

NEW MEXICO  
LEGISLATIVE  
FINANCE  
COMMITTEE

Program  
Evaluation  
Unit

Program Evaluation:  
North Central School Districts

August 30, 2019

Report #19-03

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August 26, 2018

Dear Superintendents Adams, Garcia, Gutierrez, Torrez, and Trujillo:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation, *North Central School Districts*. The evaluation examined governance, financial resource allocation, and student performance in your districts. Exit conferences were conducted with each school district to review the contents of the report. The contents of the report were also discussed with Public Education Department (PED) staff.

The report will be presented to the LFC on August 30, 2019. LFC staff may follow up to ask about the implementation of the program evaluation's recommendations after the hearing.

I believe this report addresses issues the LFC asked us to review and hope your districts, PED, and New Mexico public schools 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: Senator John Arthur Smith, Chair, Legislative Finance Committee  
Representative Patricia A. Lundstrom, Vice-Chair, Legislative Finance Committee  
Representative Christine Trujillo, Chair, Legislative Education Study Committee  
Senator Mimi Stewart, Vice-Chair, Legislative Education Study Committee  
Ms. Rachel Gudgel, Director, Legislative Education Study Committee  
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Dr. Ryan Stewart, Secretary-Designate, Public Education Department  
Ms. Olivia Padilla-Jackson, Secretary, Department of Finance and Administration  
Mr. Brian S. Colón, State Auditor  
New Mexico School Superintendents Association  
New Mexico School Boards Association





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## New Mexico public education is shaped by state oversight and local decision-making

Public education is a core state responsibility accounting for \$3.25 billion, or 46 percent, of all general fund appropriations in FY20. Prompted by a district court ruling that New Mexico's education system was unconstitutionally insufficient, the Legislature increased funding for public education by \$448.2 million, or 16 percent, during the 2019 session. However, funding is only one piece of the puzzle. School districts play a key role in providing a sufficient education through strategic use of these resources inside and outside of the classroom. This evaluation of the Española, Pecos, Pojoaque, Santa Fe, and Taos school districts is one in a series that looks at the efforts and results of an individual district or a group of districts.

Most school districts in New Mexico have experienced declining enrollment due to falling birthrates and increasing charter school enrollment. Four of the five evaluated districts have seen long-term enrollment declines. Declining enrollment will continue in many school districts while the Legislature is adding significant resources to public education, which creates unique challenges for districts. The state has seen faster growth in administrative spending than in instructional spending over the same period. Growth in spending on instruction and administration within the five reviewed districts is mixed but recent data show promising trends.

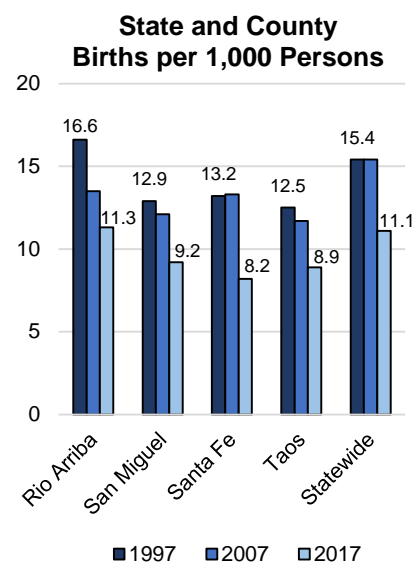
North Central districts budgeted most of their FY20 increases toward teacher salaries and benefits, and took partial advantage of funding for programs to improve student achievement. Budgeted teacher compensation and benefit increases exceed estimates of the required increases.

According to July 2019 PED data, the evaluated school districts are projected to receive \$8.8 million for FY20 K-5 Plus and extended learning time programs, or 36 percent of their possible funding for these programs. The districts could have received up to an additional \$15.7 million if they had implemented both programs districtwide. Española was awarded \$1.7 million in extended learning time program funds for FY20, but recently withdrew its funding application and is developing implementation plans for FY21. The state will need to monitor the local implementation of K-5 Plus and extended learning time programming requirements, but should also consider allowing for some temporary program flexibility.

The public education funding formula now provides more funding for at-risk students, but guidance and monitoring are needed to ensure these funds are spent on evidence-based services. New Mexico has a statutory and regulatory framework in place for tracking key inputs and outcomes, which could be used to better inform management and prioritization of funding.

Looking back at previous spending, LFC staff found risk for financial mismanagement and questionable financial planning at some districts. Only one of five districts sets targets for cash balances with one district completely

***The Legislature increased funding for public education by \$448.2 million, or 16 percent, during the 2019 session***



Source: LFC analysis of state Department of Health data

***Budgeted teacher compensation and benefit increases exceed estimates of the required increases***

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***Existing controls to improve financial management need improvement***

exhausting cash balances in recent years while another carried a 15 percent balance. Instances of districts using funding in ways inconsistent with statute, best practice, or prioritizing funds for classroom instruction include:

- Use of Public School Buildings Act funding on administration potentially exceeding statutory limits;
- Use of operational funds to supplement athletic programs;
- Use of non-recurring revenues from a building sale to fund pilot projects and some recurring operational costs;
- Use of Bilingual Multicultural Education Program (BMEP) funding to cover non-BMEP costs; and
- A lack of budget and program planning with BMEP funding.

Public Education Department (PED) oversight of financial management led to the takeover of one district's finances and the correction of other issues, such as a \$1 million funding formula correction in another district. However, existing controls to improve financial management also need improvement.

Improving performance also requires implementing best practices at the school board to ensure efficient use of monies. However, LFC staff found school district governance and leadership could benefit from increased planning, stability, and evaluation. One district did not have a published strategic plan.

***Although student performance in the five reviewed districts is below statewide averages, performance has been improving***

Although students at the five districts see approximately a year's worth of academic growth, they are generally starting further behind, likely due to poverty and other associated factors commonly referred to as the achievement gap. PED should compare practices in high-performing schools to those in low-performing schools for training and research purposes. Although student performance in the five reviewed districts is below statewide averages, performance has been improving and the potential to improve performance further exists through the implementation of evidence-based programs and practices.



## KEY FINDINGS AND RECOMMENDATIONS



In June 2019, a plaintiff court brief was filed for the Martinez-Yazzie education lawsuit claiming the Legislature had failed to fund the education budget sufficiently. The brief argued that required teacher salary increases prevented districts from budgeting funds for at-risk student services. For FY20, the evaluated school districts budgeted their largest dollar increases for instruction, specifically salaries and benefits. From FY19 estimated amounts to FY20 budgets, districts budgeted average teacher salary increases ranging from 8 percent to 13 percent. Budgeted teacher compensation and benefit increases exceed estimates of the required increases. The evaluated districts' actual spending in FY20 will likely be less than budgeted expenditures, based on past spending and \$16.6 million in budgeted cash and emergency reserves for FY20. In FY19, the five districts spent \$6 million less than was originally budgeted.

***The North Central districts budgeted most of their FY20 increases toward salaries and benefits, and took partial advantage of funding for programs to improve student achievement***

Three-fourths of New Mexico school districts have lower student enrollment than a decade ago, even though the state's overall enrollment has slightly increased. North Central school districts have experienced birthrate declines and enrollment declines, which create challenges for budgeting and capacity. Birthrates in North Central district counties are declining at rates outpacing the statewide decline.

General and central administration is the fastest-growing category of public school operational spending statewide. Between FY07 and FY18, general and central administrative expenditures grew at a faster rate than other public school expenditures, while instruction expenditures grew by a larger dollar amount. Four out of the five evaluated school districts increased operational expenditures for general and central administration and decreased expenditures for instruction from FY07 to FY18.

***Fewer students combined with growth in administrative spending reflect challenges districts face in managing resources strategically***

According to July 2019 PED data, evaluated school districts are projected to receive \$8.8 million for FY20 K-5 Plus and extended learning time programs, or 36 percent of their possible funding for these programs. The districts could have received up to an additional \$15.7 million if they had implemented both programs districtwide.

The public education funding formula now provides more funding for at-risk students, but guidance and monitoring are needed to ensure these funds are spent on evidence-based services. The evaluated districts budgeted most of their FY20 formula funding for at-risk students on student support services, but some other reported expenditures might not be evidence-based.

School district resource allocation, cash management, and budgeting practices could improve with additional guidance from PED and the districts' school boards. Cash balances varied widely in North Central districts over the last five years from 0 percent in Pojoaque to 15 percent in Taos.

***Risk for financial mismanagement and questionable district financial planning points to the need for improved oversight and policies that reflect best practices***

PED's limited number of data audits have identified and corrected millions of dollars in formula over-allocations, but more auditing is needed. PED conducted data audits on three of the five school districts from FY16 through FY18, identifying a total of \$1.4 million in over-allocations.

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***School district governance and leadership could benefit from increased planning, stability, and evaluation***

PED took over Española's finances for almost three years, but more work is needed to strengthen the district's finances and clarify PED's enhanced financial oversight process. Under PED control, the findings in Española's financial audits persisted and increased. PED released Española from enhanced financial oversight in July 2019.

The evaluated school boards have policies to guide their key functions, but some school boards could enhance planning and best practices. Pecos did not have a standalone strategic plan document. School board spending varies across school districts and is not determined by district size, which suggests there is potential for efficiencies and cost-savings.

Research suggests superintendent longevity and experience can improve student achievement. Only 15 percent, or 13 of 89, school districts statewide had the same superintendent over a six-year timeframe from school year 2012-13 (SY13) through SY18.

***Student performance in North Central school districts is below statewide averages but can improve with the implementation of proven programs and practices***

Students in North Central school districts generally gain a year's worth of academic growth, but this growth is not enough to bridge the achievement gap. North Central school district students face social and economic challenges, but school practices and planning can help students overcome them. High-performing and low-performing schools differ in the quality of their New Mexico Data, Accountability, Sustainability, and High Achievement (NM DASH) school improvement plans and use of best practices.

Rising graduation rates at evaluated school districts and statewide continue to lag behind national rates. Graduation rates improved at all evaluated school districts and statewide from SY17 to SY18.

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## Key Recommendations

The Legislature should consider

- Monitoring PED's oversight efforts with interim hearings and state Accountability in Government Act (AGA) measures;
- Adding temporary provisions to state law which authorize additional flexibility from K-5 Plus and ELTP requirements for FY21;
- Requiring school districts and charter schools to provide written financial internal control and procedures manuals to PED as part of the budget approval process.

PED should

- Develop key performance metrics for inputs and outcomes to better plan and track the use of increased funding to ensure resources are used on evidence-based programs and practices;
- Publish administrative rules specifying the department's processes, procedures, and criteria for suspending or restoring board of finance authority to a school board;
- Require school districts and schools to outline comprehensive program-level budgets in state Bilingual Multicultural Education Program (BMEP) funding applications;
- Focus additional data audits on other components of the formula, such as the at-risk student, the bilingual and multicultural education, or enrollment components;
- Require school districts to set target cash balance thresholds;
- Audit school districts' budgeted expenditures for at-risk students to ensure they qualify as evidence-based social, emotional, or academic interventions.

School boards should

- Set policies outlining target thresholds for school district unrestricted cash balances.

Schools should

- Align their NM DASH school improvement plans with the eight characteristics of high performing schools;
- Implement and expand evidence-based programming and track the implementation and outcomes of this programming.

Legislative and Executive branch staff should

- Continue to study teacher salary raises and budgeting trends across school districts and charter schools.



## New Mexico has a shared system of governance for public education where the state funds, and local communities operate, public schools

### **New Mexico's public education system balances state oversight and local control.**

New Mexico is required to establish and maintain a uniform system of free public schools sufficient for the education of all school-age children (NM Constitution Article XII, Section 13). The state oversees and regulates the operation of public schools through the Public Education Department (PED) (NM Constitution Article XII, Section 6; Section 22-2-2 NMSA 1978) and establishes laws and appropriations for public schools through the Legislature (NM Constitution Article IV, Sections 2 and 5). Local communities, through the decision-making authority of school boards and superintendents, have discretion over public school operations and expenditures. School boards are the policy-setting authorities and superintendents are the chief executive officers of school districts (Section 22-1-2 NMSA 1978).

***New Mexico's public education system is governed at the local level by 932 governing board members.***

New Mexico's public education system, comprised of 89 school districts and 97 charter schools in FY19, is governed at the local level by a minimum of 932 governing board members. State law requires that each of New Mexico's boards have at least five members (Sections 22-5-1 NMSA 1978 and 22-8B-4 NMSA 1978). School boards can choose to have seven members instead of five members (Section 22-5-3 NMSA 1978).

***New Mexico's public school funding formula is designed to equitably fund students.*** New Mexico allocates operational funding to school districts and charter schools through a funding formula called the state equalization guarantee (SEG), enacted in 1974. The SEG allocates funding on a per-student basis while addressing specific needs through multipliers for students with special needs, small schools, and other factors. The funding formula uses a model designed by the National Education Finance Project. Prior to the 1970s, most states funded public school operations primarily through local property taxes, which created wealth disparities among school districts. New Mexico was one of the first states to adopt a public education finance system where operations were primarily funded by the state. According to the U.S. Census Bureau, New Mexico's public education system ranked 4th in the nation in 2016 for its percentage of total public school revenue derived from state sources.



