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LEGISLATIVE  
FINANCE  
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Program  
Evaluation  
Unit

Program Evaluation: Albuquerque Public  
Schools

April 27, 2022

Report #22-01

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April 27, 2022

Mr. Scott Elder, Superintendent  
6400 Uptown Blvd., NE  
Albuquerque, NM 87110

Dear Superintendent Elder:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation, *Albuquerque Public Schools*. The program evaluation examined student performance, resource allocation and oversight practices within the district. An exit conference was held with your staff on April 20, 2022 to discuss the contents of the report.

The report will be presented to the LFC on April 27, 2022. LFC would like plans to address the recommendations within this report from the Albuquerque Public Schools within 30 days of the hearing.

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

Sincerely,

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

David Abbey, Director

Cc: Representative Patricia A. Lundstrom, Chair, Legislative Finance Committee  
Senator George K. Muñoz, Vice-Chair, Legislative Finance Committee  
Senator William P. Soules, Chair, Legislative Education Study Committee  
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New Mexico School Boards Association  
New Mexico School Superintendents' Association



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## With fewer students and lagging outcomes, APS must right-size, improve practices, and enhance oversight.

Albuquerque Public Schools (APS) is responsible for educating one-quarter of public school students statewide and accounts for a similar percentage of the New Mexico public education budget. As such, the district drives statewide trends in funding, enrollment, and performance. Over the last decade, demographic changes reduced enrollment by nearly 17 percent to 72.5 thousand in FY22, while per-pupil funding for APS from the state equalization guarantee (SEG) funding formula grew by 49 percent to \$9,919. The long-term trend in declining enrollment, worsened by the pandemic, will require the district to accelerate its efforts to adjust its workforce and physical infrastructure while also addressing increased building repair needs.

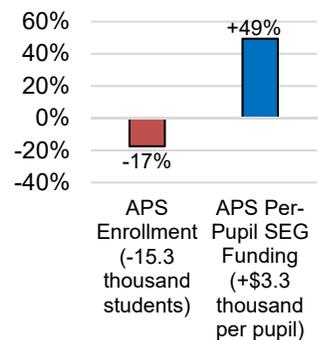
Despite more funding and fewer students, student outcomes remain low—only 20 percent of APS students were proficient in math and 31 percent in reading in 2019. The over 51 thousand low-income students in APS show larger achievement gaps than low-income students statewide. High school graduation rates, while improving, continue to lag national averages and college enrollment and readiness are declining. The Covid-19 pandemic exacerbated these challenges: more students and teachers left the district, chronic absence rose, and significant unfinished learning needs to be addressed.

New data from mid-year assessments in APS elementary schools showed both lower proficiency and slowed growth in proficiency compared with results from before the Covid-19 pandemic. Low-income students, already starting behind their peers, experienced limited growth in proficiency.

Improving student outcomes will require increased use of effective programs and practices including extending learning time and improved professional development. In FY21, there was \$57 million in available state funds that could have been used by the district for these purposes, including untapped funding for K-5 Plus and extended learning time programs and excess cash balances. Unprecedented levels of federal, pandemic-related funding totaling \$359 million also present a unique opportunity for APS to respond to the Covid-19 emergency and make meaningful investments in positive change.

A separate and pressing challenge to the district lies in the need for stronger oversight practices. The district strengthened procurement procedures in response to a recent criminal investigation against a former legislator and APS employee. Additional opportunities remain, including broadening the focus of the internal audit unit.

**Chart 1. From FY12 to FY22, APS had more resources to educate fewer students**



Source: LFC analysis of SEG formula data.

**Table 1. Unused State Resources In APS, FY21 (in millions)**

Unused state appropriation of K-5 Plus funding	\$30.5
Unused state appropriation of Extended Learning Time funding	\$15.6
Operational cash balances in excess of 5% target	\$11
<b>Total</b>	<b>\$57.1</b>

## Key Findings

### ***Reduced enrollment requires increased efficiencies in workforce and facilities.***

Falling birth rates and increased enrollment in Albuquerque charter schools are driving down enrollment in APS schools. As enrollment declined 17 percent from FY12 through FY22, the total APS workforce dropped by just 3 percent.<sup>1</sup> APS has taken some steps to reduce expenditures, but more action is required. For example, most APS elementary school grades and classes are currently enrolled below statutory maximums, presenting opportunities for consolidation. The district's total square footage grew while enrollment shifted across the city, amidst an overall decline. In the last five years, building repair needs have grown (as measured by the state facility condition index) and schools with more low-income students have older buildings and tend to need more repairs. APS relies on local funding for capital improvements and has little opportunity to participate in the state public school capital outlay system.

***Low and declining student outcomes require increased effective practices.*** Student outcomes in APS need improvement. The district has low proficiency rates, large achievement gaps, lower post-pandemic learning growth, lagging high school graduation rates, and falling college enrollment and readiness. APS has opportunities to use available state funding for effective programs that add days to the year and improve outcomes, particularly for at-risk students. But some teacher and parent concerns remain a barrier. To improve teaching practice, the district could provide more evidence-based professional development on analyzing student data to improve outcomes, collaborating with colleagues in a sustained manner, and better serving the district's large proportion of students with disabilities. There are multiple resources available for these purposes, including federal pandemic funding, state funding for at-risk students, and excess cash balances within the district.

***APS recently strengthened oversight but opportunities remain to improve district practices.*** In 2021, a former APS employee and former member of the state legislature came under criminal investigation for procurement violations. In response, the district strengthened existing policies and procedures and introduced new ones. Additional opportunities remain, such as broadening the focus of its internal audit unit and providing more business technical assistance for charter schools. The district was required to strengthen other policies relating to children with disabilities in response to a Public Education Department (PED) corrective action plan.

### Evaluation Objectives:

1. Examine governance and oversight structures;
2. Evaluate trends in student achievement and instruction;
3. Study business management and resource allocation.

## Key Recommendations

Albuquerque Public Schools should

- Adjust the size of the workforce to its student population;
- Implement K-5 Plus and continue to expand Extended Learning Time Programs, using both state and federal pandemic funds;
- Consider a pay differential or other financial incentives for hard to staff positions in high-needs schools;
- Spend more of budgeted funds on high-quality, sustained professional development that instructs teachers on how to use data to guide instruction; and
- Diversify the types of funds internally audited by APS each year.

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<sup>1</sup> Enrollment data in this report reflect student membership (or funded enrollment) as calculated in the SEG funding formula. Data in this report are for the Albuquerque Public School district without its local chart schools, unless otherwise specified.

# BACKGROUND



**LFC school district evaluations help the state monitor governance, finances, and student outcomes; recent legal cases highlight the need to do so.**

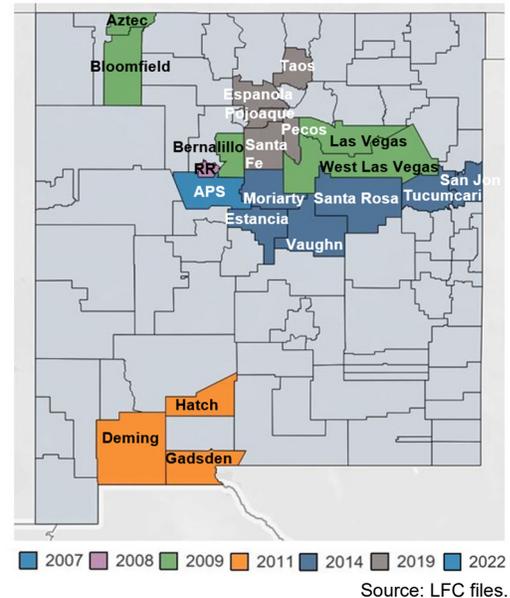
Continual examination of school district operations promotes an effective education system. From 2007 through 2022, the Legislative Finance Committee (LFC) reviewed the operations and finances of 21 school districts, beginning with APS in 2007. This 2022 program evaluation revisits performance, finances, and operations within APS, the state’s largest district. Past LFC evaluations identified findings related to financial management inefficiencies, declining enrollment, and long-term strategic planning.

Two recent legal cases highlight the relevance of conducting evaluations. In 2018, the state’s 1<sup>st</sup> Judicial District Court ruled in the consolidated *Martinez-Yazzie* lawsuit New Mexico has not met constitutional obligations to provide a uniform and sufficient education to all school-age children because student achievement and attainment are “dismal.” More recently, a July 2021 criminal investigation within APS alleged racketeering, money laundering, illegal kickbacks, and violations of APS policies and procedures and New Mexico’s Governmental Conduct Act (see Appendix B for more details).

**Most APS revenue comes from the state and goes to instruction; APS uses a funding formula to distribute funds to schools.**

APS receives most of its funding from the state and, in turn, directs most of it to schools. The district spends most of its budget on salaries for staff associated with student instruction or related support services, with central administrative spending in line with comparable national peers. However, administration at the school and district-level has grown faster than other spending categories since FY12. The state allocates funds to school districts through a funding formula called the state equalization guarantee (SEG), which is based on student enrollment, special education needs, and other factors specific to the school district and students. APS allocates funds to individual schools determined by its own funding formula, based on staffing ratios and other factors. Although the two formulas have different

**Figure 1. School Districts Evaluated by the Legislative Finance Committee from 2007 through 2022**



**Table 2. APS Revenues, Expenditures, and Cash Balances for FY21**

Sources and Uses		Operational Fund	All Funds
<b>Revenues</b>	Local	\$6,725,160	\$202,483,722
	State	\$708,909,011	\$754,258,872
	Federal	\$3,457,930	\$100,388,356
	Other	\$40,824	\$88,216,920
	<b>Total</b>	<b>\$719,132,925</b>	<b>\$1,145,347,872</b>
<b>Expenditures</b>	Instruction and Related Support Services	\$566,298,065	\$672,101,983
	Buildings and Maintenance	\$85,552,590	\$203,836,835
	General/Central Administration	\$24,849,598	\$42,801,864
	School Administration	\$42,764,178	\$51,358,063
	Other	\$135,359	\$151,557,830
	<b>Total</b>	<b>\$719,599,790</b>	<b>\$1,121,656,574</b>
<b>End-of-Year Cash Balances</b>	<b>Total</b>	<b>\$53,190,904</b>	<b>\$449,567,242</b>

Source: LFC analysis of PED Operating Budget Management System data.

methodologies, both are primarily driven by student enrollment and special education needs.

**State funding constitutes the majority of total revenue and nearly all operational revenue for APS.** Just as the state has a main general fund for its operations, APS has a main operational fund, mostly funded by the state, to support its primary activities. All other funds at APS, which receive revenue from state, federal, and local sources, are used for other, specific purposes. In FY21, APS received \$1.1 billion in total revenue, including funding for operations, grants, capital funds, debt services, and other sources. State funding constituted 66 percent (\$754 million) of total revenue at APS and 99 percent (\$709 million) of operational revenue. The state provides similar proportions of total revenue and operational revenue for school districts and charter schools statewide (see Appendix C more detailed financial information).

**Table 3. APS Spending on district administration is comparable with similar large districts nationwide.**

District	National School District Enrollment Ranking (2018)	FY18 Current Expenditures (in millions)	Percent of Spending on District Administration (FY18)
Lee County (FL)	32nd Largest	\$855	3%
Denver County School District	33rd Largest	\$1,010	9%
APS	34th Largest	\$776	4%
Prince William County (VA)	35th Largest	\$997	5%

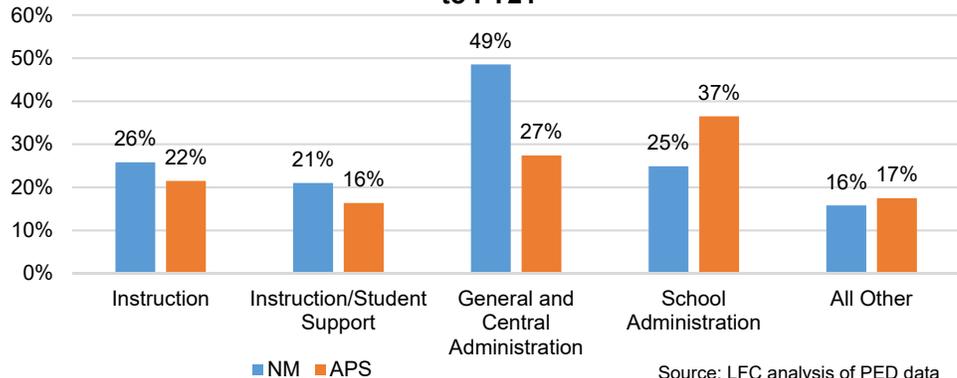
Note: Current expenditures include spending from all funding sources on current-year needs.

Source: LFC analysis of National Center for Education Statistics data.

**Most district spending goes toward instruction, with only 4 percent spent on central administration, comparable with national peers.** Most funding APS receives is spent by schools on the instructional mission of the district, with 60 percent of total APS spending in FY21 related to either instruction, student support services, or instructional support services. APS spends 4 percent on general and central administration, comparable with national peers. Larger districts are generally able to dedicate a larger percentage of revenue to instruction due to economies of scale (see Appendix D for budget definitions).

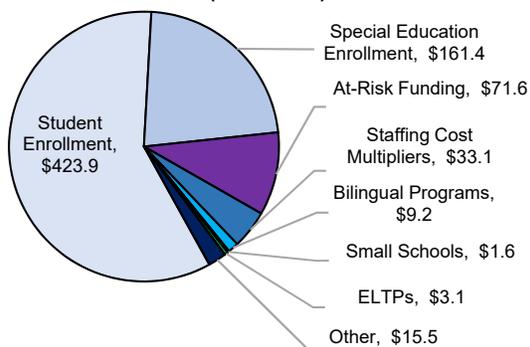
**Between FY12 and FY21, school administration and general/central administration spending at APS grew at a faster rate than other public school expenditures.** APS operational expenditures increased by a total of \$126 million, or 21 percent, from FY12 to FY21. However, spending for school administration grew by \$11 million or at a rate of 37 percent (more than the statewide average) and district general and central administration grew by \$5 million or at a rate of 27 percent (less than the statewide average).

**Chart 2. Growth in Operational Spending by Category FY12 to FY21**



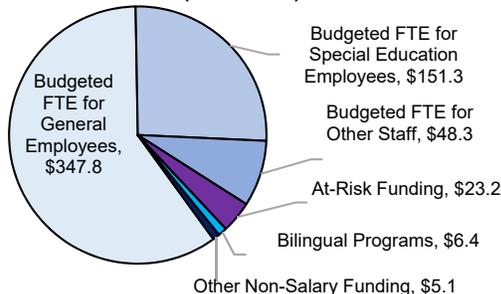
**APS has an internal school funding formula with a different methodology than the SEG formula.** The state equalization guarantee (SEG) formula distributes funding to school districts based on how many formula “units” a school district generates. School districts generate units in the SEG formula based on student enrollment, special education needs, and other factors, such as at-risk students or bilingual programs (see Appendix E and F for details on the SEG). In FY22, APS received \$719.4 million in SEG funding.

**Chart 3. APS Funding From the SEG Funding Formula, FY22**  
Total = \$719.4 million  
(in millions)



Note: FY22 final funding formula data.  
Source: LFC analysis of PED data.

**Chart 4. APS Funding Formula for Schools, FY22**  
Total = \$582.2 million  
(in millions)



Notes: Budgeted FTE are allocated based on school enrollment or other metrics and ratios depending on the job type. Operational funding not allocated by the APS school funding formula goes either to 12 specialty schools or district operations.  
Source: LFC analysis of APS data

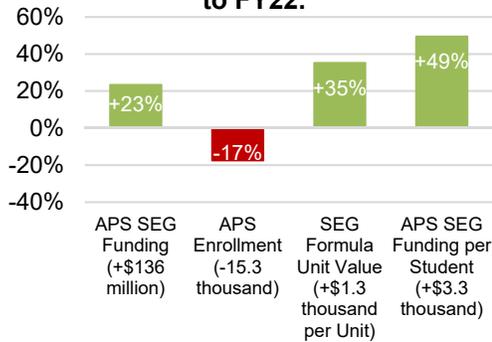
APS has its own funding formula for schools which allocates operational funding. Based on staffing ratios and school enrollment, the formula generates full-time equivalent (FTE) positions, which are multiplied by average salaries. It also considers a school’s special education population, at-risk student funding, bilingual programs, and other factors.<sup>2</sup> The bigger a school is, the more funding it receives due to enrollment. Per-pupil funding, however, varies across schools because of differences in school size and special education populations (see Appendices G and H for details on the APS school funding formula).

**APS financial resources increased over the past decade and a recent boost in federal funds provides significant new funding.**

APS resources are the highest they have been in the last decade, even when adjusting for inflation. The Legislature has increased public education appropriations even as enrollment has declined. APS operational revenue increased over 20 percent since FY12, and the district holds operational cash balances in excess of its established target. The district will have broad flexibility for how to spend its \$359 million in federal pandemic-related funds. At-risk funding tripled over the last decade. APS has received increases in SEG funding and federal resources to cover compensation increases. APS consistently overestimates spending and reports deficits.

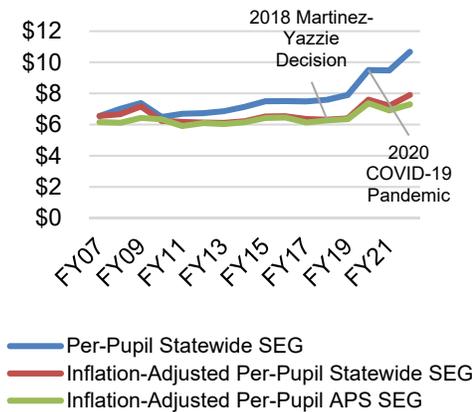
<sup>2</sup> In FY22, APS generated \$71.6 million in funding for at-risk students from the SEG formula. APS’s school funding formula has its own at-risk component which allocated \$23.2 million in discretionary funds to schools. APS uses the rest of its at-risk funding on other student support services such as school nurses, health assistants, school counselors, and social workers. At-risk funds have not been historically disaggregated from other operational funds but PED is implementing new accounting codes to do so.

**Chart 5. APS SEG per-pupil funding increased from FY12 to FY22.**



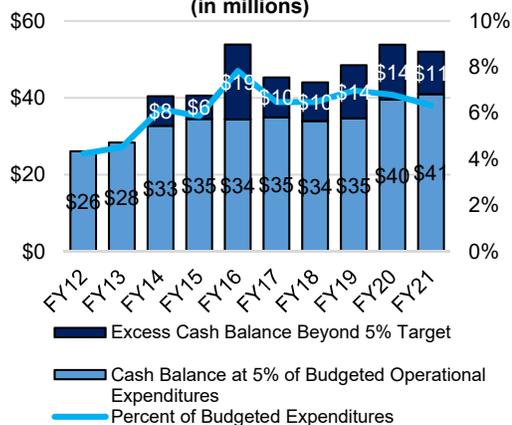
Note: SEG funding includes ELTP and K-5 Plus funding.  
Source: LFC analysis of SEG data.

**Chart 6. Per-Pupil Public School SEG Funding Formula Since FY07 (in thousands)**



Source: LFC analysis of PED, APS, and U.S. Bureau of Labor Statistics data

**Chart 7. APS consistently maintains operational cash balances above its target threshold. (in millions)**



Source: LFC analysis of PED OBMS actuals data

**The Legislature has increased public education funding (and per-pupil funding), which mitigates the fiscal impact of declining enrollment.** After the Legislature appropriates funding for public education, the SEG funding formula allocates those dollars based on each districts’ number of “units,” which are based on student enrollment and other factors. Over the past 10 years, SEG funding for APS has increased by 23 percent (\$136 million), from \$583.4 million in FY12 to \$719 million in FY22. At the same time, APS student enrollment decreased by 17 percent (15.3 thousand students), from 87.9 thousand students in FY12 to 72.5 thousand students in FY22. As more dollars have been appropriated to educate fewer students, the amount of money the funding formula allocates per “unit” (and per student) has increased. Based on the past 10 years of data, LFC staff calculate a statewide decrease of 1,000 students has led to an average increase of \$12.70 per unit and \$24.30 per student.

**Per-pupil funding at APS increased since FY07, even when adjusted for inflation.** APS’s per-pupil SEG funding increased from \$6,200 in FY07 to \$9,900 in FY22 (\$7,300 in FY07 dollars). While enrollment fell over this period, appropriations increased and offset potential funding losses. Much of the increases occurred after the 1st Judicial District Court’s 2018 decision in the *Martinez-Yazzie* lawsuit, which found public school performance was “dismal” and that inputs were “insufficient.” Additionally, operational revenue at APS increased by 20 percent since FY12.

**Unrestricted operational cash balances at APS grew faster than operational spending, and the district holds cash reserves in excess of established minimum targets.** Districts need to maintain cash balances for large purchases, emergencies, bond ratings, and to make monthly payroll when there are delays in reimbursements. While they are not required by the state to set cash balance targets, the Government Financial Officers Association recommends it as a best practice. APS sets a cash balance target of at least 5 percent but has exceeded its minimum target since FY14, with excess cash balances of \$11 million in FY21. Additionally, from FY12 to FY21, the district’s total unrestricted operational cash balances nearly doubled, exceeding the 21 percent increase in operational spending the district experienced. However, statewide unrestricted operational cash balances increased even more—by 171 percent (\$283.3 million) to \$449 million.

