students*. Introduced during the 2004 legislative session, SJM 58 requested that the LESC study educational services being provided for gifted students. Although the memorial did not pass, the LESC included an examination of the issue in its 2004 workplan nonetheless.

Gifted education receives no federal funding; however, because gifted education is classified as special education, it does receive state funding through the Public School Funding Formula.

Of the several concerns cited in SJM 58, the testimony focused on the disproportionate representation of minorities in gifted education. The premise, as LESC staff testimony explained, is that the percentage of minority students identified as gifted should be similar to the percentage of the total student population identified as minority. However, a PED analysis of school year 2003-2004 80th day data indicates that the identification of minority students as gifted students varies widely among districts. In one district, for example, minority students constitute 74 percent of the student population yet only 28 percent of the students identified as gifted; in another district, 100 percent of the students are minority yet none are identified as gifted. On the other hand, a third district, which has identified 8.5 percent of its total population as gifted, also identified 10 percent of its minority population; and in a fourth, with a total minority population of 95 percent, 100 percent of its gifted students are minority.

The committee heard testimony from two school districts: Las Cruces Public Schools and Central Consolidated Schools. To identify its gifted students, Las Cruces Public Schools uses not only the traditional methods of IQ and achievement testing but also two other tests through a pilot program: the Frasier Talent Assessment Profile (F-TAP) and the DISCOVER (Discovering Intellectual Strengths and Capabilities while Observing Varied Ethnic Responses) Assessment, both of which are designed to eliminate cultural and linguistic biases in the assessment process. Likewise, Central Consolidated Schools, noting that traditional IQ tests have not proven effective, is now using the DISCOVER Assessment, which, according to research, identifies minority students at the expected rate. According to subsequent information from PED, six school districts altogether are using the F-TAP and 10 are using DISCOVER. In addition, PED has received a Javits Grant for \$800,000 to be used over the next three years for teacher preparation in gifted education, identification training, and a summer institute.

The PED testified that, to ensure that districts are properly identifying students as gifted, the department has established a focused monitoring system to identify districts that appear to be under-identifying students in the general population and/or under-identifying minority students in the gifted population. At the time of this writing, PED had identified 11 districts for focused monitoring and had begun site visits to those districts, which are submitting improvement plans.

Collaborating for Effective Services for Children with Autism

Autism spectrum disorder (ASD) is a lifelong neurobiological disorder that interferes with the normal development of communication and social interaction skills. Found in all ethnic, racial, and socioeconomic groups throughout the world, ASD can make learning difficult and it may lead to serious behavioral problems.

During the 2004 interim, the committee heard testimony from the Director of the Center for Development and Disability of the University of New Mexico about the implications of an increasing incidence of ASD, not only in New Mexico but also nationwide (a 13-fold increase between 1991 and 2001). Among the pressing needs created by this rapid escalation are appropriate training for school personnel, better coordination between schools and other service providers, and improved access to services, especially in rural areas. Also important is early intervention, which has been proven to mitigate the lifelong personal and financial costs of ASD. To address these needs, the center has developed an action plan in collaboration with the New Mexico departments of Human Services, Children, Youth and Families, Health, and Public Education, as well as the US Indian Health Service and other health care providers, insurers, and public school districts. The director of the center asked the committee to support these efforts.

Additional testimony from the New Mexico Autism Society and parents of children with ASD provided some insight into the particular needs of these families. Among the points raised were the consequences of mistaken or delayed diagnosis and the day-to-day challenge of caring for children with ASD, challenges faced by the families, the caregivers, and the children themselves.

Elementary Fine Arts Programs

The purpose of the 2003 *Fine Arts Education Act* is to encourage local school districts to offer elementary school students opportunities to participate in fine arts activities, including visual arts, music, theater, and dance. Funding for the *Fine Arts Education Act* flows through the State Equalization Guarantee (SEG). The 2003 Legislature provided \$4.0 million for FY 04, the first year of the three-year phase-in, which allowed 80,000 students in 23 school districts and two charter schools to participate in PED-approved fine arts activities that year. For the second year of the phase-in, the total FY 05 appropriation was \$8.0 million, including \$4.0 million appropriated for FY 05 together with the \$4.0 million appropriated for FY 04, which was included in the base.

The section in the *Public School Finance Act* governing the calculation of fine arts program units specifies that the number of units is determined by multiplying the full-time equivalent MEM in programs implemented in accordance with the provisions of the *Fine Arts Education Act* by the cost differential factor of 0.0166 for FY 04, 0.0332 for FY 05, and 0.05 for FY 06 and succeeding fiscal years. For FY 05, PED calculated new fine arts program units by multiplying the total number of students (1.0 FTE) enrolled in approved programs by 0.0332. In a press release issued on June 18, 2004, the Secretary of Public Education announced that 154,648 elementary school students from 87 school districts and 13 charter schools would receive funding for FY 05. The number of students to be served represents approximately 87 percent of the 178,116 students in programs for three- and four-year-old children and in kindergarten through sixth grade included in school districts' and charter schools' operating budgets.

The PED's choice to calculate elementary fine arts units without adjusting FTE based on program length resulted in \$15.6 million in program cost generated for fine arts programs, rather than the \$8.0 million included in the SEG appropriation (\$4.0 million in the base from FY 04 and \$4.0 million appropriated for FY 05). The result, according to PED, is a \$7.6 million shortfall due to the increase in fine arts units. The PED testified that implementation in FY 06 of the .05 differential as scheduled would greatly increase the amount of program cost attributable to elementary fine arts programs and that the department intends to support legislation in the 2005 session to retain the current factor of .0332. In addition, PED is requesting \$9.8 million to be included in the SEG appropriation for FY 06 to fund both the \$7.6 million shortfall and new fine arts programs.

The PED testimony also focused on the programmatic aspects of implementing the *Fine Arts Education Act*. The annual plan of school districts wishing to receive funding must include a description of the fine arts education programs being taught, the ways in which the fine arts are being integrated into the curriculum, and an evaluation component consisting of both fiscal and programmatic strands. The PED testimony also noted that the requirements of the federal *No Child Left Behind Act of 2001* (NCLB), with their emphasis on reading, mathematics, and science, are causing schools to “squeeze out” such subject areas as social studies, civics, geography, languages, and the arts. However, with statewide implementation of the *Fine Arts Education Act*, PED further testified, students in New Mexico schools have the opportunity to be at the forefront of reversing this trend.

Bloomfield Schools testified that, with a student population that is roughly one-third each Native American, Hispanic, and Anglo, the visual arts are a strong component of the ethnic and cultural background of many in the Bloomfield Schools community; therefore, development and implementation of a visual arts program has been the primary focus of the district’s elementary fine arts programs. This testimony also illustrated the district’s expenditure of the funds it received and its success in meeting its program goals related to student and teacher participation.

New Mexico History Resource Framework

House Joint Memorial (HJM) 101 (2003) requested that PED create a task force, including a representative from the Office of the State Historian, to develop a functional New Mexico history curriculum framework to include the development of “user-friendly” resources, teacher training assistance, and support materials. Although the joint memorial did not pass, PED has used the language in the memorial as a guide in creating and implementing a New Mexico history resource framework, supported by a legislative appropriation of \$100,000 in 2003 to PED for the development of a social studies curriculum for New Mexico history. Testimony from PED, the State Historian, and Regional Educational Technology Assistance (RETA) apprised the committee of the progress in developing and implementing the New Mexico History Resource Framework.

The PED testimony described the composition and work of the advisory task force that the department created, co-facilitated by the State Historian and the Executive Director of the New Mexico Humanities Council. The goal of the task force was to align the framework with the *New Mexico Social Studies Content Standards, Benchmarks and Performance Standards*, which include benchmarks directly related to New Mexico culture and history at all grade levels, kindergarten through 12. This testimony also included information about the development of web-based learning modules and the creation of the Social Studies Educators Group, a group of teachers identified as experts in the field of New Mexico history, to review resources and establish criteria for New Mexico history resource materials.

As part of his testimony, the State Historian summarized the task force’s rationale and recommendations, addressing such points as the need for professional development for teachers; the value of local community input; the lack of suitable resources for teaching New Mexico history; the need for a new position in PED to provide coordination and planning for the development of a strong network of organizations to promote the development of teacher training and resources; and the need for additional funding from state, federal, and private sources to complete the project.

Finally, additional support for the New Mexico History Resource Framework project came in testimony from representatives of Eastern New Mexico University–Ruidoso, the New Mexico Humanities Council, and New Mexico State University.

Childhood Obesity Study, HM 28

House Memorial (HM) 28 (2003) requested that the LESC form a work group to study childhood obesity, including nutrition and physical education programs and the impact of foods and beverages offered in public schools. Recognizing that inadequate physical education and nutrition programs and the sale of low-nutrition foods and beverages in public schools may contribute to student obesity, the memorial requested that the LESC study the feasibility of funding nutrition and physical education programs through contracts between public schools and competitive food vendors.

In response to HM 28, the LESC convened a 31-member work group that included staff from PED and the Department of Health, as well as representatives from school health and nutrition staff, beverage distributors, New Mexico Action for Healthy Kids, the American Cancer Society, the American Heart Association, and the New Mexico Media Literacy Project.

Testimony from the work group cited the agreement of health authorities that sedentary lifestyles and a dramatic rise in consumption of a high-caloric, high-fat diet cause increased rates of childhood obesity, which tripled among youth between 1980 and 2000. In New Mexico, for example, PED reports that 24 percent of high school students are overweight or at risk of being overweight. Chronic health problems caused by childhood obesity include type 2 diabetes, orthopedic problems, liver and gallbladder disease, asthma, sleep apnea, and emotional and psychological disorders. Conversely, this testimony continued, the work group found a documented correlation between fitness and academic achievement, particularly in mathematics.

The work group also testified that, while the solution to the problem of childhood obesity requires a comprehensive approach throughout all segments of society, school-based strategies can be part of the solution. Therefore, the work group offered these recommendations:

- require physical education for three- and four-year-old developmentally delayed children and students in kindergarten through grade 6, to be phased in over seven years at an estimated annual cost of \$4.0 million;
- provide health education for students in grades 1 through 8 and offer a health education elective in high school;
- use consistent language in the *Public School Code* when referring to physical education and delete the phrase “or other physical activity” from the section of statute prescribing graduation requirements; and
- enact legislation or implement regulation to govern the sale of competitive foods and beverages to students in public schools.

Family and Youth Resource Act

Part of the public school reform legislation enacted by the 2003 Legislature, the *Family and Youth Resource Act* seeks to develop programs at the school level that will serve as intermediaries for students and their families who need access to social and health care services. The goal of these programs is to assist students in attaining high academic achievement by first taking care of their nonacademic needs. Among its provisions, the act:

- creates an advisory committee composed of the secretaries from the departments of Public Education, Health and Human Services, and Children, Youth and Families, or their designees; and five members appointed by the Secretary of Public Education representing four different community-based organizations, including faith-based providers, and a superintendent from a school district that has participating schools;
- permits the creation of a family and youth resources program in any public school in the state; and
- makes grants available, subject to the availability of funding, to a public school or a group of public schools in which 80 percent of the students are eligible for the federal Free or Reduced-fee Lunch program.

The 2004 Legislature appropriated \$1.8 million to PED for FY 05 to support family and youth resources programs. In October 2004, PED awarded \$1.7 million to 15 school districts to develop programs as an intermediary for students and their families at public schools to access social and health care services.

Indian Education Act

In 2003, the Legislature passed the *Indian Education Act* as a means to address the unique cultural and educational needs of Native American students statewide. During the 2004 interim, the LESC heard a progress report about the implementation of the act.

Staff testimony noted that the Legislature had appropriated a total of \$4.5 million for the implementation of the *Indian Education Act*: \$2.0 million for FY 04 and \$2.5 million for FY 05. In addition, for FY 05, the Legislature appropriated \$113,600 in a special, non-recurring appropriation to PED to support a full-time equivalent position in Indian Education, which the department used to fund the position of the Assistant Secretary for Indian Education in FY 05.

The PED testimony summarized the major priorities of the act and noted that the Northwest Office of the Indian Education Division had been opened in Gallup in August 2004, although only one of four employees had been hired. The PED staff further testified that efforts to implement many of the activities required by the act had been hampered by barriers encountered during the transition of the department to a cabinet-level agency. Even so, a written report that PED submitted in November 2004 outlining the implementation activities indicated that all of the FY 04 and FY 05 appropriations to implement the act were committed. However, an LESC staff review of these appropriations in December 2004 revealed that not all of the FY 04 appropriation had been expended and that almost all of the FY 05 appropriation remained unencumbered and unexpended.

A related topic addressed in this testimony was the Native American Language Teacher Certificate, which the 2002 Legislature enacted to authorize PED to issue a certificate to a person proficient in the language and culture of a New Mexico tribe or pueblo so that person may teach that language and culture in grades K through 12. PED testified that, in addition to the existing agreements with the Jicarilla Apache Nation and the Santa Clara Pueblo for this certification, PED had completed a memorandum of understanding (MOU) with the Zuni Pueblo, had developed a draft MOU for the Santa Ana Pueblo, and had begun working with the Picuris Pueblo, the Acoma Pueblo, and the Navajo Nation to develop MOU criteria for tribal members to teach those native languages and cultures.

Medication Aides Training Pilot Program

In 2003, the LESC endorsed a successful bill amending the *Nursing Practice Act* to require the Board of Nursing (BON) to implement a pilot program in school medication aides' training to determine whether certified medication aides can safely and efficiently administer routine medication in public schools. The law defines a "school medication aide" as a person who, under the supervision of a registered nurse licensed by the BON and certified by PED, may administer prescription and other medications to public school students. The pilot program was intended to address a need identified in testimony before the LESC during previous interims.