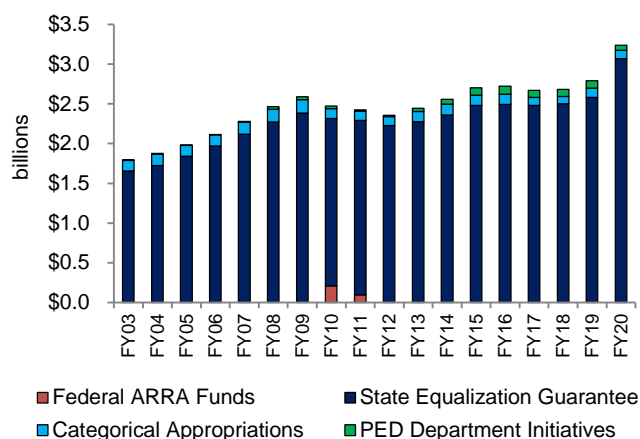
**Public education consistently represents the largest priority in the state budget.** The Legislature has prioritized public education through economic upturns and downturns and made it the largest portion of the state budget. For FY20, public education appropriations will constitute 46 percent of total recurring general fund appropriations, the highest proportion of the budget dedicated to public education since FY03. The General Appropriation Act of 2019 appropriated \$3.25 billion for public education for FY20, a \$448.2 million (16 percent) increase from FY19.

The substantial funding increases came in response to an estimated \$1.1 billion increase in state revenue, driven by oil and gas revenue, and a district court ruling in the Martinez-Yazzie education sufficiency lawsuit. The state's first district court ruled New Mexico does not meet constitutional obligations to provide a uniform and sufficient education to all school-age children because student achievement and attainment are "dismal." The ruling emphasized the need for sufficient funding and accountability within the state's public education system.

In June 2019, a plaintiff court brief was filed for the Martinez-Yazzie education lawsuit claiming the Legislature had failed to fund the education budget sufficiently. The brief also argued required teacher salary increases prevented districts from budgeting funds for at-risk student services.

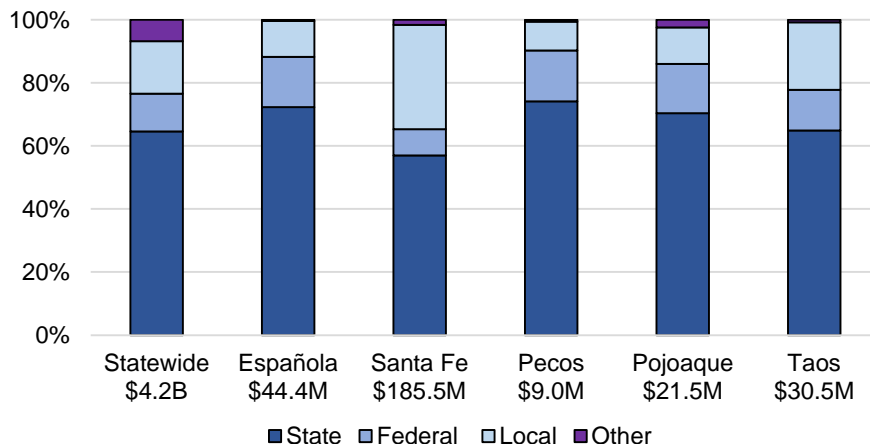
**State funding constitutes the majority of total revenue and nearly all operational revenue for public education statewide and in the evaluated school districts.** In the aggregate, the five school districts received 62 percent of their total revenue and 95 percent of their operational revenue from the state in FY18. As shown on Chart 2, state funding comprised 57 percent to 74 percent of total school district revenue for the evaluated districts compared with 65 percent of total revenue for public education statewide. As shown on Chart 3, state funding comprised 90 percent to 98 percent of operational school district revenue for the evaluated school districts compared to 95 percent of operational revenues statewide. In these charts, other revenue includes the sale of buildings, bonds, or equipment.

**Chart 1. Public Education Recurring General Fund Appropriations**



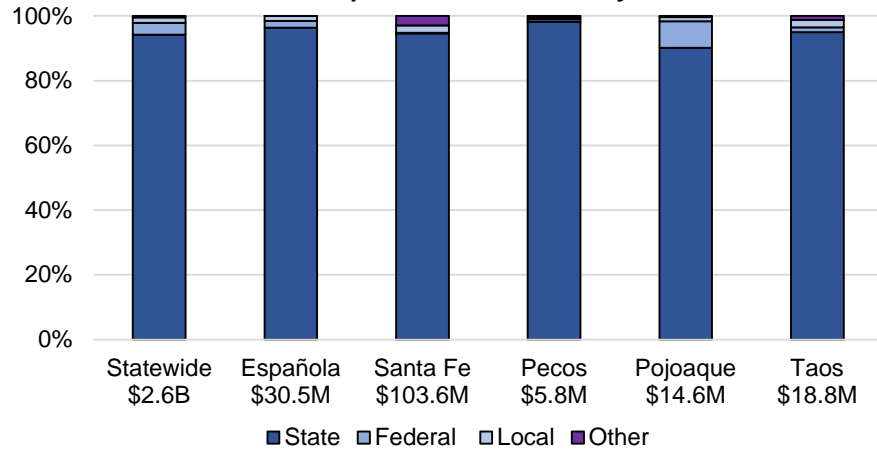
Note: ARRA means American Recovery and Reinvestment Act.  
Source: LFC Files

**Chart 2. FY18 Public Education Revenues by Source, All Funds**



Note: Other revenue includes the sale of buildings, bonds, or equipment.  
Source: LFC analysis of PED data

**Chart 3. FY18 Public Education Revenues by Source, Operational Funds Only**



Note: Other revenue includes the sale of buildings, bonds, or equipment.  
Source: LFC analysis of PED data

**LFC school district program evaluations have helped the state monitor governance, finances, and student outcomes in school districts.**

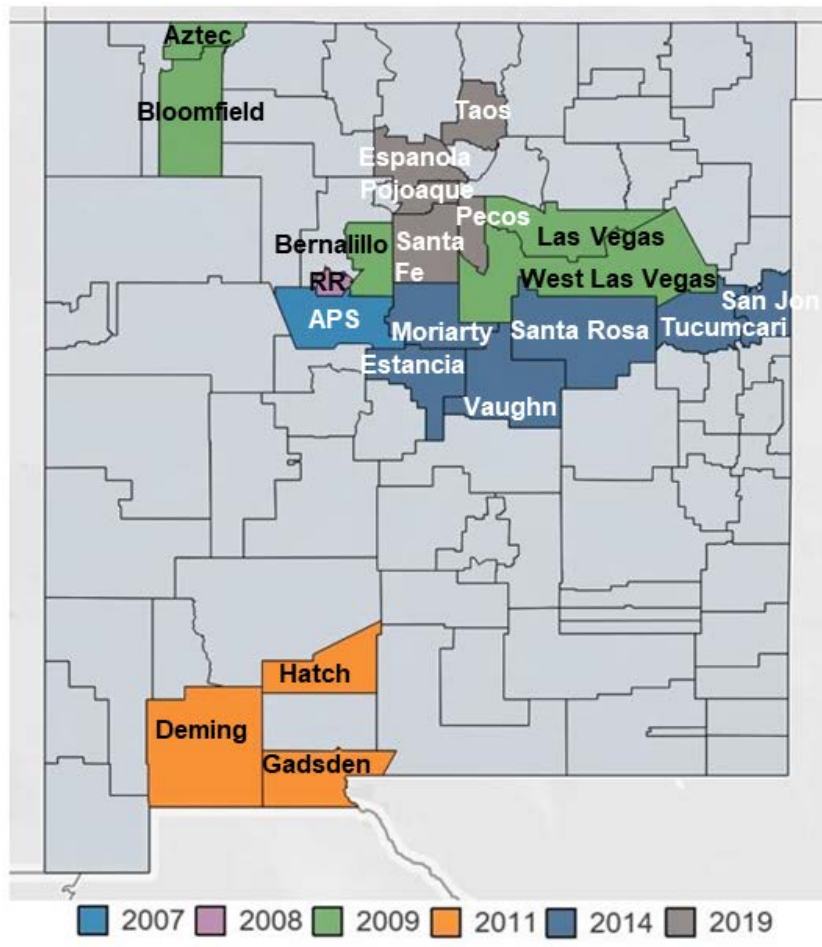
From 2007 through 2014, LFC staff conducted program evaluations of the operations and finances of 16 school districts (Albuquerque, Aztec, Bernalillo, Bloomfield, Deming, Estancia, Gadsden, Hatch, Las Vegas, Moriarty, Rio Rancho, San Jon, Santa Rosa, Tucumcari, Vaughn, and West Las Vegas). The Legislature initiated the first of these school district program evaluations during the 2007 legislative session requesting LFC review the finances of Albuquerque Public Schools.

LFC school district evaluations identified findings related to financial management inefficiencies, declining enrollment, and long-term strategic planning. Given that public education is a core state responsibility and accounts for the largest share of all state spending, continual examination of school district operations is important to ensure an effective education system.

***This program evaluation reviews the financial management, student outcomes, and governance of five school districts in the North Central region.*** Specifically, LFC staff examined the operations of Española Public Schools (Española), Pecos Independent School District (Pecos), Pojoaque Valley School District (Pojoaque), Santa Fe Public Schools (Santa Fe), and Taos Municipal School District (Taos). The North Central region was determined through the LFC staff workplan process, and the five school districts were selected based on having the highest student membership and bilingual multicultural education program units in the final FY18 funding formula within the region.

***From 2007 through 2014, LFC staff conducted program evaluations of the operations and finances of 16 school districts.***

**Figure 1. School Districts Evaluated by the  
Legislative Finance Committee from 2007 to 2019**



Source: LFC Files

## FINDINGS AND RECOMMENDATIONS

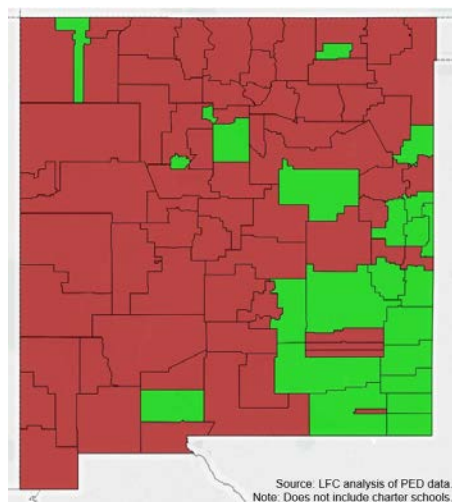
### Fewer students combined with growth in administrative spending reflect challenges districts face in managing resources strategically

**Birthrates and enrollment are declining in North Central school districts, creating challenges for budgeting and capacity.**

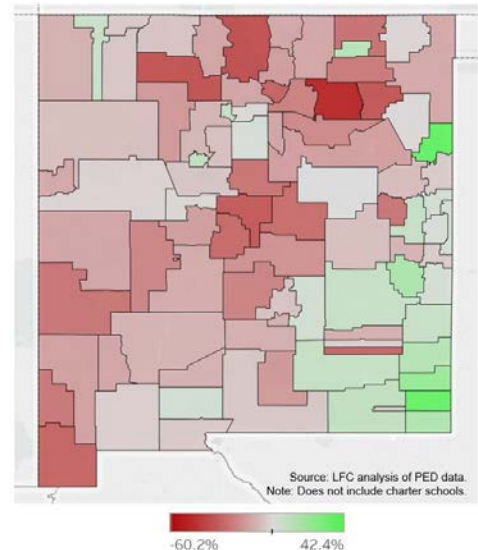
***Seventy-five percent of New Mexico's school districts had lower enrollment in FY19 than in FY09.***

Most New Mexico school districts have lower student enrollment than a decade ago, even though the state's overall enrollment has slightly increased. Statewide enrollment increased by 1.2 percent (3,900 students) from FY09 to FY19. However, 75 percent of the state's school districts (66 out of 89 districts) had lower enrollment in FY19 than FY09. Most of the 23 school districts with higher enrollment were in the eastern or southeastern regions of the state, likely because of increased oil production in the Permian Basin. Figures 2 and 3 show the change in enrollment; they do not include enrollment at charter schools.

**Figure 2. Change in School District Student Membership from FY09 to FY19**  
(Green = Increase, Red = Decrease)



**Figure 3. Percent Changes in School District Student Membership from FY09 to FY19**

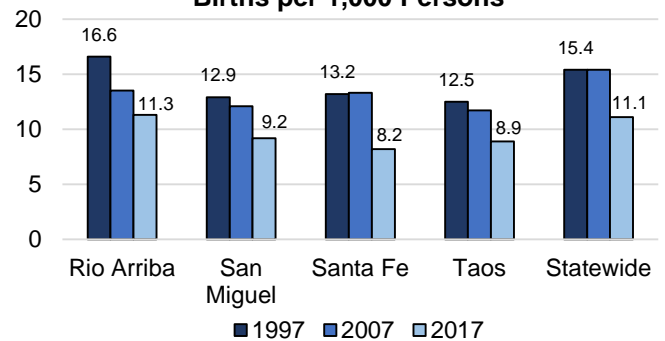


Enrollment in charter schools increased by 131 percent (14.7 thousand students) from FY09 to FY19, while enrollment in school districts decreased by 3.4 percent (10.7 thousand students). Enrollment changes ranged from an increase of 1,900 students (25 percent) in Hobbs to a decrease of 5,600 students (7 percent) in Albuquerque. Percent changes in enrollment ranged from an increase of 42 percent (93 students) in Logan to a decrease of 60 percent (94 students) in Wagon Mound.



**Birthrates in North Central counties are declining faster than the state as a whole.** Birthrates have decreased statewide by 28 percent since 1997. Birthrates for the four counties where the five evaluated school districts are located<sup>1</sup> show even greater birthrate declines. Between 1997 and 2017 rate declines range from 29 percent in San Miguel County to 38 percent in Santa Fe County. The trend will leave the North Central districts with declining enrollment and excess capacity. Additional options for students, such as charter schools, will likely also contribute to future enrollment declines.