Some PED practices may be contributing to higher cash balances at school districts. The state has typically been slow to reimburse districts for federal flow-through funds, causing districts to keep more cash on hand to cover these expenses and higher accounts receivables. However, PED has recently become faster at reimbursements.<sup>3</sup> PED has historically set a lower preliminary unit value for the SEG formula than the final unit value, resulting

<sup>3</sup> See LFC Accountability in Government Act Report Card – PED FY22 Q1

in more funding available to schools midway through the year. Districts place these additional funds in unrestricted operational cash balances.

**APS will receive \$359 million in federal pandemic funding, available for a broad range of uses.** Three federal acts included direct appropriations for states to distribute to schools through the elementary and secondary school emergency relief fund (ESSER I, II, and III) to address the impacts of the pandemic. APS will receive approximately \$359 million of the state’s \$1.5 billion share. While the district will receive the funds over a few years, they still represent a huge increase in federal resources — 277 percent more than what the district received in federal grants in FY21 (\$95 million). This is an unprecedented opportunity to make meaningful change. The district has already spent the ESSER I funds and has until September 2023 (ESSER II) and September 2024 (ESSER III) to spend the remaining funds. With nearly all of the ESSER III funds unspent, meeting this deadline will require fast action by the district. Federal guidance allows for flexibility in allowable uses, ranging from activities related to school health and safety to providing accelerated learning, funding more counselors, or preventing teacher layoffs. APS plans indicate it will exceed a federal requirement to spend at least 20 percent of ESSER III funding to “address the academic impact of lost instructional time through the implementation of evidence-based interventions.”

**Technology, compensation, protections for enrollment declines, and unfinished learning are the biggest spending categories for the district’s federal pandemic funding.** APS spent most of its ESSER I funding (\$25 million) on supplies and salaries and one-time bonuses for employees that totaled just over \$900 thousand. For the second round of funds, APS plans to spend on technology, supplemental compensation, resources for eCademy (a fully online school), and resources for schools experiencing enrollment declines. For the last and largest federal pandemic funds (ESSER III), APS plans to spend 40 percent (\$91.8 million) on initiatives to address unfinished learning, including \$31 million on individualized support for principals at approximately 64 of the lowest performing schools. In April 2022, the APS board rejected a proposal to use ESSER III funds to extend the school year or day districtwide for professional development and enrichment, although individual schools can decide to participate in extended learning (using both federal and state funds). Between ESSER I and II, a total of \$60 million will be used to address declining enrollment (see Appendix I for more information on APS plans for ESSER I, II and III).

**The Legislature tripled SEG formula funding for at-risk students in APS.** The state has long recognized at-risk students tend to lag behind their peers and require additional resources to help catch them up academically. The SEG formula includes a component called the at-risk index that allocates additional funding to school districts for interventions for at-risk students

**Table 4. APS will receive \$359 million in ESSER funds.**  
(in millions)

	CARES (ESSER I)	CRSSA (ESSER II)	ARP (ESSER III)	Total
NM	\$109	\$436	\$979	\$1,524
APS	\$25	\$104	\$230	\$359

Source: OBMS, FFIS, PED

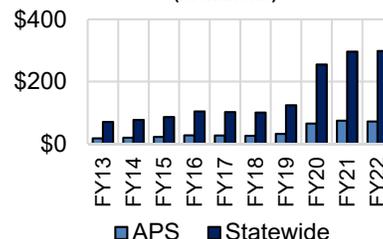
**Table 5. Top Actual (ESSER I) or Budgeted (ESSER II, III) Spending Categories for APS Federal Pandemic Funds**

	Category	Amount (in millions)	Percent of Total Allocation
ESSER I	eCademy K8	\$8	31%
	PPE	\$4	15%
ESSER II	Technology upgrades; curriculum software	\$20	21%
	Supplemental compensation	\$14	15%
ESSER III	Unfinished Learning Initiatives	\$92	40%
	Funding for budget stabilization; other safe Covid costs	\$51	22%

Note: ESSER I amounts are actuals. ESSER II and III are budgeted amounts.

Source: APS

**Chart 8. Funding for At-Risk Students Allocated by the SEG Formula**  
(in millions)



Note: Funding refers to operational program cost funding.

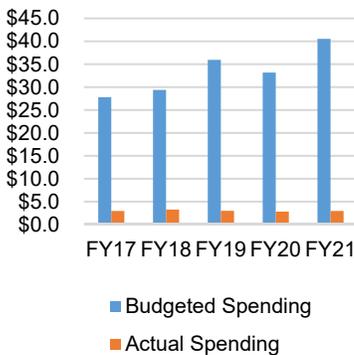
Source: LFC analysis of SEG funding formula data

(identified as low-income, English learner, or mobile students).<sup>4</sup> In FY22, the majority of APS students (67 percent) were counted as at-risk, and the district received \$71.6 million in at-risk funds.

The Legislature increased the weight of the at-risk index in the SEG funding formula multiple times in recent years (in 2014, 2018, 2019 and 2020) to increase services for these students.<sup>5</sup> From FY12 through FY22, statewide funding allocated by the at-risk index increased by \$227.5 million (or 323 percent), from \$70.5 million in FY12 to \$298.1 million in FY22. Over the same timeframe, APS funding for at-risk students increased by \$53.9 million (or 304 percent), from \$17.7 million in FY12 to \$71.6 million in FY22.

**APS has received increases in SEG funding and federal resources to cover compensation increases for state-funded employees.** For FY23, APS is estimated to receive approximately \$77.9 million (or 24 percent) of additional statewide SEG appropriations to cover compensation increases for state-funded employees as well as increases to other costs such as instructional materials and additional employer insurance expenses. APS data shows the cost of compensation increases for the district’s state-funded employees would be approximately \$66.6 million. Since the district has not yet released next year’s budget, other increased costs are unknown. For FY23, APS’s estimated share of the SEG covers the costs for implementation of the raises for state-funded school employees, particularly given uncertain statewide enrollment (see Appendix J for methodology on state compensation appropriations). APS chooses to include additional employees that the state appropriation does not cover. However, any difference can be supplemented with federal pandemic aid or the district’s federal carry-over funding. In FY21, APS had \$12.7 million in unexpended federal funds or “carry-over” funds, a finding identified in a previous 2018 LFC evaluation.

**Chart 9. On average, APS overestimates spending on general materials and supplies for instruction by \$30 million**



Source: LFC analysis of PED OBMS data.

**APS consistently overestimates its spending in the general supplies and materials category of their budget and yet claims deficits.** From FY17 to FY21, the district has overestimated spending on general supplies and materials by an average of \$30 million. This contributes to budgeted spending exceeding budgeted revenues and the appearance of a deficit each year. This apparent deficit is based on several factors, primarily stemming from overestimated spending rather than a revenue shortfall. PED rules also likely contribute to this practice by allowing budgeted spending to exceed budgeted revenues as long as districts have available cash to cover the difference. But districts do not realistically exhaust all of their cash. While this PED rule may provide budget flexibility for districts, it does not provide a clear sense of district planned spending. Finally, there are a number of areas suggesting the growth in APS revenue and spending likely needs adjustment as the report details the following:

- There is evidence that APS elementary school grades and classes are underenrolled;

<sup>4</sup> Specifically, the SEG formula multiplies each school district’s and charter school’s yearly average cumulative percent of at-risk students by an at-risk index multiplier to calculate an at-risk index value for each school district and charter school. The school district’s or charter school’s at-risk index value is then multiplied by the school district or charter school’s entire student membership (an average of the prior-year’s 80th-day and 120<sup>th</sup>-day enrollment) to generate funding formula units and, in turn, allocate funding for at-risk students.

<sup>5</sup> Laws 2014, Chapter 55, (House Bill 19); Laws 2018, Chapter 55, (House Bill 188); Laws 2019, Chapter 207, (House Bill 5/Senate Bill 1); and Laws 2020, Chapter 23, (House Bill 59).

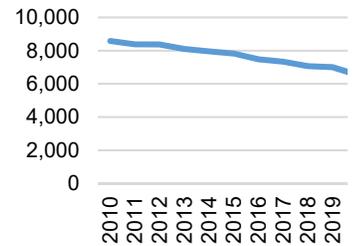
- APS’s local staffing formula suggests an overstaffing of around 400 staff; and
- APS has seen cash balances nearly double over the last decade.

**Covid-19 accelerated a declining enrollment trend in APS.**

Enrollment in APS dropped 17 percent in the last decade, driven by falling birth rates and increasing enrollment in charter schools. From 2010 to 2020, births in Bernalillo County fell 24 percent. Research suggests this trend will continue. Additionally, the pandemic caused more students to leave the district.

**Declining birth rates and increased enrollment in charter schools drive down APS enrollment; the pandemic accelerated the trend.** From FY12 to FY22, APS kindergarten enrollment experienced the greatest decline of any grade, with a decrease of 35 percent (2,700 students). Declining birth rates and enrollment losses in lower grade levels will mean further enrollment declines in coming years (see Appendix K for details). A 2020 report from the Western Interstate Commission for Higher Education projected that from 2019 to 2037 the number of high school graduates in New Mexico will decline by 22 percent, one of the steepest declines in the country. Enrollment in both state and local charter schools in Albuquerque increased by 59 percent (or 6,300 students) over the last decade. Covid-19 accelerated enrollment declines in APS. In each of the last five years, APS typically lost between 1,100 and 2,000 students annually. However, in the 2020-2021 school year, after the onset of the pandemic, the district lost 5,200 students.

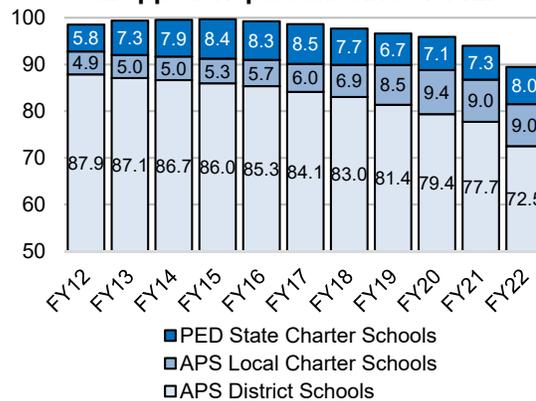
**Chart 10. Births in Bernalillo County dropped 24 percent in 10 years.**



Source: DOH

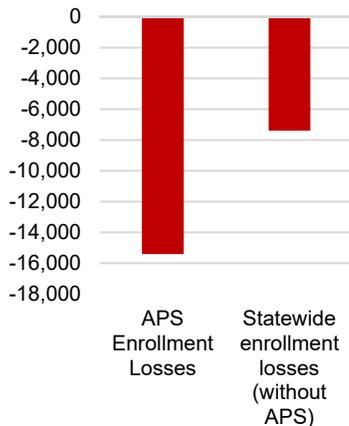
**Between 2019 and 2037, the number of high school graduates in New Mexico is predicted to decline by 22 percent.**

**Chart 11. APS enrollment dropped 17 percent since FY12.**



Note: Chart shows funded student enrollment.  
Source: LFC analysis of PED funding formula data

**Chart 12. From FY12 to FY22, enrollment declines in APS outpaced the rest of the state.**



Source: LFC analysis of PED data

## Reduced Enrollment Requires Increased Efficiencies in Workforce and Facilities

APS is faced with a challenge of adjusting its workforce and physical infrastructure to the reality of its declining student population, a finding flagged in previous LFC evaluations. Because statewide school district enrollment losses are concentrated in APS, the issue is particularly important for the district to address. However, with declining enrollment, APS has increased spending and not fully reduced its workforce. While the district has taken some recent steps to reduce expenditures, more action is required. For example, with most APS elementary school grades and classes enrolled below statutory maximums, there are opportunities for consolidation. At the same time, the district faces a shortage of special education teachers and generally of teachers in low-income schools. Improved collection and analysis of teacher vacancy data could help recruit and retain highly qualified teachers.

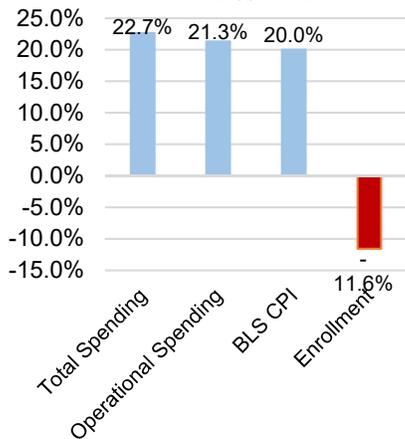
The district’s physical infrastructure has also grown despite declining enrollment, with an increase of 1.1 million square feet (7 percent) since FY12. Repair needs have grown in the district, as measured by the state’s facility condition index (FCI). Although the majority of capital projects in the 2017-2022 capital funding cycle served low-income students, schools with a higher proportion of these students have older buildings and tend to need more repairs. APS generated significant local revenue (\$91 million in FY21) for capital projects and is not eligible to participate in the state’s public school capital outlay funding process. The funding sources APS uses to make capital improvements and the choices it makes on how to use those funds have implications for the rest of the state.

### As enrollment declined, APS increased spending and has not completed a budget and sustainability plan.

Over the last decade, APS spending increased despite declining enrollment. The district has not completed a budget and sustainability plan that could help plan for declining enrollment. Between FY12 and FY21, APS enrollment declined by 12 percent, while actual spending grew by 23 percent. The 23 percent growth in actual expenditures slightly exceeds inflationary growth at approximately 20 percent over the time period (July 2011 to June 2021, according to the U.S. Bureau of Labor Statistics consumer price index). The district’s growth in spending does not account for downsizing operations to reflect declines in student population.

**Since 2019, APS identified the need for a five-year budget and sustainability plan to address declining enrollment but has yet to complete it.** APS highlighted in its past three financial audit reports (for FY19, FY20, and FY21) that it has a process for implementing a five-year budget and sustainability plan to address declining enrollment, noting the plan would need to consider options for the realignment of district resources and opportunities to grow student enrollment. APS did not provide a five-year budget and sustainability plan when LFC staff requested it. The Government Financial Officers Association, a nonprofit professional association, recommends as a best practice that governments should regularly engage in long-term financial planning.

**Chart 13. Change in APS Spending and Enrollment, FY12 to FY21**



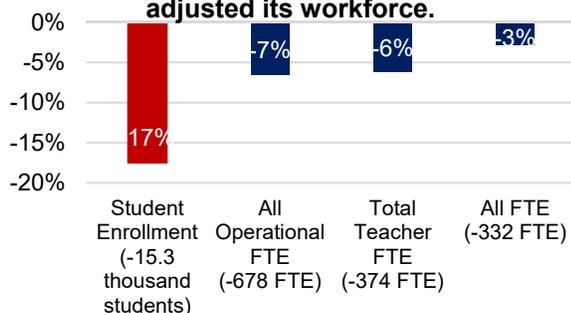
Source: LFC analysis of PED data.

**The APS workforce has not fully adjusted to its declining student population.**

APS enrollment declined 17 percent over the last 10 years and the number of FTE dropped by 3 percent. While the district has begun to take steps to adjust its workforce to enrollment, more action will be needed. For example, most elementary school grades and classes are enrolled below statutory maximums, presenting opportunities to consolidate classes while maintaining appropriate class sizes. Resource shifting may be required in other places.

**APS has not fully adjusted its workforce to declines in student enrollment.** Over the last decade, student enrollment in APS decreased by 15.3 thousand students (17 percent), from 87.9 thousand to 72.5 thousand. Over the same time, APS reduced its total of full-time teachers by 374 (6 percent), from 6,113 to 5,739. Similarly, total APS full-time employees (FTE) (all district employees from all funding sources) decreased by 332 FTE (3 percent), from 11.7 thousand to 11.4 thousand.

**Chart 14. From FY12 to FY22, APS lost students at a faster rate than it adjusted its workforce.**

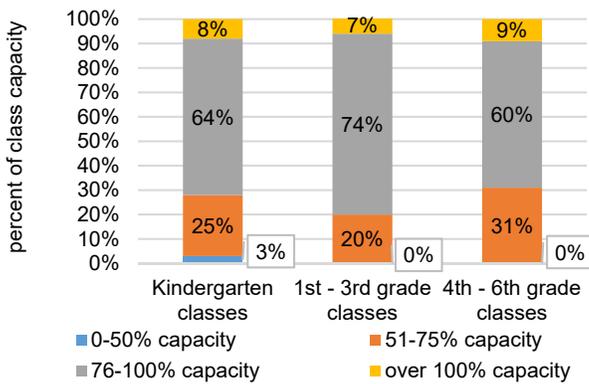


Note: Total teacher FTE includes teachers funded through operational funds and other funds.  
 Source: LFC analysis of PED OBMS actuals data (end-of-year for FY12 and the second quarter for FY22) and final SEG formula data.

**APS has begun to address the need to right-size**  
 In recent board presentations and news articles, APS officials reported the district would need to reduce staff positions by 5 percent, refine its FTE allocation processes, and continue efforts to recruit students. APS is cutting funded but vacant positions. There is currently a hiring freeze, current employees may be shifted as needed, and classes could be consolidated.

**Schools employ more staff than the APS funding formula says they need.** In FY22, the APS school funding formula calculated operational funding for schools would support 8,753 FTE, but schools employed 9,169. The formula determines FTE based on staffing ratios. Schools are able to hire more staff with discretionary funding (targeted to schools based on at-risk student populations) and because of local decision-making. By comparing the formula with actual FTE, schools hired more kindergarten-through-12<sup>th</sup>-grade teachers than the formula allocated by 492 FTE. Schools hired fewer special education teachers and educational assistants (totaling 357.5), perhaps pointing to challenges in hiring these positions. Given declining enrollment and the need to right-size, the district could rely on its funding formula staffing ratios as one benchmark for right-sizing (see Appendix L for details).

**Chart 15. Most APS elementary classes and grade averages are enrolled below capacity.**



Note: Percentages are based on school averages of 1st-3rd and 4th - 6th grade class sizes.  
Source: LFC analysis of APS 20th Day Compliance Tool data, fall 2021

**Most APS elementary school grades and classes are under-enrolled.** State statute establishes limits for class size (22-10A-20 NMSA 1978). Kindergarten classes may not exceed 20 students and classes with 15 to 20 students are entitled to an educational assistant. The average class size of first through third grades may not exceed 22 students, and first grade classes with a load of 21 or more students are entitled to an educational assistant. The average class load limit for fourth through sixth grades is 24 students. LFC analysis of APS elementary school class size data from the 2021-2022 school year (excluding charter schools) found most elementary kindergarten classes, first-third grades, and fourth-sixth grades are enrolled below capacity (between 60 and 74 percent). Furthermore, from one-quarter to one-third of elementary grades or classes are less than 75 percent full (see Appendix M for more information on class size ratios).<sup>6</sup> Less than 10 percent of classes and grades are enrolled over-capacity by an average of 1 to 2 students. While there is still the possibility of

students who left during the pandemic returning to APS, the district will need to address under enrollment if long-term trends continue.

**In the 2021-2022 school year, due to under-enrolled classes, APS could have replaced 42.4 full-time elementary teachers with 13 educational assistants and saved over \$2 million.**

LFC analysis of teacher FTE and student counts revealed the potential to right-size first through sixth grade classes by reducing teacher FTE by 42.4, requiring a maximum of 13 additional educational assistants. In some cases, reductions may require the creation of combination grade classes (e.g., a combination fourth and fifth grade class). These FTE reductions would save approximately \$2 million, accounting for the cost of 13 additional educational assistants (see Appendix M for details on LFC methodology).

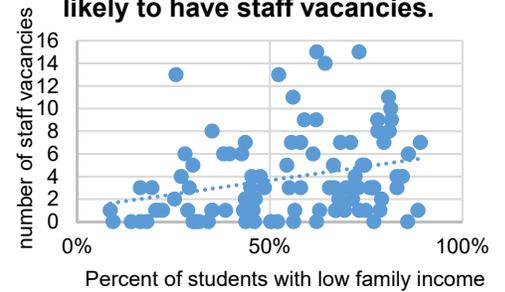
### **Teacher vacancies in APS grew quickly in FY22, but vacancy rates have yet to be considered in the context of declining enrollment.**

Much has been reported on the teacher shortage, both nationally and in New Mexico. In FY22, teachers in low-income schools and special education teachers were particularly needed in APS. However, the rate could decline if classes were right-sized and currently vacant positions were no longer needed. The district and the state would benefit from improved vacancy data collection and analysis.

<sup>6</sup>While smaller class sizes can improve student outcomes, other interventions offer a greater return on investment, such as coaching for teachers, professional development on data-guided instruction, and tutoring. Furthermore, when the supply of teachers is limited and reducing class sizes results in the hiring of less qualified and experienced educators, potential gains from class size reductions are likely to be counteracted by lower quality instruction. The average elementary school pupil-to-teacher ratio in APS is already lower than the national average (18.6:1 in the 2021-2022 school year for APS versus 20.9:1 for the nation in the 2017-2018 school year), and within the recommended range of 15 to 19 students per teacher. Estimates of savings from FTE reductions excluded kindergarten classes because these students stand to benefit the most from small class sizes. (See Appendix M for information on pupil-to-teacher ratios and the benefit-to-cost ratios of class size reductions and other interventions.)

**APS schools with a higher percentage of low-income students are more likely to experience high staff vacancies.** LFC staff analyzed the relationship between instructional and instructional support staff vacancies in the 2021-2022 school year (SY22) and a school’s percentage of students with low family income, controlling for school size. Regression analysis found a significant relationship between a school’s percentage of low-income students and its number of instructional vacancies, indicating APS schools with higher proportions of low-income students are more likely to experience higher vacancies.