According to testimony from the BON, the pilot program was a success. All 26 people who completed the training passed the certification exam, the nine participating school districts complied with all of the regulations, and the consensus of those involved was that training medication aides for the public schools would reduce school liability and enhance student health and safety. The BON therefore requested that the committee support legislation giving the BON the authority to expand the certified medication aide training program to other school districts that apply for it.

Other testimony came from the New Mexico Nurses Association, the Department of Health, and Santa Fe Public Schools, all of which expressed their support of the program.

New Mexico Activities Association

The committee heard testimony from the newly appointed Executive Director of the New Mexico Activities Association (NMAA) about the realignment of NMAA's organizational and administrative structure to serve member schools more effectively and to include them in decisions that affect interscholastic (both athletic and nonathletic) activities in schools throughout New Mexico. Realignment activities included having the board of directors take a more active role in the operations of the NMAA; establishing four broadly representative decision-making committees to examine and discuss issue-specific areas (Re-Alignment Committee, By-Law Committee, Metro Committee, and Sport Specific Committee); conducting regional meetings in 2004 to discuss pertinent information with member schools and to get feedback about the NMAA; and developing an appeals process for school year 2004-2005 to accommodate immediate due process for students between district and state tournament activities.

Additional testimony from the NMAA, parents, and representatives of charter schools and home schools focused on issues regarding the participation by students in alternative schools, charter schools, and home schools. Parents and representatives from charter schools testified that, under

the current interpretation of NMAA policies, charter school students are often unable to participate in interscholastic activities. Although charter schools are eligible to become NMAA member schools, few have sufficient enrollment to develop athletic teams. In their testimony, the parents of charter school students requested that their children be allowed to participate on existing teams at local regular public schools. Parents of home-schooled students asked that their children be allowed to compete with public schools in certain activities like debate. Among other points, NMAA testimony noted that such requests might involve student eligibility requirements and might affect the membership-based classification of high schools. The committee asked those parties testifying on this matter to develop a consensus on the policy issues and then to submit a written set of recommendations to the committee once consensus is reached. At the time of this writing, the NMAA had begun to survey school superintendents. While the rules are under review, charter school students will be allowed to play on the athletic teams of the regular public schools that they would have attended.

Instructional Material

The *Instructional Material Law* entitles any qualified student attending a public school, a state institution, or an accredited private school and any student in an approved adult basic education program to the free use of instructional material. Each year, the Legislature provides an appropriation to the *Instructional Material Fund* to support the school textbook adoption for the ensuing school year.

LESC staff testified that, for FY 05, the *General Appropriation Act of 2004* includes language that requires the instructional material allocation to each entitled entity to reflect the deduction of its prorated share of \$6.1 million in instructional material cash balances statewide. However, to assist districts adversely affected by the cash balance credit, the 2004 Legislature also appropriated \$1.5 million in a special non-recurring appropriation to PED.

According to PED testimony, the FY 05 instructional material cash balance credit was included in the Executive's public school support recommendations and based on a review of FY 03 unexpended revenue for instructional material reported for eligible entities statewide of \$16.8 million, with 67 percent of that amount attributed to school districts, 27 percent to accredited private schools, and the remaining 6.0 percent to other eligible entities. To comply with the cash balance credit language in the appropriation bill, PED staff were adjusting each school district's FY 05 instructional material allocation proportionately to the district's share of the \$16.8 million FY 03 cash balance.

Testimony from two school districts – West Las Vegas Public Schools and Roswell Independent Schools – indicated that one of the main reasons that districts have cash balances in instructional materials is that they are saving funds from less expensive adoption cycles to cover the more costly adoptions, as well as to upgrade library books. The district testimony emphasized, however, that such savings generally occur over a number of years and that the FY 05 cash balance credit would force school districts to expend all of their savings.

School Library Funding

Testimony to the LESL during the 2002 interim indicated that school districts needed a permanent funding source in order to update their library materials. The 2003 Legislature enacted the *School Library Material Act*, which, among other provisions, creates the non-

reverting School Library Material Fund in the State Treasury; requires the PED Instructional Material Bureau to administer the fund; and establishes requirements for the distribution of funds by PED to school districts and state-supported schools for the purchase of school library materials. The 2003 Legislature also appropriated \$1.0 million to the fund, but the appropriation was vetoed.

The 2004 Legislature provided a \$1.0 million special, non-recurring appropriation to the School Library Material Fund for distribution by PED to public and state-supported school libraries statewide for the purchase of books and other educational media, including online reference and periodical databases. The PED testimony summarized the FY 05 initial distribution from the School Library Material Fund to public schools, charter schools, and state-supported schools, noting that the 90 percent distribution would provide over \$900,000 to fund approximately 322,000 students statewide at \$2.80 per student.

Additional funds for library materials have come from General Obligation Bonds (GOBs). In 2002 and again in 2004, the Legislature authorized, and the voters approved, the issuance and sale of \$7.7 million and \$6.2 million in GOBs for the purchase of materials for public school libraries statewide.

Finally, during the 2004 interim, the New Mexico Task Force for School Libraries testified on its recommendations for distribution of the FY 05 bond funds:

- Approval for funding will be based on a public school, charter school, or juvenile detention center having a circulating library collection with dedicated library space and library staff or a new program established to serve a previously non-existing school or school population, such as a new charter school.
- Each approved entity will receive a \$5,000 base amount and approximately \$6.00 per student on the 40th day of school.
- Awards are intended to supplement, not supplant, existing or prior library material funding.

Recommendations of the LESC:

- ***Introduce legislation and appropriate funds to provide comprehensive professional development for public school personnel in three- and four-year-old Developmentally Delayed (DD) and K-3 level programs regarding the educational and related needs of students with Autism Spectrum Disorder.***
- ***Amend the Public School Code to add one-half unit of New Mexico history to requirements for high school graduation and to decrease the number of elective units by one-half unit.***
- ***Amend the Public School Code to:***
 - ***require that all students in three- and four-year-old DD programs and grades K-6 receive physical education each week to be phased in over a seven-year period; and***
 - ***require PED, in collaboration with public schools and others, to promulgate rules governing the sale or distribution of foods and beverages to students in public schools outside of school meal programs.***

- *Amend statute to insert clean-up language to ensure that statute remains consistent with the public school reforms enacted by the 2003 Legislature by:*
 - *restoring health education as a required subject in grades 1 through 3 and as an elective in grades 4 through 8; and*
 - *restoring health education as one of the electives that must be offered by high schools to meet high school graduation requirements.*
- *Amend the Indian Education Act to require the PED Indian Education Division to select or develop as well as implement a challenging, sequential, and culturally relevant curriculum at the K-6 level in New Mexico school districts that serves American Indian students to prepare them for pre-AP and AP coursework in grades 7-12.*
- *Amend the Nursing Practice Act to authorize the NM Board of Nursing to establish certified medication aides training programs where they are needed, including public schools and juvenile detention facilities that provide public school programs.*
- *Amend the Instructional Material Law to change the allocation date to April 1 from July 1; change the adoption process for instructional material on the multiple list; create a fund consisting of fees charged to publishers for the review of their instructional materials; provide per diem and mileage for the reviewers of the adoption process from the fund; require PED to provide payment to depositories on behalf of private schools; allow PED to assume a cash balance credit in determining the allocation in the following year; increase from 30 to 50 the percentage of the allocation that may be spent on materials not on the multiple list; allow for waivers under certain provisions; institute annual reporting requirements; and add an emergency clause.*
- *Amend the School Library Material Act to include clean-up language to require PED to “allocate” instead of “distribute” at least 90 percent of the estimated entitlement for each eligible entity by July 1 of each year.*

PUBLIC EDUCATION DEPARTMENT REORGANIZATION

Public Education Department Recommendations for Reorganization

The 2004 Legislature enacted the *Public Education Department Act* to establish the Public Education Department (PED) as a single, unified department to administer laws and exercise functions formerly administered and exercised by the State Board of Education and the State Department of Education. Among other provisions, the act contains language that gives the Secretary of Public Education until the 2005 legislative session to make recommendations to the Legislature regarding how the organization of PED should be reflected in statute.

In testimony to the committee, the Secretary of Public Education said that the new PED would have two primary functions – compliance and high-level technical assistance – and that she would ensure that those responsibilities would be assigned to separate staff members within the agency because school districts do not always accept technical assistance from a person who is also charged with enforcing statute and regulation. In addition, to improve communication between PED and the school districts, the Secretary has designated every one of her top administrators as an advocate for a group of superintendents so that every superintendent would have direct access to a person within PED with sufficient authority to ensure that problems are solved in a systematic and timely fashion.

The PED has also examined its own internal operations with the ultimate goal of improving customer service and thereby increasing student achievement. As one example, the Secretary noted the possibility of allowing licensure applicants to track the status of their licenses online rather than calling the Licensure Unit directly.

In further testimony to the LESC in December, the Secretary explained that the department had been reorganized into the following nine divisions, which the department would like to have included in the *Public Education Department Act*: Quality Assurance and Systems Integration; Chief Information Office (Information Systems); Indian Education; Rural Education; Assessment and Accountability; Educator Quality; Instructional Support; Administrative Services; and Program Support and Student Transportation.

Public Education Commission Roles and Responsibilities

The *Public Education Department Act* also created the Public Education Commission (PEC) and established its duties in accordance with Constitutional Amendment 1, *Cabinet-Level Education Department*, which voters adopted at a special election in September 2003. Among its other provisions, the *Public Education Department Act* specifies that:

- the PEC shall be administratively attached to PED, with administrative staff provided by the department;
- the commission shall consist of 10 members elected from public education districts as provided in the decennial educational redistricting act. During the transition period, the 10 elected members of the former State Board of Education will constitute the PEC; and
- the commission shall meet at the call of the chairman at least quarterly.

In addition to specifying how the PEC is constituted, the *Public Education Department Act* assigns specific duties to PEC, among them:

- working with the department to develop the five-year strategic plan for public elementary and secondary education in the state;
- soliciting the input of persons who have an interest in public school policy;
- soliciting input from local school boards, school districts, and the public on policy and governance issues and reporting its findings and recommendations to the Secretary of Public Education and the Legislature; and
- recommending to the Secretary training curricula for local school boards.

Staff testimony noted that, of the 10 PEC members, five have terms that expire in December 2006 and five have terms that expire in December 2004; and that none of the five incumbents whose terms expire in 2004 have chosen to run for re-election. Consequently, pursuant to the *2001 Educational Redistricting Act*, the Governor will fill any positions that remain vacant after the November 2004 general election. With four seats determined by the election (two of them by candidates on the ballot and two by write-in candidates), the Governor will appoint one member upon the resignation of the incumbent or the expiration of the term.

During the 2004 interim, two current members of PEC – one of them the Vice Chair – testified on the commission’s statutory roles and responsibilities, based upon a retreat held in May 2004. According to this testimony, because the five members of PEC whose terms do not expire until 2006 had all been elected by a large number of votes, the members all view their office as a sacred charge. Nonetheless, they are concerned that PEC budget is inadequate to allow members to perform their statutory duties; and, although they believe they can still play an important role in shaping the future of public education, they are having difficulty understanding their new role. On this point, both the commission members and the Secretary of Public Education testified that the transition in the governance of education will take time, as will PEC’s development of its own goals and measures.

Recommendation of the LESC:

- ***Amend the Public Education Department Act to include PED’s approved organizational structure.***

FISCAL ISSUES

The NM Public School Funding Formula: a 30-year Retrospective

When the 1974 Legislature enacted the *Public School Finance Act*, it also created the Public School Funding Formula, which, for 30 years, has been the policy method that the Legislature uses to provide funding equity for all public school students, relying upon the wealth of the state as whole rather than the property tax wealth of individual districts. During the 2004 interim, Dr. Richard A. King, a national expert on school finance policy and educational law, provided the committee with a 30-year retrospective on the New Mexico Public School Funding Formula.

Dr. King first placed the establishment of New Mexico’s equalization formula into a national policy context, among court decisions and the passage of landmark civil rights legislation in the 1950s, 1960s, and early 1970s that facilitated the examination of many social institutions such as “separate but equal” schools for children of color, sports that had been traditionally reserved for males only, and equity in funding for public school children.

Placing enactment of the funding formula in a New Mexico policy context, Dr. King testified that, in 1973, variations in per-pupil property tax wealth among school districts ranged from \$2,197 to \$104,084 and that variations in per-pupil revenue ranged from \$45 to \$709. In the summer of 1973, Dr. King continued, Governor Bruce King appointed the 32-member Advisory Committee on School Finance, which attempted to equalize financial opportunity at the highest possible revenue level and to minimize the revenue losses to the richest districts. The result was the enactment during the 1974 session of the *Public School Finance Act*, which, with its amendments, remains in force today – 30 years later.

One of the strengths of New Mexico’s Public School Funding Formula, Dr. King testified, is its equity; that is, all students have access to equal educational opportunities despite differences in local district wealth. New Mexico’s weighted-pupil formula cost differentials recognize legitimate program needs and district characteristics. Another strength of the formula, Dr. King said, is its noncategorical nature, which respects individual district autonomy and priorities.

Dr. King's testimony included an account of the "Big Mac" tax reduction (named after its sponsor, former state Senator Colin McMillan), enacted in 1981, which put in place a three-year property tax reduction that lowered school districts' share of local property tax revenues from 8.925 mills to 0.500 mills. The net effect of this tax reduction, Dr. King testified, was to make New Mexico's public school funding system move from one in which the state *guaranteed* equalization of funding to one in which the state *provided* almost all local operating funds.