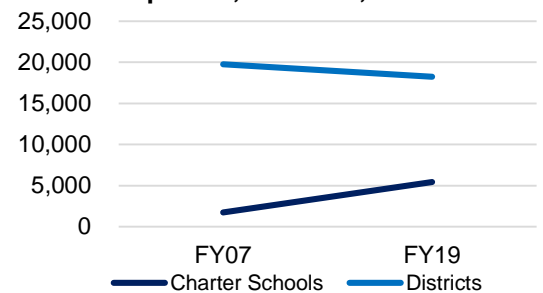
**Chart 4. State and County Births per 1,000 Persons**



Source: LFC analysis of state Department of Health data

**Four of the North Central districts have seen long-term enrollment declines.** Four of the evaluated school districts had fewer students in FY19 than in FY07. Over the past 12 years, four of the five districts have experienced declining enrollment ranging from a 23 percent decrease in Taos to a 1 percent decrease in Pojoaque.

**Chart 5. Student Membership in Española, Santa Fe, and Taos.**



Source: LFC analysis of PED data

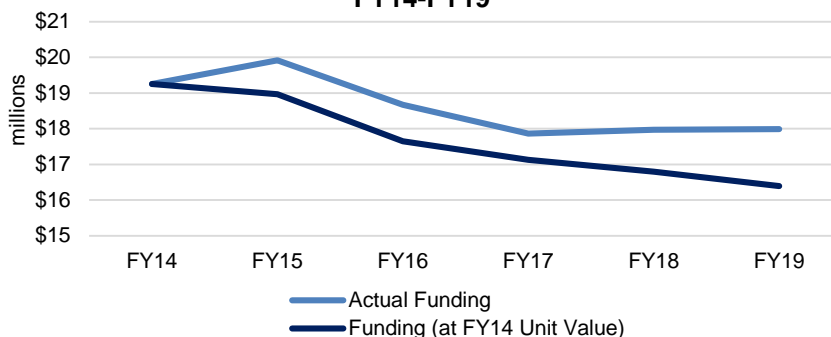
**Table 1. Change in Student Membership to FY19**

School District	FY07	FY18	FY19	12-Year Change	1-Year Change
Española	4,371	3,626	3,535	-19%	-3%
Pecos	733	596	602	-18%	1%
Pojoaque	1,982	1,914	1,968	-1%	3%
Santa Fe	12,491	12,722	12,492	0%	-2%
Taos	2,886	2,327	2,228	-23%	-4%
<b>Statewide</b>	<b>323,006</b>	<b>329,039</b>	<b>326,677</b>	<b>1%</b>	<b>-1%</b>

Source: LFC analysis of PED data.

**Funding increases mitigate the financial impact of enrollment declines.** For example, Taos had a 10 percent decrease in student membership from FY14 to FY19, the largest enrollment decrease of the five districts, but received an additional \$1.6 million in operational funding in FY19 because of increases in the SEG formula's unit value. The unit value within the SEG formula increased by 10 percent, or \$373 per unit, from \$3,818 per unit in FY14 to \$4,191 per unit in FY19.

**Chart 6. Taos School District - Formula Funding, FY14-FY19**



Note: Funding defined as program cost funding from the SEG formula.  
Source: LFC analysis of PED data

<sup>1</sup> Rio Arriba (Española school district), San Miguel (Pecos school district), Santa Fe (Santa Fe and Pojoaque school districts), and Taos (Taos school district).

**General and central administration is the fastest-growing category of operational spending statewide.**

**Operational Budget Categories**

**Instruction** – activities dealing directly with the interaction between teachers and students;

**Student Support Services** – activities designed to assess and improve the well-being of students to ensure they arrive at school able to learn;

**Instructional Support Services** – activities associated with assisting the instructional staff with the content and process of providing learning experiences for students, such as libraries or computer labs;

**General/Central Administration** – activities concerned with overall administrative responsibility for a specific school. Includes Office of the Principal.

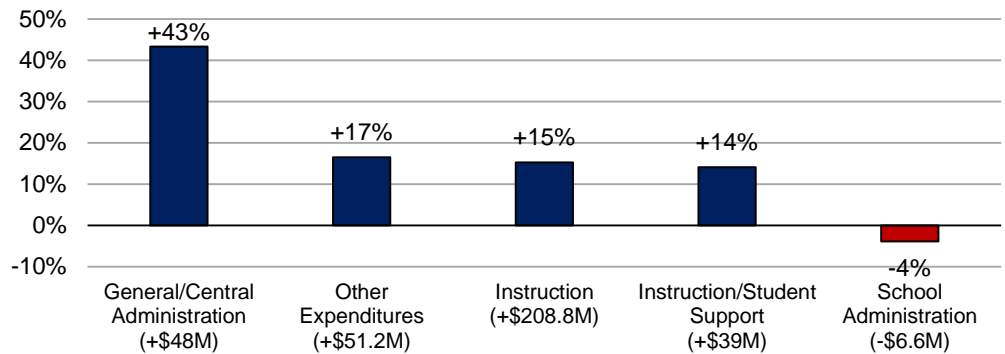
**Operation & Maintenance of Plant (O&M)** – activities concerned with keeping the physical plant open, comfortable, and safe for use;

**School Administration** – activities concerned with overall administrative responsibility for a specific school;

**Other** – all other operational expenditures such as transportation, food services, community services, and capital outlay.

It is challenging but important for districts to adjust to enrollment declines by reducing capital and administrative capacity to gain efficiencies. Between FY07 and FY18, general and central administrative expenditures grew at a faster rate than other public school expenditures. Public school operational expenditures increased by a total of \$340 million, or 15 percent, from FY07 to FY18. Statewide spending on general and central administration grew by 43 percent, or \$48 million, while spending on instruction grew by 15 percent, or \$208.8 million.

**Chart 7. Growth in Statewide Public School Operational Spending: \$340.4 Million (15 percent) Total Increase from FY07 to FY18**



Source: LFC analysis of PED financial actuals data

Four out of the five evaluated school districts increased expenditures for general and central administration and decreased expenditures for instruction from FY07 to FY18. Table 2 shows the percent changes in different categories that occurred from FY07 to FY18.

**Table 2. Change in Operational Expenditures, FY07 to FY18**

Operational Expenditures	Española		Pecos		Pojoaque		Santa Fe		Taos	
	\$	%	\$	%	\$	%	\$	%	\$	%
Instruction	-\$614,224	-4%	-\$1,342,955	-34%	-\$821,196	-10%	\$16,923,591	35%	-\$1,135,117	-9%
Instructional/Student Support	\$199,297	5%	-\$837,261	-58%	\$1,044,033	75%	\$3,107,028	28%	-\$943,889	-33%
General/Central Admin.	\$251,980	13%	\$12,679	2%	\$28,162	3%	-\$43,091	-1%	\$224,930	18%
School Admin.	-\$604,423	-26%	-\$135,996	-25%	\$187,727	17%	\$3,268,010	94%	\$170,079	20%
Other	-\$379,039	-6%	-\$507,715	-34%	\$239,020	11%	-\$1,704,740	-16%	-\$299,367	-11%
<b>Total Expenditures</b>	<b>-\$1,146,409</b>	<b>-4%</b>	<b>-\$2,811,248</b>	<b>-35%</b>	<b>\$677,747</b>	<b>5%</b>	<b>\$21,550,798</b>	<b>28%</b>	<b>-\$1,983,364</b>	<b>-10%</b>
<b>Student Membership</b>	<b>-745.0</b>	<b>-17.0%</b>	<b>-137.00</b>	<b>-18.7%</b>	<b>-68.00</b>	<b>-3.4%</b>	<b>231.00</b>	<b>1.8%</b>	<b>-559.00</b>	<b>-19.4%</b>

Source: LFC analysis of PED data

**Since 2007, statewide per-pupil administrative spending growth outpaced per-pupil instructional spending growth by 3 to 1.** Changes in enrollment are reflected in shifts in per-pupil spending over time. Per-pupil general and central administrative spending grew by 41 percent statewide, whereas per-pupil instructional spending increased by only 13 percent from 2007 to 2018. Four North Central districts saw increases in per-pupil general and central administrative spending, ranging from a 7 percent increase in Pojoaque to a 46 percent increase in Taos. School district officials noted that growth in per-pupil administrative spending may also be partially attributable to increased reporting and administrative requirements, which PED, legislative, and school district staff should examine further.

**Table 3. Per-Pupil Spending by Operational Function**

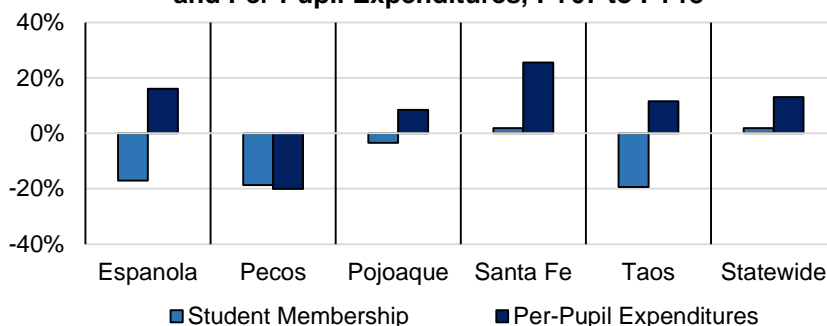
District	Category	FY07	FY18	Change	
				\$	%
Española	Instruction	\$3,703	\$4,294	\$591	16%
	General and Central Admin.	\$459	\$623	\$164	36%
Pecos	Instruction	\$5,396	\$4,383	-\$1,013	-19%
	General and Central Admin.	\$792	\$996	\$203	26%
Pojoaque	Instruction	\$4,361	\$4,086	-\$274	-6%
	General and Central Admin.	\$411	\$440	\$29	7%
Santa Fe	Instruction	\$3,868	\$4,982	\$1,113	29%
	General and Central Admin.	\$343	\$324	-\$19	-6%
Taos	Instruction	\$4,195	\$4,716	\$520	12%
	General and Central Admin.	\$432	\$633	\$201	46%
Statewide	Instruction	\$4,246	\$4,803	\$557	13%
	General and Central Admin.	\$343	\$483	\$140	41%

Note: Operational expenditure actuals were divided by funded student membership for each fiscal year.

Source: LFC analysis of PED data

The 2017 LFC program evaluation *Higher Education Cost Drivers and Cost Savings* examined per-pupil expenditure trends in higher education. The report concluded decreases in enrollment could lead to increases in spending per pupil, particularly if an institution is unable to reduce capacity as quickly as enrollment. The evaluation also found instances of excess capacity across the higher education system. Public education is likely subject to the same risks. For example, Taos's 46 percent increase in per-pupil general and central administrative expenditures likely reflect excess capacity because enrollment in FY07 was 559 students higher in FY07 than FY18.

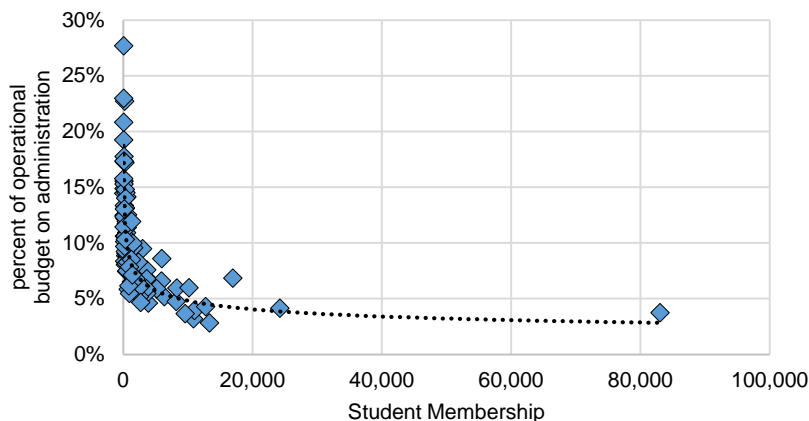
**Chart 8. Percent Change in Student Membership and Per-Pupil Expenditures, FY07 to FY18**



Source: LFC analysis of PED data

**Larger school districts spend a lower proportion of their operational budgets on administration than smaller school districts due to economies of scale.** LFC staff examined the relationship between a school district's student membership and its administrative spending as a proportion of total operational spending. As shown on Chart 9, in FY18, school districts with more students spent a lower proportion of their operational budgets on administration due to scale efficiencies. In this analysis, LFC staff defined school district general administration and central services as administrative expenditures. Charter schools authorized by PED or local school districts were excluded.

**Chart 9. Economies of Scale in School District Administration, FY18**



Source: LFC analysis of PED data

**From FY10 to FY19, statewide student-to-teacher ratios decreased at a slower rate than student-to-administrator ratios.** Research indicates low student-to-teacher ratios are associated with improved outcomes because low ratios reflect more teachers and smaller class sizes.<sup>2</sup> Since FY10, statewide student-to-teacher ratios decreased by 1 percent while statewide student-to-administrator ratios decreased by 28 percent. Of the five evaluated school districts, three districts followed the statewide trend and reduced student-to-administrator ratios over the last nine years. Performance in the five evaluated districts is mixed on student-to-teacher ratios with four districts decreasing ratios since FY10 and all five districts decreasing ratios from FY18 to FY19. Since FY10, school districts statewide gained 77 administrators while losing 437 teachers and 10.7 thousand students.