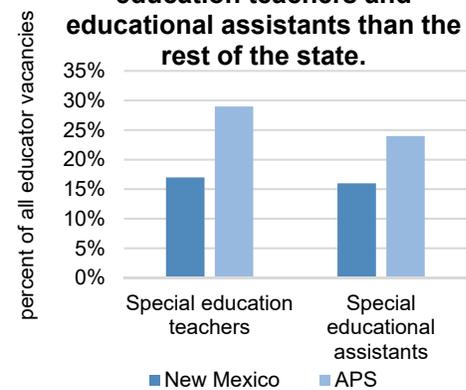
**Chart 16. APS schools with a higher proportion of low-income students are more likely to have staff vacancies.**



Source: LFC analysis of APS data, PED FII data, and APS job board postings accessed 11/2/2021

**Special education makes up a greater share of total vacancies in APS than the state average.** Just over half (or 277 FTE) of all educator vacancies in APS are for special education teachers and special education assistants, compared with 33 percent statewide in SY22 based on a review of job board listings. A meta-analysis of literature in the *Review of Educational Research* found special education teachers who face excessive demands (e.g., high caseloads and difficult student behavior) and inadequate resources (e.g., insufficient collaboration time, inappropriate curricula) are less likely to be effective and more likely to leave their jobs. Special education teachers who are less experienced—and those who work in schools with more low-income students—are also more likely to leave. A 2019 joint APS and Albuquerque Teachers Federation (ATF) survey identified poor communication between special education teachers and the district and was described as a “flashing red light” for the district in a review of APS’ special education by the Council of the Great City Schools. Evidence demonstrates collaborative relationships with administrators and colleagues, adequate preparation, and financial incentives can improve retention.

**Chart 17. APS has a higher rate of vacancies for special education teachers and educational assistants than the rest of the state.**



Source: LFC analysis of APS job board and NMSU SOAR 2021 New Mexico Educator Vacancy Report

To attract and retain high quality special education teachers, APS collaborated with partners to create the special education teacher training (SETT) alternative licensure program in 2019. SETT candidates receive tuition assistance and are paid a level 1 teaching salary while student teaching. Initial outcomes suggest candidates are more effective in the classroom than participants of other alternative teacher licensure programs. However, the program’s teacher candidates have not matched the diversity of the district’s population and few (30 percent) were placed in schools with a high proportion of low-income students where children with special needs are significantly more likely to attend.

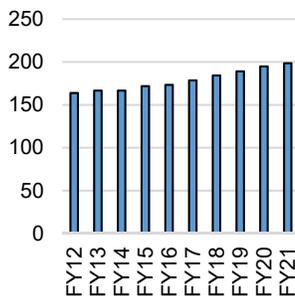
**Figure 3. Teacher Vacancy Rate**

# of Job Postings for a Given Teaching Category  
 -----  
 # of Teacher FTEs Budgeted or Endorsed for that Category

Source: Center for Education Data and Research at the University of Washington

**Improvements in the collection and analysis of teacher vacancy data could better define teacher shortages.** The primary public source for educator vacancy data in New Mexico is published by New Mexico State University’s Southwest Outreach Academic Research Evaluation and Policy Center (SOAR). SOAR provides a statewide overview and does not disaggregate at the district level. Additionally, data is primarily collected from job postings on school district websites. These postings may mask or overstate hiring intentions. Districts may “pool” positions meaning a single posting represents more than one open slot. Or, conversely, listings could be left on the website after the position is filled. The Center for Education Data and Research at the University of Washington collected vacancy data from job postings but created a vacancy rate to contextualize the magnitude of teacher vacancies for a particular area of teaching specialty (special education, elementary, etc.). The rate can be weighted by number of students, poverty level, or other factors to further pinpoint where teacher shortages are most acutely experienced. Information about the impact of long-term substitutes and teacher attrition could also better inform the state about the nature of the teacher shortage.

**Chart 18. APS school square footage per student increased.**



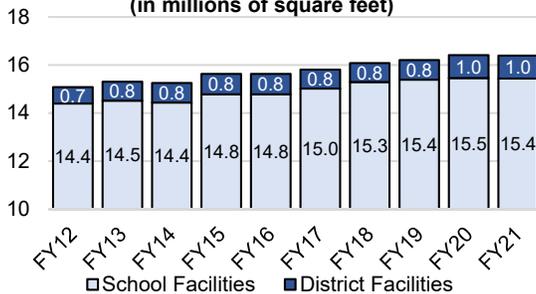
Source: LFC analysis of APS financial audit data and funded enrollment

Under Section 22-10A-19.2 NMSA 1978, PED is annually required to develop a statewide educator accountability report providing data on educator preparation programs from pre-entry to post-graduation. However, PED has not published this report since 2020, when it reported on data from 2017-2018. Disaggregated district-level data that better pinpoints teacher supply and demand will help districts and the state better allocate resources and respond to vacancies.

**Since FY12, APS square footage grew by 21 percent while enrollment fell by 17 percent.**

While enrollment has declined, square footage per student has increased 21 percent since FY12. Additionally, repair needs in APS (as measured by the state’s facility condition index) have increased in the last five years. While the district prioritizes capital funds for schools with more low-income students, these schools tend to have higher repair needs.<sup>7</sup>

**Chart 19. APS square footage increased since FY12. (in millions of square feet)**



Note: Does not include local charter school facilities.  
 Source: LFC analysis of APS audit data (schedule 20)

**APS has expanded its facility footprint by over 1.3 million square feet since FY12.** In FY12, APS had 15.1 million square feet of facilities space: 14.4 million square feet for schools and 685.8 thousand square feet in district administrative facilities. Ten years later, square footage for schools increased by 1.1 million square feet (or 7 percent) and for administrative facilities by 270.6 thousand square feet (or 39 percent). Growth was primarily in space that provided instruction and direct service to students. APS notes that changing building standards, special education and early childhood/kindergarten requirements, and other factors, contributed to this growth.

<sup>7</sup> APS notes low-income schools tend to have older buildings leading to higher facility condition index values. The district also notes rising building costs can also contribute to rising values.

Four new schools (George I Sanchez K-8 School, Tres Volcanes K-8 School, Coyote Willow Family School, and Vision Quest Alternative School at John Adams Middle) and an autism center account for the majority of the growth in school square footage. A new food and nutrition services center (in FY13) and a new transportation and mechanical center (in FY20) account for the district administrative square footage growth. From FY12 to FY21, charter school square footage grew by 133.8 thousand feet, a 112 percentage increase but not an increase driving total square footage increases districtwide.

**On average, the repair needs of school facilities in APS have increased in recent years.** The state Public School Facilities Authority (PSFA) tracks the quality of school facility conditions with a metric called the facility condition index (FCI). The FCI measures a school’s costs of repairs relative to the costs of replacement. For example, an FCI score of 100 percent means the cost of repairs would be 100 percent of the cost of replacement, meaning replacement would be more cost-effective than repairs. The statewide average FCI increased from 50 percent in FY18 to 54 percent in FY22. At the same time, the APS FCI score started higher and increased slightly more, from 52 to 58 percent. However, APS uses its own methodology for measuring facility condition which includes additional factors and shows conditions in schools as relatively stable from 2011 to 2020. The state and APS could better align their methodologies for measuring facility condition.

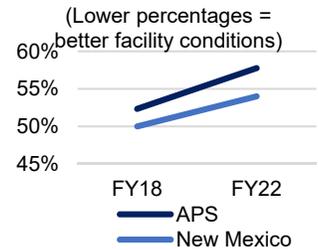
**APS schools with more low-income students tend to need more repairs than other schools.** LFC staff examined the relationship between schools’ percent of students with low-family income (as measured by PED’s family income index data) and schools’ facility conditions (as measured by the Public School Facilities Authority’s facility condition index). The correlation between APS schools’ percent of low-income students and higher FCI percentages was moderately positive (0.21), which indicates lower-income schools tend to need more facility repairs.

**APS generates significant local revenue to fund capital projects and has not been eligible to participate in the state funding system since 2016.**

The local funding sources APS draws on to make capital improvements and how it uses those funds have implications for the rest of the state. From FY17 through FY21, APS received an average of \$161 million each year for capital outlay improvements. Over 90 percent of this funding came from either local property taxes or the district’s sale of general obligation bonds subject to voter approval. The district has not been eligible to participate in the state’s public school capital outlay funding system since FY15.

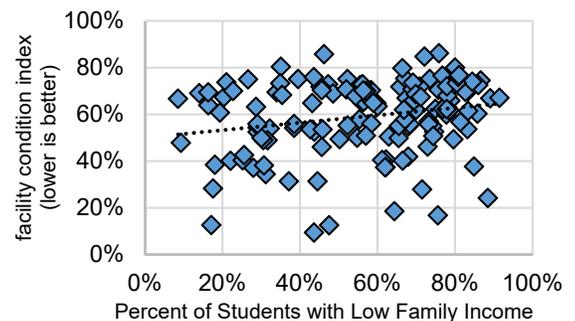
**APS capital outlay is primarily funded locally through property taxes and the sale of general obligation bonds.** APS has \$2.8 billion in capital assets (\$1.4 billion after depreciation), according to the district’s FY21 financial audit. Over the past five fiscal years, APS received an average of \$161 million each year for capital outlay improvements from FY17 through FY21. Over 90 percent of APS capital outlay funding comes from either local property taxes

**Chart 20. Aggregate Facility Condition Index Scores in APS and New Mexico show greater repair needs.**



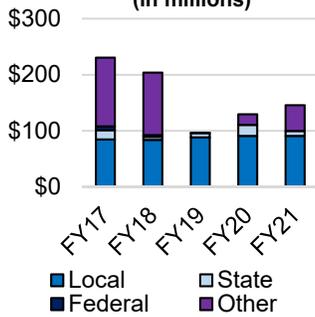
Source: LFC analysis of PSFA FCI data

**Chart 21. APS schools with more low-income students tend to have more repair needs, 2021.**



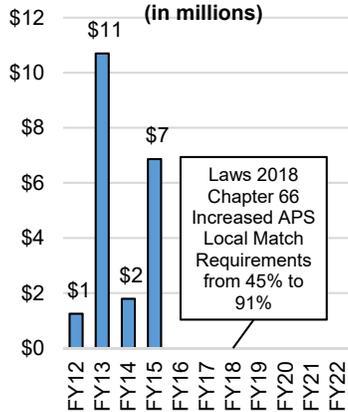
Source: LFC analysis of Public School Facilities Authority (PSFA) Facility Condition Index and PED Family Income Index data

**Chart 22. APS Capital Outlay is Funded through Local Property Taxes and Bonds.**  
(in millions)



Note: Other revenue includes bond sales.  
Source: LFC analysis of PED OBMS data

**Chart 23. APS Funding from Public School Capital Outlay Council FY12-FY22**  
(in millions)



Source: LFC analysis of PSFA documents

or the district’s sale of general obligation bonds subject to voter approval.<sup>8</sup> State funding for APS capital outlay funding mostly comes from direct legislative appropriations to the school district for specific projects. Although APS mostly generates funds from local sources for its capital outlay projects, APS also uses state funding from the public education SEG funding formula to fund the routine operations and maintenance of its facilities and capital assets. Over the past five fiscal years, APS spent an average of \$82 million each year on the operations and maintenance of its facilities and capital assets from FY17 through FY21.

**Since FY16, APS has not pursued state funding from the Public School Capital Outlay Council, and during this period the state increased local match requirements.** In response to the 11<sup>th</sup> Judicial District Court’s 1999 ruling in the *Zuni Public School District v. State of New Mexico* lawsuit, the Legislature amended the Public School Capital Outlay Act to establish a process for school districts to apply for state funding to improve school facilities that fall below state adequacy standards. This state funding for public school capital outlay comes from the sale of state bonds backed by severance tax revenue from oil and gas. The Public School Capital Outlay Council (PSCOC) awards this funding to public school capital outlay projects based on rankings of school facilities administered by the Public School Facilities Authority (PSFA). To receive funding from the PSCOC, school districts are required to provide a local match of funds according to a local-state cost-sharing formula. In 2018, the Legislature adjusted the cost-sharing formula to more accurately reflect the differing abilities of school districts to raise local revenue for capital projects (Laws 2018, Chapter 66, Senate Bill 30). In essence, schools with greater capacity to raise local revenue are responsible for a larger local match. The legislation that adjusted the cost-sharing formula raised the required local match for APS from 45 percent of a project to 91 percent of a project. Additionally, APS had a capital outlay “offset” of \$27 million in FY22, meaning that for a given project the district would need to spend that amount in local funding before eligibility for state funds. According to PSFA documents, APS has not received PSCOC funding since FY15 despite many APS schools needing significant facility improvements.<sup>9</sup> These data suggest the increased local match requirements are a disincentive for APS to pursue PSCOC funds. The Legislature should consider revisiting the Public School Capital Outlay Act local-state match cost-sharing formula.

## Recommendation

Albuquerque Public Schools should

- Develop and complete its five-year budget and sustainability plan;
- Realign its workforce with its student population;

<sup>8</sup> The New Mexico Constitution allows school districts to issue general obligation bond debt of up to 6 percent of the assessed property tax value within the district (Article IX, Section 11, NM Constitution). The Public School Capital Improvements Act (sometimes called SB9 after the bill number of the Act’s authorizing legislation) allows districts to ask voters to approve a property tax of up to two mills (i.e., a \$2 tax for every \$1 thousand in assessed property value) for a maximum of six years (Section 22-25-1 NMSA 1978). The Public School Buildings Act (sometimes called HB33) allows districts to ask voters to approve a property tax of up to 10 mills for a maximum of six years (Section 22-26-1 NMSA 1978). School districts can also issue debt, under the Educational Technology Equipment Act, to enter into a lease-purchase agreement to purchase educational technology equipment (Section 6-15A-1 NMSA 1978).

<sup>9</sup> For example, in 2019 APS applied for school security project funding from the state but received an award of \$0 due to its offset.

- Consider adjusting and expanding the special education teacher training program to encourage graduates to work in low-income schools;
- Consider a pay differential or other financial incentives for hard to staff positions, including special education teachers, in high-needs schools;
- Make publicly available the calculations for prioritizing projects by the capital master plan review committee;
- Report to the LFC within a year on how it plans to adjust its facilities footprint to declining enrollment; and
- Collaborate with PSFA to better reconcile different methodologies for calculating facilities condition.

The Public Education Department should

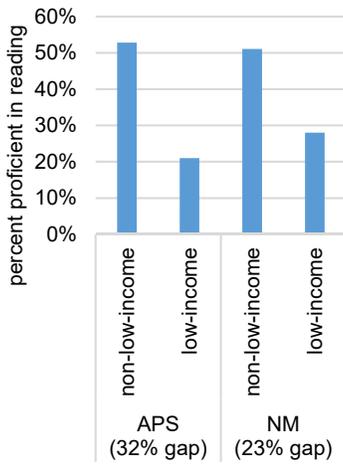
- Follow the statutory requirements outlined in 22-10A-19.2 NMSA 1978 to design and publish an educator accountability report to measure and track the teacher and administrator supply from pre-entry to post-graduation and
- Update and include in the educator accountability report data on teacher vacancy rates by district and consider including information on how long-term substitutes and teacher attrition/retention impact vacancy rates.

The Legislature should

- Revisit the Public School Capital Outlay formula to incentivize participation from large, urban districts, such as modifications to the off-set and the state-local matches for projects.

# Low and Declining Student Outcomes Require Increased Effective Practices

**Chart 24. APS has a larger achievement gap in reading proficiency than the state, 2019.**



Source: LFC analysis of PED data

Socioeconomic factors create significant barriers for most APS students, with over 51 thousand students (70 percent) eligible for a free or reduced-price lunch. Despite increased investments by the state, disparities persist and student performance in APS remains lower than statewide and national averages. Low-income students in APS face large achievement gaps in proficiency for reading and math, larger even than low-income students statewide. Additionally, interim assessments conducted in SY22 demonstrate that mid-year growth in proficiency has slowed compared with before the pandemic, with low-income students experiencing very small growth. High school graduation rates, while improving, remain below national averages and college enrollment and readiness have dropped.

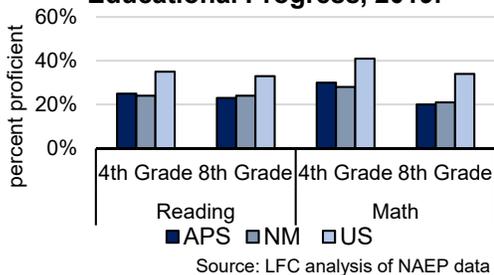
The district has opportunities to use state resources to implement evidence-based programs to increase learning time and reduce the achievement gap, such as K-5 Plus and Extended Learning Time programs. But some concerns from teachers and parents remain an obstacle. The state’s at-risk funds represent another source of dedicated resources seeking to reduce disparities which could be better targeted and tracked. The district could also use unrestricted operational cash balances that exceed its minimum target and plans to dedicate some of its federal funds to these purposes as well.

Lastly, teachers are a critical resource for the district. Professional development funds could be better deployed to improve teaching practice, including providing sustained training on using student data to adjust instruction and better serving children with disabilities.

## Student achievement, exacerbated by the impact of Covid-19, lags the state and the nation.

While APS students tend to gain a year’s worth of learning per grade, low-income students start further behind, compounding achievement gaps over time and contributing to lower than national average proficiency. The pandemic increased chronic absence and slowed growth in proficiency, particularly troubling for low-income students who had lower than average growth before the pandemic. The district also struggles with high school graduation rates below the national average and declining college enrollment and college readiness.

**Chart 25. APS and NM perform below the U.S. Average on the National Assessment of Educational Progress, 2019.**



Source: LFC analysis of NAEP data

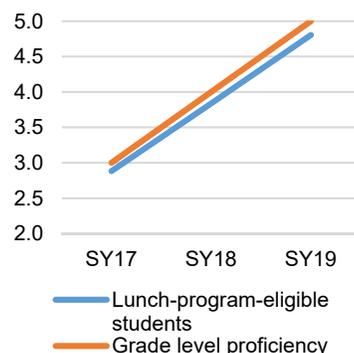
### **Student performance in APS drives statewide averages, which trend below national averages.**

Given the district’s size, APS student performance shapes the statewide average. In FY19, only 20 percent of APS students were proficient in math (the same as the statewide average) and 31 percent were proficient in reading (35 percent for the rest of the state). Fourth and eighth graders in APS who took the National Assessment of Educational Progress (NAEP) performed below national averages. Additionally, APS had larger achievement gaps between low-income and non-low-income 4<sup>th</sup> grade

students for reading and math on the NAEP exam in 2019 than New Mexico or nationwide.

**APS elementary students gained on average a year’s worth of learning annually from SY17-SY19, but the achievement gap persists.** An elementary cohort of APS students who began third grade in SY17 and continued to fifth grade in SY19 gained on average a year’s worth of academic growth in both reading and math each year as measured by the PARCC statewide standardized assessment. APS elementary students gained on average one year of learning annually. Students eligible for free lunch saw slightly lower gains than students who qualified for reduced price lunch. Both groups saw smaller gains than their peers not in the program. On average, higher-income students in the cohort scored at or above proficiency nearly every year, while lower-income students began below proficient and fell further behind each subsequent year. The cohort included 6,240 students of which 72 percent qualified for free lunch, 3 percent were eligible for reduced-price lunch, and 25 percent did not qualify for the program.<sup>10</sup>

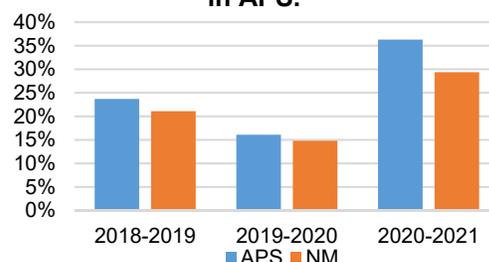
**Chart 26. Lower income students begin below proficiency in math and fall further behind each year.**



Source: LFC analysis of PED data

**The pandemic exacerbated rates of chronic absence, with low-income students more likely to miss more school.** Attendance and achievement are strongly related. A growing body of national research, as well as 2016 and 2018 LFC reports, reveal the role of quality classroom time on student achievement.<sup>11</sup> While chronic absence had been improving in APS, the pandemic disrupted that trend — in SY21, 36 percent of APS students missed at least 10 percent of school days, higher than the 30 percent statewide average. Schools with a higher proportion of low-income students tended to have higher chronic absence rates. While the challenges of online learning and the substantial mental health burdens attributed to the pandemic may help explain this trend, the resulting lost learning remains significant. A September 2021 LFC *Policy Spotlight* identified New Mexico students on average were already over half a year behind in learning before losing the equivalent of another 10 to 60 days of instruction due to the Covid-19 pandemic. Chronic absence compounds the problem, particularly for low-income students in APS (see Appendix N for chart on chronic absence in low-income schools).

**Chart 27. The pandemic exacerbated chronic absence in APS.**



Source: LFC analysis of APS and PED data.

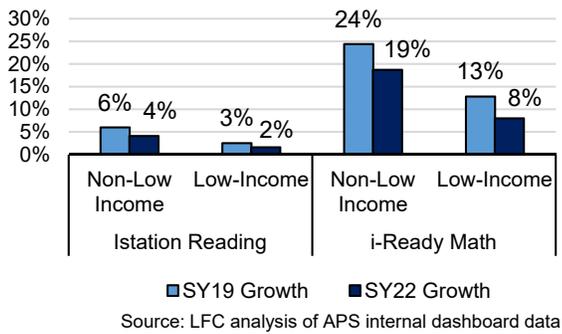
**The pandemic placed substantial mental health burdens on school children.**

In October 2021, the American Academy of Pediatrics and others declared a national emergency in child mental health tied to the stress caused by the pandemic. A December 2020 LFC report described a potential rise in suicides statewide for school-age children. From 2020 to 2021, the city of Albuquerque experienced a 46 percent increase in reported homicides, mirroring a national trend attributed to the pandemic. APS students were involved in two recent fatal shootings at Washington Middle School in 2021 and near West Mesa High School in 2022.