During the three decades it has been in existence, the Public School Funding Formula has been under constant analysis. For the most part, these analyses have supported legislative enactment of data-based refinements to the structure of the formula while maintaining the philosophical concepts of educational equity for all students and local control. These analyses have also highlighted the importance of studying the Public School Funding Formula as a whole when any changes are being considered.

Dr. King concluded his testimony by posing several questions for legislators to consider – questions dealing with such issues as adequacy of funding, *No Child Left Behind Act* (NCLB) requirements, professional development, and investment in human capital – and by congratulating legislators for 30 years of addressing students' and districts' needs, equalizing funding while enabling local control, analyzing and adopting changes, and planning for the future.

T&E Index and other Instructional Support Providers

A major component of the education reform legislation enacted by the 2003 Legislature is the three-tiered licensure and evaluation system for teachers (see "Three-tiered Licensure Evaluation System," p. 22). The current Public School Funding Formula, which predates the reform legislation, includes a Training and Experience (T&E) Index based on years of service and academic degrees, which functions as a revenue distributor, not a revenue generator. Because the three-tiered licensure system is based more heavily on competencies than academic credentials and years on the job, those participating in the design of the new system, including the Education Initiatives and Accountability Task Force and the LESC Ad Hoc Subcommittee for Education Reform, recommended that the T&E Index be studied to determine if it should be changed in some way to recognize the components of the new three-tiered system.

The Legislature appropriated funds for such a study in 2003 and 2004, but they were vetoed each time. During the 2003 interim, at the direction of legislative leadership, the directors of the LESC, the Legislative Finance Committee (LFC), and the Legislative Council Service, under the direction of the legislative leadership, jointly funded a study of the relationship between the three-tiered licensure system and the T&E Index, conducted by Augenblick, Palaich and Associates, Inc. Although the final report of the study included a recommendation to replace the current index with one more closely aligned with the new licensure system, the difficulty of determining the potential effect of the proposed change on the distribution of funds to individual districts compelled both the LESC and the LFC to postpone action until additional evaluations could be made.

In the 2004 interim, the PED, in cooperation with the LESC, formed the Training and Experience Work Group to study the following issues:

- the implications of the three-tiered licensure system on the T&E Index;
- alternatives to the current T&E Index proposed in the final report from Augenblick, Palaich and Associates, Inc.;
- the viability of the inclusion of instructional support staff in an index designed to support the three-tiered licensure system; and
- the development of recommendations for the 2005 legislative session.

During initial testimony, PED, reporting on behalf of the work group, recommended that there be a full study of the Public School Funding Formula, including an examination of the T&E Index and possible alternatives. In January 2005, PED provided the committee with the work group's final recommendations, both in regard to the T&E Index and in regard to funding of the next phase of the three-tiered licensure system for teachers.

- The work group recommended that the T&E Index be retained in its current form as a part of the funding formula until a full funding formula study is conducted. The work group also noted that there is no need to freeze the T&E Index because the statewide weighted index for school year 2005-2006, which was calculated in October of school year 2004-2005, is 1.100, which represents a decrease of .002 from the 2004-2005 weighted index of 1.102.
- In addition, the work group asked the committee to consider three options for distributing the estimated \$51.8 million required to implement the \$40,000 minimum salary for Level 2 and Level 3 teachers in FY 06. The first two options would flow the funding through program cost, while the third option requires a categorical appropriation outside the Public School Funding Formula.
 - flow the funds through the unit value but include a save harmless calculation, similar to the at-risk hold harmless, guaranteeing that all districts receive the necessary funding;
 - in lieu of a save harmless calculation, add an additional \$7.0 million to program cost to cover the deficit for districts that otherwise would not receive sufficient funds to implement the minimum salary; or
 - appropriate \$7.0 million categorically, specifically for districts that do not receive sufficient funds as a part of program cost. To receive these funds, districts would be required to demonstrate need.

Educational Retirement Fund

The *Educational Retirement Act* (ERA) creates a “defined benefit plan,” which means that when members retire their respective monthly benefits are guaranteed and that the employer assumes the investment risk. The more the fund earns, the less the employer must contribute; but the less the fund earns, the more the employer must contribute. During the 2004 interim, the LESC heard testimony from the Educational Retirement Board (ERB) on the solvency of the Educational Retirement Fund, including options for improving the fund’s long-term actuarial soundness, and testimony comparing ERA and *Public Employee Retirement Act* (PERA) benefits.

On the first point, the testimony from ERB focused on the Educational Retirement Fund’s funding period – that is, the amount of time it takes a pension fund to become fully funded. In FY 03, the funding period increased to 78 years from the previous funding period of 27 years in FY 02; and, according to preliminary information for FY 04, it is now “infinity,” which means that, theoretically, the current rate of contributions will never amortize the fund’s current unfunded actuarially accrued liability. The ERB testimony also cited a number of factors that have contributed to this increase, among them increased liabilities, inadequate contributions, and the effects of the recent “down years” in the stock market. This last factor is being mitigated somewhat by the recent market upturn, a change in money managers, diversification of investments into real estate investment trust securities, and investments in US Treasury inflation-protected securities.

Also on the first point, the LFC testified that pension obligation bonds (POBs) are long-term debt obligations issued on a taxable basis by a state or municipality to fund a shortfall between its pension obligations and its assets – that is, the unfunded actuarial accrued liability – by borrowing funds at a rate lower than the rate at which the proceeds will be invested. The LFC testimony also noted the benefits and risks of POBs.

On the second point – parity between ERA and PERA – LESC staff testimony noted House Memorial 7 (2004), *Retirement Parity to Attract Teachers*, which requested that the state move toward parity between the ERA and the PERA to attract and retain high quality teachers statewide. Also on this point, the ERB testimony highlighted the two plans’ different provisions, including, among others:

- PERA uses an employee’s highest three years’ salary to compute the final average salary, whereas ERA uses the highest five years’ salary;
- PERA uses a higher multiplier than ERA to determine retirement benefits; and
- PERA has a more generous cost-of-living adjustment than ERA.

The testimony on this topic also noted several other related issues, among them:

- that, to return solvency to the Educational Retirement Fund, legislators should not rely on only a single solution like POBs;

- that, during the 2004 session, the Governor had asked ERB not to raise concerns about the fund's solvency on the assumption that the issues could be addressed during a subsequent interim and legislative session; and
- that, for at least the past 20 years, the focus has been on increasing teacher salaries without taking into account funding for the accompanying increase in retirement benefits.

Finally, ERB has made three recommendations to make the Educational Retirement Fund solvent again:

- impose a moratorium on increases in benefits;
- increase the employer contribution by .75 percent in FY 06 and during each of the subsequent nine years until the employer contribution reaches 16.15 percent; and
- follow the Prudent Investor Rule as a means of improving long-term investment performance.

Costs of the Federal *No Child Left Behind Act of 2001*

Since passage of the federal *No Child Left Behind Act of 2001* (NCLB), a number of states and local school districts have undertaken studies to determine the costs associated with the implementation of NCLB in an effort to support requests for increased federal funding and to prioritize state and local funding. In New Mexico, the LESC has made a number of requests of PED to determine the cost of resources needed to implement the explicit requirements of NCLB so that these costs can then be compared to resources available. In response to those requests, in the spring of 2004 PED joined a "cost consortium" of approximately 14 states under the aegis of the Council of Chief State School Officers (CCSSO) a bipartisan, nationwide, non-profit organization composed of public officials in each state who head their respective departments of education.

The purpose of the cost consortium, according to PED testimony, is to examine the cost of administering the entire NCLB, including the costs of those aspects that are new as compared to the previous reauthorization of the *Elementary and Secondary School Act of 1965*, which was called the *Improving America's Schools Act of 1994*. To develop data gathering procedures for consortium members, CCSSO contracted with Augenblick, Palaich and Associates, Inc. (APA), a Denver-based education consulting firm. In New Mexico, six school districts – Albuquerque, Las Cruces, Rio Rancho, Gallup-McKinley County, Jemez Valley, and Hobbs – have volunteered to provide data for the project. The PED testimony further explained that the cost study focuses on resources expended above and beyond those that the state was already spending to develop and implement its own accountability system – that is, costs that are attributable to NCLB and that would not have been incurred if NCLB had not been enacted.

Small School Districts

During the 2004 legislative session, the superintendents of several small school districts (defined as districts with membership of 200 or less) made a presentation to the House Education Committee regarding the fiscal challenges faced by small, primarily rural, school districts in

New Mexico. As a result, the LESC requested staff to convene a work group to identify problems common to the state's small school districts and to make recommendations regarding potential solutions for possible consideration by the LESC.

Composed of six superintendents of small school districts, the PED Assistant Secretary for Rural Education, and the executive director of the New Mexico Coalition of School Administrators, the Small School District Work Group identified the inability of the current Public School Funding Formula to generate sufficient operational funds for small districts as the major problem facing those districts. The lack of funds, the work group noted, has led to reductions in programs, low salary schedules, and a dependence upon supplemental emergency funds as a recurring source of revenue.

LESC staff testimony noted that the Small School District Work Group made several recommendations to the LESC regarding state funding for small school districts. The first three address needs for short-term assistance.

- The Small School District Work Group requests the LESC to consider supporting an increase in the appropriation for supplemental emergency funding for all school districts for FY 06 by an amount to be determined by PED.
- The work group understands that if the final unit value for FY 05 is higher than the initial unit value, PED may reduce the amount of supplemental emergency funding included in school districts' FY 05 operating budgets. The work group requests, however, that PED not reduce the total amount of operational revenue originally budgeted by small school districts.
- Because PED has allowed school districts and charter schools to budget more supplemental emergency funds for FY 05 than were appropriated by the Legislature, the work group urges PED to consider submitting a request for a supplemental appropriation for FY 05 to make up the difference.

As a long-term solution to ensure sufficient and equitable funding not just for small school districts but for all public schools, the work group also recommended that the LESC support a comprehensive study of the Public School Funding Formula.

A member of the work group testified about some of the challenges facing small districts, among them the necessity of staff members' performing multiple roles and the requirement that, despite a small student population, small districts are subject to the same requirements of NCLB and state law as large districts.

Testimony from PED included recommendations of the Governor's Progress Agenda Task Force on Rural Education – one of which was to support a comprehensive study of the Public School Funding Formula – and some observations about the funding of small school districts: (1) that the current small school size calculations in the Public School Funding Formula penalize elementary and junior high schools with enrollments less than 100 and high schools with enrollments less than 200 because the number of additional units generated decreases with the drop in enrollment; and (2) that most small districts need the emergency supplemental funds not to cover the costs of a true emergency but to take care of day-to-day operating costs, such as utilities and payroll.

Federal Temporary Assistance for Needy Families

The Temporary Assistance to Needy Families (TANF) block grant program was established by Congress in 1996 with the enactment of the *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA), a federal welfare reform program that ends entitlements, creates lifetime limits for assistance, and focuses on work. Based on the principle that states are in a better position to identify and serve families that need assistance, the TANF program provides states with a fixed amount of money and the flexibility to fund state initiatives, including cash assistance, childcare, education, job training, and transportation, as long as they focus on the following four TANF goals: (1) to provide assistance to children in needy families so that they may stay in their own home or the home of relatives; (2) to end the dependency of the parents on government benefits by promoting job preparation, work, and marriage; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of two-parent families.

For FY 05, the Legislature appropriated approximately \$48.1 million in federal TANF funds from the Human Services Department (HSD) budget to support programs in other state agencies that provide services to TANF-eligible clients. Included in the FY 05 appropriation is approximately \$9.3 million to support these four education-related programs: early childhood development (before- and after-school programs for children ages five to eight); teen pregnancy prevention programs (Graduation Reality and Dual Role Skills, or GRADS); voluntary full-day kindergarten; and adult basic education for TANF-eligible clients.

During the 2004 interim, testimony from HSD and the Legislative Finance Committee focused on an anticipated shortfall in TANF funds for FY 06 of approximately \$25.5 million, due primarily to a miscalculation during the previous administration of the amount of the carry-forward balance and also due to a reduction in TANF bonus funds. Unless General Fund dollars are appropriated or other revenue sources are identified, any or all of the programs noted above may be reduced or eliminated in FY 06.

Finally, together with HSD, PED testified about the use of \$2.9 million in TANF funds appropriated for FY 05. The request for applications that PED distributed in October 2004 indicates that the funds are to be divided between before- and after-school programs and pre-kindergarten programs, with the understanding that the funds are non-recurring. Testimony also noted the need to replace \$4.0 million in TANF funds appropriated for full-day kindergarten for FY 05 with recurring General Fund dollars.