**Table 4. Administrator and Teacher Ratio Trends (FY10-FY19)**

School District	Student-to-Administrator Ratio		Student-to-Teacher Ratio	
	9-Year Change	1-Year Change	9-Year Change	1-Year Change
Española	-34%	-31%	-6%	-3%
Pecos	37%	1%	-24%	-4%
Pojoaque	75%	3%	-35%	-46%
Santa Fe	-9%	25%	-16%	-5%
Taos	-26%	-6%	7%	-10%
<b>Statewide</b>	<b>-28%</b>	<b>-2%</b>	<b>-1%</b>	<b>-1%</b>

Notes: Teachers include job codes 1411 to 1416 whereas administrators include job codes 1111, 1113, and 1114. Nine-year change compares data from FY10 actuals to FY19 budgets whereas 1-year change compares data from FY18 actuals to FY19 budgets.

Source: LFC analysis of PED Stat Book data

**Table 5. Statewide Changes in Number of Administrators, Teachers, and Students (FY10 to FY19)**

Category		FY10	FY19	Difference	Percent Change
Districts	Administrators	374	451	77	20%
	Teachers	19,301	18,864	(437)	-2%
	Students	311,449	300,724	(10,725)	-3%
Charters	Administrators	27	110	83	308%
	Teachers	841	1,550	710	84%
	Students	12,656	25,954	13,298	105%

Notes: Teachers include job codes 1411 to 1416 whereas administrators include job codes 1111, 1113, and 1114.

Source: LFC analysis of PED data

#### Declining Enrollment Cost Saving Opportunities

Opportunities to identify cost savings, freeing up resources for other needs, may arise as school districts see declining enrollment. For example, in May 2019, Santa Fe school district discussed a reduction in expenditures to special education because of fewer students in the program (due to some students graduating) and fewer students requiring complex services. The recommended reduction from Santa Fe staff to the school board was \$0.9 million, freeing up resources to cover needs in other areas.

**The evaluated school districts have excess building capacity.** LFC staff analyzed data from the state Public School Facilities Authority (PSFA) comparing the number of students schools were designed to support with student enrollment in the 2017-18 school year (SY18). Student enrollment made up 37 percent (Pecos) to 85 percent (Pojoaque) of school capacity in the evaluated districts. These data suggest school districts will have to examine their building capacity if declining student enrollment trends continue. However, previous efforts in at least one school district to consider school consolidations was met with opposition (see Santa Fe Public School case study). The Public School Capital Outlay Council should consider developing criteria for use by school districts to determine when it is appropriate to close or consolidate schools. School districts could reduce unused space by allowing charter schools to leverage unused district space.

<sup>2</sup> LFC. (January 2019). "Results First Cost and Benefits of Selected Evidence-Based Interventions in Public Education." p.25-26.



**Table 6. School Building Design Capacity and Student Enrollment, SY18**

School District	Design Capacity	Student Enrollment	Enrollment as a Percent of Capacity
Española	5,822	3,432	59%
Pecos	1,268	468	37%
Pojoaque	2,382	2,029	85%
Santa Fe	15,270	12,337	81%
Taos	4,790	2,273	47%

Note: Student enrollment reflects 40<sup>th</sup> day enrollment.

Source: LFC analysis of PSFA data

**Washington has a nonpartisan forecasting council to project future public education enrollment; New Mexico could benefit from similar long-term forecasting efforts.** Nonpartisan forecasting councils allow states to more accurately predict long-term enrollment and examine how multiple factors and policy changes may impact the student enrollment projection. New Mexico could benefit from projecting student enrollment numbers in a similar way, especially since birthrates dropped 28 percent from 1997 to 2017. PED likely has the capacity to perform long-term enrollment projections. PED should develop projections for estimated K-12 student enrollment for use by school districts.

### Challenges in Reducing Capacity

#### Case Study: Santa Fe studied consolidating small schools but lacked community support

According to a 2017 district staff presentation to the school board, enrollment in Santa Fe declined by 4 percent between 2014 and 2017. Due to a falling birthrate, stable prekindergarten enrollment, and an aging population, school district officials project the trend will continue over the next decade, albeit at a slower rate. In 2018, the district completed a study on three south-central elementary schools (Chaparral Elementary, E.J. Martinez Elementary, and Nava Elementary) with excess capacity and needs for capital improvements. The study determined Chaparral was the best candidate for rebuilding based on its location, capacity, capital needs, and ability to provide for future programming. Closing or repurposing E.J. Martinez and Nava would have saved the district \$1.5 million to \$2 million annually in operational costs and boosted enrollment at the remaining south-central schools.

After numerous public meetings on the issue, in May 2018, the school board postponed a decision on rebuilding Chaparral or closing E.J. Martinez and Nava. During the public comment portion of the board meeting where the vote was to take place, not a single parent, teacher, or student spoke in support of closures. According to district staff and officials interviewed by LFC staff, there is little community support to consolidate schools. At the same time, school district and school board officials noted that operating underenrolled elementary schools is not sustainable long-term.

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## Recommendations

School districts should

- Set guidelines and targets to help control administrative growth and steer dollars toward classroom instruction.

PED, legislative, and school district staff should

- Examine the relationship between administrative requirements and trends in administrative spending.

Public School Capital Outlay Council should consider

- Developing criteria for school districts to determine when it is appropriate to close or consolidate schools based on available space;
- Developing criteria for school districts to determine when it is appropriate to move charter schools into unused district space.

PED should

- Develop projections for estimated K-12 student enrollment for use by school districts.

## North Central districts budgeted most of their FY20 increases toward salaries and benefits, and took partial advantage of funding for programs to improve student achievement

**Substantial state funding increases for public education were intended to improve instructional quality and student outcomes.**

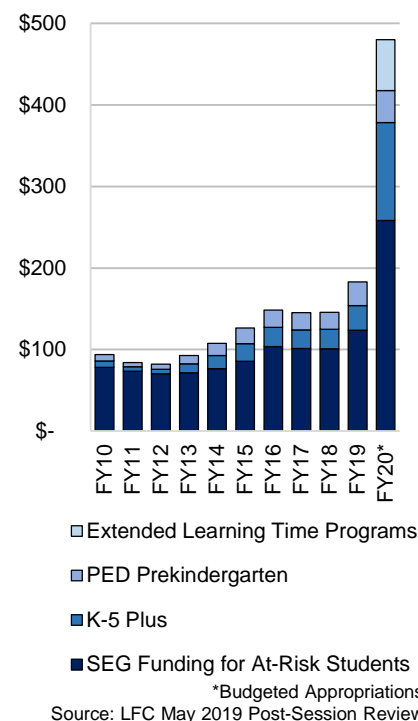
The Legislature provided increased funding for public education for FY20 in response to state revenue gains and a district court ruling that found New Mexico did not meet its constitutional obligations to provide a uniform and sufficient education to all school-age children, as evidenced by “dismal” student achievement. In June 2019, a plaintiff court brief was filed for the Martinez-Yazzie education lawsuit claiming the Legislature had failed to fund the education budget sufficiently. The brief also argued required teacher salary increases prevented districts from budgeting funds for at-risk student services.

Recurring general fund appropriations for public education in the 2019 General Appropriation Act totaled \$3.25 billion, an increase of \$448.2 million (16 percent). The Legislature provided additional funding to raise teacher salaries; increase state equalization guarantee (SEG) formula funding for at-risk students; expand participation in prekindergarten; and establish or expand programs that increased instructional time. The five evaluated districts budgeted SEG funding increases ranging from \$496 thousand in Pecos to \$12 million in Santa Fe.<sup>3</sup>

Much of the new funding was focused on efforts to improve student outcomes and close the achievement gap between high- and low-performing students. A 2018 LFC evaluation found extended instructional time, through longer school days or years, could help mitigate the summer learning loss disproportionately affecting low-income students. In 2019, the Legislature appropriated \$182 million for the K-5 Plus extended school year program and extended learning time programs that provide additional school days and afterschool programs. Participation in K-5 Plus and extended learning time is voluntary, and funding carries certain requirements to ensure program fidelity.

Ultimately, appropriations from the Legislature and decisions by local school districts are both key to ensuring access to a quality education. LFC staff compared available financial data<sup>4</sup> for FY19 with submitted budgets for FY20 to understand how

**Chart 10. Program Funding for At-Risk Students**  
(in millions)



**Table 7. Budgeted State Equalization Guarantee Increase From FY19 to FY20**

School District	FY19	FY20 Budgeted	Change	
			Amount	Percent
Española	\$29,665,422	\$31,531,939	\$1,866,517	6%
Pecos	\$5,694,208	\$6,190,152	\$495,944	9%
Pojoaque	\$13,063,602	\$15,255,599	\$2,191,997	17%
Santa Fe	\$99,250,449	\$111,239,284	\$11,988,835	12%
Taos	\$17,701,275	\$19,627,810	\$1,926,535	11%
<b>Statewide</b>	<b>\$2,582,377,551</b>	<b>\$3,068,803,351</b>	<b>\$486,425,800</b>	<b>19%</b>

Source: PED OBMS Data and LFC Post-Session Reviews

<sup>3</sup> In June 2019, the Martinez-Yazzie plaintiff court brief reported that Santa Fe “has an SEG allocation for 2019-20 of a little over \$111 million. This amounts to \$7.1 million more than last year.” (p.7) However, the court brief did not mention the reported \$7.1 million increase does not include SEG funding increases related to K-5 Plus or extended learning time programs.

<sup>4</sup> Based on data availability, LFC staff used districts’ estimated FY19 amounts (included in districts’ FY20 submitted budgets) for Española, Pecos, Santa Fe, and Taos. LFC staff used available FY19 actuals reported by Pojoaque on PED’s Operating Budget Management System (OBMS).

districts are electing to spend the additional resources provided by the Legislature. Issues such as larger than anticipated salary increases and limited participation in K-5 Plus will warrant ongoing examination by the Legislature and PED.<sup>5</sup>

**The evaluated school districts budgeted their largest dollar increases for instruction, specifically salaries and benefits.** Spending on instruction is budgeted to grow at a faster rate than spending on general and central administration in the five districts. Española budgeted a 25 percent decrease in general and central administrative spending and a 15 percent increase in spending on instruction. Pecos, Pojoaque, Santa Fe, and Taos budgeted emergency reserve expenditures in the “other” expenditures category.

**Table 8. Budgeted Expenditure Changes from FY19 Estimated Actuals and FY20 Budgeted**

Expenditure Category	Española		Pecos		Pojoaque		Santa Fe		Taos	
	\$	%	\$	%	\$	%	\$	%	\$	%
Instruction	\$2,484,070	15.6%	\$483,361	16.8%	\$1,245,132	16.8%	\$9,076,139	13.3%	\$3,545,523	32.4%
Instruction/Student Support	\$238,115	5.1%	(\$43,828)	-5.7%	\$56,050	2.5%	(\$447,494)	-2.6%	\$428,594	20.1%
General/Central Admin	(\$686,713)	-25.3%	\$57,819	9.3%	\$87,251	9.9%	\$306,780	5.8%	\$232,110	14.3%
School Admin	\$162,569	8.2%	\$35,185	8.0%	\$151,575	12.1%	\$538,537	7.6%	\$109,735	9.6%
Other	(\$727,695)	-10.2%	\$293,760	22.1%	\$663,385	25.9%	\$3,813,456	34.8%	\$320,131	12.6%
<b>Total Change</b>	<b>\$1,470,346</b>	<b>4.5%</b>	<b>\$826,297</b>	<b>13.7%</b>	<b>\$2,203,395</b>	<b>15.4%</b>	<b>\$13,287,418</b>	<b>12.2%</b>	<b>\$4,636,093</b>	<b>25.2%</b>

Source: LFC analysis of PED data

Though most districts plan to spend most of their instructional increases on salaries and benefits, the proportions vary by district. For example, Taos budgeted 35 percent, or \$1.2 million, of its FY20 increase for instruction on other expenditures, which includes a \$692 thousand increase in spending on general equipment and supplies.<sup>6</sup>

**Table 9. Funding Changes in Instruction, FY19 to FY20**

Category	Española	Pecos	Pojoaque	Santa Fe	Taos
Teacher Comp/Benefits	\$2,211,190	\$402,618	\$1,112,434	\$7,475,089	\$2,150,994
Other Comp/Benefits	(\$50,898)	\$27,378	(\$184,692)	\$1,137,486	\$165,701
Other Expenditures	\$323,778	\$53,365	\$317,390	\$463,564	\$1,228,828
<b>Total</b>	<b>\$2,484,070</b>	<b>\$483,361</b>	<b>\$1,245,132</b>	<b>\$9,076,139</b>	<b>\$3,545,523</b>
<b>Comp/Benefits as a percent of Total</b>	<b>87%</b>	<b>89%</b>	<b>75%</b>	<b>95%</b>	<b>65%</b>

Source: LFC analysis of PED data

**Districts budgeted average teacher salary increases ranging from 8 percent to 13 percent.** During the 2019 session, the Legislature appropriated an additional \$78 million into the SEG funding formula to raise teacher salaries and an additional \$38 million to establish new teacher salary minimums. The total \$116 million appropriation funded an average 9 percent teacher compensation increase statewide. As shown in Table 10, Pojoaque funded an 8 percent increase in teacher compensation whereas the other North Central districts budgeted 11 percent or higher. Budgeted increases may vary from the funded 9 percent for a number of reasons including districts addressing issues of compaction, enrollment declines, or local practices.

<sup>5</sup> Operational budget data will include funding for K-5 Plus and extended learning time programs, but not prekindergarten programs or other grant programs.

<sup>6</sup> Budget object codes 56118, 57331, and 57332.