<sup>10</sup>Average scores for each year for PARCC and TAMELA, the standardized assessment that replaced PARCC, were divided by 750 (the proficiency threshold score) and then multiplied by the grade level. An average score of 750 in third grade would be a value of three.

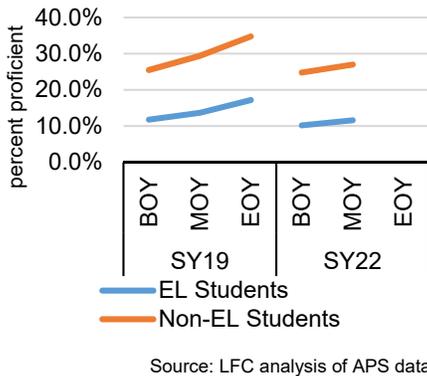
<sup>11</sup>LFC. (2016). Program Evaluation: Assessing “Time-on-Task” and Efforts to Extend Learning Time. Report #16-04. LFC. (2018). Program Evaluation: Instructional Time and Extended Learning Opportunities in Public Schools. Report #18-09.

**Chart 28. The Pandemic slowed growth for elementary students, especially low-income students. (growth in proficiency rates between the beginning and middle of the year)**



**The Covid-19 pandemic slowed growth in reading and math proficiency in elementary and K-8 schools, with very low growth for low-income students.** APS administers interim assessments at the beginning of the year (BOY), middle of the year (MOY), and end of the year (EOY) to gauge student learning and academic growth: the Istation (for reading) and the i-Ready (for math). The Covid-19 pandemic resulted in both reduced proficiency rates and a lower growth in proficiency. After the pandemic, low-income students (as measured by eligibility for free or reduced price school lunches based on family income) experienced growth of only 2 percent in reading and 8 percent in math. Prior LFC reports have cited the loss of three months to a year’s worth of learning during the

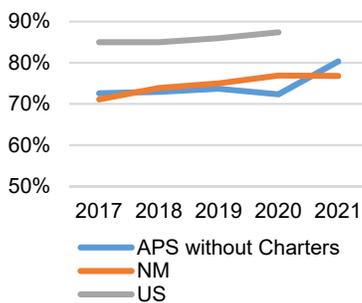
**Chart 29. Istation Reading Proficiency Declined for English Learner and Non-English Learner Students.**



pandemic. These interim assessment data are likely confirming the impact of the estimated three months to one year of lost learning during the pandemic as cited in prior LFC reports<sup>12</sup> (see Appendix O for more details on proficiency growth and methodology).

**Research by APS staff found academic proficiency and growth is currently lower than pre-pandemic.** In March 2022, APS research staff provided a memo to district leadership summarizing their analyses of SY22 interim assessment data finding (1) lower academic proficiency rates in the current school year than in past years and (2) widening gaps between current and past proficiency rates. Proficiency rates and growth in proficiency were particularly low for Spanish-speaking test-takers. While the district recommended high dosage in-person or online tutoring to address these issues, research on the effectiveness of online tutoring is limited. The district should prioritize its efforts on structured in-person tutoring, which has a high return on investment.

**Chart 30. Since 2016, High School Graduation Rates Have Increased Since But Still Lag National Averages**



Note: National data is not yet released for 2021  
Source: APS, PED, NCES

**APS lags the nation in high school graduation rates, with Native American and economically disadvantaged students furthest behind.** While high school graduation rates have been increasing, they remain persistently lower in New Mexico and within APS, with 72 percent of students graduating in the district compared with 87 percent nationwide in 2020. In 2021, the APS high school graduation rate increased to 80 percent (exceeding the statewide average) but without assessment data for 2020 and 2021, the proficiency of graduates is unknown. National data has not yet been released for 2021. Native American and economically disadvantaged students in 2020 graduated high school on average nearly 20 percentage points below the national average and 7 percent below the districtwide average.

<sup>12</sup> LFC. (June 2020). *Policy Spotlight – Learning Loss Due to Covid-19*; LFC. (October 2020). *Policy Spotlight – Status of School Reopening and Remote Education in Fall 2020*.

**Closing achievement gaps can lead to approximately \$184 million in economic benefits.** Poor educational outcomes in APS impose costs on the state, and improving outcomes can lead to significant savings. For example, LFC staff estimated in 2019 that for every additional high school graduate, the long-term benefit to taxpayers in 2019 dollars is over \$128 thousand, a result of savings from decreased costs to the healthcare and criminal justice systems, as well as increased lifetime earnings. The benefit to the student is approximately \$238 thousand. For just one cohort of students, raising the graduation rate for economically disadvantaged students in APS to the statewide average – from approximately 67 percent to 76.9 percent – would mean long-term taxpayer benefits of over \$64 million and benefits to graduating students of almost \$120 million. Raising the district-wide graduation rate to 86 percent—the 2019 national average—would result in long-term benefits to students, taxpayers and others of \$400 million.

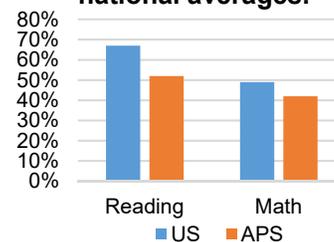
**Table 6. Benefits of High School Graduation**

Source	Benefits to Taxpayers	Benefits to Participant
Higher education	(\$23,943)	(\$7,386)
Crime	\$1,970	-
Health care	\$34,699	(\$9,554)
Earnings	\$115,805	\$255,009
<b>TOTAL</b>	<b>\$128,531</b>	<b>\$238,069</b>

Note: Negative numbers in red reflect costs to taxpayers and/or participants  
 Source: Results First using New Mexico assumptions

**Roughly half of APS students taking the SAT and PSAT in SY21 did not meet college-readiness benchmarks in reading and math.** At the end of SY21, roughly half of APS students taking the scholastic aptitude test (SAT) and the preliminary SAT (PSAT) met college readiness benchmarks in reading and 42 percent met benchmarks in math, both below national averages. By the beginning of SY22, these benchmarks had fallen for APS students with only 42 percent of APS students taking the SAT and PSAT meeting college readiness benchmarks in reading and only 28 percent in math. Results should be considered in the light of the facts that these assessments were administered during the pandemic and the state only recently began requiring the SAT. Data prior to the pandemic is not currently available and therefore it is difficult to determine the impact of the pandemic on college preparedness.

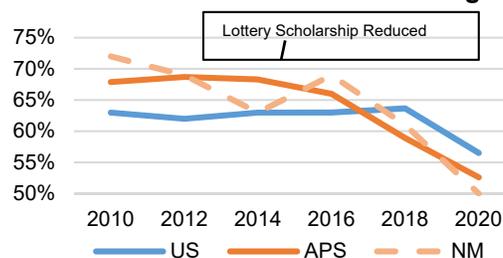
**Chart 31. In SY21, fewer APS students met college readiness benchmarks than national averages.**



Source: LFC analysis of APS and SAT data.

**The college-going rate in APS has declined, falling short of national averages.** Since the late 1990s, New Mexico high school graduates have consistently enrolled in college at a higher rate than the national average, likely due to increased access to scholarships driven by enactment of the 1996 Legislative Lottery Tuition Scholarship Act (Laws 1996, Chapter 71; Senate Bill 31) that provided eligible students with full tuition. However, beginning in 2015-2016, the program was reduced to cover 90 percent of tuition and the college-going rate within APS and statewide began to decline. The pandemic exacerbated these declines with only half of APS high school graduates enrolling in college, a significant drop from a high of almost 69 percent in 2012-2013.<sup>13</sup> Most college-going APS high school graduates enroll in New Mexico higher education institutions (HEIs), particularly Central New Mexico Community College and the University of New Mexico. Additionally, enrollment in these schools has declined from Fall 2019 to Fall 2021 (see Appendix P and

**Chart 32. College-going rates in APS declined below the national average.**



Sources: LFC analysis of National Center for Higher Education Management Systems (NCHEMS), PED, and National Student Clearinghouse data

<sup>13</sup> Note: Due to data availability, the 2020 college going rate for New Mexico was estimated by dividing the number of 2020 New Mexico high school graduates who enrolled in college in Fall 2020 (10.1 thousand) by the number of high school graduates from the class of 2020 who graduated within 4 years (20 thousand). Additionally, since 2012 APS data was unavailable, the average of 2011 and 2013 was taken.

Q). APS could improve coordination with CNM and UNM to boost matriculation.

**APS has opportunities to further use available resources for evidence-based programs.**

Research on the effects of extended learning time has found positive results for students, especially those at risk of school failure. One study on summer learning loss refers to the idea of a “resource faucet,” which is turned on during the school year, enabling all students to make gains. Out of school, however, the flow of resources slows for some students, while remaining steady for others. Extending the school year can provide a steadier flow of resources for low-income and at-risk students in New Mexico, who make up the majority of public school students. For students who may not have as many out-of-school opportunities and resources, time in school can be an important equalizer. Given the loss in student learning from the pandemic, extending learning time is an important tool for the district to use.

***For students who may not have as many out-of-school opportunities and resources, time in school can be an important equalizer.***

Furthermore, the court ruling on the *Martinez-Yazzie* lawsuit recommended expanding access to extended learning approaches. Since then, the Legislature invested significant resources for both K-5 Plus and Extended Learning Time Programs (ELTPs). As outlined in a recent PED presentation, districts should use these additional resources provided by the state to extend learning time and improve student outcomes (see Appendix R). When funds are not used, resources revert into a public education reform fund. Reversions have exceeded \$100 million for the last three years and APS has contributed to these balances.

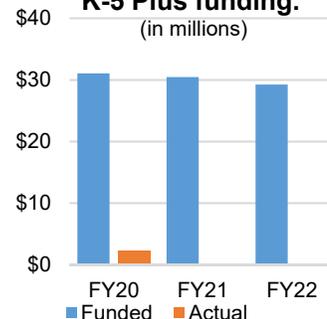
***Significant state and national research demonstrates the positive impact of increased time-on-task on student achievement.*** A meta-analysis of research on the benefits of extended learning looked at 15 studies and found 14 provided some evidence of a positive relationship for at least one intended achievement outcome or subsample of students. The LFC conducted a cost-benefit analysis of programs relying on extended learning opportunities to monetize the potential impacts from increased test scores resulting from programs such as summer learning programs or summer book programs and found returns as high as \$8 to \$1 and \$20 to \$1, respectively. This relationship between days of learning and student achievement is particularly important given the reported impact of missed learning time due to the pandemic.

New Mexico’s K-5 Plus program adds an additional 25 days to the school year for students in grades kindergarten through fifth. In 2015, Utah State University conducted an independent, scientific evaluation of K-3 Plus, an extended school year program for kindergarten through third grade students, finding students enrolled in the program the summer prior to kindergarten were more ready for school and outperformed their peers. These students continued to have higher levels of achievement four years later. In 2017, the LFC found students who participated in K-3 Plus in FY16 prior to entering kindergarten were more likely to be at benchmark on the DIBELS assessment than students

who did not attend K-3 Plus. A March 2020 study published by APS found small, positive increases in Fall Istation reading scores for kindergarten participants of the Summer 2019 K-5 Plus program, in comparison to their peers who did not participate in the summer program.

**APS has access to funding to expand its use of the K-5 Plus program.** In FY20, APS had an opportunity to serve 22.5 thousand students with K-5 Plus with state funding. Instead, the district served 1,700 students in FY20 at a cost of \$2.3 million, leaving \$28.7 million untapped and a potential students 20.8 thousand unserved. During the summer leading into the 2020-2021 school year, APS had planned to implement the K-5 Plus program in seven elementary schools, but PED decided to cut the program. Over the last three years, \$88 million in unused K-5 Plus funding made available to APS either reverted to the public education reform fund or was used by another district.

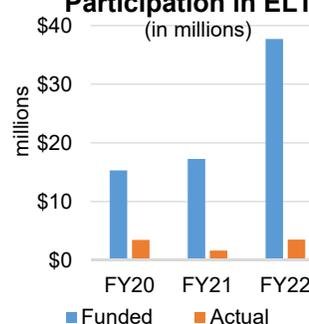
**Chart 33. APS has not used all available K-5 Plus funding.**  
(in millions)



Source: LFC analysis of PED data

**The Legislature provided funding for all students to participate in ELTP in FY22; APS used 9 percent of \$37.7 million in available funds.** New Mexico’s ELTP adds 10 days to the school year, provides after-school programming for students, and requires at least 80 hours of professional development for instructional staff (NMSA 22-8-23.10). In the 2019 legislative session, an ELTP factor was added to the SEG funding formula to provide New Mexico schools with \$62.5 million for ELTP. APS served 6,808 students at a cost of \$3.5 million, leaving \$15.3 million untapped. The following year, APS served about half as many students at a cost of \$1.6 million, leaving \$17.2 million untapped. In response to school closures due to the Covid-19 pandemic, the Legislature in 2021 provided sufficient funding to cover ELTP participation for all New Mexico students. In SY22, APS doubled ELTP participation from the prior year to 6,678 students. Statewide, ELTP participation has increased, with 45 participating districts in SY22 compared with 25 in SY20; K-5 Plus participation decreased.

**Chart 34. APS Funded versus Actual Participation in ELTP**  
(in millions)



Source: LFC analysis of PED data

**The APS Board recently rejected a proposal to mandate districtwide extended learning time programs.**

On April 6, 2022, the APS School Board voted four to three against the following district-wide mandated proposal:

- For grades kindergarten through fifth: Add 10 days to the year and 1.5 hours to the day
- For grades sixth through 12th: Add 10 days to the year

Board members cited concerns from teachers and families as a contributing reason for their decision. This could mirror a national trend. A recent RAND study found teachers cite workloads and school environments as not always being conducive to using evidence-based programs even while they recognize the value of these programs.

The board passed a second motion allowing individual school’s to “opt-in” to extending learning options. However, this is already how the state funds participation in Extended Learning Time, with the district applying for funds for those schools that choose to participate.

Other school districts have successfully added additional days to the year. For example, Las Cruces Public Schools added ten extra days to the school year by adding one day to each month from August through May. These days are meant to foster innovation through community-based opportunities such as project based learning about local history and culture or activities related to civic engagement, fine arts or computer science.

**APS is piloting its own promising “transformation model” at some lower-performing schools but further review is needed.** In 2018, PED identified three APS elementary schools needing rigorous intervention because they

received five or six consecutive years of a school grade of F: Hawthorne, Los Padillas, and Whittier. The state required these schools either to close, reopen as a charter school, inform their students of the range of other choices available to them, or restructure. All three of these schools chose to restructure and APS developed its transformation model. The model adds 10 days to the school year, 1.5 hours to the day, and “transformation critical staff.” The additional hours are used for professional development and a “genius hour” at the end of the day that provides opportunities for engagement and learning. The additional staff varied at each school but included math and reading interventionists, community school coordinators, and transformational coaches, among other positions. The model has been expanded to an additional eight schools.

The state’s extended learning time programs add ten days (or 57 hours) beyond the traditional calendar. The APS transformation model goes beyond this, adding days and hours (for a total of 320 additional hours beyond the traditional calendar). However, the APS model may not be easily applied statewide. APS has shorter instructional days on average than other school districts and therefore a greater ability to add hours.<sup>14</sup>

APS presented promising descriptive statistics on these schools' reading and math proficiency scores from 2017 to 2019. However, whether the improvement was due to the intervention or statistically significant or if the model could be successfully replicated at other schools remains uncertain. Additionally, more analysis could reveal the impact of the model compared to the known positive impacts from K-5 Plus. APS has a Strategic Analysis and Program Research office (SAPR) that could study this program, including its cost-effectiveness. APS reported the model costs approximately \$1 million annually at each school.

***Opportunities exist to increase spending on services for at-risk students and to better target and track additional resources for evidence-based programs.*** The federal government allows great flexibility in how districts use federal pandemic-related funding. The Brookings Institute reports districts are using these funds for nurses, counselors, professional development and additional instructional time. For example, Atlanta Public Schools added 30 minutes to the school day for all elementary schools during SY22. APS could use some of its \$359 million to extend learning time at more schools.

Additionally, the Legislature tripled the amount of funding allocated by the SEG formula for services for at-risk students. In public testimony to LFC in August 2021, Stephen M. Barro, Ph.D., (an expert witness for plaintiffs in the *Martinez-Yazzie* consolidated lawsuit) recommended the state (1) revise the SEG funding formula to better target dollars for at-risk students and (2) ensure at-risk dollars are being spent on the intended beneficiaries. PED is working

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<sup>14</sup> For SY22, APS elementary schools have 6 hours of instructional time (compared to a statewide district average of 6.8 hours) and secondary schools have 6.7 hours (compared to a statewide district average of 7 hours). APS has 178 instructional days while the statewide district average is 165 instructional days. State law requires 990 instructional hours per year (for at least 5.5 hours per day) for elementary schools and 1080 instructional hours per year (for at least 6 hours per day) for secondary schools (Section 22-2-8-1 NMSA 1978).

to introduce new accounting codes to enable better tracking of funds (see Appendix S for Barro’s proposed modifications to the at-risk index). APS also holds cash balances in excess of its target of 5 percent which could be used for these purposes as well.

**Evidence-based professional development on using data to adjust instruction is missing from schools, despite available funding.**

APS teachers and administrators cite lack of analysis of student data as the most common reason for not being able to improve outcomes, but the district names data-driven decision-making as a core component of its framework to support student learning. Professional development that focuses on using assessment data to modify and improve instruction is not only evidence-based but also has a high benefit-to-cost ratio. Sustained, rather than one-off, professional development that creates multiple opportunities to review work and adjust practice can help reduce absenteeism, drop-out rates, and achievement gaps.

***The use of data to guide instruction is an evidence-based practice endorsed by the district but missing from the majority of APS schools.***

When educators use student data (from tests, quizzes, student work, etc.) to adjust their instruction, educators can better prioritize and target their instruction time, identify student strengths and challenges, gauge the effectiveness of their lessons and adapt curricula—all things that can positively impact student achievement. In APS, teachers and administrators struggle with this practice. APS schools are required to submit 90-day plans to PED to identify underlying causes to key challenges, as well as to establish goals and strategies for improvement. In the plans submitted by 87 of 138 schools (or 63 percent of schools), teachers and administrators described not being prepared or not having adequate time to analyze student data to identify student needs and provide differentiated instruction as the reason for being unable to improve outcomes. This was the most commonly identified root cause for their key challenges.

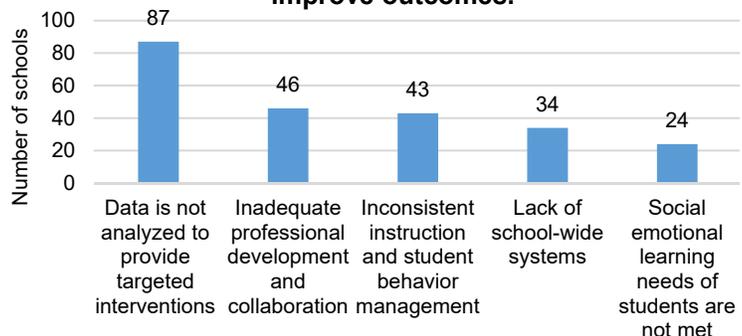
While this is recognized as missing within schools, PED identifies data-driven decision-making as the first of seven core components of its multi-layered system of supports (MLSS). MLSS is a framework to help educators organize their schools and school systems to support student learning. PED describes data-driven decision-making as using student data to monitor the effectiveness of academic and behavioral interventions and adjusting these interventions based on data. Given the difference between what the state expects and the need that schools have identified, there is an opportunity to provide additional training and support for effective use of student data to improve academic outcomes.

***Sustained professional development can help reduce absenteeism, drop-out rates, and the achievement gap.*** Several

**According to the Results First Model using New Mexico assumptions: For every dollar spent on effective professional development using data to inform instruction, \$132 can be generated in returns.**

A 2019 LFC report on the costs and benefits of selected evidence-based interventions in public schools found that professional development focused on training teachers how to use student academic assessment data to modify and improve instruction had a high benefit to cost ratio. According to the nationally recognized Results First model, for every dollar spent on this intervention, \$132 were generated in returns. The LFC report reviewed 29 Results First interventions that addressed a range of challenges. The interventions had benefit-to-cost ratios ranging from \$0 to \$190. Teacher professional development focused on the use of data to guide instruction had the second highest return.