Recommendations of the LESC:

- ***Introduce legislation and appropriate funds to create a Public School Funding Formula Task Force that will conduct a comprehensive study of the Public School Funding Formula and make recommendations to the 2007 Legislature. The study will include a thorough analysis of all formula components currently in statute plus consideration of possible changes to the formula, including, but not limited to, a revised Training and Experience (T&E) index aligned to the three-tiered licensure system for teachers, size factors associated with small schools and small school districts, and any other factor with the potential to affect the equity and efficacy of the formula as a whole. The funding will be appropriated to the Legislative Council Service (LCS) to support the work of the task force and to contract with an individual or individuals selected by the task force to assist with the study. Staff from LCS, LESC, LFC, Department of Finance and Administration (DFA), and PED will provide technical assistance.***

- *Introduce legislation to require PED, effective July 1, 2005, to establish a progressive licensure and compensation framework for all instructional support providers and by school year 2007-2008 to adopt a highly objective performance evaluation for the providers and provide minimum salary levels.*
- *Introduce legislation to work toward bringing solvency to the Educational Retirement Fund, as well as parity with the Public Employees Retirement Act (PERA), by increasing the Educational Retirement Act (ERA) employer contribution by 0.75 percent each year over a 10-year period.*
- *Introduce legislation to require the Educational Retirement Board (ERB) to follow the Prudent Investor Rule as a way to improve long-term investment performance.*
- *Introduce a memorial to request ERB to provide ERA members and the LESC with a yearly report on the status of the solvency of the Educational Retirement Fund.*
- *Increase the ERA multiplier (2.35) to reach parity with the PERA multiplier (3.00), phased in over a five-year period, by increasing the multiplier by 0.125 in FYs 06, 07, 08, and 09 and by 0.150 in FY 10.*
- *Amend the ERA to change the current provisions regarding the ERA cost-of-living adjustment (COLA) to bring it to parity with PERA, specifically to require that the COLA go into effect three years after the member's retirement (rather than at age 65, as in the ERA) and to be a standard 3.0 percent regardless of the consumer price index (CPI) (rather than one-half of the previous year's CPI, as in the ERA).*
- *Pending completion of a comprehensive study of the Public School Funding Formula, include language in the General Appropriation Act of 2005 to appropriate non-recurring funds for FY 06 to be used upon verification of need by PED to assist school districts with membership of 200 or fewer to cover required operational expenditures, including any legislative salary mandates or guidelines, for which appropriated program cost is insufficient. Eligible school districts must apply for the funding to PED and document the need for the additional funds.*
- *Amend the program cost calculation section of the Public School Finance Act to align numerical references related to the total program units used to determine program cost (clean-up language).*

PUBLIC SCHOOL CAPITAL OUTLAY

Full-day Kindergarten Facilities

The committee heard testimony from LESC staff and the Public School Facilities Authority (PSFA) about the steps taken by the Public School Capital Outlay Council (PSCOC) to provide facilities for the final year of the five-year phase-in of full-day kindergarten statewide. This testimony explained not only the methodology for determining an accurate number of classrooms needed, but also the logistics of installing the classrooms before the beginning of school year 2004-2005.

This testimony raised a number of points, among them:

- since passage of the full-day kindergarten legislation in 2000, the Legislature has provided a grand total of \$51.4 million in recurring General Fund dollars for operational purposes through the State Equalization Guarantee and federal Temporary Assistance for Needy Families;
- as required by law, the programs were first implemented in schools with the highest proportion of students most in need (based upon characteristics of the Public School Funding Formula's at-risk index) and to schools with available classroom space;

- since FY 01, funding for facilities has come from the PSCOC (\$18.3 million); the General Fund (\$5.0 million); and the proceeds of two General Obligation Bonds (for \$5.0 million each), the more recent of which was approved during the November 2004 election, after the beginning of school year 2004-2005; and
- to ensure sufficient facilities to begin school year 2004-2005, the PSCOC established a subcommittee to make recommendations, two of which the PSCOC approved: one to allow a temporary variance from adequacy standards for kindergarten classrooms; and the other to authorize the PSFA to use funds from the Deficiencies Correction Program to purchase portable classrooms and/or contribute toward classroom additions or remodeling of existing classrooms.

Finally, the PSFA testified that, through a telephone survey conducted by PED and site visits by the PSFA, the PSFA was able to determine the number and kinds of facilities school districts needed, whether double portables, single portables, remodeled or upgraded classrooms, or classroom additions, all of which will include restrooms. According to this testimony, the ultimate goal of the PSCOC, the PSFA, and school districts is to provide permanent classrooms whenever possible. The project status as of December 3, 2004 showed 123 classrooms altogether, at a cost of approximately \$8.7 million.

Public School Capital Outlay Council Report

The *Public School Capital Outlay Act* (PSCOA) requires the Public School Capital Outlay Council (PSCOC) to report to the LESC about the council's distribution of capital outlay grant awards each year. According to PSCOC testimony, FY 05 marked the first year in which the grant awards were made under the provisions of the new standards-based PSCOA awards process enacted by the 2003 and 2004 Legislatures. The standards-based program is based on the PSCOC-adopted statewide adequacy standards (developed as part of a collaboration between the PSCOC and the Public School Capital Outlay Task Force), which include acceptable standards for the physical condition and capacity of a building, its educational suitability, and the need for technological infrastructure. Also for the first time, all districts were eligible to apply for PSCOC grant award assistance regardless of bonded indebtedness.

The PSCOC further testified that the new process includes a formula for funding school district capital outlay expenditures based upon district wealth and local effort, as well as an offset mechanism for direct appropriations for capital projects and education technology. Other amendments to the PSCOA require continued funding for those "continuation" projects that were begun in 2003, before the new standards-based process went into effect, without the requirement that districts provide matching funds (local effort).

Regarding the awards themselves, the PSCOC testified that the council had awarded a record amount of funding – \$198.5 million – to a total of 34 districts, including the following:

- \$73.8 million for continuation projects;
- \$85.9 million under the new standards-based process for projects to begin during FY 05; and
- \$38.8 million for continuation and completion of standards-based projects in FY 06 and FY 07.

The PSCOC testimony also identified some challenges that must be addressed as the standards-based program proceeds, among them district growth and the difficulty that some small districts have in providing the local match for large projects; and it addressed the facilities needs for the final year of implementation of full-day kindergarten (see “Full-day Kindergarten Facilities,” page 50). Additional testimony came from the Director of the Public School Facilities Authority, who noted the progress in helping districts develop and implement preventive maintenance plans; the correlation between safe, well-maintained school buildings and student academic achievement; and the status of the Deficiencies Correction Program.

Final Recommendations of the Public School Capital Outlay Task Force Including Charter Schools

Originally created by the 2001 Legislature, the Public School Capital Outlay Task Force (PSCOTF) built upon and continued the work of two previous task forces until the repeal of its statutory authority effective January 1, 2004. During the 2004 session, however, the Legislature recreated the PSCOTF to complete its work by July 1, 2005. The task force consists of 20 members, including legislators, members of the public with expertise in finance and education, superintendents or their designees from school districts that receive federal Impact Aid grants, and certain other designated public officials. The task force re-elected Mr. Robert J. Desiderio, Dean and Professor of Law Emeritus at the University of New Mexico, and Senator Cynthia Nava as co-chairs.

The duties of the task force, as set forth in its reauthorizing legislation (Laws 2004, Chapter 125) include the following:

- study and evaluate the progress and effectiveness of programs administered pursuant to the *Public School Capital Outlay Act* and the *Public School Capital Improvements Act*;
- review the New Mexico facilities condition index (NMCI) and the methodology used for ranking public school capital outlay projects;
- evaluate the existing permanent revenue streams in terms of their adequacy as long-term funding sources for public school capital outlay projects; and
- monitor and assist the Public School Capital Outlay Council (PSCOC) and the Public School Facilities Authority (PSFA) as they implement the statewide standards-based process for making grant awards.

According to PSCOTF testimony to the LESC, the task force’s recommendations to the 2005 Legislature primarily address issues raised during the evaluation of the pilot year of operating under the standards-based programs.

Regarding the adequacy of the permanent revenue source, the task force recommends continuing to rely on supplemental severance tax bonds as the permanent revenue stream for the public school capital outlay process. Because of the volatility and uncertainty of severance tax revenues, however, the task force recommends that the Legislature consider, on a year-by-year basis, using severance tax revenues that would otherwise flow to the Severance Tax Permanent Fund to issue supplemental severance tax bonds for public school capital outlay. If projected bonding capacity falls substantially below the levels currently estimated on a longer-term basis, however, the task force recommends revisiting the need for an additional revenue source.

The task force recommends changes to the statewide public school capital outlay program in four areas:

1. Funding issues:

- Authorize up to \$70.0 million in additional short-term, supplemental severance tax bonds to the Public School Capital Outlay Fund (to be paid from severance tax revenues that would otherwise flow to the Severance Tax Permanent Fund):
 - allocate approximately \$31.0 million of the bond proceeds to complete the Deficiencies Correction Program by fully funding roof repairs that meet the Deficiencies Correction Program criteria of posing a serious life, safety, or health risk (includes approximately 80 schools); and
 - allocate the remainder of the bond proceeds to partially fund a new statewide, voluntary roof initiative in FY 06 and 07 for other roof repairs that, while they do not qualify as part of the Deficiencies Correction Program, do create a threat of significant damage to a school. PSCOC will award the grants using the state-share formula for funding of public school capital outlay projects.
- Appropriate approximately \$3.8 million in non-recurring General Fund dollars to replace public school capital outlay dollars to fund the additional cost of full-day kindergarten facilities beyond the \$5.0 million included in the statewide General Obligation Bond issue approved by voters in the November 2004 general election.
- Revise the PSCOC state-share formula to be calculated as a three-year (rather than year-by-year) average, using FY 04 amounts as a base year.
- Enact a temporary provision in the *Public School Capital Outlay Act* to assist school districts in meeting the match requirement of the state-share formula during the transition to the standards-based process. This provision would provide that school district funds used for a project that was initiated after the statewide adequacy standards were adopted (but before they were used for making grants) be considered part of the local match for that project.
- Beginning in 2005, discontinue the application of the offset for educational technology direct appropriations that applies to annual distributions from the Education Technology Fund and, instead, offset them against future PSCOC grant awards. Also, shift any carry-forward amounts from FY 03 and FY 04 educational technology direct appropriations (that would have applied against the Educational Technology Fund distributions) to apply against future capital outlay awards.
- Change the date for districts to reject direct legislative appropriations from July 15 to June 1 to coincide with the State Board of Finance's usual schedule for issuing Severance Tax Bonds.

- Amend statute to define the conditions under which the PSCOC should consider providing funding for up to the total amount of a project if a school district has, in effect, used all of its local resources.
- Shorten the period for funding continuation projects from two additional years to one additional year.
- Allow lease payments to flow to charter schools in their first year of operation and increase the grant amount to \$600 per member (not to exceed the actual annual lease amount and not to exceed the amount of the \$4.0 million authorized each year).

2. Improving maintenance of school facilities:

- Raise the state guarantee amount under the *Public School Capital Improvements Act* (SB 9) from \$50.00 to \$60.00 per mill per unit, which would provide an estimated additional \$6.0 million in SB 9 distributions to a total of 64 districts.
- Appropriate \$2.1 million in General Fund dollars to the PSFA to develop and implement a uniform, statewide web-based facility information management system (FIMS) to provide a centralized database of maintenance activities and comprehensive maintenance request and expenditure information and to facilitate training of facilities maintenance and management personnel in school districts.
- Require all districts to implement a preventive maintenance plan and to participate in FIMS subject to the schedule for implementation adopted by the PSCOC.

3. Ensuring the ongoing success of the process:

- Continue to provide adequate funding for the PSFA, especially for project management expenses, maintenance assistance, and oversight, all of which result in significant cost savings to the state and local districts.
- Make public school facilities subject to state construction and fire codes rather than local codes.
- Appropriate \$2.1 million from the Public School Capital Outlay Fund for PSFA to contract with the Construction Industries Division and the State Fire Marshal's Office to issue permits and inspect PSCOC projects.
- Require school construction or remodeling projects that are paid with insurance proceeds to be in compliance with statewide adequacy standards.
- Amend the *Public School Insurance Authority Act* to require that payment for a claim for property damage be paid directly to the school district and expenditure of the funds be approved by PSFA.

- Appropriate \$575,000 in nonrecurring General Fund dollars to the Department of Finance and Administration (DFA) to develop a student population forecasting model in conjunction with the LESC, LFC, PED and the PSFA.
 - Allow PSFA staff to remain exempt from provisions of the *Personnel Act* for at least one year until an appropriate job classification and pay schedule can be developed.
 - Authorize PSFA to use electronic signatures for processing documents within the state accounting system.
 - Amend the *Public School Capital Outlay Act* to clarify that charter school facilities are eligible for state and local capital outlay funds and must be included in the school district's five-year facilities plan.
 - Require the PSFA to assess a public facility to be used for a charter school within 60 days of being notified by the charter school of the proposed use of the facility to determine the extent to which the facility meets the adequacy standards and the costs of bringing it up to those standards.
4. Providing for oversight and monitoring of the state capital outlay program through creation of a permanent Public School Capital Outlay Oversight Task Force to consist of 21 members, including the Speaker of the House of Representatives and the President Pro Tempore of the Senate, six other legislative members, three ex-officio members of the executive branch, and 10 public members, including at least three school superintendents. Require the task force to monitor the overall progress of bringing all public schools up to the statewide adequacy standards; the progress and effectiveness of the state capital outlay program; the adequacy of the existing permanent revenue streams; and the work of the PSCOC and the PSFA.

The task force also supports legislation to provide a framework for an educational technology deficiencies program that includes the development of educational technology adequacy standards and an assessment of schools against those standards. PED would administer the program with the assistance of the existing Council on Technology in Education.

Regarding the facility needs of charter schools, the task force re-endorsed, with a few changes, a number of recommendations included in legislation endorsed for the 2004 session including the following:

- requiring school districts to provide facilities to a charter school if they have space available that is not being used for educational purposes;
- requiring school districts to be responsible for the state match required for projects to bring charter school facilities up to standards;
- requiring the facilities of any charter school established after July 1, 2005 to meet life and health safety codes related to educational occupancy;
- requiring the facilities of any charter school established before July 1, 2005 to be brought up to standards within the same timeframe as other public schools;

- requiring, after January 1, 2010, that an application for a charter will not be renewed or made unless the charter school is housed in a public building that is subject to evaluation and prioritization and is eligible for PSCOC grants in the same manner as all other public schools. If the building is not in a public building, the charter school must demonstrate that:
 - the facility in which it is located meets the adequacy standards and that the owner will maintain the facility to continue to meet the standards at no additional cost to the school;
 - a public building is not available that is adequate for educational purposes; and
 - the owner is a nonprofit entity organized for the purpose of providing the facility for the charter school and agrees to maintain the facility to continue to meet the statewide adequacy standards at no additional cost to the school.