Growth in average teacher salaries was similar to growth in average teacher benefits in Pecos, Santa Fe, and Taos. Pojoaque had an average teacher salary increase of 8 percent and an average teacher benefits increase of 19 percent. Española had an average teacher salary increase of 11 percent but an average benefits increase of 31 percent. Española's \$1.1 million increase in benefits for instructional staff includes a \$326 thousand increase in workers' compensation premiums from \$0 in FY19.

**Table 10. Budgeted Teacher Compensation and Benefit Increases**

Category	District	FY19			FY20			Change in \$ per FTE	
		Amount	FTE	\$ per FTE	Amount	FTE	\$ per FTE	Amount	Percent
Compensation	Española	\$10,413,981	222.2	\$46,868	\$11,590,580	222.2	\$52,163	\$5,295	11%
	Pecos	\$1,650,525	37.0	\$44,609	\$1,955,165	39.0	\$50,132	\$5,524	12%
	Pojoaque	\$4,810,244	97.3	\$49,422	\$5,498,838	102.8	\$53,517	\$4,095	8%
	Santa Fe	\$42,202,850	845.9	\$49,893	\$47,783,837	845.9	\$56,491	\$6,598	13%
	Taos	\$6,662,265	132.3	\$50,350	\$8,109,411	145.1	\$55,888	\$5,539	11%
Benefits	Española	\$3,325,762	222.2	\$14,967	\$4,360,352	222.2	\$19,624	\$4,656	31%
	Pecos	\$584,572	37.0	\$15,799	\$682,550	39.0	\$17,501	\$1,702	11%
	Pojoaque	\$1,651,479	97.3	\$16,968	\$2,075,319	102.8	\$20,198	\$3,230	19%
	Santa Fe	\$15,312,749	845.9	\$18,103	\$17,206,851	845.9	\$20,342	\$2,239	12%
	Taos	\$2,491,583	132.3	\$18,830	\$3,195,430	145.1	\$22,022	\$3,192	17%

Notes: Compensation data from Job Codes 1411-1422 and 1621 in expenditure reports.

If teachers received 90 percent of compensation in the instruction budget, then it was assumed that teachers also received 90 percent of benefits in the instruction budget.

Source: LFC analysis of PED OBMS data

***The teacher compensation and benefit increases budgeted by the districts exceed state estimates of the required increases.***

For the FY20 budget, Legislative and Executive staff estimated the additional appropriations needed to pay for the required increases to teacher compensation and benefits statewide.<sup>7</sup> To determine how much each evaluated district would need to implement the required increases, LFC staff replicated the state's methodology for each district by applying a 6 percent increase to FY19 amounts and then adding estimated amounts for raising teacher minimum salaries.<sup>8</sup> Based on this analysis, LFC staff estimates the five districts budgeted larger increases to teacher compensation and benefits than the required amounts.

**Table 11. Increases in Funding Teacher Compensation and Benefits, FY19 to FY20**

School District	Required Teacher Compensation and Benefits Increases (Estimated)	Budgeted Teacher Compensation and Benefits Increases
Española	\$1,318,621	\$2,211,190
Pecos	\$183,884	\$402,618
Pojoaque	\$593,721	\$1,112,434
Santa Fe	\$4,916,942	\$7,475,089
Taos	\$998,140	\$2,150,994

Source: LFC analysis of PED data

***The evaluated districts' actual spending in FY20 will likely be less than budgeted expenditures, based on past spending and \$16.6 million in budgeted cash and emergency reserves for FY20.*** PED budgeting rules require budgeted expenditures to balance with all cash and revenues. These FY20 operating budgets contain \$16.6 million in cash assets and emergency reserves to mitigate the risks of unexpected expenditures.

**Table 12. Cash Assets and Emergency Reserves in Operational Budgets, FY20 Budgets**

	Category	Española	Pecos	Pojoaque	Santa Fe	Taos
Budgeted Revenues	Cash Assets	\$1,798,441	\$640,007	\$7,184	\$6,830,253	\$2,748,949
	Revenues	\$32,023,168	\$6,239,378	\$16,538,642	\$115,384,306	\$20,291,752
	<b>Total Revenues</b>	<b>\$33,821,609</b>	<b>\$6,879,385</b>	<b>\$16,545,826</b>	<b>\$122,214,559</b>	<b>\$23,040,701</b>
Budgeted Expenditures	Emergency Reserves	\$0	\$100,000	\$751,000	\$3,553,524	\$134,137
	Expenditures	\$33,821,609	\$6,779,385	\$15,794,826	\$118,661,035	\$22,906,564
	<b>Total Expenditures</b>	<b>\$33,821,609</b>	<b>\$6,879,385</b>	<b>\$16,545,826</b>	<b>\$122,214,559</b>	<b>\$23,040,701</b>

Source: LFC analysis of PED OBMS data

<sup>7</sup> Specifically, staff estimated a \$78 million appropriation for 6 percent teacher raises by taking the statewide teacher compensation and benefit cost from FY19 operating budgets and multiplying it by 6 percent. Staff estimated a separate \$38 million appropriation for raising teacher salary minimums (after 6 percent raises) based on a PED analysis provided to LFC and the Department of Finance and Administration (DFA).

<sup>8</sup> The estimated amounts for raising teacher salaries up to the new statutory minimums were compiled from an analysis prepared by PED and used by LFC and DFA staff.

***In FY19, the five districts spent \$6 million less on operations than was originally budgeted.***

School districts spent \$6 million less on operations than anticipated in FY19. When LFC staff compared FY19 submitted budgets with FY19 estimated amounts, the evaluated school districts' total operational spending was less than budgeted by 2 percent to 10 percent. The five districts spent less on instruction than budgeted by 4.5 percent to 14 percent. These data suggest school districts will spend less than budgeted in FY20.

**Table 13. Estimated Actual Spending Above/(Below) Budgeted Operational Spending in FY19**

Expenditure Category	Española		Pecos		Pojoaque		Santa Fe		Taos	
	\$	%	\$	%	\$	%	\$	%	\$	%
Instruction	(\$741,742)	-4.5%	(\$198,282)	-6.4%	\$235,260	3.3%	(\$3,512,749)	-4.9%	(\$1,778,986)	-14.0%
Instruction/Student Support	(\$84,262)	-1.8%	\$54,783	7.6%	\$58,043	2.7%	\$2,178,231	14.2%	(\$65,961)	-3.0%
General/Central Admin	(\$56,602)	-2.0%	(\$34,664)	-5.3%	(\$26,560)	-2.9%	\$637,970	13.7%	(\$37,020)	-2.2%
School Admin	\$107,783	5.7%	\$17,592	4.1%	\$16,663	1.4%	(\$411,128)	-5.5%	(\$2,085)	-0.2%
Other	\$75,230	1.1%	(\$159,426)	-10.7%	(\$970,843)	-27.5%	(\$1,084,904)	-9.0%	(\$220,466)	-8.0%
<b>Total Below Budget</b>	<b>(\$699,593)</b>	<b>-2.1%</b>	<b>(\$319,997)</b>	<b>-5.0%</b>	<b>(\$687,439)</b>	<b>-4.6%</b>	<b>(\$2,192,580)</b>	<b>-2.0%</b>	<b>(\$2,104,518)</b>	<b>-10.3%</b>

Source: LFC analysis of PED data

***The five districts could have received an additional \$15.7 million if they had implemented K-5 Plus and extended learning time programs districtwide.***

***According to July 2019 PED data, evaluated school districts are projected to receive \$8.8 million for FY20 K-5 Plus and extended learning time programs, or 36 percent of their possible funding for these programs.*** For FY20, the Legislature appropriated \$120 million for K-5 Plus and \$62 million for extended learning time programs (ELTPs). Based on LFC staff analysis of PED data, \$98.2 million statewide is estimated to remain unspent from the K-5 Plus (\$80.5 million) and ELTP (\$17.7 million) appropriations. If the districts had implemented these programs districtwide, the five evaluated school districts could have generated an additional \$15.7 million for K-5 Plus (\$11.2 million) and ELTP (\$4.5 million). LFC staff estimated unleveraged funding for the evaluated districts as the difference between formula funding for the school districts under full participation and budgeted participation.

**Table 14. Estimated Unleveraged K-5 Plus and ELTP Funding for Selected School Districts, FY20 (July 2019 Data)**

School District	K-5 Plus				ELTP		
	Funding with Full Participation	Funding for July 2019	Funding for June 2020	Estimated Unleveraged Funding	Funding with Full Participation	Budgeted Funding	Estimated Unleveraged Funding
Española	\$2,470,115	\$0	\$0	\$2,470,115	\$1,775,260	\$1,688,897	\$86,363
Pecos	\$376,989	\$119,157	\$42,893	\$214,939	\$302,447	\$0	\$302,447
Pojoaque	\$1,098,780	\$253,380	\$70,940	\$774,460	\$988,194	\$396,487	\$591,708
Santa Fe	\$8,830,987	\$1,842,143	\$515,754	\$6,473,090	\$6,273,547	\$3,783,822	\$2,489,725
Taos	\$1,275,804	\$0	\$0	\$1,275,804	\$1,118,640	\$80,352	\$1,038,288
<b>Total</b>	<b>\$14,052,674</b>	<b>\$2,214,680</b>	<b>\$629,587</b>	<b>\$11,208,407</b>	<b>\$10,458,087</b>	<b>\$5,949,557</b>	<b>\$4,508,530</b>

Note: Funding formula amounts are based on a PED preliminary unit value of \$4,565.41 for FY20.

Note: According to PED, Española recently withdrew its application for ELTP funding.

Source: LFC analysis of PED data

According to July 2019 PED data, approximately 23 thousand students in 207 schools will participate in K-5 Plus and 88 thousand students in 338 schools will participate in ELTPs in FY20. This statewide participation makes up an estimated 26 percent of the budgeted capacity for K-5 Plus (87.6 thousand students) and 71 percent of the budgeted capacity for ELTPs (123 thousand students).

For the five evaluated school districts, local participation in the K-5 Plus and ELTPs varies by school district and program. Budgeted FY20 K-5 Plus participation ranges from 0 percent to 32 percent of full participation, while budgeted ELTP participation ranges from 0 percent in Pecos to districtwide in Española (See Chart 15). However, Española recently withdrew its ELTP



funding application. Full participation in FY20 for K-5 Plus was estimated using FY19 student membership in grades K-5 and full participation for ELTPs was based on FY19 student membership in grades K-12.

**Table 15. Full and Budgeted Participation in K-5 Plus and ELTPs, FY20 (July 2019 Data)**

Program	District	Full Participation	Budgeted Participation	Participation Rate
K-5 Plus	Española	1,804	0	0%
	Pecos	275	87	32%
	Pojoaque	802	185	23%
	Santa Fe	6,448	1,345	21%
	Taos	932	0	0%
ELTPs	Española	3,535	3,363	95%
	Pecos	602	0	0%
	Pojoaque	1,968	790	40%
	Santa Fe	12,492	7,535	60%
	Taos	2,228	160	7%

Note: According to PED, Española recently withdrew its application for ELTP funding.

Source: LFC analysis of PED data

**Implementation of K-5 Plus and ELTP programming requirements should be monitored by the state.** Española, Pecos, Pojoaque, Santa Fe, and Taos all applied for K-5 Plus and/or ELTP funding, which comes along with requirements for successful applicants. K-5 Plus programs require an additional 25 instructional days and keeping students with their regular teachers. ELTPs require additional instructional days, afterschool programming, and teacher professional development. To ensure programming is delivered with fidelity and program awards are dedicated to program delivery, PED is conducting program site visits, data verification, and school calendar checks.

Additionally, reasons for difficulties in program implementation should be examined. A number of issues may be playing a role in the participation in and implementation of K-5 Plus and ELTPs. In structured interviews, district personnel listed a number of potential reasons for difficulties in implementation including a compressed timeline, inability or unwillingness to adjust schedules on the part of teachers and/or the community, and a lack of resources to implement new programming.

#### ELTP Implementation and Monitoring Status

During fieldwork, LFC staff noted board approved FY20 school calendars for Española, Santa Fe, Taos, and Pojoaque do not significantly differ from FY19 school calendars in terms of school days and all four districts are continuing the practice of early release days. The Los Lunas school district recently eliminated its early release days in order to add instructional time. However, school calendars alone might not reflect adjustments made in number of school hours or summer programming. Additionally, parents have not received communications about ELTP implementation in some of these districts. According to PED, they are currently developing a plan to review district applications and activities to ensure they are meeting program requirements. PED is also conducting program site visits, data verification, and school calendar checks. PED has completed 10 site visits.

Of particular interest was Española, which was awarded \$1.69 million for ELTP in FY20, however Española school board documents indicate the district did not approve an extended learning time program for FY20. Española is instead planning to create a task force to explore implementation of K-5 Plus and ELTP in FY21. According to PED, Española recently withdrew their ELTP application for FY20.

#### **All five of the evaluated school districts operate prekindergarten programs in their communities.**

Based on PED planned awards and participation data, the evaluated school districts will receive prekindergarten funding awards ranging from \$216 thousand in Pecos to \$2.5 million in Santa Fe for FY20. LFC reports have consistently found prekindergarten programs improve math and reading proficiencies for low-income 4-year-olds, reduce special education and retention rates, and decrease negative effects of transience. The Legislature appropriated \$42.5 million for school-based prekindergarten programs (which includes \$3.5 million from the federal Temporary Assistance for Needy Families grant) for FY20, a \$10 million, or 30.8 percent, expansion from FY19.