**Chart 35. 63% of APS schools report data is not being used to identify student needs and improve outcomes.**



Source: LFC staff analysis of APS 2021 Fall 90-Day Plans

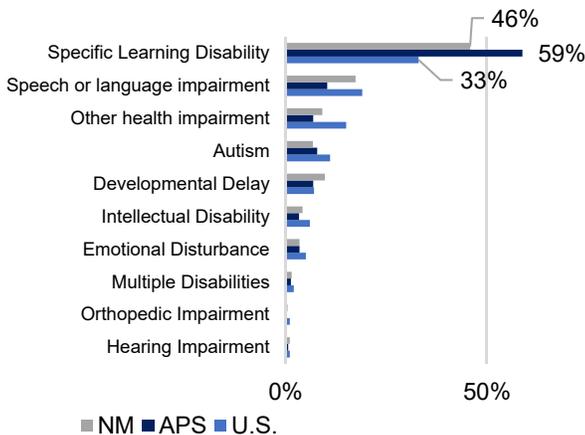
large studies found fragmented, one-off workshops are ineffective at transforming teaching practices or student learning. Rather, professional development must offer teachers multiple opportunities to learn about a concept or practice and be accompanied by ongoing application within the classroom, supported by collaboration in professional learning communities. Furthermore, these studies note collaborative, job-embedded professional development focused on student outcomes reduces the student achievement gap, absenteeism, and dropout rates. APS’s transformation schools engage in an average of one hour of collaborative professional development daily that uses data to help adjust instruction. The practice is promising and should be further evaluated.

**In FY21, APS budgeted \$6.8 million for instructional professional development and only spent one-third for this purpose.** In FY21, APS budgeted \$6.8 million across all funds for professional development for instructional staff and spent \$2.1 million (or 31 percent) of the budgeted amount in FY21. For the last five years, there has been a similar pattern of not spending all budgeted funds, with the percent of unspent funds ranging from 35 percent to 89 percent.

**Better training to differentiate language acquisition needs from disability could help APS’s high rates of children with disabilities.**

In 2020, nearly 15 thousand APS students (or 20 percent) were identified as having a disability, surpassing both statewide and national averages. Additionally, 50 percent of the state’s special education students with the highest need (D level) attend APS schools. APS also has higher than national and statewide rates of students with the most common form of disability, or “specific learning disability” and English learners are more than twice as likely to be identified with this diagnosis than their peers. Stronger core instruction, intervention and training on differentiating language acquisition from disability could better serve these students.

**Chart 36. Rates of Specific Learning Disabilities in APS are Close to Double National Averages (FY19)**



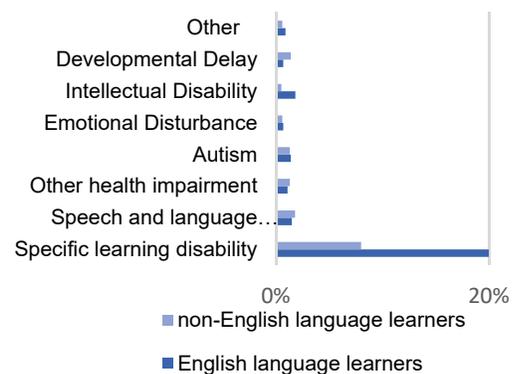
Source: LFC analysis of APS data and U.S. Department of Education Condition of Education Report, p.13

**APS identifies students with specific learning disabilities at a rate nearly double the national average.** Specific learning disability (SLD) is the most common form of disability nationwide for students ages 3 to 21. According to the Individuals with Disabilities Education Act, SLD means “a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, that may manifest itself in the imperfect ability to listen, think, speak, read, write, spell, or to do mathematical calculations.” In FY19 in APS, 59 percent of children with disabilities received this diagnosis, compared with 33 percent nationally and 46 percent statewide. Of the over 14 thousand APS students identified as having a special education need in FY20, approximately 8,500 were found to have a specific learning disability. Special education identification has a financial cost. For every additional special education student identified in FY20, APS received between \$3,000 and \$9,000 from the funding formula.

A 2019 review of APS conducted by the Council of the Great City Schools noted appropriate evaluation and diagnosis of SLD depends on a student’s receipt of high-quality instruction and intervention, as well as implementation of the student assistance team (SAT) process to create targeted, individualized plans. More robust core instruction, as well as intervention before placement in special education, could better differentiate between those students who could thrive in the general education classroom and those that need special education instruction.

**English learners in APS are more than twice as likely to be identified as having specific learning disabilities and intellectual disabilities than their peers.** According to the U.S. Department of Education, in SY18, New Mexico was the state with the highest percentage point difference (9.2 percent) between English learners (ELs) with disabilities (22 percent) and non-English learners with disabilities (13 percent). APS’s percentage of ELs with disabilities is even higher at 25 percent, and the disparity is even higher for certain disability classifications. A 2019 review of APS by the Council of the Great City Schools found ELs are 2.36 times more likely than their non-EL peers to be identified as having a specific learning disability and 3.59 times more likely to be identified as having an intellectual disability. According to the National Council on Disability, EL students with disabilities are often met with lower expectations in the classroom and are not given access to rigorous curriculum. In the *Martinez-Yazzie* case, the 1st Judicial District Court noted the high rates of special education identification among EL students may indicate a lack of knowledge and training to accurately differentiate between language acquisition needs and disability. APS, like other large urban districts, faces the need to serve the varied needs of its diverse student population. The Council of the Great City Schools recommended the APS Special Education and Language and Cultural Equity departments produce a procedural manual with guidelines for determining whether a student has a disability or language acquisition needs. Individual education plans for EL students must also address both needs concurrently.

**Chart 37. EL students in APS are more than twice as likely than peers to be identified with certain disabilities (SY2018).**



Source: Adapted from 2019 Council of the Great City Schools report on APS special education services

## Recommendations

Albuquerque Public Schools should

- Improve coordination with Central New Mexico Community College and University of New Mexico to increase the number of APS students enrolling in these institutions;
- Implement K-5 Plus and Extended Learning Time Programs in more schools, using both state and federal pandemic funds;
- Continue to use performance data to identify schools performing below the district average and recommend participation in extended learning time programs for those schools;
- Conduct an analysis of the impact of transformation model on student outcomes compared to statistical analysis of the effectiveness of the

transformation model, including disaggregating components of the model and comparisons to K-5 Plus;

- Consider a pay differential or other financial incentive for special education teachers or other hard to staff positions in high needs schools;
- Allocate excess cash balances;
- Spend more of budgeted professional development funds and ensure professional development is sustained, collaborative, and uses data to guide instruction;
- Use available funding for K-12 Plus and Extended Learning Time planning grants to pilot sustained, collaborative professional development and a plan for future implementation of Extended Learning Time Programs in more schools;
- Ensure teachers receive training to better identify the source of learning difficulties, specifically to meet the needs of English learners;
- Facilitate the creation of a procedural manual by the Special Education and Language and Cultural Equity departments that provides guidelines for determining whether a student has a disability or language acquisition needs; and
- Ensure Individual Education Plans for ELL students address language acquisition needs and instructional needs related to disabilities concurrently.

Individual schools within Albuquerque Public Schools should

- Participate in extended learning time programs if student outcomes are below the district average.

The Public Education Department should

- Fully implement additional accounting codes for districts to track at-risk funds in state budgeting systems; and

The Legislature should

- Consider how to refine the definition of at-risk students and services and the calculation of the at-risk index used as part of the SEG.

## APS Recently Strengthened Oversight but Opportunities Remain to Improve District Practices

In April 2021, APS proactively notified the New Mexico Office of the Attorney General of suspected violations of the state Government Conduct Act and Procurement Code by an APS employee who was also a state legislator.<sup>15</sup> The investigation into these suspected violations remains ongoing. Since April 2021, APS has taken actions to strengthen its oversight of procurement. However, LFC staff also identified areas where the district’s internal auditing unit and charter school division could redirect or enhance resources to reduce potential risks. Additionally, APS is working under a PED-imposed corrective action plan to improve its special education policies, practices, and services. This corrective action plan is one of three recent complaints or reviews of the district’s services for children with disabilities.

### After a recent criminal investigation, APS strengthened its procurement oversight, policies, and procedures.

The recent criminal investigation of the former APS employee and state legislator highlighted opportunities to strengthen district procurement practices. In recent months, APS updated its procurement policies, rules, and staff training materials with more detail on approval processes, staff roles, segregation of duties, and expected due diligence. APS also retrained its staff on procurement processes. Additionally, APS began posting sole source and emergency procurements onto the state sunshine portal as required by law. Additionally, the University of New Mexico implemented a more in-depth review of the finances of its research and public service projects related to the investigation. Strong financial oversight and internal controls can help provide reasonable—but not absolute—assurance, against financial risks or fraud.<sup>16</sup>

**Since April 2021, APS updated its procurement rules to include specifics on staff roles, approval processes, internal controls, and expected due diligence.** Prior to 2021, the district’s rules on procurement noted all purchasing should be completed according to applicable laws but noted “[s]pecific questions should be directed to the Procurement Department” (APS Procedural Directive on Procurement/Purchasing, April 2013). APS further revised its procurement rules in June 2021, December 2021, and January 2022. The district’s current procurement rules include specifics about proper requester and approver roles, the segregation of financial duties, approval processes, and expected due diligence from approvers (APS Procedural Directive on Procurement/Purchasing, January 2022). Although APS staff previously had access to this information through trainings and the district’s procurement department, codifying these specifics is an improvement.

**Table 7.  
Improvements APS  
Made to  
Procurement and  
Financial Internal  
Controls**

Category
Updated district procurement rules.
Updated staff manuals on procurement.
Retrained staff on procurement.
Adopted a new board level policy on procurement and purchasing.
Began posting information to the state sunshine portal.

Source: LFC review of APS documentation

<sup>15</sup> According to research from the Association of Certified Fraud Examiners, fraud is more commonly identified by tips and whistleblowing than financial audits (ACFE. 2020. *Report to the Nations: 2020 Global Study on Occupational Fraud*. p.19).

<sup>16</sup> U.S. Government Accountability Office. *Standards for Internal Control in the Federal Government*. p.5.

**APS updated its internal procurement manuals and retrained all staff responsible for requesting or approving purchases.** On September 15, 2021, APS staff presented two updated procurement manuals to the school board: an updated manual for the district’s procurement department and a purchasing user manual for other staff. As of February 2022, APS has retrained its employees responsible for requesting and approving purchases and financial transactions.

**In December 2021, the APS school board adopted a formal procurement policy codifying procurement principles and oversight committees.** State law and PED regulations require school boards to adopt policies governing procurement (Section 22-8-5.1 NMSA 1978 and Section 6.20.2.17.A NMAC). On December 8, 2021, the APS school board adopted a procurement policy setting the principles of APS procurement practices and codifying internal controls. The APS school board did not have an official procurement policy prior to the adoption of the current policy, although the district did have four related board policies concerning central purchasing, purchase and project approval, contracts, and indemnification of contracts.

**APS now posts sole source and emergency procurements to the state Sunshine Portal, as required by state statute.** According to Sections 13-1-126.1-127 NMSA 1978, the central purchasing office from all public school districts must post its intent to award a sole source or emergency contract on its own website at least 30 days before awarding the contract. The office must also then transmit the notice to the state purchasing agent at the General Services Department for posting on the Sunshine Portal. While APS has posted 100 sole source and emergency contracts on its own website since 2014, including a contract involved in the case under investigation, a previous LFC evaluation found only one APS contract (from 2016) was posted to the Sunshine Portal.

**Internal auditors at APS focus on a narrow slice of district spending, leaving less time for scrutinizing other funds.**

APS internal auditors focus their work on scrutinizing student activity funds. While these funds can be vulnerable to error or misuse, activity fund spending accounted for just 1 percent of APS’s total budget. Additionally, while APS internal auditors spend the majority of their time on these student activity funds, only 7 percent of audited schools end up being rated as noncompliant. Lastly, APS spends more on internal auditor salaries than what is identified in inappropriately allocated or missing funds at noncompliant schools.

**APS internal auditors focus on less than 1 percent of total district spending and find limited noncompliance.** State law requires annual financial audits conducted by external entities. The APS Finance Department has an Activity Fund Support Office that employs a team of five full-time internal auditors. Although the internal auditors can be tasked with reviewing any aspect of APS operations, APS’s internal auditors are primarily tasked with auditing schools’ activity funds. Activity funds include monies for supporting extracurricular activities, such as school sports, student clubs, or student publications. Although activity funds can be vulnerable to error, misuse, or fraud, APS schools spent roughly \$8.7 million from various activity funds in FY20, less than 1 percent of the district’s total \$1.2 billion spending. In FY19, only 13 audits (or 7 percent) out of 189 audits rated schools’ management of activity funds as noncompliant, predominately identifying procedural noncompliance in bookkeeping (such as untimely deposits or incomplete documentation) rather than the misuse or theft of funds. While APS spends roughly \$225 thousand on salaries for its internal auditors, activity fund audits reported \$3,700 in inappropriately allocated or missing funds at noncompliant schools in FY19.

**Chart 38. APS Internal Auditors Spend Most of Their Time Scrutinizing Only 1 Percent of Total District Spending.**



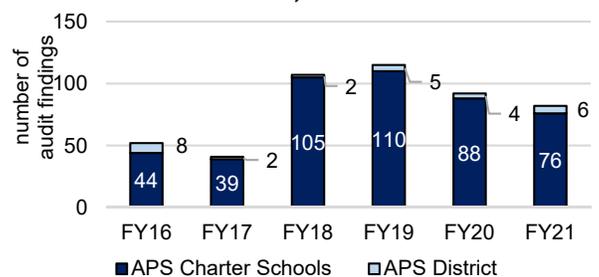
Source: LFC analysis of PED

In a 2017 report on school district internal auditing, the Council of the Great City Schools notes internal audit departments can potentially provide value beyond traditional school audits required by many states.<sup>17</sup> Given limited resources and other areas of potential risk, APS could diversify the focus of its internal auditing office and review a sample of all funds, such as operational, federal, or capital funds.

**APS dedicates limited resources for business technical assistance to its local charter schools, even though most district audit findings come from these schools.**

APS is the authorizer of 32 local charter schools and is responsible for monitoring their finances, governance, and performance. Student enrollment in the APS-authorized charter schools has grown, from 4,920 in FY12 to 8,988 in FY22. In FY21, 93 percent (or 76 of 82) of audit findings were attributed to charter schools. While APS offers coaching to charters to improve their practices, it could consider a more targeted approach to help reduce these audit findings. In the same year, APS directly spent \$756 thousand on direct supports for its local charter schools

**Chart 39. Most APS audit findings come from charter schools the district oversees, FY16-FY21.**



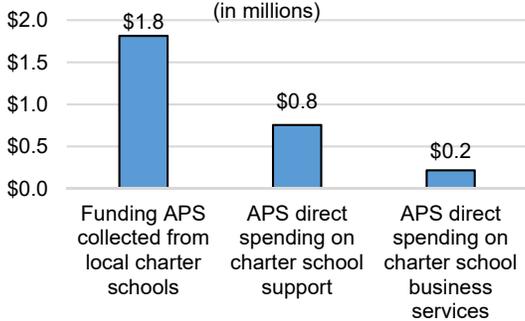
Source: LFC analysis of APS financial audits.

**Nearly all of Albuquerque Public Schools’ financial audit findings come from the district’s locally chartered charter schools.** Although local charter schools are legally distinct entities from their chartering school district, school districts are responsible for monitoring their local charter schools’ finances, governance, and student performance

<sup>17</sup>PED’s manual of procedures for accounting and budgeting includes recommendations for districts’ internal control policies for activity funds. The manual recommends “random audits should be performed by school administration periodically” and “all activity funds must be audited and subject to well-defined procedures for internal and external auditing”. All activity funds must be reported in the school district’s financial statements and are subject to the district’s overall financial audits.

(Section 22-8B-9.B.11 NMSA 1978). According to the six most recent financial audit reports for APS, most APS’s financial audit findings (i.e., issues) are identified at the district’s local charter schools rather than the district itself. From FY16 through FY21, the number of local charter schools at APS has ranged from 13 to 31, while the number of local charter school audit findings has ranged from 39 to 110 over the same timeframe. These data indicate APS could improve the fiscal monitoring of its local charter schools.

**Chart 40. APS Revenue from its local charter schools and spending on its charter school division, FY21**



Note: The total spending on the APS charter school division includes spending on charter school business services  
 Source: LFC analysis of PED FY21 final SEG formula and APS financial data

**APS collected \$1.8 million in administrative fees from its local charter schools in FY21 and dedicated \$218 thousand to business technical support for these schools.**

State law allows a charter school authorizer to collect 2 percent of the charter school’s funding, from the SEG funding formula, for administrative support purposes (Section 22-8B-13 NMSA 1978).<sup>18</sup> In FY21, APS received \$1.8 million from 30 local charter schools for administrative support services. In the same year, APS directly spent \$756 thousand on direct charter school support and \$218 thousand on charter school business technical assistance from the APS finance office, which includes one charter school business officer. The district provides academic, organizational, and financial technical assistance to its charters. However, APS should dedicate more targeted business technical assistance given (1) the funding collected from charter schools for administrative support and (2) the number of financial audit findings identified at its local charter schools (see Appendix T for details on APS spending on charter schools).

**PED found incomplete APS oversight of its special education policies and procedures resulting in delayed or denied services.**

School districts are required to provide a “free and appropriate public education” to students identified as having a disability. Nearly one in five students in APS is identified as having a special education need. Two recent complaints filed against APS as well as an independent review of the district found shortcomings in how the district identifies, evaluates, and screens children with disabilities. Problems with collaboration, professional development and data systems were also identified in the independent review. While the district reports having complied with nearly all the findings in the recent complaint, given the history of prior complaints and the prevalence of students with disabilities, it remains an area where additional oversight is potentially needed.

<sup>18</sup> The Public Education Commission (PEC) is a 10-member elected commission responsible for approving and overseeing all state-chartered charter schools. PEC is administrative attached to, and staffed by, the PED. PEC is the authorizer of state-chartered charter schools but technically PED would collect funding from state charter schools to support the PED charter schools’ division.

**Recent complaints and reviews found APS is failing to comply with federal and state special education laws, resulting in a delay or denial of services to children with disabilities.** In August 2021, APS began operating under a corrective action plan to address its noncompliance with provisions of the Individuals with Disabilities Education Act (IDEA) and related state rules. PED identified five issues within APS that all require corrective action caused by the district: (1) Failing to implement its correct policies and procedures; (2) Not having the required policies and procedures in place; or (3) Current policies or procedures having a negative impact. All of the issues contributed to delaying or denying the identification and evaluation of students with disabilities. APS reported to the LFC that, as of March 2022, it had nearly completed all items from the corrective action plan.

Prior complaints also cited district shortcomings for students with disabilities. A 2020 complaint resulted in a corrective action plan for the district causing revisions to screening and intervention guidelines. Additionally, a 2018 review by the Council of the Great City Schools cited some district assets but also found APS is more likely than state or national averages to educate students with disabilities in segregated settings and to use materials different from those used to educate all students. Other findings highlighted limited collaboration, services not uniformly implemented, weak professional development, and a poor data system.

**Table 8. Summary of Citations Against APS from 2021 PED, Special Education Division, Complaint Resolution Report**

Finding	State Law	Federal Law
The district has failed to implement its policies and procedures to ensure all children with disabilities who may be in need of special education and related services are located, evaluated, and identified.	6.31.2.10(A) NMAC	34 C.F.R. §§ 300.111 and 300.301-306
The district has failed to implement its policies and procedures to ensure the Procedural Safeguards Notice is provided to parents upon request for initial special education evaluation.	6.31.2.13(D)(3) NMAC	34 C.F.R. § 300.504
The district has failed to implement its policies and procedures to ensure that Prior Written Notice is provided to parents who request an initial special education evaluation.	6.31.2.13(1)(iv) NMAC and 6.31.2.13(D)(2) NMAC	34 C.F.R. § 300.503
The district's practices regarding the Student Assistance Team (SAT) process have delayed or denied the provision of a special education evaluation to students with disabilities in the District.	6.31.2.10(D)(1) NMAC.)	34 C.F.R. §300.301(b)
The District's actions and/or omissions resulted in a denial of a free appropriate public education (FAPE) to students with disabilities in the district.	6.31.2.8 NMAC	34 C.F.R. §§ 300.17 and 300.101

Source: APS

## Recommendations

Albuquerque Public Schools should

- Continue to post sole source agreements to the Sunshine Portal;
- Diversify the types of funds that are internally audited each year;
- Dedicate additional resources to the charter school division to provide additional business technical assistance to its locally authorized charter schools that have audit findings; and
- Continue to comply with the corrective action plan outlined by the Special Education Division of the Public Education Department.





**ALBUQUERQUE PUBLIC SCHOOLS**  
OFFICE OF THE SUPERINTENDENT

Scott Elder  
Superintendent

To: Members of the Legislative Finance Committee  
From: Albuquerque Public Schools Superintendent Scott Elder  
Date: April 25, 2022  
Re: APS Response to LFC Program Evaluation

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I want to thank members of the Legislative Finance Committee for the opportunity to collaborate on education policy and funding in New Mexico. In August, the LFC program evaluation team became part of our educational journey, spending much of the 2021-2022 academic year with us. The program evaluation staff met with district leaders, toured school sites, engaged in follow-up conversations and focus groups, and examined a collection of documents and resources related to Albuquerque Public Schools. We appreciate the evaluation process, which became a collaborative space to problem solve and plan for a better future.

### **Albuquerque Public Schools Overview**

APS is a large, diverse, urban-suburban-rural school district serving nearly a fourth of New Mexico's public school students. Our district includes 88 elementary, 28 middle, five K-8, and 20 high schools. APS also authorizes 31 charter schools. Nearly 70 percent of our students qualify for free or reduced-price meals, 19.2 percent are English learners, and 21 percent qualify for special education services.

We are pleased to report a steady increase in the district's four-year graduation rate. In the past seven years, the APS graduation rate improved by 14 percentage points, from 61.7 percent for the Class of 2015 to 75.7 percent for the Class of 2021. When excluding charter schools, the APS graduation rate is now 80.3 percent. APS has limited academic control over charter schools, and its graduation rate typically is several percentage points higher when they are extracted.