Recommendations of the LESC:

- *Per recommendations of the Public School Capital Outlay Task Force (PSCOTF)—after evaluation of the pilot year under the new public school capital outlay standards-based process—amend statutes to develop the structure and goals of the state public school capital outlay program and to provide for the program’s continued implementation. Statutes recommended for amendments include the Public School Capital Outlay Act, Public School Capital Improvements Act, Technology for Education Act, Public School Insurance Authority Act, Severance Tax Bonding Act, and other statutes related to school district general obligation bonds, school district construction, and applicability of state construction codes to school district projects. The PSCOTF also recommends the following appropriations and authorizations:*
 - *include \$31.0 million (of the \$70.0 million) to be designated for roof repairs at those schools previously identified through the deficiencies correction program, with the remainder to partially fund a new statewide, voluntary roof initiative for other roof repairs that create a threat of significant property damage;*
 - *reimburse the Public School Capital Outlay Fund for loans to provide full-day kindergarten facilities beyond the amount included in the \$5.0 million statewide general obligation bond passed by voters in November 2004;*
 - *increase the state guarantee amount under the Public School Capital Improvements Act (SB 9) from \$50.00 to \$60.00 per mill per unit;*
 - *develop and implement a uniform, statewide, web-based facility information management system (FIMS) to provide a centralized database of maintenance activities and comprehensive maintenance request and expenditure information;*
 - *allow the Public School Facilities Authority (PSFA) to contract with the Construction Industries Division and the state fire marshal’s office to permit and inspect Public School Capital Outlay Council-funded projects; and*
 - *provide funding for DFA to develop and adopt a student population forecasting model in conjunction with the LFC, PED, LESC, and PSFA.*

OTHER ISSUES

50th Anniversary of *Brown v. Board of Education*

The LESC commemorated the 50th anniversary of the *Brown v. Board of Education* decision in two ways. The first was a performance by the Working Classroom, a year-round nonprofit arts and education program founded in 1987 that provides tuition-free instruction and experience to hundreds of student artists and actors from the public schools in Albuquerque's "historically ignored communities." Among other points, the performance:

- developed the theme of the unfulfilled promises of the *Brown* decision;
- highlighted the differences between two middle schools in the Albuquerque Public Schools; and
- cited numerous statistics related to the education and performance of minority students.

The second means of commemoration was a presentation by the Education Commission of the States (ECS), which has evaluated the legacy of the landmark Supreme Court decision, focusing primarily upon its unfinished legacy. ECS testified that, although the *Brown* decision mandated that all children have equal access to high-quality education, that access did not begin until 10 years later with the enactment of the federal *Civil Rights Act*. Today, some public schools remain segregated, not because of legal restrictions (which *Brown* overturned) but because of social and economic factors.

The remainder of the ECS testimony consisted primarily of national and state statistics illustrating the achievement gap between Anglos and Asian-Americans on one side and African-Americans, Hispanics, and Native Americans on the other. The ECS testimony also explained certain steps that states can take to close the gaps in performance and to fulfill the promise of the *Brown* decision.

State Identification Number

As a result of initiatives that the LESC and the LESC Ad Hoc Subcommittee for Education Reform undertook during the 2001 and 2002 interims, the 2003 Legislature passed and the Governor signed comprehensive education reform legislation that included a provision requiring PED to issue a state identification (ID) number for each public school student as part of the state's assessment and accountability system. In addition, the 2003 Legislature appropriated \$300,000 to PED to begin the implementation of this initiative, and the 2004 Legislature added another \$93,000 to maintain the system.

The PED testified that in May 2004 the Information Systems Division of the General Services Department completed a web-based application for the student ID system that allows selected school personnel, district coordinators, and PED administrators to search for a student using an ID number issued by PED or any combination of first or last name and date of birth. The PED testimony also cited two reasons that a student ID system is necessary: (1) to provide accurate data for the state's Accountability Data System at PED concerning student performance and status throughout the student's educational career; and (2) to comply with accountability

requirements of the federal *No Child Left Behind Act of 2001* (NCLB). The PED testimony concluded with a demonstration of the system and an explanation of the security measures at both the state and district levels.

LESC/PED Charter Schools Work Group

During the 2004 session, the Legislature considered several bills to amend or study the *1999 Charter Schools Act*, but none of them passed. Two identical bills endorsed by the LESL and recommended by the Public School Capital Outlay Task Force, House Bill 404 and Senate Bill 403, would have provided a mediation process to resolve disputes between charter schools and their respective school districts, clarified charter schools' access to school district property and capital outlay funding, and prescribed certain facilities standards for charter schools, among other provisions. Another bill (Committee Substitute for Senate Bill 521), supported by the Governor, would have given chartering authority to PED, allowed PED to withhold and use for its administrative support up to 3.0 percent of the school-generated program cost allocated to a charter school that PED authorizes, and made each charter school its own board of finance, except for capital outlay and transportation funding.

Because so many issues related to charter schools remained unresolved after the session, the LESL requested that staff work with PED by establishing a work group to meet during the 2004 interim to try to agree on recommendations for amending the *1999 Charter Schools Act*. Members included representatives of charter schools, school districts, municipalities, professional associations, the LESL, and the PED.

Working from a discussion draft prepared by LESL staff, members of the work group agreed on numerous provisions (either through consensus or majority vote), in some cases retaining provisions of current law and in others amending or adding provisions taken from HB 404, CS/SB 521, or work group recommendations. Among numerous other points, members agreed on dual chartering authority (local school boards and PED), conversion charter schools, appeals, mediation, evaluation of charter school personnel, reasons for revoking or not renewing a charter, charter school facilities, and the maximum number of charter schools. A majority of work group members also agreed that each charter school should be its own board of finance.

In addition to their points of agreement, the members of the work group discussed but made no recommendation on several other statutory provisions for charter schools, among them whether the potential impact of a charter school on the host district should be a factor in the review of a charter school application.

Federal Requirements for the *Carl Perkins Act*

The federal *Carl D. Perkins Vocational and Technical Education Act of 1998* (Perkins Act):

- provides federal funds to states to support career and technical education programs and awards a majority of available funds as grants to state education agencies;
- requires states to designate a single "eligible agency" to administer and distribute federal funds for the career and technical education program at the state level; and

- defines an “eligible agency” as “a state board designated or created consistent with State law as the sole state agency responsible for the administration of vocational and technical education or for supervision of the administration of vocational and technical education in the State.”

State law designates the State Board of Education (SBE) as the single “eligible agency” to administer and distribute funds for New Mexico. However, as staff testimony explained, the 2003 constitutional amendment and corresponding state law abolishing SBE and creating a cabinet Public Education Department have left New Mexico without an eligible agency to administer and distribute Carl Perkins funds. Testimony from PED and the Office of Workforce Training and Development (recently created through executive order) concurred with this assessment and suggested that the State Workforce Development Board be designated as the sole state agency responsible for career and technical education in New Mexico.

Adult Basic Education Programs

The Adult Basic Education (ABE) program is a federally and state-funded program designed to provide a range of services to individuals who are at least 16 years of age, who do not have a high school diploma or equivalent education, who are not enrolled in school, and who lack the basic skills to function effectively in the workplace. Each year, the Legislature provides an appropriation to the ABE Fund as part of the state’s match for receipt of federal funds through grants from the *Workforce Investment Act of 1998, Title II, Adult Education and Literacy*. For FY 05, the Legislature appropriated \$5.0 million in General Fund dollars and \$1.0 million in Temporary Assistance to Needy Families (TANF) dollars. According to testimony from the Commission on Higher Education (CHE), the FY 05 state and federal dollars will fund 29 ABE sites located in 19 postsecondary educational institutions, four community-based organizations, four tribal schools, one public school district, and the New Mexico Corrections Department.

In 2003, the Legislature amended statute to transfer all of the responsibility and authority of the state level ABE program from the former State Board of Education, now PED, to CHE. During the 2004 interim, the committee heard testimony from CHE indicating that the focus of CHE staff has been to work collaboratively with ABE providers to address areas of concern, including delays in state payments and reimbursements and the provision of clear guidelines and criteria for the award of federal funds through a Request for Proposals process. Additional testimony indicated that CHE was positioning itself to move forward with workforce skills in collaboration with the Office of Workforce Training and Development, the Human Services Department, and postsecondary educational institutions in New Mexico.

Additional Presentations and Reports

In addition to the presentations summarized elsewhere in this report, the LESC heard testimony about public school budgets for FY 05, West Las Vegas Public Schools programs, the International Education Project, the Taos Filmmakers Initiative, public school transportation, *Cuentos de Hadas* (dual language program immersion class at Los Niños Elementary School, Las Vegas City Public Schools), the New Mexico Military Institute, Junior ROTC, the Governor’s film and media initiative, evaluation of regional education cooperatives, reading courses in teacher preparation programs, the New Mexico Public Schools Insurance Authority, the State Personnel Office, teen pregnancy prevention programs, safety devices for public school

buses, federal “unfunded” mandates, the Center for Service Learning Opportunities in Education, an enhancement initiative of the NMSU Agricultural Science Center, a model program for adjudicated youth, the Lions Crane Reading Program, the ALPHA Literacy Program, issues of dual language schools, the Governor’s Task Force on Higher Education, computerized learning systems to align curricula to content standards, a summer pre-K program in Albuquerque Public Schools, the New Mexico Coalition for Literacy, and Teach for America – New Mexico.

The committee also received the following written reports: *Truancy in the Public Schools*; *PED Evaluation of Bilingual Multicultural Education Programs: Preliminary Report*; *Study Virtual Anatomy Instead of Dissection* (HJM 8); *After-hours School Site Work Safety* (HJM 17); *Study School Nurse Delivery of Health Care* (SJM 9); *Alignment of High School Curricula and Postsecondary Placement Tests*; *Career and Technical Education Study* (HJM 39); *New Mexico Council on Technology in Education*; *Study Testing Students in their Home Language* (HJM 18); *Work with Southern Pueblos Council* (HJM 59); *Full-day Kindergarten Report*; *New Mexico Activities Association Recommendations*; *The Status of New Mexico’s Teacher Pool: 2004, OEA*; and *CHE Funding Allocations for Career Technical-Vocational Centers*.

Recommendations of the LESC:

- ***Amend the 1999 Charter Schools Act to make each charter school its own board of finance; to provide a mediation process to resolve disputes between charter schools and their chartering authority, as well as disputes related to the approval or denial of a charter or the adequacy of facilities; to implement and clarify requirements for charter school facilities; and to allow lease payment funds to flow to charter schools during their first year of operation – among other provisions.***
- ***Amend the Public School Code to designate the Public Education Commission as the sole state agency responsible for the supervision and administration of the state plan relating to career and technical education.***
- ***Introduce a memorial to commemorate the 90th anniversary of the founding of the National Parent-Teacher Association.***

PUBLIC SCHOOL SUPPORT DATA

TABLE 1	History of General Fund Recurring Appropriations for Public Education 1994-1995 through 2004-2005 (estimated)
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TABLE 1
HISTORY OF GENERAL FUND RECURRING APPROPRIATIONS
FOR PUBLIC EDUCATION 1994-1995 THROUGH 2004-2005 (estimated)

Fiscal Year	Total Appropriation <i>(in thousands)</i>	Public Education* <i>(in thousands)</i>	Percent Public Education
1994-1995 (actual)	\$2,623,425	\$1,219,333	46.5%
1995-1996 (actual)	\$2,750,684	\$1,295,274	47.1%
1996-1997 (actual)	\$2,869,981	\$1,304,853	45.5%
1997-1998 (actual)	\$3,009,374	\$1,374,285	45.7%
1998-1999 (actual)	\$3,152,680	\$1,487,261	47.2%
1999-2000 (actual)	\$3,328,490	\$1,562,908	47.0%
2000-2001 (actual)	\$3,574,160	\$1,657,344	46.4%
2001-2002 (actual)	\$3,866,226	\$1,805,538	46.7%
2002-2003 (actual)	\$3,896,247	\$1,808,678	46.4%
2003-2004 (actual)	\$4,119,803	\$1,883,639	45.7%
2004-2005 (estimated)	\$4,374,875	\$1,993,073	45.6%

* Public education includes public school support, funding for the Public Education Department, Special Projects, School for the Blind and Visually Impaired, and School for the Deaf.