**Table 16. School-Based Prekindergarten Participation, FY20**

School District	Number of Schools	Half-Day Participants	Extended Day Participants	Planned FY20 Funding
Española	3	0	52	\$419,000
Pecos	1	0	30	\$216,000
Pojoaque	1	0	50	\$350,000
Santa Fe	14	0	340	\$2,473,764
Taos	2	0	70	\$490,000
<b>Statewide</b>	<b>212</b>	<b>3,087</b>	<b>3,913</b>	<b>\$42,554,507</b>

Source: PED

**Santa Fe Public Schools currently operates 11 community schools.**

**SEG funding for at-risk students can also be used to implement community schools, which integrate academics, health and social services, and community engagement, to boost student achievement.** Santa Fe currently operates 11 community schools. Taos is piloting its first community school model at Enos Garcia Elementary this Fall. Community schools seek to meet students' social, physical, and emotional needs, in addition to supporting academic development. This "whole child" approach to education aims to mitigate the negative effects that experiences like abuse, neglect, food insecurity, violence, and homelessness have on learning and student outcomes. In addition to SEG funding for at-risk students, the General Appropriation Act of 2019 also contained line-item appropriations specifically for implementing community school initiatives (\$2 million) and school-based health centers (\$1.35 million) across the state.

A June 2019 Legislative Education Study Committee (LESC) report analyzed the community schools model at 29 schools in Albuquerque, Las Cruces, and Santa Fe. LESC found that reading and math proficiencies improved at community schools that had operated for five or more years. These gains tracked statewide improvements in proficiency, meaning the community schools have not reduced overall achievement gaps. LESC reports this is likely attributable to the fact that New Mexico's community schools have not implemented the model with fidelity.

**The public education funding formula now provides more funding for at-risk students, but guidance and monitoring are needed to ensure these funds are spent on evidence-based services.**

**The Legislature has increased funding for at-risk students in the SEG funding formula multiple times since 2014.** The state has long recognized that at-risk students tend to lag behind peers and require additional resources to help them catch up academically. The SEG formula has an "at-risk index" component that allocates additional funding to school districts and charter schools based on their number of at-risk students.<sup>9</sup> Recent increases in funding for at-risk students began when the Legislature raised the at-risk index multiplier in 2014 and 2018. Funding for at-risk students will continue in FY20 and subsequent fiscal years because of an additional increase to the at-risk index multiplier from the 2019 legislative session. The FY20 state budget included an additional \$113 million to cover increased at-risk funding in FY20.

**Table 17. State Formula Funding for At-Risk Students  
FY14-FY19 Actuals and FY20 Budgeted** (in Thousands)

School District	FY14	FY15	FY16	FY17	FY18	FY19	FY20 (Budgeted)*	Change in Funding, FY14 to FY20	
Española	\$983.6	\$1,087.6	\$1,341.3	\$1,361.3	\$1,244.1	\$1,511.1	\$2,259.7	\$1,276.1	130%
Pecos	\$156.0	\$188.5	\$219.9	\$206.7	\$199.5	\$229.7	\$248.6	\$92.6	59%
Pojoaque	\$310.4	\$339.6	\$401.0	\$391.6	\$375.1	\$494.8	\$2,454.1	See Note	
Santa Fe	\$3,013.8	\$3,337.6	\$3,960.6	\$3,869.7	\$4,001.0	\$4,711.8	\$5,621.9	\$2,608.1	87%
Taos	\$511.0	\$597.4	\$704.6	\$734.1	\$703.2	\$812.2	\$716.9	\$205.9	40%
<b>Statewide</b>	<b>\$76,831.8</b>	<b>\$85,863.9</b>	<b>\$103,635.3</b>	<b>\$101,552.7</b>	<b>\$100,306.6</b>	<b>\$123,613.5</b>	<b>\$258,435.0</b>	<b>\$181,603.2</b>	<b>236%</b>

Note: Pojoaque's FY20 program budget questionnaire reported all budgeted spending on at-risk services rather than spending only from at-risk funds.

\*LFC staff did not have preliminary formula amounts for FY20, which may vary from these amounts. For example, Santa Fe reports \$8.9 million in at-risk funding for FY20, which is a \$4.2 million increase from FY19.

Source: LFC analysis of PED data and FY20 district program budget questionnaires

<sup>9</sup> The formula multiplies each school district's and charter school's three-year average cumulative percent of at-risk students (identified as low-income, English learner, or highly mobile 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's or charter school's entire student membership (an average of the prior-year's 80th- and 120th-day enrollment) to generate funding formula units and, in turn, allocate funding for at-risk students.

**New state reporting requirements increase disclosure of how formula funding for at-risk students is used by school districts and charter schools.** Once the state allocates operational funding, the funding from the at-risk component of the SEG formula becomes a part of school districts' and charter schools' discretionary operational budgets. Historically, school districts and charter schools have not had to disaggregate their at-risk funding expenditures when reporting on their operational expenditures, making it difficult for the state to know how the money is spent and whether it benefits at-risk students. However, recently enacted legislation (Laws 2019, Chapter 206) requires school districts and charter schools to provide additional information to PED about expenditures for at-risk students. PED is collecting this information through new program budget questionnaires as part of the FY20 budget process.<sup>10</sup> State law (Section 22-8-23.3 NMSA 1978) now defines services for at-risk students as "evidence-based social, emotional, or academic interventions", such as

1. Case management, tutoring, reading interventions and afterschool programs delivered by social workers, counselors, teachers, or other professional staff;
2. Culturally relevant professional and curriculum development, including those necessary to support language acquisition;
3. Additional compensation strategies for high-need schools;
4. Whole school interventions, including school-based health centers and community schools;
5. Education programming intended to improve career and college readiness of at-risk students, including dual or concurrent enrollment, career and technical education, guidance counseling services, and coordination with post-secondary institutions; and
6. Services to engage and support parents and families in the education of students.

**The evaluated districts budgeted most of their FY20 formula funding for at-risk students on student support services, but some reported expenditures might not be evidence-based.** According to program budget questionnaires school districts provided to PED, Española budgeted 74 percent of its FY20 at-risk funding from the state funding formula on student support services from counselors, psychologists, or special education service providers (See Appendix E). Santa Fe budgeted 48 percent of its at-risk funding on social workers, school nurses, and services from Communities in Schools, an education nonprofit. Taos budgeted 75 percent of its at-risk funding on student support service personnel and alternative school settings. Pecos budgeted 68 percent of its at-risk funding on bilingual education. Pojoaque budgeted 56 percent of its reported at-risk funding on support services, bilingual programs, and early childhood interventions. These data are based on preliminary budgeted amounts reported in program budget questionnaires and may change.

PED lists security personnel as a potential use for at-risk student funding in its questionnaires. The five evaluated districts budgeted a combined \$1.5 million of at-risk student funding on security personnel and expenses. Santa Fe also budgeted \$301 thousand on crossing guards. Although expenditures on security personnel and crossing guards can be beneficial for school safety,

**Recently enacted legislation requires school districts provide PED additional data concerning at-risk expenditures.**

**Table 18. At-Risk Student Program Categories in PED FY20 Program Budget Questionnaires**

Student Information Systems
Dropout Prevention Programs
After School Programs
Before School Programs
Alternative School Settings
Additional Support Services
Tutoring
Mentoring
In-School Suspension
Closed Campus
Security Personnel
School-to-Career Courses
School-to-Career Programs
Bilingual Programs
Early Childhood Intervention Programs
Professional Development
Other (Specify)

Source: PED FY20 Program Budget Questionnaire Template

<sup>10</sup> Starting in FY21, school districts and charter schools will also be required to submit "educational plans" to PED, which shall include a narrative explaining the identified services to improve the academic success of at-risk students, as part of the budget approval process (Section 22-8-6.E NMSA 1978).

these expenditures might not qualify as “evidence-based social, emotional, or academic interventions” to improve the academic success of at-risk students. Recently passed legislation (Laws 2019, Chapter 23) adds a definition of “evidence-based” to state law<sup>11</sup> and requires state agencies to identify and prioritize evidence-based programs when preparing their budget requests. PED should provide additional guidance in its program budget questionnaires relating to evidence-based services for at-risk students. PED should also audit school districts’ budgeted expenditures for at-risk students to ensure they qualify as evidence-based social, emotional, or academic interventions.

**Key inputs and outcomes should be more closely tracked by the state, districts, and schools to ensure resources are prioritized toward what works.**

***Any metric or goal set for public school finance should also be accompanied by measures tracking key inputs and expected outcomes to ensure resources are being directed effectively.*** New Mexico has seen examples of investments not moving inputs as intended. For example, in the 2008-2009 school year (SY09), the Legislature added \$14 million into the public education funding formula for additional school days. However, a 2018 LFC program evaluation found, between SY09 and SY18, the number of school days actually decreased by two days across the state.

**Table 19. Effects Associated with 10 Percent Increase in Per-Pupil Spending (Nationally) on Input and Outcome Metrics**

Category	Metric	Effect
Inputs	Student-to-Teacher Ratio	5.7% increase
	School year	+1.36 days
	Base salaries	4% increase
Outcomes	Academic growth	0.31 year increase
	Higher wages	7% increase
	Poverty identification	3.2% decrease

Note: These effects are reported to be stronger for children from low-income families.  
Source: Jackson, Johnson & Persico (2016)

Recent research by Northwestern University found that school finance reforms, including those brought about by lawsuits, can improve student outcomes by shifting key inputs.<sup>12</sup> These key inputs reflect those programs and practices previously identified by LFC to improve outcomes, such as reduced student-to-teacher ratios, longer school years, and increased teacher salaries. Northwestern researchers examined 13 studies focused on school finance reform and found a 10 percent increase in per-pupil spending is associated with 0.31 more completed years of education, 7 percent higher wages, and 3 percent reduction in adult poverty. However, the study also found that how money is spent is important. Specifically, researchers found the positive effects are driven by a combination of reductions in class size, lower student-to-teacher ratios, increases in instructional time, and increases in teacher salaries. Key metrics of inputs and outcomes could be used to better inform management and prioritization of funding at the district and school level.

***New Mexico has a statutory and regulatory framework in place for tracking key inputs and outcomes.*** PED collects some key input data as part of the annual budget approval process, such as instructional days and average teacher salaries (Sections 22-8-6 and 22-8-9 NMSA 1978). These input data can be informative about trends in school district operations. For example, Pojoaque and Taos increased their number of instructional days while

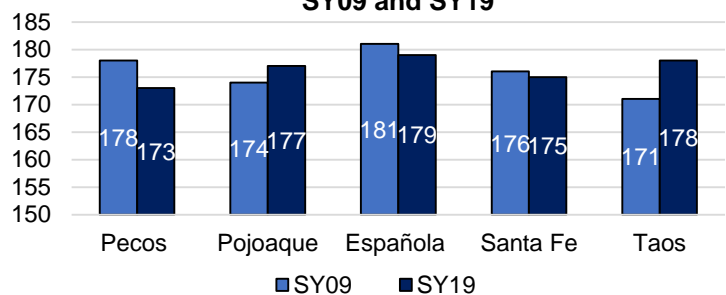
<sup>11</sup> In state law, “evidence-based” means a program or practice: (1) incorporates methods demonstrated to be effective for the intended population through scientifically based research, including statistically controlled evaluations or randomized trials; (2) can be implemented with a set of procedures to allow successful replication in New Mexico; and (3) when possible, has been determined to be cost beneficial (Section 6-3A-3 NMSA 1978).

<sup>12</sup> Jackson, C.K., Johnson, R.C., & Persico, C. (2016). “The effects of school spending on educational and economic outcomes: Evidence from school finance reforms.” *Quarterly Journal of Economics*. 131(1), 157-218.

Española, Pecos, and Santa Fe decreased their number of instructional days over the same timeframe. Additionally, PED regularly publishes data on average New Mexico teacher salaries, which show the effects of the state's continued efforts to raise teacher salaries.

Legislation passed in 2019 (Laws 2019, Chapter 206) requires school districts and charter schools to provide additional information to PED about expenditures and inputs as part of the annual budget process. School districts and charter schools will also have to provide information on performance targets and measures, developed by PED, for FY21 and subsequent fiscal years (Section 22-8-6 NMSA 1978). PED and school districts should develop key performance metrics for inputs and outcomes to better plan for, and track the use of, increased funding to ensure resources are used on evidence-based programs and practices.

**Chart 11. Number of Instructional Days, SY09 and SY19**



Source: LFC analysis of PED school calendar data

## Recommendations

Legislative and Executive branch staff should

- Continue to study teacher salary raises and budgeting trends across school districts and charter schools;
- Continue to monitor the implementation of the K-5 Plus and ELTPs across school districts.

The Legislature should consider

- Adding temporary provisions to state law which authorize additional flexibility from K-5 Plus and ELTP requirements for FY21.

PED should

- Provide additional guidance in its program budget questionnaires relating to evidence-based services for at-risk students;
- Audit at-risk expenditures to ensure they qualify as evidence-based social, emotional, or academic interventions.

PED and school districts should

- Develop key performance metrics for inputs and outcomes to better plan for, and track the use of, increased funding to ensure resources are used on evidence-based programs and practices.

**Table 20. Average New Mexico Teacher Salary**

Fiscal Year	Average Salary	YOY Dollar Change	YOY Percent Change
FY06	\$40,695	\$1,279	3.24%
FY07	\$42,789	\$2,094	5.15%
FY08	\$44,830	\$2,041	4.77%
FY09	\$46,605	\$1,775	3.96%
FY10	\$45,530	-\$1,075	-2.31%
FY11	\$45,218	-\$312	-0.69%
FY12	\$45,207	-\$11	-0.02%
FY13	\$45,077	-\$130	-0.29%
FY14	\$45,572	\$495	1.10%
FY15	\$46,913	\$1,341	2.94%
FY16	\$47,522	\$609	1.30%
FY17	\$47,638	\$116	0.24%
FY18	\$47,792	\$154	0.32%
FY19*	\$49,784	\$1,992	4.17%
FY20*	\$54,291	\$4,507	9.05%

\*These are estimates from operating budget data.