Nearly 11,000 students took at least one of the 33 Advanced Placement classes offered by APS last year, and while much of that learning took place remotely, we are happy to report a 50 percent passage rate on national AP exams. We are also pleased to note that 1,212 students achieved bilingual seals during that same year.

In addition to academic excellence, APS focuses and supporting the whole child. We currently have 50 schools operating in various implementation stages of the community school framework. Even as the district has seen a decline in student enrollment over the past decade, our proportion of students who fit into one or more of the defined at-risk categories from *Martinez-Yazzie* continues to increase. We rely on community partners and lawmakers for support and funding to meet the non-academic needs of students.

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Like many New Mexico districts, APS faces challenges, including declining enrollment, aging facilities, and unfinished learning. While we are using unprecedented federal resources to address some of these issues, we recognize that nonrenewable funds make staffing and instructional changes unsustainable. Therefore, we are investing in infrastructure, school-day expansion, and salaries for support staff who provide at-risk services.

### **Program Evaluation Considerations**

During the program evaluation process, LFC and APS both gained perspective on how we can improve education in our state. As a result of this evaluation, we suggest the following considerations for future conversations for policymakers:

#### **Extended Learning Time**

The program evaluation highlights the need for investing in evidence-based, embedded professional development and includes data analysis of student outcomes.

APS school communities are deciding whether to extend their school year. Elementary schools that participate in the Extended Learning Time Program will also extend the school day by one and a half hours. The longer day, paid for with funding from the American Rescue Plan, will embed daily professional development and student enrichment. We believe adding days without extending time is not transformative.

The eleven APS elementary schools that have adopted this model have seen positive outcomes. The program evaluation team saw great value in the model when they visited our schools. Once federal dollars run out in FY24, APS will not have the funding to sustain the extended day. The current funding factor for ELTP is not robust enough to pay for the sustained, daily embedded professional development currently taking place in these schools. We believe the Legislature should consider increasing the funding factor for ELTP and K5 plus, giving districts the flexibility to extend the school day.

In addition, ELTP is not robust enough to offer credit recovery programs for high school students. APS is now using federal money to meet this need, but legislation will be needed to make credit recovery sustainable and embedded within the academic year.

#### **Cash Reserves**

APS is asking that the Legislature reevaluate the role of cash reserves. Too often, districts across the state are criticized for excess cash reserves. This problem will inevitably worsen with the influx of federal funds. We don't perceive cash reserves as excessive but necessary to ensure we can responsibly balance our checkbook. Please note that APS' cash reserves are in line with other districts across the state. We would like to work with the Legislature on creating policies and defined purposes for cash reserves, similar to those in other states.

#### **Infrastructure and Upgrades**

The LFC program evaluation staff determined and recommended in this program evaluation that the Legislature "revisit the Public School Capital Outlay formula to incentivize participation from large, urban districts, such as modifications to the offset and the state-local matches for projects." Due to the local offset and match requirements in state funding, APS – like many districts in the state – is not eligible to participate in state funding to improve or build facilities. We are concerned that there is money in the PSCOC account that very few districts can use. Restructuring the formula could be a win for all districts.

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### **Local Control of the SEG**

The LFC program evaluation states that student outcomes haven't improved despite increasing per-student funding and declining enrollment. APS asserts that increases in per-student funding are earmarked for salary increases or programs. Funding that allows for local decision-making is better for addressing student needs.

### **Compensation for Federally-Funded Employees**

APS is among many districts in the state that are underfunded for the recently approved salary increases. State funding doesn't cover statutory salary increases for employees paid with federal dollars. And the federal government doesn't cover those increases, either, forcing districts like APS to cut some at-risk services. In the future, we ask that the Legislature meet with school districts to determine the impact of compensation increases.

### **Uses of Federal Funds**

The LFC program evaluation repeatedly recommends that districts use federal funds to pay for extended learning time, but that funding runs out in two years. The SEG will need to cover new costs to keep these programs sustainable. Currently, state dollars are tied to statutory designs that restrict local district needs. We ask that the Legislature review how districts use federal dollars for extended learning and consider integrating them into state programs and funding.



Scott Elder  
Superintendent  
Albuquerque Public Schools

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## Appendix A: Evaluation Scope and Methodology

### Evaluation Objectives.

- Examine governance and oversight structures;
- Evaluate trends in student achievement and instruction; and
- Study business management and resource allocation.

### Scope and Methodology.

- Reviewed:
  - Applicable laws, regulations, and policies.
  - APS financial audits, school board meeting minutes, procedural directives, and other administrative documentation.
  - Research and best practices from academic journals and nonpartisan organizations.
- Analyzed financial data, demographic data, and performance data from APS and PED.
- Interviewed APS district officials, conducted a teacher focus group, and visited schools.

### Evaluation Team.

Catherine Dry, Lead Program Evaluator  
Clayton Lobaugh, Program Evaluator  
Annie Armatage, Program Evaluator

**Authority for Evaluation.** LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

**Exit Conferences.** The contents of this report were discussed with Superintendent Scott Elder and staff on April 20, 2022.

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



Jon Courtney, Ph.D.  
Deputy Director for Program Evaluation

## Appendix B: Sheryl Williams Stapleton Criminal Investigation

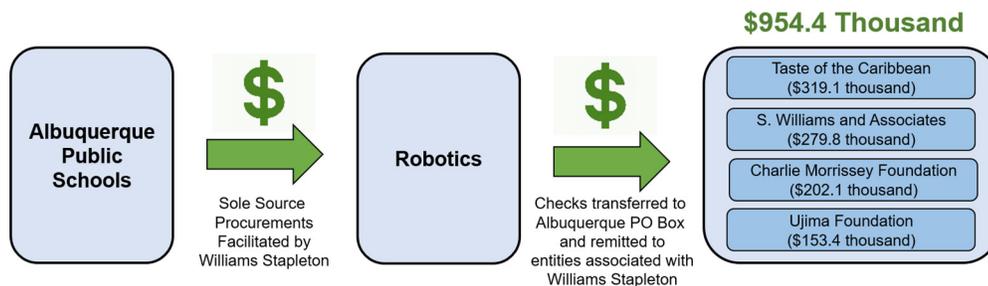
In April 2021, APS proactively notified the New Mexico Office of the Attorney General of suspected violations of the state Government Conduct Act and Procurement Code by an APS employee who was also a state legislator. Following this, APS employee and state legislator Williams Stapleton came under criminal investigation for alleged racketeering, money laundering, illegal kickbacks, and violations of the Governmental Conduct Act. According to evidence presented in a 2021 search warrant, Williams Stapleton provided justifications to APS to procure services from Robotics Learning Management Systems (Robotics) through sole source procurement for an online quiz application called CyberQuest.

The search warrant reports that APS employee and state legislator Sheryl Williams Stapleton “provided sole source justification for the continued procurement of Robotics services, interjected herself on behalf of Robotics when their contract appeared to be in jeopardy, provided documentation for and acted as a point of contact between APS and Robotics” (p.28-29). The search warrant also states Williams Stapleton “participated directly and/or indirectly in the procurement process with APS at a time when she would have known that she or any member of her immediate family had a financial interest in Robotics who had sought and obtained a contract from APS. There is no evidence to indicate that Sheryl Williams Stapleton declared any potential conflict of interest to any party regarding Robotics/CyberQuest” (p.29). The warrant further states “[b]ased upon the information known to investigators, probable cause exists that Sheryl Williams Stapleton (a public officer or employee) took an official act for the primary purpose of directly enhancing her financial interest or financial position” (p.30).

According to investigators, APS paid Robotics a cumulative \$5.4 million from 2006 through 2021. From 2014 through 2021, four entities owned or managed by Williams Stapleton received \$954.4 thousand in checks from Robotics. Specifically, checks from Robotics were transferred to the Taste of the Caribbean restaurant (57 checks totaling \$319.1 thousand), S. Williams and Associates (58 checks totaling \$279.8 thousand), the Charlie Morrissey Foundation (40 checks totaling \$202.1 thousand), and the Ujima Foundation (31 checks worth \$153.4 thousand).

The full extent to which Williams Stapleton directly profited from APS payments to Robotics is under ongoing investigation.

### Alleged Flow of Funds from APS to Robotics to Sheryl Williams Stapleton, 2014 through 2021



Source: LFC review of Second Judicial District Court Search Warrant.

# Appendix C: APS Revenues, Expenditures, and Fund Balances by Major Fund

Historical APS Revenues, Expenditures, and End-of-Year Cash

Category	Fund	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue	Operational	\$ 597,439,513	\$ 606,514,726	\$ 626,031,646	\$ 650,175,122	\$ 647,176,335	\$ 623,041,728	\$ 641,999,327	\$ 655,607,058	\$ 736,853,806	\$ 719,132,925
	Pupil Transportation	\$ 17,775,163	\$ 18,632,596	\$ 19,477,992	\$ 22,794,043	\$ 19,068,734	\$ 18,159,093	\$ 18,829,009	\$ 20,124,963	\$ 20,334,569	\$ 20,428,553
	Instructional Materials										
	Fund	\$ 3,522,902	\$ 5,735,798	\$ 5,977,131	\$ 6,119,276	\$ 6,047,366	\$ 3,845,447	\$ 2,593,109	\$ 2,773,623	\$ 136,771	\$ 170
	Food Services	\$ 37,469,056	\$ 35,334,698	\$ 36,166,131	\$ 37,515,762	\$ 39,141,235	\$ 38,016,904	\$ 38,785,900	\$ 35,972,281	\$ 40,896,984	\$ 23,872,734
	Federal ESSA Title I	\$ 22,564,898	\$ 30,759,308	\$ 19,508,343	\$ 34,784,222	\$ 28,877,544	\$ 34,905,678	\$ 23,462,173	\$ 28,829,288	\$ 34,830,161	\$ 27,952,727
	Federal IDEA - B	\$ 15,543,162	\$ 19,115,895	\$ 23,877,400	\$ 22,572,573	\$ 15,352,899	\$ 24,090,232	\$ 6,708,368	\$ 25,474,389	\$ 28,007,393	\$ 22,592,399
	Federal CARES Act										
	Card, Perkins	\$ 826,789	\$ 1,042,468	\$ 1,086,946	\$ 1,332,248	\$ 1,535,239	\$ 1,279,985	\$ 1,133,687	\$ 950,221	\$ 1,302,559	\$ 731,653
	Capital Bond Building	\$ 416,417	\$ 101,416	\$ 43,469,242	\$ 75,090,490	\$ 70,071,230	\$ 100,292,861	\$ 110,481,494	\$ 1,226,577	\$ 58,975,875	\$ 43,536,756
	Special Capital Outlay	\$ 3,318,324	\$ 6,947,916	\$ 8,524,789	\$ 10,937,703	\$ 8,701,382	\$ 31,581,719	\$ 9,959,689	\$ 4,602,869	\$ 20,117,597	\$ 9,318,976
	Public School Buildings Act (HB33)	\$ 54,504,073	\$ 55,145,254	\$ 55,733,837	\$ 56,234,422	\$ 57,864,597	\$ 54,099,303	\$ 55,097,642	\$ 57,351,421	\$ 58,975,875	\$ 59,912,894
	Public School Capital Improvements Act (SB9)	\$ 28,964,600	\$ 35,332,081	\$ 26,586,247	\$ 28,800,914	\$ 29,427,495	\$ 29,771,932	\$ 55,097,642	\$ 33,430,911	\$ 33,817,331	\$ 30,149,169
	Debt Service	\$ 58,408,605	\$ 52,714,818	\$ 61,587,508	\$ 66,604,505	\$ 73,950,971	\$ 78,191,180	\$ 86,182,502	\$ 72,310,414	\$ 76,293,569	\$ 118,303,681
	Other Funds	\$ 39,652,248	\$ 60,915,711	\$ 40,108,356	\$ 53,797,104	\$ 35,682,755	\$ 60,610,117	\$ 10,120,676	\$ 45,867,270	\$ 24,717,258	\$ 53,938,657
<b>Total</b>	<b>\$ 880,405,749</b>	<b>\$ 928,292,686</b>	<b>\$ 968,135,568</b>	<b>\$ 1,066,758,385</b>	<b>\$ 1,032,987,772</b>	<b>\$ 1,097,886,180</b>	<b>\$ 1,060,451,216</b>	<b>\$ 984,521,283</b>	<b>\$ 1,135,259,747</b>	<b>\$ 1,145,347,872</b>	
Expenditures	Operational	\$ 593,237,015	\$ 599,830,363	\$ 620,557,086	\$ 641,838,297	\$ 639,046,662	\$ 633,702,174	\$ 635,493,601	\$ 656,814,255	\$ 735,205,781	\$ 719,599,790
	Pupil Transportation	\$ 17,777,120	\$ 18,632,596	\$ 19,477,992	\$ 21,713,892	\$ 20,138,886	\$ 18,159,093	\$ 18,807,323	\$ 20,135,806	\$ 20,334,569	\$ 15,989,127
	Instructional Materials										
	Fund	\$ 3,974,998	\$ 5,536,457	\$ 3,920,640	\$ 6,718,088	\$ 5,619,548	\$ 4,985,845	\$ 1,672,981	\$ 3,741,001	\$ 912,602	\$ 385,685
	Food Services	\$ 33,040,810	\$ 32,611,892	\$ 32,843,704	\$ 38,123,661	\$ 36,551,626	\$ 34,462,144	\$ 34,521,108	\$ 38,514,478	\$ 43,333,568	\$ 25,592,495
	Federal ESSA Title I	\$ 29,563,792	\$ 25,829,252	\$ 32,283,344	\$ 27,514,108	\$ 29,355,730	\$ 33,325,474	\$ 31,070,113	\$ 32,272,801	\$ 27,379,332	\$ 36,891,006
	Federal IDEA - B	\$ 16,574,054	\$ 27,512,963	\$ 21,871,604	\$ 20,472,196	\$ 20,404,357	\$ 16,087,724	\$ 17,644,757	\$ 23,862,370	\$ 26,834,288	\$ 21,692,326
	Federal CARES Act										
	Card, Perkins	\$ 1,087,694	\$ 1,115,303	\$ 1,221,474	\$ 1,224,160	\$ 1,376,087	\$ 1,209,190	\$ 1,192,155	\$ 1,185,014	\$ 1,014,995	\$ 300,124,485
	Capital Bond Building	\$ 62,627,930	\$ 42,071,823	\$ 46,293,274	\$ 68,060,332	\$ 55,216,184	\$ 69,928,058	\$ 68,324,739	\$ 49,213,773	\$ 24,622,636	\$ 42,940,933
	Special Capital Outlay	\$ 5,169,361	\$ 4,140,579	\$ 9,305,866	\$ 9,552,811	\$ 17,985,612	\$ 16,388,860	\$ 5,443,973	\$ 11,752,359	\$ 16,873,111	\$ 7,081,004
	Public School Buildings Act (HB33)	\$ 27,928,177	\$ 34,619,439	\$ 37,962,251	\$ 55,727,994	\$ 71,710,204	\$ 53,757,269	\$ 66,789,114	\$ 45,667,528	\$ 36,392,477	\$ 32,329,486
	Improvements Act (SB9)	\$ 21,556,422	\$ 22,045,058	\$ 28,870,027	\$ 32,036,253	\$ 31,187,884	\$ 29,706,613	\$ 32,691,436	\$ 23,230,215	\$ 23,230,215	\$ 29,910,174
	Debt Service	\$ 55,022,324	\$ 55,814,228	\$ 55,340,506	\$ 65,460,300	\$ 70,068,232	\$ 68,250,593	\$ 74,132,646	\$ 71,526,801	\$ 93,334,120	\$ 105,207,793
	Other Funds	\$ 47,036,765	\$ 52,600,682	\$ 52,192,355	\$ 43,703,798	\$ 43,389,086	\$ 42,277,801	\$ 41,940,132	\$ 54,324,141	\$ 69,723,434	\$ 53,137,673
<b>Total</b>	<b>\$ 914,596,462</b>	<b>\$ 922,360,637</b>	<b>\$ 962,140,124</b>	<b>\$ 1,032,145,868</b>	<b>\$ 1,041,050,096</b>	<b>\$ 1,022,241,837</b>	<b>\$ 1,029,724,078</b>	<b>\$ 1,042,263,480</b>	<b>\$ 1,119,294,167</b>	<b>\$ 1,121,789,894</b>	
Cash Balances (Restricted and Unrestricted)	Operational	\$ 27,000,000	\$ 29,338,974	\$ 41,362,978	\$ 41,499,239	\$ 54,836,063	\$ 46,300,000	\$ 45,000,000	\$ 49,500,000	\$ 55,000,000	\$ 53,190,904
	Instructional Materials										
	Fund	\$ 262,574	\$ 1,380,960	\$ 2,379,843	\$ 1,987,551	\$ 1,673,922	\$ 117,474	\$ 1,443,181	\$ -	\$ 748,553	\$ 292,901
	Food Services	\$ 10,816,636	\$ 11,202,138	\$ 14,212,515	\$ 17,540,788	\$ 16,936,022	\$ 19,525,631	\$ 15,309,085	\$ 27,345,176	\$ 24,819,999	\$ 22,366,702
	Capital Bond Building	\$ 56,573,762	\$ 18,783,838	\$ 32,757,667	\$ 29,549,323	\$ 46,496,038	\$ 81,885,608	\$ 98,975,563	\$ 68,051,664	\$ 52,747,378	\$ 54,418,992
	Special Capital Outlay	\$ 11,161,989	\$ 10,349,269	\$ 12,488,585	\$ 24,703,243	\$ 13,209,513	\$ 14,956,314	\$ 18,555,515	\$ 16,565,818	\$ 17,661,796	\$ 19,547,661
	Public School Buildings Act (HB33)	\$ 52,626,258	\$ 67,969,292	\$ 91,375,435	\$ 93,685,406	\$ 67,759,638	\$ 84,506,121	\$ 30,759,742	\$ 68,631,012	\$ 80,972,718	\$ 130,707,218
	Public School Capital Improvements Act (SB9)	\$ 39,610,473	\$ 45,141,381	\$ 57,311,281	\$ 52,954,617	\$ 36,497,724	\$ 52,724,894	\$ 47,101,148	\$ 39,481,330	\$ 49,213,402	\$ 58,503,671
	Debt Service	\$ 60,972,285	\$ 63,310,003	\$ 52,991,322	\$ 60,875,895	\$ 59,956,520	\$ 60,721,158	\$ 88,145,752	\$ 88,145,752	\$ 68,239,673	\$ 75,164,864
	Other Funds	\$ 7,416,471	\$ 27,461,474	\$ 17,285,539	\$ 20,584,014	\$ 16,848,821	\$ 31,536,730	\$ 27,810,866	\$ 32,219,391	\$ 33,161,968	\$ 32,757,090
	<b>Total</b>	<b>\$ 266,440,448</b>	<b>\$ 274,937,329</b>	<b>\$ 322,165,165</b>	<b>\$ 343,380,076</b>	<b>\$ 314,216,261</b>	<b>\$ 392,273,930</b>	<b>\$ 373,100,852</b>	<b>\$ 389,940,143</b>	<b>\$ 382,565,487</b>	<b>\$ 446,950,003</b>

Source: LFC analysis of OBMS data.

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## Appendix D: Key State Budget Definitions

**Instruction** - Activities dealing directly with the interaction between teachers and students.

**Student Support** - Activities designed to assess and improve the well-being of students.

**Instructional Support** - Activities associated with assisting the instructional staff with the content and process of providing learning

**General/Central Administration** - Activities concerned with administering policy or providing administrative services including fiscal services, human resources, planning, and administrative information technology.

**School Administration** - Activities concerned with overall administrative responsibility for a specific school, includes school principal offices.