FIGURE 1
FY 05 GENERAL FUND APPROPRIATIONS
(TOTAL GENERAL FUND APPROPRIATIONS = \$4,374,875)
(dollar amounts in thousands)

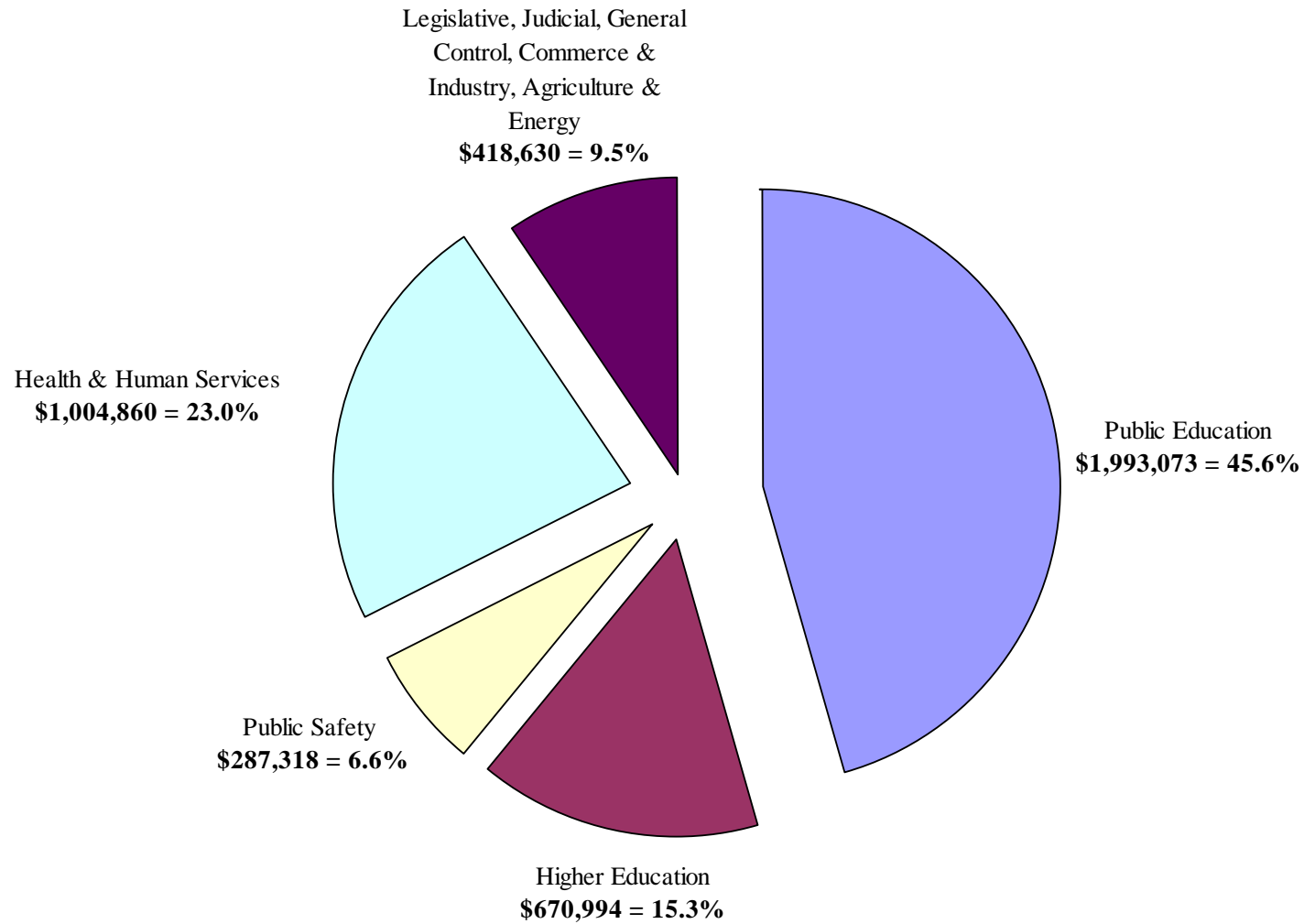


TABLE 2**COMPARISON OF THE PERCENTAGE CHANGE IN STATEWIDE
AVERAGE RETURNING TEACHER SALARIES 1994-1995 THROUGH 2004-2005**

Year	Total Teachers	New Mexico Average Returning Teacher Salary	Difference	Percent Increase
1994-1995	18,071	\$28,389	\$1,018	3.72%
1995-1996	18,470	\$29,074	\$685	2.41%
1996-1997	18,988	\$29,235	\$161	0.55%
1997-1998	19,252	\$29,908	\$673	2.30%
1998-1999	19,506	\$31,982	\$2,074	6.93%
1999-2000	19,829	\$32,731	\$749	2.34%
2000-2001	19,734	\$34,310	\$1,579	4.82%
2001-2002 ¹	19,921	\$36,440	\$2,130	6.21%
2002-2003 ¹	19,843	\$36,805	\$365	1.00%
2003-2004 ²	20,382	\$38,196	\$1,391	3.78%
2004-2005 ³	20,718	\$39,823	\$1,627	4.26%

¹Source: *New Mexico Public School Finance Statistics*

²Public Education Department estimated actual

³Public Education Department budgeted

NOTE: New Mexico's average returning teacher salary includes only those salaries paid from state operational funds. It does not include beginning teacher salaries.

TABLE 3
AVERAGE RETURNING TEACHERS' SALARIES
2003-2004 ESTIMATED ACTUAL TO 2004-2005 BUDGETED, RANKED BY 2004-2005 SALARY*

District	2004- 2005 Rank	2003- \$2,004 Average	2004- 2005 Average	Difference	Change	Contract Hourly Rate	Avg Yrs Exp.
ALAMOGORDO		\$38,290	\$39,438	\$1,148	3.00%	\$30.79	12.59
Lacy Simms		\$28,545	\$36,000	\$7,455	26.12%	\$25.26	1.00
ALAMOGORDO W/CHARTERS**	55	\$38,159	\$39,391	\$1,232	3.23%	\$28.03	6.80
ALBUQUERQUE		\$37,197	\$39,103	\$1,906	5.12%	\$32.23	13.18
Academia de Lengua Y		\$39,865	\$39,865	\$0	0.00%	\$27.64	13.00
Amy Biehl		\$42,435	\$43,284	\$849	2.00%	\$25.17	10.57
Charter Vocational		\$37,118	\$38,883	\$1,765	4.76%	\$29.82	8.04
East Mountain		\$32,416	\$33,151	\$735	2.27%	\$25.02	3.50
Horizon Academy: NW		\$31,495	\$32,152	\$657	2.09%	\$22.33	3.11
Horizon Academy: South		\$32,050	\$32,963	\$913	2.85%	\$22.89	3.65
Horizon Academy: West		\$32,598	\$32,876	\$278	0.85%	\$22.83	2.34
La Academia de Esperanza		\$34,173	\$35,790	\$1,617	4.73%	\$28.98	6.57
Learning Community		\$39,006	\$39,788	\$782	2.00%	\$34.51	11.30
Los Puentes		\$42,304	\$43,150	\$846	2.00%	\$29.97	8.83
Nuestros Valores		\$40,744	\$42,090	\$1,346	3.30%	\$33.40	7.18
Paseo del Monte		\$35,162	\$35,865	\$703	2.00%	\$24.91	3.00
Public Academy Perf. Arts		\$37,429	\$38,178	\$749	2.00%	\$28.12	8.56
Robert F Kennedy		\$44,909	\$47,603	\$2,694	6.00%	\$31.32	7.14
South Valley Charter		\$41,377	\$43,844	\$2,467	5.96%	\$30.45	3.03
Southwest Second		\$41,169	\$42,451	\$1,282	3.11%	\$26.07	1.85
Twenty-first Century		\$40,442	\$40,771	\$329	0.81%	\$28.31	12.17
ALBUQUERQUE W/CHARTERS**	59	\$37,182	\$39,052	\$1,870	5.03%	\$28.00	7.06
ANIMAS	21	\$42,048	\$42,854	\$806	1.92%	\$34.34	17.77
ARTESIA	16	\$41,726	\$43,084	\$1,358	3.25%	\$33.54	14.83
AZTEC	53	\$37,974	\$39,570	\$1,596	4.20%	\$28.59	13.10
BELEN	74	\$36,330	\$37,602	\$1,272	3.50%	\$29.64	11.15
BERNALILLO	24	\$40,924	\$42,489	\$1,565	3.82%	\$33.62	14.58
BLOOMFIELD	44	\$38,390	\$40,379	\$1,989	5.18%	\$31.05	14.40
CAPITAN	52	\$38,373	\$39,778	\$1,405	3.66%	\$29.19	14.41
CARLSBAD		\$54,140	\$55,951	\$1,811	3.35%	\$44.41	16.51
Jefferson Montessori Acad		\$39,097	\$40,137	\$1,040	2.66%	\$28.67	5.82
CARLSBAD W/CHARTERS**	1	\$53,660	\$55,446	\$1,786	3.33%	\$36.54	11.17
CARRIZOZO	28	\$40,187	\$41,884	\$1,697	4.22%	\$31.55	13.00
CENTRAL CONS.	9	\$43,813	\$44,689	\$876	2.00%	\$32.38	13.85
CHAMA	89	\$30,795	\$31,947	\$1,152	3.74%	\$29.95	14.41
CIMARRON		\$39,726	\$40,797	\$1,071	2.70%	\$34.00	17.98
Cimarron-Moreno		\$36,669	\$37,512	\$843	2.30%	\$25.35	10.92
CIMARRON W/CHARTERS**	45	\$39,243	\$40,279	\$1,036	2.64%	\$29.68	14.45
CLAYTON		\$37,044	\$39,179	\$2,135	5.76%	\$28.90	17.37
Amistad		\$35,259	\$36,408	\$1,149	3.26%	\$33.25	10.50
CLAYTON W/CHARTERS**	60	\$36,953	\$39,039	\$2,086	5.65%	\$31.08	13.94
CLOUDCROFT	37	\$39,754	\$41,038	\$1,284	3.23%	\$30.06	15.14
CLOVIS	67	\$35,988	\$38,161	\$2,173	6.04%	\$29.52	11.57
COBRE	40	\$39,310	\$40,720	\$1,410	3.59%	\$30.61	12.95
CORONA	88	\$31,699	\$35,021	\$3,322	10.48%	\$29.83	8.63
CUBA	8	\$43,542	\$45,458	\$1,916	4.40%	\$33.30	16.05
DEMING	66	\$35,994	\$38,248	\$2,254	6.26%	\$27.96	10.51
DES MOINES	69	\$37,494	\$37,886	\$392	1.05%	\$27.33	14.03
DEXTER	39	\$39,368	\$40,781	\$1,413	3.59%	\$31.83	12.77
DORA	10	\$42,098	\$44,131	\$2,033	4.83%	\$29.80	16.46
DULCE	78	\$36,225	\$37,381	\$1,156	3.19%	\$29.67	10.94
ELIDA	43	\$34,789	\$40,641	\$5,852	16.82%	\$27.77	15.31
ESPANOLA	64	\$37,196	\$38,360	\$1,164	3.13%	\$29.95	12.27
ESTANCIA	36	\$40,297	\$41,103	\$806	2.00%	\$30.45	12.64
EUNICE	83	\$35,619	\$36,977	\$1,358	3.81%	\$26.89	7.77
FARMINGTON	50	\$38,896	\$39,873	\$977	2.51%	\$29.54	13.47
FLOYD	68	\$35,332	\$37,982	\$2,650	7.50%	\$27.98	7.91
FT. SUMNER	19	\$41,649	\$42,984	\$1,335	3.21%	\$38.85	16.35
GADSDEN	58	\$38,169	\$39,065	\$896	2.35%	\$30.32	9.98
GALLUP-McKINLEY		\$36,444	\$37,702	\$1,258	3.45%	\$28.44	9.25
Middle College HS		\$52,657	\$52,657	\$0	0.00%	\$58.02	3.50
GALLUP W/CHARTERS**	72	\$36,450	\$37,708	\$1,258	3.45%	\$43.23	6.38
GRADY	84	\$33,173	\$36,938	\$3,765	11.35%	\$31.66	13.66
GRANTS-CIBOLA	34	\$39,427	\$41,179	\$1,752	4.44%	\$29.84	13.19
HAGERMAN	73	\$37,192	\$37,609	\$417	1.12%	\$28.71	12.21
HATCH	31	\$41,009	\$41,654	\$645	1.57%	\$30.85	12.79
HOBBS	77	\$35,697	\$37,407	\$1,710	4.79%	\$28.79	11.03
HONDO	85	\$34,989	\$36,709	\$1,720	4.92%	\$25.39	12.80
HOUSE	82	\$35,833	\$37,046	\$1,213	3.39%	\$31.17	7.98

TABLE 3
 AVERAGE RETURNING TEACHERS' SALARIES
 2003-2004 ESTIMATED ACTUAL TO 2004-2005 BUDGETED, RANKED BY 2004-2005 SALARY*