Source: LFC analysis of PED data



## Risk for financial mismanagement and questionable district financial planning points to the need for improved oversight and policies that reflect best practices

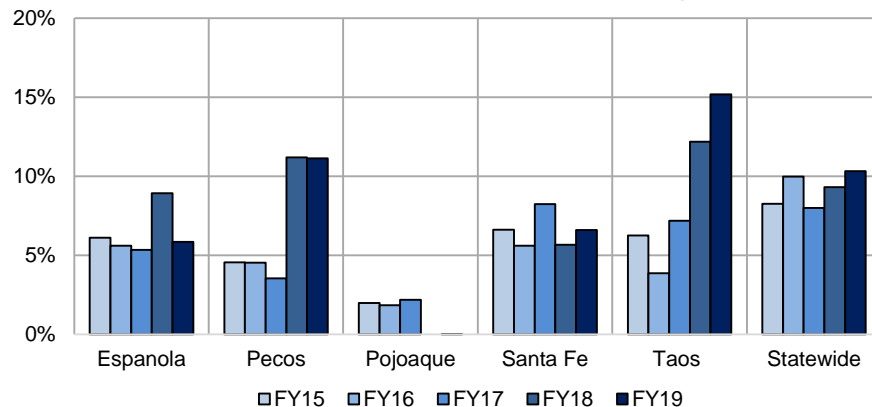
**School district resource allocation, cash management, and budgeting practices could improve with additional guidance from PED and the districts' school boards.**

Although PED is responsible for regulating school district operations and school boards are the policy-setting authorities of school districts, school districts manage their budgets with significant autonomy.

**Setting target thresholds for cash balances reduces cash balance volatility and is an identified best practice.** School districts need to have some cash balance to maintain cash flow in emergencies, save money for large purchases, or make upfront payments for programs. The Government Finance Officers Association recommends as a best practice that governments establish a formal policy that provides guidance on the level of balances that should be maintained. However, school districts are not required by the state to set targets for cash balances, and PED does not provide such guidance on such targets. Along these lines, the school board of Albuquerque Public Schools (Albuquerque) provided guidance to the district to grow cash balances by 1 percent per year in 2012 until balances reached a level of 5 percent for 2014. Furthermore, Albuquerque limits what cash balances may be used for and specifies contingencies if the 5 percent target is not met.

**School districts are not required to set targets for cash balances, and PED does not provide guidance on target cash balances.**

**Chart 12. End-of-Year Cash Balances as a Percent of Operational Funding**



Note: Operational funding defined as SEG formula funding, also called program cost funding.  
Source: LFC analysis of PED data

Santa Fe is the only evaluated North Central district with a school-board-set target for its operational cash balances - between 5 percent to 7.5 percent of operational revenue (Policy 537). As a percent of its SEG funding, Santa Fe's prior-year cash balances have remained close to the district's target and have been the most stable of the evaluated school districts. PED should require school boards to set policies outlining target thresholds for unrestricted cash balances.



**Cash balances varied widely in North Central districts over the last five years, from 0 percent in Pojoaque to 15 percent in Taos.**

Pojoaque exhausted its operational cash balances in FY18 because of overspending. The district's FY18 financial audit report identified repeated findings relating to expenditures exceeding budgetary authority and spending in excess of available cash. School district officials told LFC staff over-spending at schools, stemming from decentralized purchasing processes, and unprocessed requests for reimbursement from PED, contributed to the problems.

School district officials reported the district has since centralized its spending processes to control future expenditures. Pojoaque ended FY19 with positive cash. However, Pojoaque budgeted nearly all of its FY19 end-of-year unrestricted cash (\$751 thousand) into an emergency reserve account for FY20, leaving the district with an FY19 unrestricted cash balance of \$345 going into FY20. Pojoaque should make sure its corrective actions will be sufficient to keep expenditures within authorized levels and build a positive and stable cash balance.

In contrast, Taos' FY19 end-of-year unrestricted cash balance was 15 percent of its FY19 operational funding. A consistent theme emerged during structured interviews with Taos school personnel that indicated potential additional funding needs for school counselors and for selected programming. It is unclear if the district is planning to tap into its cash balances to supplement these needs on a recurring basis.

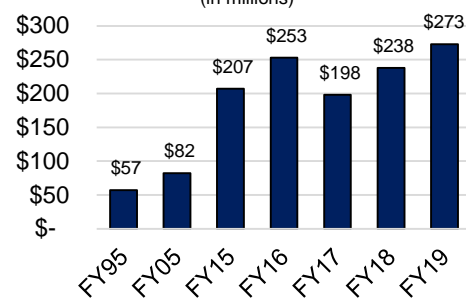
**Districts sometimes use funding in ways inconsistent with statute, best practice, or directing funds to classroom instruction.** School districts face a number of challenges in allocating resources and have spent money in ways inconsistent with statute, best practice, or directing funds to classroom instruction. For more detailed descriptions of these examples, see Appendix F.

- Santa Fe may have overspent Public School Buildings Act funding, commonly called "HB33 funding," on administration. Districts can use HB33 funds for the administration of capital outlay projects up to 5 percent of the total project costs. From FY10 through FY15, Santa Fe's cumulative HB33 spending on administrative personnel equaled 20 percent of total HB33 funds.
- Pecos supplemented its athletics spending with \$107 thousand in operational funds for instruction despite a 62 percent balance of \$98 thousand in its athletics fund in FY18.
- Santa Fe used nonrecurring revenues from a building sale to fund pilot projects and some recurring costs in its operational budget. Santa Fe budgeted \$2.5 million in nonrecurring revenues from a property sale to fund 14 operational initiatives in FY19.
- Bilingual Multicultural Education Program (BMEP) funding applications demonstrate a lack of budget planning. LFC staff requested copies of BMEP applications from the evaluated school districts. In these applications, districts and schools are asked to describe program goals, projected enrollment, program courses, professional development activities, and parental advisory committee activities. Although some funding amounts for professional development and community engagement activities were listed, applications did not outline how most of the BMEP funding would be allocated. For example, Pojoaque received \$504 thousand in state

**Statewide Public School Cash Balances Reach High Point in FY19**

Statewide public school cash balances reached their highest point over the past 25 years in FY19. Since FY94, statewide year-end cash balances for public school operations have ranged from a low of \$34 million in FY94 to a high of \$273 million in FY19. From FY05 through FY11, state law limited the amount of operational cash districts or charter schools could carryforward into the next fiscal year without paying a penalty. Statutory cash balance limits were repealed in 2011.

**Chart 13. Public School Year-End Operational Cash Balances**  
(in millions)



Note: Amounts reflect unrestricted budgeted cash.  
Source: LFC analysis of PED data

BMEP funding in FY19, but the district's applications only specified how it would use \$22 thousand for professional development and curricula materials.

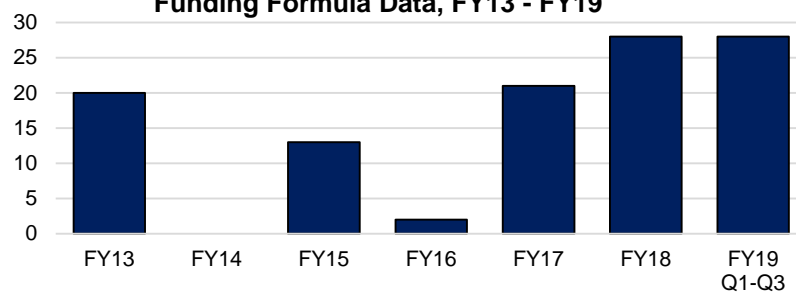
- School districts use BMEP funding to cover teacher base salaries, which are costs not directly incurred from implementing BMEPs. As an example, Santa Fe reported to LFC staff that 90 percent, or \$6.6 million, of the district's \$7.3 million in total SY18 bilingual education expenditures were for salaries and benefits. The 2018 PED bilingual education annual report notes teacher base salaries are not costs directly incurred by implementing a BMEP, like bilingual certification stipends or professional development, because school districts are always obligated to provide students with teachers. PED rules do not specify allowable or unallowable BMEP expenditures.

**PED's limited number of data audits have identified and corrected millions of dollars in formula overallocations, but more auditing is needed.**

A 2011 LFC program evaluation recommended PED create an audit bureau to review the accuracy of public education data submitted by districts. Since then, PED has established an audit section within its Accounting and Audit Bureau comprising of nine full-time positions.<sup>13</sup> The PED audit section primarily focuses on auditing data for the teacher training and experience (T&E) component of the funding formula and conducting special audits. PED's audit bureau completed 28 audits in FY18. According to the LFC's Accountability in Government Act (AGA) third-quarter report card for FY19, PED has already exceeded its target of 20 data audits. However, the funding formula in FY19 consisted of 27 components allocating funding to 89 school districts and 97 charter schools, which equates to 5,022 data points for potential auditing and verification. PED should focus additional audits on other components of the formula, such as the at-risk student, the bilingual and multicultural education, or enrollment components.

***PED's audit bureau completed 28 audits in FY18 and has already exceeded its FY19 target of 20 data audits.***

**Chart 14. Number of PED Audits of Public School Funding Formula Data, FY13 - FY19**



Source: LFC AGA report card data

***PED data audits improve the accuracy and fairness of public education funding.*** PED audits led to the correction and reallocation of \$1.8 million for FY18. LFC staff examined the 28 audits PED conducted on T&E data for FY18. PED identified miscalculations and missing documentation indicating 19 school districts and charter schools had overreported and three charter schools had underreported their T&E values, while only six school districts and charter schools had properly documented and reported their T&E values

<sup>13</sup> PED noted that they are working to fill several current vacancies in the audit section.

(See Appendix G). As a result, the funding allocated by the T&E component of the funding formula was reduced by a total of \$1.8 million and reallocated through different formula components in FY18.

**PED conducted data audits on three of the five evaluated school districts from FY16 through FY18, identifying a total of \$1.4 million in overallocations.** As shown on Table 20, PED’s audit section completed T&E audits on Española, Santa Fe, and Taos in FY17 and FY18. The audits led to a decrease in T&E funding for the school districts totaling \$1.3 million due to improperly reported T&E values. PED also performed an audit of Santa Fe’s K-3 Plus program in FY16 and recommended reducing \$75.6 thousand in funding because 11 students did not meet attendance requirements and staff timesheets lacked sufficient documentation. PED did not conduct any audits on data submitted by Pojoaque or Pecos during this timeframe.

**Table 21. Funding Reductions for School Districts from PED Data Audits**

Fiscal Year	School District	Program	Funding Adjustment
FY16	Santa Fe	K-3 Plus	(\$75,644)
FY17	Taos	T&E	(\$46,155)
FY17	Española	T&E	(\$240,380)
FY18	Santa Fe	T&E	(\$1,014,555)
<b>Total</b>			<b>(\$1,376,734)</b>

Note: Table only shows school districts selected for this program evaluation.

Source: LFC analysis of PED data audits

**The majority of identified overallocations occurred in Santa Fe and stemmed from a 2015 school board policy that inflated the district’s T&E score.** The Santa Fe school board adopted a policy in 2015 that allowed teachers with National Board Certification to be counted, in some instances, as having a master’s degree for T&E calculations. According to that policy, Santa Fe could count a teacher’s National Board Certification as a master’s degree if the National Board Certification was used as the basis for the teacher’s advancement to a level 3-A teacher’s license. In its FY18 audit of the district’s formula data, PED found the policy conflicted with statute and PED rules. Santa Fe officials provided documentation to LFC staff indicating the district has since retracted the policy, initiated a corrective action plan, and revised its document retention policies for new employees.

**The Legislature provided PED with resources to expand the department’s auditing and oversight efforts for FY20, but this expansion will need to be monitored.** The Legislature increased PED’s operating budget by \$2.1 million, from \$11.1 million in FY19 to \$13.2 million in FY20. As PED uses this additional funding, the Legislature should consider monitoring the department’s oversight efforts with interim hearings and new state AGA performance measures.

**The Legislature increased PED’s operating budget by \$2.1 million, from \$11.1 million in FY19 to \$13.2 million in FY20.**

**PED took over Española’s finances for almost three years, but more work is needed to strengthen the district’s finances and clarify PED’s enhanced financial oversight process.**

PED assumed board of finance authority over the Española school district in the middle of FY17 due to ongoing accounting deficiencies. State law authorizes the PED cabinet secretary to suspend a school board from acting as a board of finance if the secretary “reasonably believes there is mismanagement, improper recording or improper reporting of public school

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funds” (Section 22-8-39 NMSA 1978). In November 2016, PED suspended the Española school board’s financial authority due to multiple budget resubmissions, numerous instances of improper recording of expenditures, and significant delays in budget completion.

***During the enhanced financial oversight period, PED contractors managed business office functions but could have focused more on improving the district’s financial internal controls and procedures.*** PED’s first contracted business manager for Española, serving from December 2016 through June 2018, was allowed to be on-site for one to three days per week, which the district’s FY18 financial audit reported as an “insufficient amount of time to complete the necessary duties and establish improvements to internal control procedures” (p.117). Beginning in July 2018, PED contracted with a new firm to serve as the business manager for Española. Española school district officials stated in their financial audit the following PED-contracted business manager and staff needed to focus on improving the internal control structure of the business functions and not just perform routine day-to-day processing of transactions. In April 2019, Española school district officials reported to LFC the second contracted business manager had not yet fulfilled all contractual duties in terms of addressing the deeper issues and root causes of the district’s financial difficulties but had helped the district finish an internal control and procedures manual.