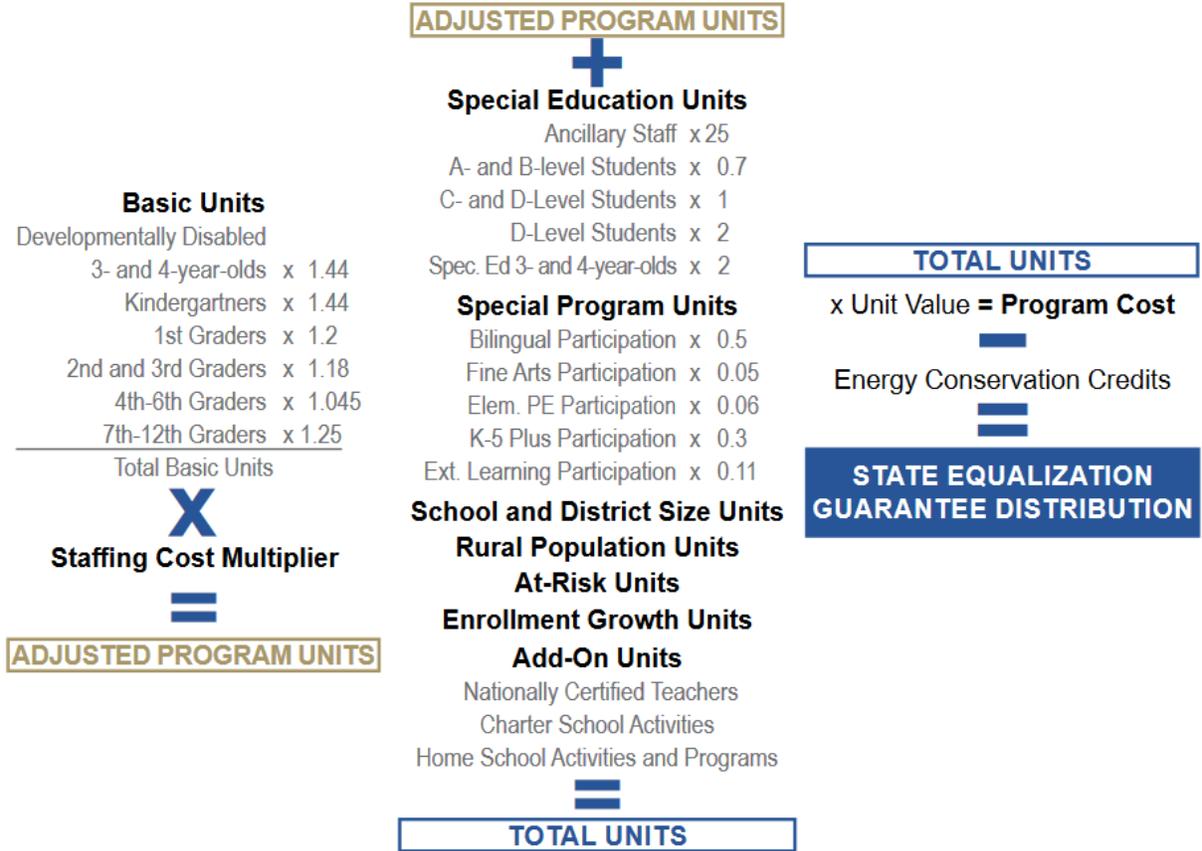
# Appendix E: Detailed APS SEG Formula Data

Entity	Category	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	
APS	Student Membership	\$ 87,867	\$ 87,085	\$ 86,662	\$ 85,981	\$ 85,336	\$ 84,138	\$ 83,020	\$ 81,362	\$ 79,363	\$ 77,714	\$ 72,523	
	Formula Units (with ELTP/K5+)	163,126	161,694	161,453	159,378	157,731	156,809	153,357	153,242	156,930	156,792	147,900	
	Program Cost Funding	\$ 587,070,110	\$ 593,988,348	\$ 616,355,568	\$ 638,746,302	\$ 636,877,098	\$ 624,042,505	\$ 631,157,456	\$ 642,216,260	\$ 642,216,260	\$ 722,233,992	\$ 711,325,734	\$ 719,238,575
	75% Credits	\$ 3,672,011	\$ 3,798,016	\$ 3,793,249	\$ 3,740,495	\$ 3,939,355	\$ 16,378,834	\$ 4,012,225	\$ 4,038,322	\$ 4,038,322	\$ 4,211,860	\$ 4,330,169	\$ -
	Enrollment Hold Harmless	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,877
	SEG (with ELTP/K5+)	\$ 583,398,098	\$ 590,190,332	\$ 612,562,320	\$ 635,005,807	\$ 632,937,743	\$ 607,663,671	\$ 627,145,231	\$ 638,177,938	\$ 638,177,938	\$ 718,022,132	\$ 706,995,565	\$ 719,352,452
	ELTP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,614,991	\$ 3,188,119
	K-5 Plus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,426,449	\$ -	\$ -
	SEG (without ELTP/K5+)	\$ 583,398,098	\$ 590,190,332	\$ 612,562,320	\$ 635,005,807	\$ 632,937,743	\$ 607,663,671	\$ 627,145,231	\$ 638,177,938	\$ 638,177,938	\$ 712,278,685	\$ 705,380,574	\$ 716,164,333
	Per-Pupil SEG (with ELTP/K-5+)	\$ 6,640	\$ 6,777	\$ 7,068	\$ 7,385	\$ 7,417	\$ 7,222	\$ 7,554	\$ 7,844	\$ 7,844	\$ 9,047	\$ 9,097	\$ 9,919
	Per-Pupil SEG (without ELTP/K-5+)	\$ 6,640	\$ 6,777	\$ 7,068	\$ 7,385	\$ 7,417	\$ 7,222	\$ 7,554	\$ 7,844	\$ 7,844	\$ 8,975	\$ 9,077	\$ 9,875
	Student Membership	330,414	331,365	330,635	331,187	331,955	331,370	329,039	329,039	326,677	323,050	321,331	307,749
	Formula Units (with ELTP/K5+)	637,195	634,960	632,281	633,612	634,190	630,921	631,219	625,331	631,219	656,371	671,684	639,896
	Program Cost Funding	\$ 2,293,182,700	\$ 2,332,550,969	\$ 2,413,763,965	\$ 2,539,357,150	\$ 2,560,699,284	\$ 2,510,831,244	\$ 2,573,610,905	\$ 2,645,342,197	\$ 2,645,342,197	\$ 3,020,795,909	\$ 3,047,263,002	\$ 3,111,812,769
	75% Credits	\$ 71,206,440	\$ 71,083,858	\$ 62,159,404	\$ 71,856,506	\$ 75,454,384	\$ 107,051,953	\$ 77,815,484	\$ 62,877,746	\$ 62,877,746	\$ 82,541,771	\$ 22,429,453	\$ 426,740
	Enrollment Hold Harmless	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,033,084
	SEG (with ELTP/K-5 Plus)	\$ 2,221,976,261	\$ 2,261,467,112	\$ 2,351,604,561	\$ 2,467,500,644	\$ 2,485,174,755	\$ 2,403,779,291	\$ 2,493,180,846	\$ 2,580,049,779	\$ 2,580,049,779	\$ 2,935,530,736	\$ 3,021,777,964	\$ 3,127,419,134
ELTP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,525,098	\$ 70,179,128	\$ 78,441,208	
K-5 Plus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,342,113	\$ 19,241,688	\$ 12,579,964	
SEG (without ELTP/K-5 Plus)	\$ 2,221,976,261	\$ 2,261,467,112	\$ 2,351,604,561	\$ 2,467,500,644	\$ 2,485,174,755	\$ 2,403,779,291	\$ 2,493,180,846	\$ 2,580,049,779	\$ 2,580,049,779	\$ 2,873,663,526	\$ 2,932,357,149	\$ 3,036,397,962	
Unit Value	\$ 3,599	\$ 3,674	\$ 3,818	\$ 4,008	\$ 4,038	\$ 3,980	\$ 4,116	\$ 4,191	\$ 4,191	\$ 4,602	\$ 4,537	\$ 4,863	
Per-Pupil SEG (with ELTP/K-5+)	\$ 6,725	\$ 6,825	\$ 7,112	\$ 7,450	\$ 7,486	\$ 7,254	\$ 7,577	\$ 7,898	\$ 7,898	\$ 9,087	\$ 9,404	\$ 10,162	
Per-Pupil SEG (without ELTP/K-5+)	\$ 6,725	\$ 6,825	\$ 7,112	\$ 7,450	\$ 7,486	\$ 7,254	\$ 7,577	\$ 7,898	\$ 7,898	\$ 8,895	\$ 9,126	\$ 9,866	

Source: LFC analysis of final FED SEG funding formulas.

# Appendix F: Overview of SEG Funding Formula

## New Mexico Public School Funding Formula



## Appendix G: Overview of APS Formula for Allocating Operational Funds to its Schools, FY22

Component		Methodology	Amount	Percent	Budgeted FTE Allocated
APS School Funding Formula	General Budgeted FTE (Teachers, Principals, Custodians, etc.)	Funding for positions allocated based on various staffing ratios determined by the district.	\$347,758,033	58%	5,159
	Special Education Budgeted FTE (Special Education Teachers, Assistants, etc.)	Funding for positions allocated based on different special education needs at different schools.	\$151,330,737	25%	2,840
	Other Staff Budgeted FTE (Counselors, Nurses, Security, etc.)	Funding for positions allocated based on various staffing ratios determined by the district.	\$48,322,164	8%	754
	At-Risk Funding (Discretionary for Schools)	A flat amount is given to each school (\$9 million total or \$70 thousand per school) and then the rest (\$14 million) is allocated based on each school's share of the district's estimated at-risk units.	\$23,240,000	4%	-
	Bilingual Program Funding	The number of full-time equivalent bilingual students is multiplied by a district determined per-pupil amount (\$3.4 thousand).	\$6,441,393	1%	-
	Non-Salary Funding (Discretionary for Schools)	Elementary schools receive \$63 per pupil. Middle schools receive a \$66 per pupil. K8 schools receive \$65 per pupil. High schools and schools of choice receive \$76 per pupil.	\$5,096,488	1%	-
	<b>Subtotal: Operational Funding from APS Funding Formula</b>			<b>\$582,188,815</b>	<b>97%</b>
Block Grants to 12 Specialty Schools with Unique Missions	APS allocates funding to its specialty alternative schools based on the programmatic needs at each school		\$18,386,768	3%	-
<b>Total Operational Funding Allocated to Schools</b>			<b>\$600,575,583</b>	<b>100%</b>	<b>8,753</b>

Source: LFC staff review of FY22 APS school funding formula and documentation

## Appendix H: LFC Review of APS School Funding Formula

**Schools with more students receive more overall funding from the APS school funding formula.** Student enrollment and staff-to-student ratios drive how much overall operational funding a school will receive from the APS school funding formula. School enrollment and overall operational funding were highly correlated (0.98 correlation) with each other within the APS school funding formula. Based on FY22 APS formula data, APS elementary schools are smaller with an average enrollment of 347 students and operational budget of \$3 million each. Middle schools and K-8 schools have an average enrollment of 623 students and operational budget of \$5 million each. High schools are larger with an average enrollment of 1.6 thousand students and operational budget of \$12 million each.

**Schools in the APS funding formula have enrollment sizes ranging from less than 200 students to over 2 thousand students.** Larger schools generally have lower per-pupil funding because their costs can be efficiently spread out across more students (i.e., economies of scale). For FY22, the APS school with the lowest per-pupil funding (\$5.6 thousand per student) was the eCademy virtual K-8 school with an operational budget of \$7.9 million and 1.4 thousand students. The APS school with the highest per-pupil funding (\$17.9 thousand per student) was McCollum Elementary with an operational budget of \$4.3 million and 241 students (53 percent of whom receive special education). On average, schools were allocated \$8.2 thousand per-pupil from the APS school funding formula in FY22.

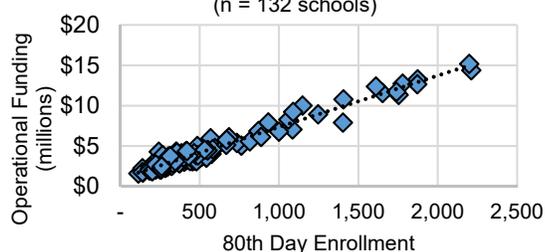
**Differences in school size and special education needs drive differences in per-pupil funding within the APS funding formula.** When LFC staff compared the per-pupil operational funding of schools with the same student enrollment and similar special education percentages, the schools had similar per-pupil funding amounts (see comparison 1 below). When LFC staff compared schools with different enrollment sizes and similar special education percentages, the schools had different per-pupil funding amounts (see comparison 2 below). When LFC staff compared schools with the same enrollment size and different special education percentages, the schools received different per-pupil funding amounts (see comparison 3 below).

**School Size and Special Education Needs Drive Differences in Per-Pupil Operational Funding at APS, FY22.**

Comparisons	Comparison 1		Comparison 2		Comparison 3	
	Same Sized Schools with Similar Special Education Percentages Get Similar Per-Pupil Funding Amounts		Different Sized Schools with Similar Special Education Percentages Get Different Per-Pupil Funding Amounts		Same Sized Schools with Different Special Education Percentages Get Different Per-Pupil Funding Amounts	
School Name	Sunset View Elem.	North Star Elem.	Duranas Elem.	Double Eagle Elem.	Armijo Elem.	McCollum Elem.
Enrollment	542	542	113	501	241	241
Staff Allocated	53	53	23	52	37	82
General Staff Funding	\$ 2,733,852	\$ 2,633,056	\$ 1,037,284	\$ 2,363,095	\$ 1,684,947	\$ 1,459,767
Special Edu. Staff Funding	\$ 353,396	\$ 555,601	\$ 214,650	\$ 728,115	\$ 505,156	\$ 2,532,921
Other Staff Funding	\$ 332,079	\$ 256,176	\$ 197,463	\$ 332,079	\$ 190,078	\$ 178,337
At-Risk Funding	\$ 137,871	\$ 102,153	\$ 108,989	\$ 92,469	\$ 154,331	\$ 132,223
Bilingual Funding	\$ -	\$ -	\$ 49,372	\$ -	\$ 85,125	\$ -
Other Funding	\$ 35,186	\$ 34,461	\$ 7,403	\$ 30,650	\$ 15,404	\$ 15,782
<b>Total Funding</b>	<b>\$ 3,592,384</b>	<b>\$ 3,582,041</b>	<b>\$ 1,615,161</b>	<b>\$ 3,546,408</b>	<b>\$ 2,635,041</b>	<b>\$ 4,319,030</b>
Percent Special Education	8%	10%	10%	11%	18%	53%
<b>Per Pupil Funding</b>	<b>\$ 6,628</b>	<b>\$ 6,615</b>	<b>\$ 14,293</b>	<b>\$ 7,079</b>	<b>\$ 10,934</b>	<b>\$ 17,921</b>

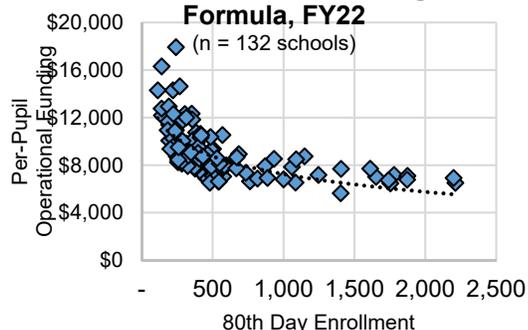
Source: LFC analysis of APS FY22 Operational Budget Funding Formula for schools and APS special education dashboard data. Note: Special education percentages come from the 40th day of school year 2021-2022.

**Operational Funding from APS School Funding Formula by School Size, FY22**



Source: LFC analysis of APS school funding formula.

**Chart X. Per-Pupil Funding from the APS School Funding Formula, FY22**

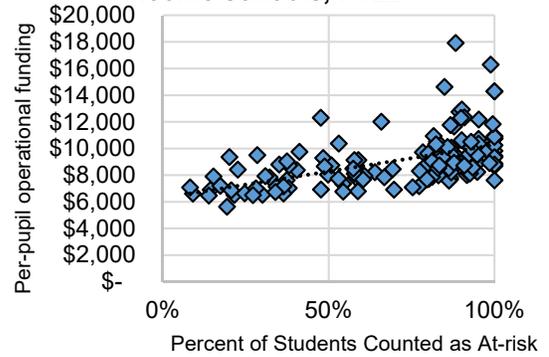


Source: LFC analysis of APS school funding formula.

**APS's school funding formula generally allocates more operational funding to schools with more at-risk students.**

In FY22, schools with a higher percentage of at-risk students tended to receive more per-pupil funding from the APS school funding formula. LFC staff found a strong positive correlation (0.54) between per-pupil funding allocations from the APS school funding formula and schools' percentage of students who were at-risk. This relationship is expected because the APS school funding formula has an at-risk component which allocated \$23.2 million to schools with more at-risk students. There is variation in per-pupil funding because of school size, special education populations, and other factors.

**Chart X. The APS school funding formula tends to allocate more operational funding to low-income schools, FY22**



Source: LFC analysis of FY22 APS school funding formula

## Appendix I: APS Plans for ESSER I, II and III Funding

### APS Actual CARES ESSER I Spending

(as of 11/21, in millions)

eCademy K8	\$8
PPE	\$4
Classroom Technology	\$4
Special Education	\$3
Air Quality	\$3
Charter Schools	\$2
Covid Essential Pay	\$0.9
Operations	\$0.5
Private Schools	\$0.2
Nursing Services	\$0.1
<b>Total</b>	<b>\$25.98</b>

Source: APS

### APS Plan for ESSER II Funding

(as of 11/21, in millions)

	SY 21-22 Allocation	% of Total
Technology upgrades	\$15.4	16%
Supplemental compensation	\$14.5	15%
eCademy K8 SY 2021-2022	\$11.0	11%
Funds for budget stabilization	\$10.0	10%
Charter schools	\$9.8	10%
Summer school	\$6.9	7%
TOP schools support	\$6.6	7%
FFCRA leave extension	\$5.0	5%
Curriculum software	\$5.0	5%
PPE	\$3.9	4%
Indirect cost	\$3.1	3%
Additional 1.5 hrs per day for 3 identified schools	\$3.0	3%
HVAC improvements	\$2.1	2%
Admin support and other	\$1.1	1%
<b>Total</b>	<b>\$97.9</b>	<b>100%</b>

Source: APS

### APS Plan for ESSER III Spending

(as of September, 2021)

	Budget	% of Total Funding
Unfinished Learning Initiatives	\$91,812,500	40%
Safe Operation of Schools & Covid Costs, including funding for budget stabilization	\$51,330,000	22%
Other Allocations, including charter allocations	\$32,673,797	14%
Facility Projects Related to Pandemic	\$28,331,200	12%
Technology Initiatives Related to Pandemic	\$20,000,000	9%
Social Emotional & Mental Health Services	\$6,178,580	3%
<b>Total</b>	<b>\$230,326,077</b>	<b>100%</b>

Source: APS

# Appendix J: State Calculations for Compensation Increases Implemented During 2022 Legislative Session

## FY22 Q4 3% Raise

GAA of 2022 allows schools to provide the 3 percent raise in the form of a retention stipend for returning employees in August 2022

- **GAA of 2022 Total:** \$19.2 million (Sec. 8 Compensation)
- **Formula:** 
$$\frac{(B + P)(1.258)(1.03)}{4}$$

- **Data Source:** OBMS Salary Percent Table

Where *B* represents total budgeted staff expenditures and *P* represents 74.5 percent of estimated undistributed program cost in FY22 school operating budgets. The estimated fringe benefit rate is 25.8 percent.

## FY23 7% Raise

GAA of 2022 requires an average 4 percent raise in FY23 on top of the previous 3 percent raise, effectively providing a 7.12 percent raise

- **GAA of 2022 Total:** \$180.4 million (Sec. 4 SEG and Transportation Distribution)
- **Formula:** 
$$(B + P)(1.258)(1.07)$$

- **Data Source:** OBMS Salary Percent Table

Where *B* represents total budgeted staff expenditures and *P* represents 74.5 percent of estimated undistributed program cost in FY22 school operating budgets.

## \$15 per hour Minimum Wage

Costs exclude the portion of staff salaries attributable to non-general fund sources

- **GAA of 2022 Total:** \$10.1 million (Sec. 4 SEG)
- **Formula:** 
$$1.258 \sum \left( 15 - \frac{S}{H} \right)$$

- **Data Source:** PED Worksheet 4

Where *S* represents FY22 non-teacher and non-principal salaries accounting for a 7 percent raise, *H* represents the anticipated total contracted hours based on job class, and the quotient of these variables is less than 15.

## K-5 Plus and ELTP Additional 3% Raise

Costs of the additional 3 percent raise assume only 80 percent of students participate in K-5 Plus or ELTP

- **GAA of 2022 Total:** \$64 million (Sec. 4 SEG)
- **Formula:** 
$$(B + P)(1.258)(1.03)(0.8)$$

- **Data Source:** OBMS Salary Percent Table

Where *B* represents total budgeted staff expenditures and *P* represents 74.5 percent of estimated undistributed program cost in FY22 school operating budgets.

## Level 1, 2, and 3 Minimum Salary Increases

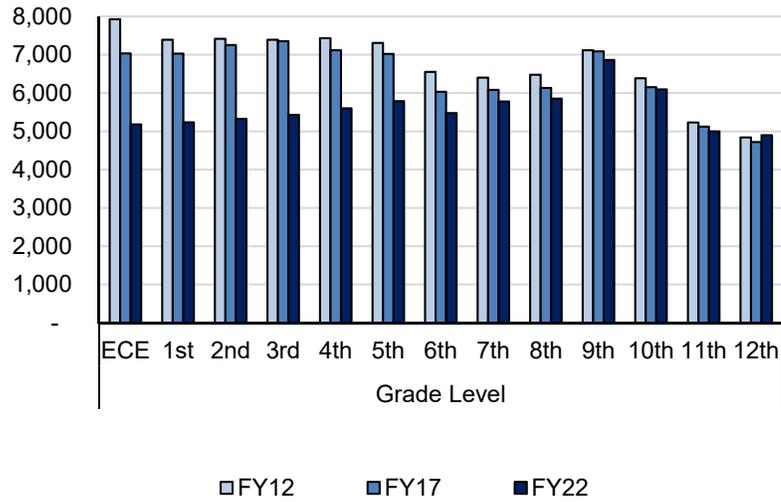
- **GAA of 2022 Total:** \$76.8 million (Sec. 4 SEG)
- **Formula:** 
$$1.258 \left[ \sum (T_1 - T_0) + \sum (RP_1 - RP_0) \right]$$

- **Data Source:** PED Worksheet 5

Where *T<sub>1</sub>* represents the new teacher minimum salaries set in SB 1 based on licensure level, *T<sub>0</sub>* represents FY22 teacher salaries less than *T<sub>1</sub>* after accounting for a 7 percent increase, *R* represents estimated responsibility factors with an experience differential, *P<sub>1</sub>* represents the new principal minimum salary set in SB 1, and *P<sub>0</sub>* represents FY22 principal and assistant principal salaries less than *RP<sub>0</sub>* after accounting for a 7 percent increase.