District	2004- 2005 Rank	2003- 2004 Average	2004- 2005 Average	Difference	Change	Contract Hourly Rate	Avg Yrs Exp.
JAL	6	\$44,843	\$46,335	\$1,492	3.33%	\$34.14	17.50
JEMEZ MOUNTAIN	13	\$40,154	\$43,647	\$3,493	8.70%	\$33.26	12.66
JEMEZ VALLEY		\$41,566	\$42,741	\$1,175	2.83%	\$31.21	11.91
San Diego Riverside		\$44,377	\$45,797	\$1,420	3.20%	\$37.69	13.07
Walatowa		\$41,662	\$46,543	\$4,881	11.72%	\$36.94	20.67
JEMEZ VALLEY W/CHARTERS	15	\$42,099	\$43,450	\$1,351	3.21%	\$35.28	15.22
LAKE ARTHUR	87	\$34,091	\$35,548	\$1,457	4.27%	\$25.82	10.46
LAS CRUCES	57	\$37,547	\$39,083	\$1,536	4.09%	\$28.47	12.63
LAS VEGAS CITY		\$37,171	\$38,867	\$1,696	4.56%	\$30.85	13.87
Bridge Academy		\$39,595	\$40,812	\$1,217	3.07%	\$30.92	14.00
LAS VEGAS C. W/CHARTER**	61	\$37,219	\$38,906	\$1,687	4.53%	\$30.89	13.94
LAS VEGAS WEST	71	\$36,453	\$37,774	\$1,321	3.62%	\$30.25	12.14
LOGAN	11	\$43,048	\$43,785	\$737	1.71%	\$38.16	17.59
LORDSBURG	75	\$36,879	\$37,559	\$680	1.84%	\$26.72	10.71
LOS ALAMOS	4	\$47,064	\$48,005	\$941	2.00%	\$32.45	17.64
LOS LUNAS	65	\$37,919	\$38,298	\$379	1.00%	\$29.90	12.32
LOVING	7	\$44,027	\$45,839	\$1,812	4.12%	\$34.85	13.43
LOVINGTON	33	\$39,611	\$41,215	\$1,604	4.05%	\$30.37	12.19
MAGDALENA	22	\$41,341	\$42,574	\$1,233	2.98%	\$35.01	12.92
MAXWELL	18	\$42,172	\$43,015	\$843	2.00%	\$38.24	17.00
MELROSE	23	\$37,282	\$42,573	\$5,291	14.19%	\$33.79	19.72
MESA VISTA	32	\$40,389	\$41,409	\$1,020	2.53%	\$32.57	14.14
MORA	38	\$40,210	\$41,015	\$805	2.00%	\$34.11	13.06
MORIARTY	56	\$38,046	\$39,306	\$1,260	3.31%	\$30.62	15.04
MOSQUERO	81	\$34,094	\$37,105	\$3,011	8.83%	\$33.28	18.76
MOUNTAINAIR	54	\$38,491	\$39,543	\$1,052	2.73%	\$31.38	13.98
PECOS	63	\$37,798	\$38,554	\$756	2.00%	\$29.93	12.91
PENASCO	26	\$41,159	\$42,016	\$857	2.08%	\$33.35	12.19
POJOAQUE	48	\$38,720	\$39,966	\$1,246	3.22%	\$31.37	12.31
PORTALES	76	\$33,146	\$37,518	\$4,372	13.19%	\$27.34	11.21
QUEMADO	79	\$33,180	\$37,189	\$4,009	12.08%	\$30.20	14.47
QUESTA		\$43,035	\$43,035	\$0	0.00%	\$33.59	16.36
Red River Valley		\$36,102	\$37,657	\$1,555	4.31%	\$31.78	8.33
Roots & Wings		\$34,426	\$36,113	\$1,687	4.90%	\$22.13	6.50
QUESTA W/CHARTERS**	25	\$42,108	\$42,304	\$196	0.47%	\$29.17	10.40
RATON	47	\$36,304	\$40,077	\$3,773	10.39%	\$30.21	13.82
RESERVE	35	\$40,123	\$41,161	\$1,038	2.59%	\$34.67	15.56
RIO RANCHO	80	\$35,341	\$37,174	\$1,833	5.19%	\$29.18	9.50
ROSWELL		\$38,492	\$40,700	\$2,208	5.74%	\$28.37	11.54
Sidney Gutierrez		\$35,289	\$36,775	\$1,486	4.21%	\$25.40	11.70
ROSWELL W/CHARTER**	42	\$38,466	\$40,669	\$2,203	5.73%	\$26.89	11.62
ROY	14	\$42,022	\$43,620	\$1,598	3.80%	\$37.56	16.32
RUIDOSO	3	\$46,327	\$48,095	\$1,768	3.82%	\$34.80	18.06
SAN JON	27	\$40,950	\$41,965	\$1,015	2.48%	\$34.51	15.23
SANTA FE		\$36,201	\$38,446	\$2,245	6.20%	\$30.51	13.22
Academy for Tech		\$38,009	\$38,389	\$380	1.00%	\$26.22	10.97
Monte Del Sol Charter		\$37,458	\$38,573	\$1,115	2.98%	\$29.79	10.50
Turquoise Trail Elementary		\$40,477	\$41,826	\$1,349	3.33%	\$28.20	13.97
SANTA FE W/CHARTERS**	42	\$36,406	\$38,558	\$2,152	5.91%	\$28.68	12.17
SANTA ROSA CONS.	20	\$41,857	\$42,896	\$1,039	2.48%	\$33.30	14.19
SILVER CITY	12	\$42,209	\$43,721	\$1,512	3.58%	\$31.99	16.64
SOCORRO		\$36,503	\$38,090	\$1,587	4.35%	\$29.71	13.63
Cottonwood Valley		\$33,995	\$35,654	\$1,659	4.88%	\$28.30	8.97
SOCORRO W/CHARTER**	70	\$36,292	\$37,885	\$1,593	4.39%	\$29.01	11.30
SPRINGER	41	\$36,348	\$40,708	\$4,360	12.00%	\$34.14	14.68
TAOS		\$38,607	\$40,307	\$1,700	4.40%	\$36.09	15.57
Anansi		\$27,893	\$35,000	\$7,107	25.48%	\$23.65	13.00
Taos Charter		\$31,917	\$34,363	\$2,446	7.66%	\$23.47	10.23
TAOS W/CHARTERS**	51	\$38,030	\$39,855	\$1,825	4.80%	\$27.74	12.93
TATUM	5	\$45,558	\$46,615	\$1,057	2.32%	\$37.00	20.80
TEXICO	2	\$47,759	\$49,212	\$1,453	3.04%	\$38.79	14.74
TRUTH OR CONSEQ.	46	\$38,730	\$40,262	\$1,532	3.96%	\$29.48	12.45
TUCUMCARI	49	\$38,798	\$39,948	\$1,150	2.96%	\$31.43	14.28
TULAROSA	17	\$40,749	\$43,036	\$2,287	5.61%	\$33.78	17.22
VAUGHN	86	\$32,581	\$36,222	\$3,641	11.18%	\$30.39	11.00
WAGON MOUND	30	\$41,105	\$41,756	\$651	1.58%	\$32.90	12.63
ZUNI	29	\$40,329	\$41,832	\$1,503	3.73%	\$30.99	14.86
STATEWIDE		\$38,196	\$39,823	\$1,627	4.26%	\$30.90	12.18

* The salary data presented in this table were provided by the school districts with their 2004-2005 Operating Budgets
 **The subtotal for districts with charter schools is a weighted average of the school districts' and charter schools'
 For ranking purposes, the subtotal for districts with charter schools was used.

TABLE 4

COMPARISON OF NEW MEXICO AVERAGE TEACHER SALARY
TO NATIONAL EDUCATION ASSOCIATION AVERAGES IN REGION AND U.S.
1994-1995 THROUGH 2004-2005

School Year	Arizona		Colorado		New Mexico		Oklahoma		Texas		Utah		Regional Average Salary	U.S. Average Salary
	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank		
1994-1995	\$32,175	2	\$34,571	1	\$28,493	5	\$28,172	6	\$31,223	3	\$29,082	4	\$30,619	\$36,605
1995-1996	\$32,993	2	\$35,364	1	\$29,074	5	\$28,404	6	\$32,000	3	\$30,588	4	\$31,404	\$37,702
1996-1997	\$33,300	2	\$36,271	1	\$30,131	6	\$30,369	5	\$33,038	3	\$31,867	4	\$32,496	\$38,554
1997-1998	\$34,411	2	\$37,240	1	\$30,152	6	\$30,692	5	\$34,133	3	\$32,394	4	\$33,170	\$39,454
1998-1999	\$35,025	2	\$38,025	1	\$32,398	5	\$31,149	6	\$35,041	3	\$32,950	4	\$34,098	\$40,582
1999-2000	\$35,650	2	\$38,163	1	\$32,554	5	\$31,298	6	\$37,567	3	\$34,946	4	\$35,030	\$41,754
2000-2001	\$36,302	2	\$39,184	1	\$33,785	6	\$34,499	5	\$38,361	3	\$36,441	4	\$36,429	\$43,335
2001-2002	\$39,973	2	\$40,659	1	\$36,440	5	\$34,738	6	\$39,232	3	\$38,139	4	\$38,197	\$44,632
2002-2003	\$40,894	2	\$42,680	1	\$36,965	5	\$34,877	6	\$39,974	3	\$38,268	4	\$38,943	\$45,810
2003-2004	\$41,843	2	\$43,319	1	\$37,877	5	\$35,061	6	\$40,494	3	\$38,976	4	\$39,595	\$46,726
2004-2005*	\$42,945	2	\$ 44,021	1	\$ 39,233	5	\$ 36,464	6	\$ 42,307	3	\$ 40,651	4	\$40,937	\$ 48,108

*LESC staff projection.

NOTE: National Education Association-NM (NEA-NM) average teacher salary data include salaries paid from all funding sources.

TABLE 5
COMPARISON OF PROGRAM UNITS AND STUDENT MEMBERSHIP
1994-1995 THROUGH 2004-2005

School Year	Student Membership	ECE Units ¹	Grades 1-12 Units	Special Education Units	Bilingual Education Units ²	Fine Arts Program Units	T & E Units	Size Adjustment Units	At-Risk Units	Enrollment Growth Units	National Board Certified Teacher Units	Hold-Harmless Units	Total Program Units
1994-1995	313,952	17,300	327,685	107,852	15,244		56,827	25,705		2,103		53	552,769
1995-1996	317,431	17,487	329,929	118,073	15,995		55,623	24,526		1,735		161	563,529
1996-1997	319,391	17,477	330,799	124,688	16,181		54,781	24,693		1,649		164	570,432
1997-1998	317,777	20,215	358,872	105,346	16,383		46,699	18,375	23,642	1,725		141	591,398
1998-1999	316,548	19,907	357,737	112,101	15,773		46,751	18,393	23,575	914		217	595,368
1999-2000 ³	316,634	19,914	357,832	112,107	15,777		47,236	18,472	23,161	881		165	595,545
2000-2001 ⁴	312,134	21,824	350,782	112,965	13,580		45,351	19,194	22,900	352		455	587,183
2001-2002	312,209	26,105	347,289	113,685	13,168		45,675	19,871	23,881	1,415		328	591,417
2002-2003 ⁵	313,030	27,356	347,230	114,131	12,830		46,050	20,489	23,151	1,278		210	592,726
2003-2004 ^{5,6}	315,543	31,206	347,119	112,966	12,053	1,328	48,453	20,974	23,228	5,768	128	90	603,311
2004-2005 ^{5,6}	320,452	36,498	348,946	112,717	11,490	5,027	52,525	21,993	22,601	5,445	167	4	617,412

¹ ECE began in 1976. Beginning in FY 98, ECE includes 3- and 4-year-old developmentally delayed children due to 1997 funding formula changes. Beginning in FY 01, phase-in of full-day kindergarten over five years.

² Bilingual education programs were initially implemented in grades K-6. These programs were expanded to include grades 7-9 in 1989-1990 and grades 11-12 in 1990-1991. In addition, the program cost differential was incrementally increased from 0.3 to 0.5 from 1990-1991 through 1994-1995.

³ In FY 00, funding based on prior year 40th-day basic membership and prior year December 1 special education membership; adjustment for FY 00 of the enrollment growth factor from .50 to 1.0.

⁴ Beginning in FY 01, based on average of prior year membership of 40th, 80th, and 120th school days plus full-day kindergarten and start-up charter schools.

⁵ Includes adjustment for at-risk hold harmless.

⁶ Beginning in FY 04, changes to the funding formula amended the way growth units are calculated and added units for fine arts programs in elementary schools and for the number of National Board certified teachers on staff.

TABLE 6

PERCENTAGE CHANGE IN PROGRAM COST, PROGRAM UNITS,
UNIT VALUE, AND STUDENT MEMBERSHIP
1994-1995 THROUGH 2004-2005

School Year	Actual Program Cost	% Change	Program Units	Unit Value	% Change	Student Membership	% Change
1994-1995	\$1,121,568,342	8.29%	552,769	\$2,029.00	4.80%	313,952	1.32%
1995-1996	\$1,190,736,807	6.17%	563,529	\$2,113.00	4.14%	317,431	1.11%
1996-1997	\$1,225,922,203	2.95%	570,432	\$2,149.11	1.71%	319,391	0.62%
1997-1998	\$1,287,693,607	5.04%	591,398	\$2,175.00	1.20%	317,777	-0.51%
1998-1999	\$1,395,596,112	8.38%	595,368	\$2,344.09	7.77%	316,548	-0.39%
1999-2000	\$1,464,654,810 ¹	4.95%	595,545	\$2,460.00	4.94%	316,634	0.03%
2000-2001	\$1,554,602,603 ²	6.14%	587,183	\$2,647.56	7.62%	312,134	-1.42%
2001-2002	\$1,699,963,260	9.35%	591,417	\$2,871.01	8.44%	312,209	0.02%
2002-2003	\$1,714,838,008 ³	0.88%	592,726	\$2,889.89	0.66%	313,030	0.26%
2003-2004	\$1,797,400,880 ^{3,4}	5.73%	603,311	\$2,976.20	3.66%	315,543	1.07%
2004-2005	\$1,896,234,222 ^{3,4}	10.58%	617,412	\$3,068.70	6.19%	320,452	2.37%

¹ In FY 00, funding based on prior year 40th-day basic membership and prior year December 1 special education membership; adjustment for FY 00 of the enrollment growth factor from .50 to 1.0.

² Beginning in FY 01, funding based on average of prior year membership of 40th, 80th, and 120th school days plus full-day kindergarten and start-up charter schools.

³ Includes adjustment for at-risk hold harmless.

⁴ Beginning in FY 04, changes to the funding formula amended the way growth units are calculated and added units for fine arts programs in elementary schools and for the number of National Board certified teachers on staff.

TABLE 7

DIFFERENCES BETWEEN PROJECTED
AND ACTUAL FUNDING FORMULA CREDITS¹
1994-1995 THROUGH 2004-2005

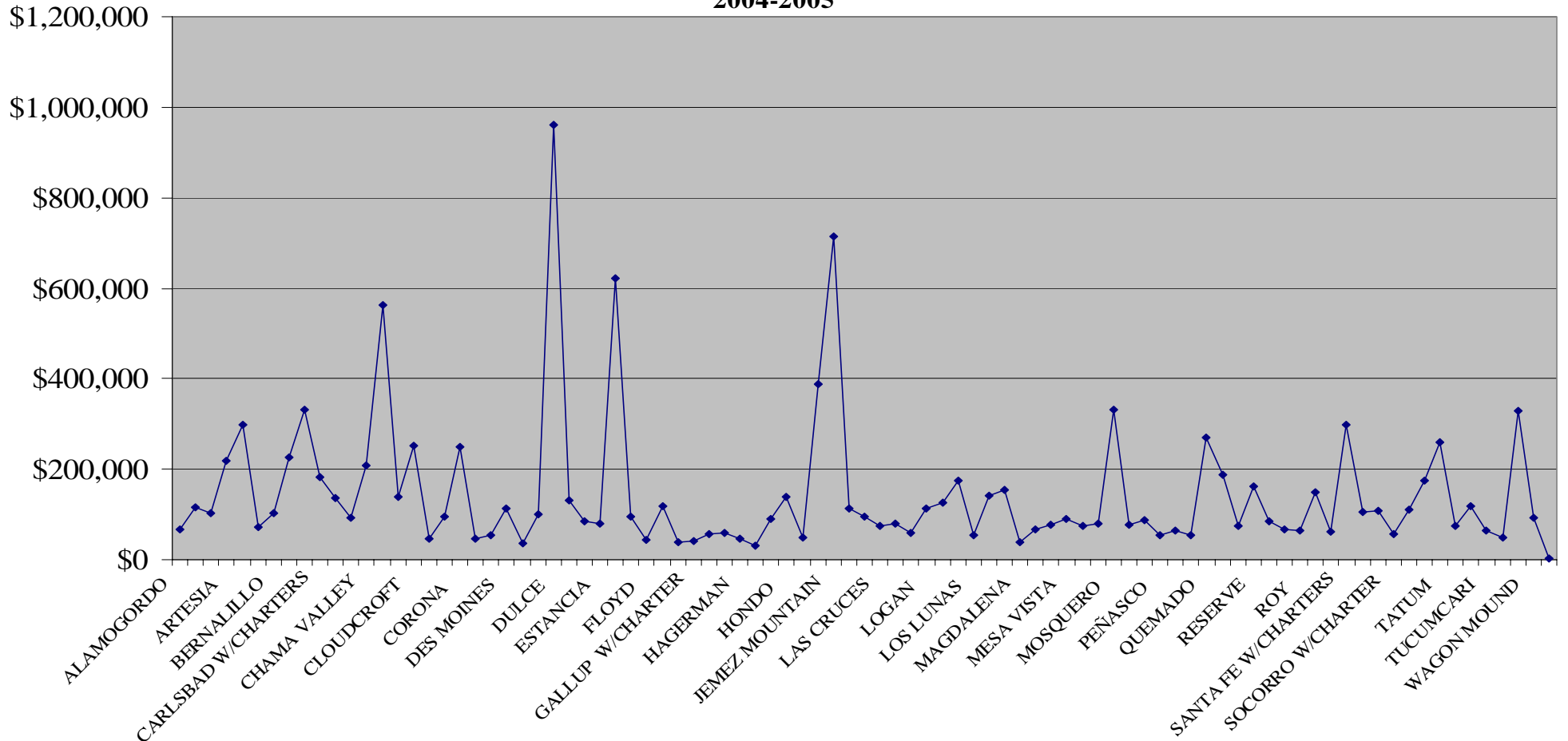
School Year	Projected	Actual	Difference (Projected & Actual)	Percent Difference (Projected & Actual)
1994-1995	\$37,211,500	\$33,582,628	(\$3,628,872)	-9.75%
1995-1996	\$31,000,000	\$41,951,461	\$10,951,461	35.33%
1996-1997	\$31,050,000	\$51,014,719	\$19,964,719	64.30%
1997-1998	\$37,300,000	\$56,202,903	\$18,902,903	50.68%
1998-1999	\$50,479,300	\$59,285,805	\$8,806,505	17.45%
1999-2000 ²	\$49,483,500	\$52,945,511	\$3,462,011	7.00%
2000-2001	\$49,483,500	\$51,594,736	\$2,111,236	4.27%
2001-2002	\$53,483,500	\$57,104,709	\$3,621,209	6.77%
2002-2003	\$57,483,500	\$58,903,705	\$1,420,205	2.47%
2003-2004	\$58,600,000	\$59,552,648	\$952,648	1.63%
2004-2005	\$57,301,943			

¹ Funding formula credits include: federal Impact Aid, federal Forest Reserve, local property tax (.5 mill levy).

² Effective in FY 00, the law was amended to allow the state to take credit for 75 percent instead of 95 percent of eligible federal and local revenues for operational purposes and to require districts to budget an amount equal to 20 percent for capital outlay.

FIGURE 2

**DIFFERENCES IN ASSESSED VALUATION
PER STUDENT BY SCHOOL DISTRICT
2004-2005**



**TABLE 9
PUBLIC SCHOOL CAPITAL OUTLAY ACT FUNDING FORMULA
2004-2005 STATE SHARE FORMULA AND DIRECT LEGISLATIVE APPROPRIATION OFFSET**

(Rank Order)

(Alphabetical Order)

Rank	District	County	State Share	District Share
1	ZUNI	McKinley	100%	0%
2	HATCH	Doña Ana	90%	10%
3	GADSDEN	Otero	87%	13%
4	DEXTER	Chaves	85%	15%
5	GALLUP	McKinley	83%	17%
6	HAGERMAN	Chaves	83%	17%
7	MAGDALENA	Socorro	82%	18%
8	CUBA	Sandoval	81%	19%
9	FLOYD	Roosevelt	80%	20%
10	TULAROSA	Otero	79%	21%
11	CLOVIS	Curry	78%	22%
12	LOS LUNAS	Valencia	78%	22%
13	GRADY	Quay	77%	23%
14	PORTALES	Roosevelt	77%	23%
15	DEMING	Luna	76%	24%
16	HOUSE	Roosevelt	76%	24%
17	LAS VEGAS WEST	San Miguel	76%	24%
18	SOCORRO	Socorro	75%	25%
19	ROY	Harding	74%	26%
20	PENASCO	Rio Arriba	73%	27%
21	SAN JON	Quay	73%	27%
22	GRANTS	Cibola	72%	28%
23	POJOAQUE	Santa Fe	71%	29%
24	TUCUMCARI	Quay	71%	29%
25	ALAMOGORDO	Otero	69%	31%
26	ROSWELL	Chaves	69%	31%
27	LAS CRUCES	Doña Ana	68%	32%
28	LAS VEGAS CITY	Mora	66%	34%
29	MAXWELL	Colfax	66%	34%
30	MELROSE	Quay	65%	35%
31	MORIARTY	Santa Fe	65%	35%
32	RIO RANCHO	Sandoval	65%	35%
33	BELEN	Valencia	64%	36%
34	HOBBS	Lea	64%	36%
35	MORA	Mora	64%	36%
36	RATON	Colfax	64%	36%
37	TEXICO	Roosevelt	64%	36%
38	LAKE ARTHUR	Chaves	63%	37%
39	MOUNTAINAIR	Socorro	62%	38%
40	ESTANCIA	Torrance	61%	39%
41	FARMINGTON	San Juan	60%	40%
42	CENTRAL	San Juan	58%	42%
43	ESPANOLA	Santa Fe	58%	42%
44	PECOS	San Miguel	58%	42%
45	LOVING	Eddy	57%	43%
46	WAGON MOUND	Mora	56%	44%

District	County	State Share	District Share
ALAMOGORDO	Otero	69%	31%
ALBUQUERQUE	Bernalillo	46%	54%
ANIMAS	Hidalgo	53%	47%
ARTESIA	Chaves	15%	85%
AZTEC	San Juan	10%	90%
BELEN	Valencia	64%	36%
BERNALILLO	Sandoval	54%	46%
BLOOMFIELD	San Juan	17%	83%
CAPITAN	Lincoln	10%	90%
CARLSBAD	Eddy	28%	72%
CARRIZOZO	Socorro	34%	66%
CENTRAL	San Juan	58%	42%
CHAMA	Rio Arriba	10%	90%
CIMARRON	Colfax	10%	90%
CLAYTON	Union	31%	69%
CLOUDCROFT	Otero	10%	90%
CLOVIS	Curry	78%	22%
COBRE	Grant	54%	46%
CORONA	Torrance	10%	90%
CUBA	Sandoval	81%	19%
DEMING	Luna	76%	24%
DES MOINES	Colfax	52%	48%
DEXTER	Chaves	85%	15%
DORA	Roosevelt	55%	45%
DULCE	Rio Arriba	10%	90%
ELIDA	Chaves	39%	61%
ESPANOLA	Santa Fe	58%	42%
ESTANCIA	Torrance	61%	39%
EUNICE	Lea	10%	90%
FARMINGTON	San Juan	60%	40%
FLOYD	Roosevelt	80%	20%
FORT SUMNER	De Baca	46%	54%
GADSDEN	Otero	87%	13%
GALLUP	McKinley	83%	17%
GRADY	Quay	77%	23%
GRANTS	Cibola	72%	28%
HAGERMAN	Chaves	83%	17%
HATCH	Doña Ana	90%	10%
HOBBS	Lea	64%	36%
HONDO	Lincoln	36%	64%
HOUSE	Roosevelt	76%	24%
JAL	Lea	10%	90%
JEMEZ MOUNTAIN	Rio Arriba	10%	90%
JEMEZ VALLEY	Sandoval	45%	55%
LAKE ARTHUR	Chaves	63%	37%
LAS CRUCES	Doña Ana	68%	32%

TABLE 9
PUBLIC SCHOOL CAPITAL OUTLAY ACT FUNDING FORMULA
2004-2005 STATE SHARE FORMULA AND DIRECT LEGISLATIVE APPROPRIATION OFFSET

<i>(Rank Order)</i>					<i>(Alphabetical Order)</i>			
47	DORA	Roosevelt	55%	45%	LAS VEGAS CITY	Mora	66%	34%
48	MESA VISTA	Rio Arriba	55%	45%	LAS VEGAS WEST	San Miguel	76%	24%
49	BERNALILLO	Sandoval	54%	46%	LOGAN	Quay	48%	52%
50	COBRE	Grant	54%	46%	LORDSBURG	Hidalgo	54%	46%
51	LORDSBURG	Hidalgo	54%	46%	LOS ALAMOS	Los Alamos	22%	78%
52	SANTA ROSA	San Miguel	54%	46%	LOS LUNAS	Valencia	78%	22%
53	ANIMAS	Hidalgo	53%	47%	LOVING	Eddy	57%	43%
54	DES MOINES	Colfax	52%	48%	LOVINGTON	Lea	33%	67%
55	SILVER	Grant	49%	51%	MAGDALENA	Socorro	82%	18%
56	LOGAN	Quay	48%	52%	MAXWELL	Colfax	66%	34%
57	ALBUQUERQUE	Bernalillo	46%	54%	MELROSE	Quay	65%	35%
58	FORT SUMNER	De Baca	46%	54%	MESA VISTA	Rio Arriba	55%	45%
59	JEMEZ VALLEY	Sandoval	45%	55%	MORA	Mora	64%	36%
60	SPRINGER	Union	44%	56%	MORIARTY	Santa Fe	65%	35%
61	TRUTH OR CONS.	Sierra	41%	59%	MOSQUERO	Harding	10%	90%
62	ELIDA	Chaves	39%	61%	MOUNTAINAIR	Socorro	62%	38%
63	HONDO	Lincoln	36%	64%	PECOS	San Miguel	58%	42%
64	CARRIZOZO	Socorro	34%	66%	PENASCO	Rio Arriba	73%	27%
65	LOVINGTON	Lea	33%	67%	POJOAQUE	Santa Fe	71%	29%
66	CLAYTON	Union	31%	69%	PORTALES	Roosevelt	77%	23%
67	RUIDOSO	Lincoln	30%	70%	QUEMADO	Cibola	10%	90%
68	CARLSBAD	Eddy	28%	72%	QUESTA	Taos	10%	90%
69	RESERVE	Catron	25%	75%	RATON	Colfax	64%	36%
70	LOS ALAMOS	Los Alamos	22%	78%	RESERVE	Catron	25%	75%
71	BLOOMFIELD	San Juan	17%	83%	RIO RANCHO	Sandoval	65%	35%
72	TAOS	Taos	16%	84%	ROSWELL	Chaves	69%	31%
73	ARTESIA	Chaves	15%	85%	ROY	Harding	74%	26%
74	AZTEC	San Juan	10%	90%	RUIDOSO	Lincoln	30%	70%
75	CAPITAN	Lincoln	10%	90%	SAN JON	Quay	73%	27%
76	CHAMA	Rio Arriba	10%	90%	SANTA FE	Santa Fe	10%	90%
77	CIMARRON	Colfax	10%	90%	SANTA ROSA	San Miguel	54%	46%
78	CLOUDCROFT	Otero	10%	90%	SILVER	Grant	49%	51%
79	CORONA	Torrance	10%	90%	SOCORRO	Socorro	75%	25%
80	DULCE	Rio Arriba	10%	90%	SPRINGER	Union	44%	56%
81	EUNICE	Lea	10%	90%	TAOS	Taos	16%	84%
82	JAL	Lea	10%	90%	TATUM	Chaves	10%	90%
83	JEMEZ MOUNTAIN	Rio Arriba	10%	90%	TEXICO	Roosevelt	64%	36%
84	MOSQUERO	Harding	10%	90%	TRUTH OR CONS.	Sierra	41%	59%
85	QUEMADO	Cibola	10%	90%	TUCUMCARI	Quay	71%	29%
86	QUESTA	Taos	10%	90%	TULAROSA	Otero	79%	21%
87	SANTA FE	Santa Fe	10%	90%	VAUGHN	Torrance	10%	90%
88	TATUM	Chaves	10%	90%	WAGON MOUND	Mora	56%	44%
89	VAUGHN	Torrance	10%	90%	ZUNI	McKinley	100%	0%