# Appendix K: APS Enrollment Losses by Grade, FY12, FY17 and FY22

**APS student enrollment losses are mostly in lower grade levels**



Source: LFC analysis of PED data.

## Appendix L: Analysis of Operational FTE at Schools

Employee Job	FY22 School FTE Allocated by APS Formula	Actual FY22 School FTE (March 2022)	Actual minus Formula	
			Amount	Percent
Principals and Assistant Principals	207.5	268.0	60.5	29%
School Clerks and Secretaries	346.0	387.0	41.0	12%
K-12 Teachers	3,801.75	4,294.00	492.3	13%
Special Education Teachers	1,534.50	1,351.00	(183.5)	-12%
Educational Assistants	305.50	380.00	74.5	24%
Special Education Assistants	1,226.0	1,052.0	(174.0)	-14%
Registered Nurses/Health Assistants	195.75	258.00	62.3	32%
Librarians/Instructional Support	129.70	213.00	83.3	64%
Guidance Counselors/Social Workers	292.4	322.0	29.6	10%
All Other Staff	713.60	644.00	(69.6)	-10%
<b>Total</b>	<b>8,752.7</b>	<b>9,169.0</b>	<b>416.3</b>	<b>5%</b>

Source: LFC analysis of FY22 APS school funding formula and March 2022 staff data.

## Appendix M: Average APS Elementary Pupil to Teacher Ratios and Benefit-to-Cost Ratios and Test Score Effect Sizes of various Interventions

The LFC analyzed APS 20<sup>th</sup> day class size compliance tool data to calculate that in SY22 APS could have replaced 42.4 elementary teacher FTEs with 13 educational assistants, representing a potential savings of approximately \$2 million. Kindergarten classes were excluded from this analysis because research indicates kindergarten students stand to benefit more from smaller class sizes. For 1<sup>st</sup> through 6<sup>th</sup> grades, the potential for reducing teacher FTEs in a school was determined by dividing the total 1<sup>st</sup> through 3<sup>rd</sup> or 4<sup>th</sup> through 6<sup>th</sup> grade student counts by the corresponding total teacher FTE. When reducing the teacher FTE resulted in class sizes within statute limitations, the potential for collapsing classes and adding any necessary educational assistants was identified. These collapses could require the creation of combination grade classes (ex. 1<sup>st</sup>/2<sup>nd</sup> grade combo class), but this could not be determined from the data available.

**Average APS elementary pupil to teacher ratios in SY22**

Grade levels	Average pupil to teacher ratio	Minimum pupil to teacher ratio	Maximum pupil to teacher ratio	NM statutory class size requirements	Recommended pupil to teacher ratio
Kindergarten	17:1	7:1	28:1	14:1 or 15-20 with EA	15-19:1
1st – 3rd Grades	18.6:1	12.6:1	23.1:1	22:1 avg. across grades (>20 in 1 <sup>st</sup> grade only with EA)	
4th – 6th Grades	20.2:1	13:1	27:1	24:1 avg. across grades	

Source: LFC analysis of APS SY22 20<sup>th</sup> day class size data

### Class size reductions have lower benefit-to-cost ratios and test score effect sizes than other interventions

Intervention	Benefit-to-Cost Ratio	Chance benefits will exceed costs	Test score effect size
Content-focused coaching for teachers	\$190	94%	0.107
Teacher professional development on data-guided instruction	\$132	98%	0.117
Literacy consultant teachers	\$32	99%	0.428
Tutoring by certified teachers	\$15	97%	0.209
More experienced teachers	\$13	99%	0.058
Reduce average class size by one student in kindergarten	\$11	99%	0.018
Reduce average class size by one student in 1 <sup>st</sup> grade	\$7	93%	0.010
Reduce average class size by one student in 2 <sup>nd</sup> grade	\$4	78%	0.006
Reduce average class size by one student in 3 <sup>rd</sup> grade	\$3	69%	0.004
Reduce average class size by one student in 4 <sup>th</sup> -6 <sup>th</sup> grades	\$2	62%	0.003

Source: 2019 LFC Results First on Educational Interventions

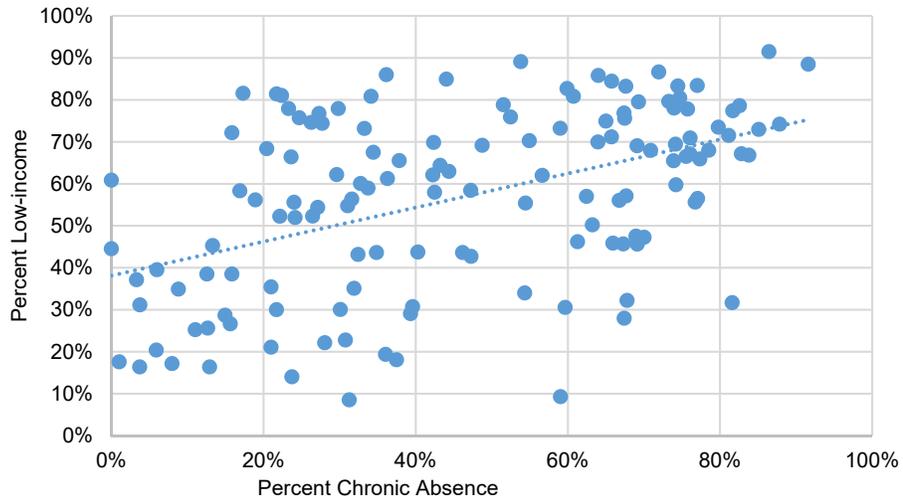
### If APS reduced its teacher FTE in elementary schools by 42.4, it could save \$2 million

	APS average salary	FTE adjustment	Potential (Savings)/Costs
Teachers	\$55,000	(42.4)	(\$2,332,000)
Educational assistants	\$18,000	13	\$234,000
<b>Total potential savings</b>			<b>(\$2,098,000)</b>

Source: LFC analysis of APS SY22 20<sup>th</sup> day class size data

## Appendix N: Low-Income Students and Chronic Absence in APS

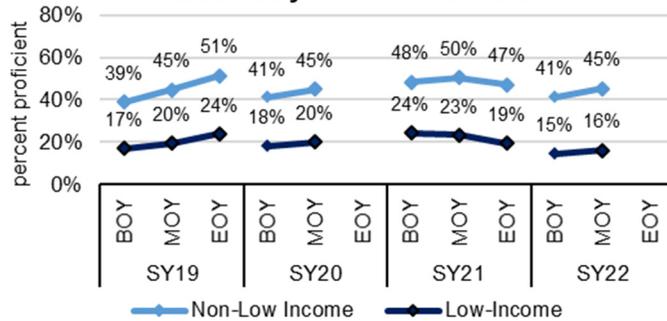
**In SY21, APS low-income students tended to have higher rates of chronic absence.**



Source: APS Attendance Plan and PED Family Income Index data

# Appendix O: APS Istation and i-Ready Assessment Data for Elementary and K-8 Schools, SY19-SY22

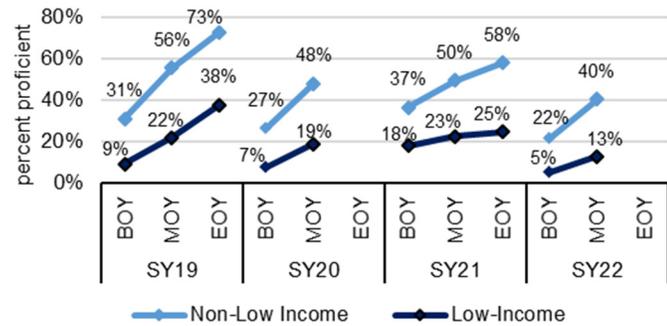
**Chart 1. The COVID-19 pandemic lowered APS student proficiency on Istation reading assessments in elementary and K-8 schools**



Note: More than 19 thousand APS students took the Istation reading test each time it was administered. There were fewer test-takers in SY21 each time the test was administered compared to other years.

Source: LFC analysis of APS internal dashboard data.

**Chart 2. The COVID-19 pandemic lowered APS student proficiency on i-Ready math assessments in elementary and K-8 schools**



Note: More than 19 thousand APS students took the i-Ready math test each time it was administered. There were fewer test-takers in SY21 each time the test was administered compared to other years.

Source: LFC analysis of APS internal dashboard data.

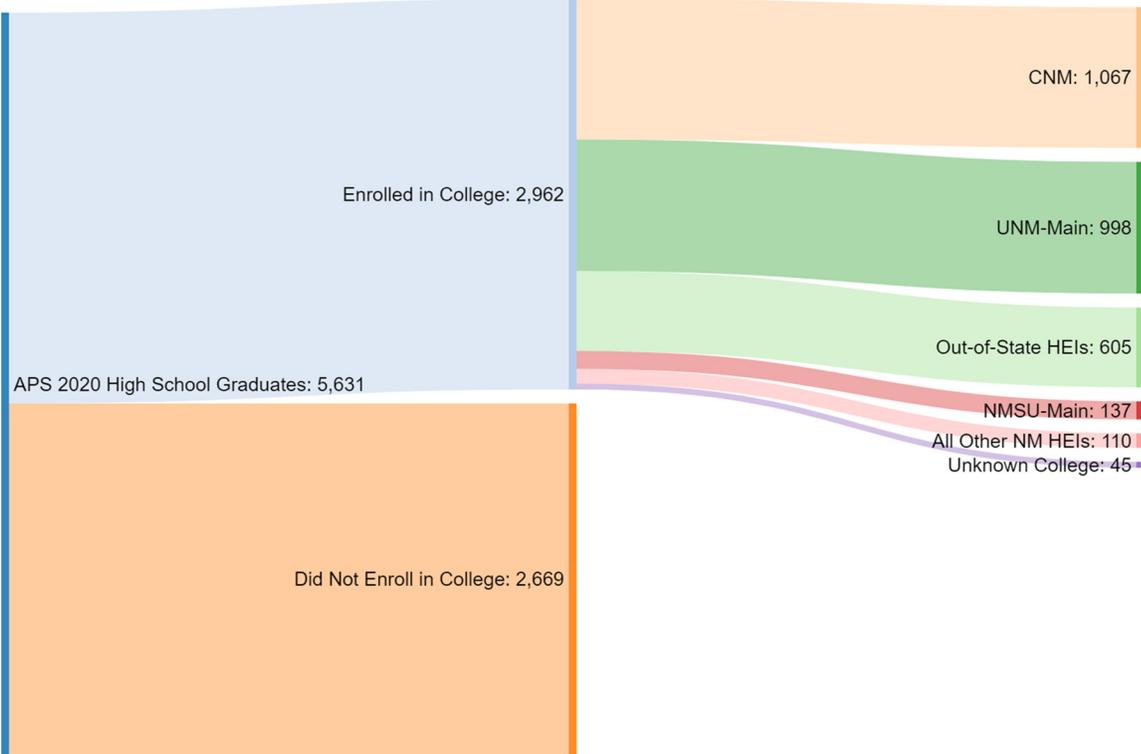
**Notes:** LFC staff compiled Istation and i-Ready proficiency data for elementary and K-8 schools from APS’s internal data dashboard in March 2022. LFC staff examined the proficiency rates for Istation reading and i-Ready math because more elementary and K-8 students took those tests in those subject areas. From SY19 through SY22, an average of 24 thousand students took the Istation reading assessment and 5.1 thousand students took the Istation math assessment each time the tests were administered in elementary and K-8 schools. Over the same timeframe, an average of 20.7 thousand students took the i-Ready reading assessment and 29.9 thousand students took the i-Ready math assessment each time the tests were administered in elementary and K-8 schools. On average, around 4 thousand fewer students took the interim assessments in SY21 each time they were administered than in other years. In SY21, 20.2 thousand students took the Istation reading exam and 25.9 thousand students took the i-Ready math exam each time it was administered.

Test	School Levels	Student Group	Testing Window	2018-19		2019-20		2020-21		2021-22	
				# of Students Tested	% Proficient						
Istation (Reading/ELA)	Elementary and K-8 Schools	All Students	BOY	26,153	22%	29,631	22.50%	20,525	29.60%	22,964	20.70%
			MOY	25,170	26%	28,421	24.80%	19,593	29.40%	23,150	22.70%
			EOY	25,069	30.30%	-	0%	20,501	25.40%	-	0
i-Ready (Math)	Elementary and K-8 Schools	FRL Students	BOY	25,087	9.30%	24,170	7%	19,346	17.90%	18,666	4.90%
			MOY	25,344	22.10%	24,733	19.00%	18,085	22.60%	20,949	12.90%
			EOY	25,294	38%	-	0	19,386	24.60%	-	0

# Appendix P: APS Pipeline of 2020 High School Graduates to College in Fall 2020

**2020 High School Graduates**

**Fall 2020 College Enrollment**



Source: LFC analysis of APS internal dashboard and National Student Clearinghouse data.

# Appendix Q: FY23 Recruitment of New Mexico High School Graduates, Three-Year History (Fall 2019 – Fall 2021)

University of New Mexico - Top Feeder High Schools to Freshman Class - Fall Semester				New Mexico State University Top Feeder High Schools to Freshman Class - Fall Semester				Central New Mexico Community College - Top Feeder High Schools to Freshman Class - Fall Semester			
High School	2019	2020	2021	High School	2019	2020	2021	High School	2019	2020	2021*
1 La Cueva HS	114	141	112	1 Centennial HS	116	98	116	1 Albuquerque HS	95	70	56
2 V. Sue Cleveland HS	93	93	116	2 Orate HS	91	101	75	2 Atasco Heritage Academy HS	177	142	99
3 Volcanso Vista HS	96	103	129	3 Las Cruces HS	81	125	77	3 Bernalillo HS	31	17	15
4 Cibola HS	69	84	78	4 Gadsden HS	58	65	71	4 Cibola HS	106	108	58
5 Eldorado HS	81	103	109	5 Mayfield HS	80	68	59	5 Charter Vocational HS	21	18	12
6 Rio Rancho HS	95	73	91	6 Santa Teresa HS	42	57	47	6 Del Norte HS	59	22	33
7 Albuquerque HS	80	74	94	7 Chaparral HS	48	26	43	7 Eldorado HS	101	79	72
8 Sandia HS	76	70	117	8 Arrowhead Park Early College HS	51	80	57	8 Highland HS	48	50	42
9 Atasco Heritage Academy HS	84	102	97	9 Deming HS	40	50	36	9 La Cueva HS	55	44	39
10 Saint Plus X HS	57	55	62	10 Students from International HSs	30	25	27	10 Los Lunas HS	40	22	20
11 Manzano HS	56	67	55	11 Iwin HS (El Paso, TX)	*	*	20	11 Manzano HS	80	58	48
12 Santa Fe HS	-	-	32	12 Alamogordo HS	36	31	22	12 Moriarty HS	26	16	22
13 Highland HS	46	-	31	13 Alta Vista Early College HS	*	31	25	13 Nex-Gen Academy	26	-	17
14 Hope Christian School	41	-	-	14 Franklin HS (El Paso, TX)	32	37	44	14 Rio Grande HS	66	55	56
15 Los Alamos HS	45	-	50	15 Artesia HS	51	24	32	15 Rio Rancho HS	159	126	73
16 Rio Grande HS	40	42	33	16 Los Alamos HS	43	24	*	16 Sandia HS	80	82	74
17 Cottonwood Classical Prep	-	-	33	17 Canutillo HS (El Paso, TX)	24	33	25	17 South Valley Academy	22	19	13
18 Valley HS	41	-	49	18 V. Sue Cleveland HS	25	27	36	18 V. Sue Cleveland HS	129	111	89
19 West Mesa HS	-	45	41	19	-	-	-	19 Valencia HS	29	13	13
20 GED - Other	44	-	26	20	-	-	-	20 Valley HS	55	45	36
21 East Mountain HS	-	-	26	21	-	-	-	21 Volcanso Vista HS	148	127	85
22 Los Lunas HS	-	-	40	22	-	-	-	22 West Mesa HS	85	63	55
23 Del Norte HS	-	-	43	23	-	-	-	23 GED - Other	112	55	60
<b>Top High School Totals</b>	<b>1,158</b>	<b>1,052</b>	<b>1,464</b>	<b>Top High School Totals</b>	<b>848</b>	<b>902</b>	<b>812</b>	<b>Top High School Totals</b>	<b>1,750</b>	<b>1,350</b>	<b>1,087</b>
Freshman Class: NM Resident Total	2,106	2,147	2,201	Freshman Class: NM Resident Total	1,564	1,551	1,409	Freshman Class: NM Resident Total	1,562	1,223	963
Freshman Class: Out-of-state total	488	643	876	Freshman Class: Out-of-state total	614	618	604	Freshman Class: Out-of-state total	155	91	93
<b>Total Freshman Class</b>	<b>2,594</b>	<b>2,790</b>	<b>3,077</b>	<b>Total Freshman Class</b>	<b>2,178</b>	<b>2,169</b>	<b>2,013</b>	<b>Total Freshman Class</b>	<b>2,502</b>	<b>1,883</b>	<b>1,586</b>
Top High School as % of NM Residents	55%	49%	67%	Top High School as % of NM Residents	54%	58%	58%	Top High School as % of NM Residents	89%	91%	89%
Top High School as % of Total Freshman	45%	38%	48%	Top High School as % of Total Freshman	39%	42%	40%	Top High School as % of Total Freshman	9%	7%	9%
Source: UNM Office of Institutional Analytics, Official Fall Enrollment Reports				Source: NMSU Office of Institutional Analytics, Official Fall Enrollment Reports				Source: CNM			
* Counts less than 40 have been masked				* Counts less than 10 have been masked				* 2021 are unofficial numbers			

# Appendix R: Excerpt of PED Presentation to School District Budget Officials, April 2022

## Acting to Meet the Martinez/Yazzie Ruling

### Legislature

- **Fund** PreK, ELTP, K-5 Plus, reading interventions
- **Provide** instructional materials, technology, curricula, and transportation
- **Improve** teacher pay, preparation, certification, and working conditions
- **Close formula loopholes** and increase at-risk student funding



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### Education Department

- Develop curriculum standards and **monitor student performance**
- Monitor and ensure schools budget funds toward evidence-based programs that **support at-risk students**
- Enforce provisions of the **Bilingual Multicultural, Indian Education and Hispanic Education Acts**



### Schools and Districts

- Expend funds for **evidence-based academic and social supports** for at-risk students
- Monitor student outcomes and provide interventions to **close achievement gaps**
- Implement **tribal consultation**, as appropriate
- Provide **professional development** and training for school employees

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## Appendix S: Components of At-Risk Index and Suggested Adjustments

Statutory Components of the At-Risk Index	Suggested Adjustments to Calculation by S. Barro
<p><b>Low income:</b> Percent of student body eligible for Title I funding based on poverty as determined by the US Census Bureau</p>	Use a school level metric like the Family Income Index.
	Add a poverty concentration factor
<p><b>English Language Learner:</b> A student whose first or heritage language is not English and who is unable to read, write, speak, or understand English at a level comparable to grade level English proficient peers and native English speakers.</p>	None.
<p><b>Student Mobility:</b> Students who were enrolled elsewhere or students who disenrolled.</p>	Eliminate the student mobility measure or replace with a method that identifies students who have attended more than the number of schools normal for their grade level.
	Potentially include a factor for Native American students.
	Differential weighting for individual factors.
	Identify specific children within a school to receive at-risk services.

Source: Section 22-8-23.23 NMSA 1978 and testimony by S. Barro to LFC 8/2021.

# Appendix T: Overview of District Use of Administrative Fees from Local Charter Schools

## How APS used its 2 percent administrative fees from its local charter schools in FY21

Expenditure Type	APS Office	Expense	Amount
Direct Expenditures	Charter School Office	Salaries & Benefits 1.0 Director & 1.0 Coordinator (2.0 FTE)	\$ 231,932
		Professional Development - NACSA Membership	\$ 3,919
		Other Contract Services	\$ 5,032
		Software	\$ 20
		General Supplies and Materials	\$ 1,250
		Fixed Assets	\$ 236
		<b>Subtotal</b>	<b>\$ 242,389</b>
	Student Information System (SIS) Office	Coordinators: State Reporting - Charters Salaries & Benefits (2.0 FTE)	\$ 158,194
	Special Education	Special Education Liaison for Charter Schools Salary & Benefits (1.0 FTE)	\$ 86,001
	Finance Office	Manager: Charter School Business Salary & Benefits (1.0 FTE)	\$ 102,898
		Manager: Charter School Business Professional Development & Miscellaneous	\$ 2,122
		Grant Management (department allocation)	\$ 77,336
		Capital Fiscal Services (department allocation)	\$ 29,629
		General Ledger Dept. (department allocation)	\$ 6,083
		Subtotal	\$ 218,068
	Background Department	12 percent of department cost	\$51,594
		<b>Direct Expenditures</b>	<b>\$756,246</b>
Indirect Expenditures	Student Information System (SIS) Office	2 FTE @ 80%	\$ 118,924
	Special Education	10% of Administrative Support	\$ 272,542
	Transportation	10% Administrative Support	\$ 181,695
	Finance Office; Operations; and Program Support, Compliance, and Oversight.	General support for APS departments providing services that charters can access.	\$ 487,541
		<b>Indirect Expenditures</b>	<b>\$ 1,060,703</b>
	<b>Total Expenditures</b>	<b>\$ 1,816,949</b>	

Source: LFC review of APS data