***Española previously lacked a written manual of financial internal controls and procedures for its business operations, which likely contributed to its problems.*** PED regulations require every school district and charter school to establish and maintain an internal control structure for its finances. PED requires these internal control structures “include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls ... in accordance with GAAP [Generally Accepted Accounting Principles]” (6.20.2.11 NMAC). Española recently finalized an internal control and procedures manual. The Legislature should consider requiring school districts and charter schools to provide such manuals to PED as part of the budget approval process.

***Under PED control, the findings in Española’s financial audits persisted and increased. However, PED recently released the district from enhanced financial oversight in July 2019.*** PED’s original notice of suspension in 2016 noted the school district would be eligible to regain its financial authority after meeting specific requirements, including receiving a financial audit with all prior-year audit findings resolved and an unmodified (positive) opinion from auditors on the accuracy of its financial statements.

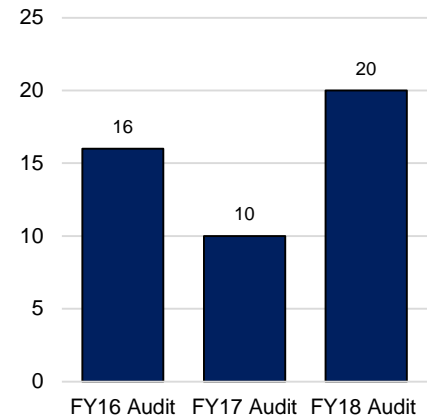
However, the district did not meet these requirements before regaining authority over its finances. Española’s most recent financial audit, for FY18, identified twice as many findings and repeated 90 percent of the findings for FY17. Nine of the 10 repeated findings from Española’s FY17 audit included inadequate procurement documentation, late payroll tax payments, purchase orders issued after invoices, and inaccurate capital asset records with \$69 thousand in missing equipment. Española’s FY18 audit also identified 11 new deficiencies in financial operations, including a \$673 thousand overstatement of cash across multiple funds, a \$334 thousand misclassification of funds in the district’s educational technology fund, and 67 stale (not deposited) checks totaling \$146 thousand. For 14 of Española’s 20 audit findings for FY18, or 70 percent, auditors recommended either establishing, improving, or adhering

to processes and procedures to enhance internal financial controls, specifically safeguarding checks and balances.

Despite these findings, on June 24, 2019, the Española school board announced PED would return its finance authority at the beginning of FY20. As conditions, Española is receiving assistance from consultants, contracted by Cooperative Educational Services and is in the process of hiring a business manager with a level-two license. PED later returned financial authority to Española in July 2019. Española should implement its financial internal control procedures and resolve its FY18 audit findings.

***PED does not have administrative rules defining processes, procedures, and criteria for suspending or restoring finance authority.*** State law defines PED's general responsibilities when the department suspends a school board's finance authority (Section 22-8-39 NMSA 1978). However, PED does not have published administrative rules describing its processes, procedures, or criteria for suspending or restoring that authority. Española school district officials reported to LFC staff roles and responsibilities between PED and the district were undefined. Española's FY18 financial audit also mentions "there was a loss of communication between PED, the [initially contracted] business manager, the School District's superintendent, chief financial/operations officer, and the School Board" (p.117). PED should publish administrative rules specifying the department's processes, procedures, and criteria for suspending or restoring board of finance authority to a school board.

**Chart 15. Number of Española School District Audit Findings**



Source: LFC Files

## Recommendations

The Legislature should consider

- Requiring school districts and charter schools to provide written financial internal control and procedures manuals to PED as part of the budget approval process;
- Monitoring PED's oversight efforts with interim hearings and state Accountability in Government Act (AGA) measures.

PED should

- Publish administrative rules specifying the department's processes, procedures, and criteria for suspending or restoring board of finance authority to a school board;
- Enhance its efforts to monitor public school capital outlay spending through auditing;
- Require school districts and schools to outline comprehensive program-level budgets in state Bilingual Multicultural Education Program funding applications;
- Amend its administrative rules to define expenditures that are allowable or unallowable for state BMEP funding;
- Focus additional data audits on other components of the formula, such as the at-risk student, the bilingual and multicultural education, or enrollment components;
- Require school districts to set target cash balance thresholds.

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The Española school district should

- Implement its financial internal control procedures and resolve its FY18 audit findings.

The Santa Fe school district should

- Ensure its administrative spending of HB33 funds equals 5 percent or less of total funds through school board review.

The Pojoaque school district should

- Make sure its corrective actions will be sufficient to keep expenditures within authorized levels and build a positive and stable cash balance.

School boards should

- Set policies outlining target thresholds for school district unrestricted cash balances;
- Set guidelines about prioritizing instructional funds for the classroom;
- Set policies to prevent the use of nonrecurring revenues for recurring expenses.



## School district governance and leadership could benefit from increased planning, stability, and evaluation

The school boards of the evaluated districts have policies to guide their key functions, but some boards could enhance planning and best practices.

The school boards of the evaluated school districts have set policies which provide a foundation for their key work. The National School Boards Association's (NSBA's) *Key Work of School Boards* framework identifies five key areas for school boards to improve effectiveness and contribute to student achievement: vision setting, accountability, policy setting, community leadership, and board and superintendent relationships.

A 2016 research article from the *International Journal of Public Administration* found a positive relationship between student reading proficiency and school board adherence to the NSBA framework from stable school boards, which suggests that governance practices can have an indirect effect on student performance.<sup>14</sup> The New Mexico School Boards Association offers one-hour school board member training modules in strategic planning, self-evaluation, superintendent searches, and superintendent evaluation based on the NSBA's framework. LFC staff reviewed school board policies and strategic plans for policies that provide a foundation for the five focus areas of the key work of school boards.

**Figure 4. Key Work of School Boards**



**Table 22. School Board Policies  
Setting the Foundation for the Key Work of School Boards**

School District	Vision Statement for the District	School Board Goals/Self-Evaluation Criteria	Superintendent Evaluation	Policy Setting Procedures	Parental and Community Engagement	Board and Superintendent Roles
Española	A-000 and in strategic plan	B-0100	C-0600	B-2450; B-2600	A-0150; B-2150; K-0050; K-0150	B-2000; C-0100
Pecos	A-000	B-0100	C-0600	B-2450; B-2600	A-0150; A-0200; K-0050; K-0150	B-1050
Pojoaque	In strategic plan	In strategic plan	208	104; 145; 147	In strategic plan	208; 209;
Santa Fe	In strategic plan	In strategic plan	100	101	In strategic plan	100; 204
Taos	A-000	B-0100	C-0600	B-2450; B-2600	A-0150; A-0200; K-0050; K-0150	B-2000; C-0100

Source: LFC staff review (May 2019) of school board policies and district strategic plans

<sup>14</sup> Michael R. Ford & Douglas M. Ihrke (2016) "Do School Board Governance Best Practices Improve District Performance? Testing the Key Work of School Boards in Wisconsin," *International Journal of Public Administration*. 32(2), 87-94.

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**School district budgets are developed by superintendents, based on recommendations from schools and stakeholders, and then approved by school boards and PED.** Superintendents are required to prepare district budgets for review and approval by the school board and PED (Sections 22-5-14 and 22-5-16 NMSA 1978). Each school district has its own process for developing its budget, but the process generally involves allocating funds to schools based on student enrollment and school recommendations. For example, Santa Fe uses the “fair student funding formula,” modeled on the state funding formula, to allocate a base-level of funding to schools, and additional operational funds based on school recommendations. Staff from the other evaluated school districts also report distributing funding to schools based on enrollment and recommendations from schools.

**Most evaluated school districts have strategic plans with actionable objectives and performance indicators across a wide range of responsibilities, but Pecos does not have a standalone strategic plan.** LFC staff examined strategic planning documentation from each of the evaluated school districts to see whether these documents identified goals, actionable objectives, performance indicators, and responsible staff. Four of the five school districts provided strategic plan documents that included this information. Pecos school district did not provide a standalone strategic plan but did provide three presentations that included information about the district’s goals and its strategies to promote college and career readiness (e.g. a standards-based instructional system). Pecos school district should develop a standalone strategic plan that identifies goals, objectives, performance indicators, and staff responsible for implementing the plan’s objectives.<sup>15</sup>

Española, Pojoaque, Santa Fe, and Taos strategic plans list numerous objectives, indicating a wide range of responsibilities. A training module on strategic planning from the New Mexico School Boards Association notes effective strategic planning enables school boards to “identify the real priorities of the district, and to focus on those priorities.” The strategic plans for Española, Pojoaque, Santa Fe, and Taos describe goals and actionable objectives across the areas of student achievement, district operations, community engagement, and student wellness. This information indicates that the evaluated school districts range from having no strategic plan to having plans with numerous initiatives to achieve their goals. This suggests more prioritization might be needed across districts.

**While state law and PED rules require school board members to receive five hours of training each year, two districts had noncompliant board members in the past three years.** Ongoing professional development provides an important foundation for effective school boards, according to a 2017 literature review on how school boards support student achievement by the California School Boards Association. Specifically, training can help members stay up-to-date on fiduciary matters, work more effectively with the superintendent, and learn about best practices for improving student performance. School board members in New Mexico are required to receive five hours of training annually from PED and/or NMSBA (Section 22-5-13 NMSA 1978 and 6.29.1.9 NMAC). Santa Fe and Taos had a board member who did not meet the training requirements within the past three years. However, Santa Fe noted that their board member’s training requirements

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<sup>15</sup> After receiving a draft copy of this program evaluation, Pecos indicated that the district will be discussing the possibility of creating a strategic plan for SY21.

**Pecos does not have a standalone strategic plan.**

were not met due to medical reasons. PED approves the following types of training for board members: PED workshops, NMSBA conference sessions, individual board training approved by NMSBA, or other training approved by PED and NMSBA.

**Table 23. Number of School Board Members Not Meeting Training Requirements**

Year	Española	Pecos	Pojoaque	Santa Fe	Taos
2014	0	0	0	0	0
2015	0	0	0	0	0
2016	0	0	0	1	0
2017	0	0	0	0	1
2018	0	0	0	0	1

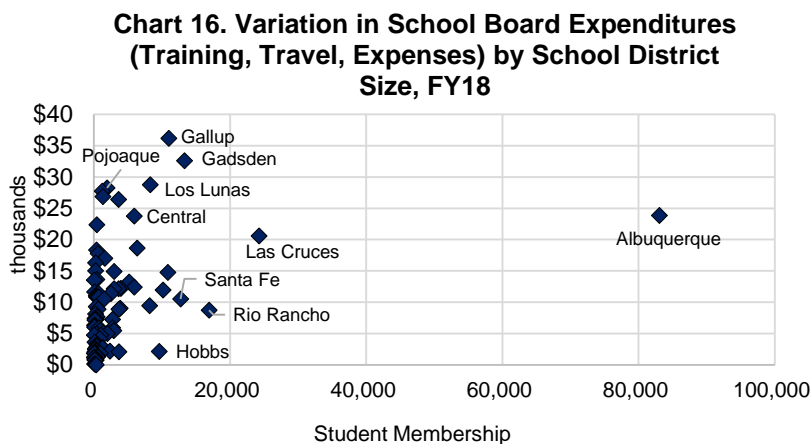
Note: Santa Fe indicated training requirements in 2016 were not met due to medical reasons.

Source: PED District Report Cards and School Board Minutes

**School board self-evaluations are an identified best practice, but self-evaluations are not required.** A training module on school board self-evaluation, developed by NMSBA, states that “even though, as elected public officials, school board members are ‘evaluated’ by the voters every four years, that is not enough to build a quality school board.” School boards have policies, strategic plans, and goals by which to evaluate themselves. However, school board policies on board self-evaluation either did not discuss the frequency of self-evaluations or those policies noted self-evaluation would occur as needed. State law and PED rules do not specify requirements on the frequency or the form (surveys, written narratives, etc.) of school board self-evaluation. PED should consider requiring school boards to complete a self-evaluation on at least an annual basis.

**School board spending varies across school districts and is not related to district size, which suggests potential for cost-savings.**

LFC staff compared local school board expenditures (training, travel, and other expenses) across the state using data from PED’s financial statistics books. LFC staff also examined the relationship between these expenditures and district enrollment. As shown in Chart 16, local school board expenditures ranged from over \$30 thousand to less than \$5,000 in FY18. This variation in expenditures was not driven by district size, which suggests that there is room for additional efficiencies and cost-savings.



Source: LFC analysis of PED data

**Established school board policies and direct PED authority could address member misconduct.**

According to the Center for Public Education, one characteristic of effective school boards is having a collaborative relationship with staff and the community, including the superintendent. The Pecos school board recently censured a member for using their position to threaten and intimidate the superintendent, school administrators, and staff. The board requested the resignation of the member. However, according to the board’s website and the most recent available meeting documentation, board membership has not changed.

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**A school board member can be removed from office for misconduct either through a recall election or the court system, but PED lacks the authority to directly act on the misconduct of an individual school board member.** A school board member can be recalled from office for cause after a public petition signed by a third of the voters who voted in the last school board election and a recall election (Section 1-25-3 NMSA 1978). Alternatively, the state Attorney General, a district attorney, or a private individual can attempt to remove a school board member for cause through the court system (Section 44-3-1 NMSA 1978).

A school board itself only has the authority to remove a board member from office, by majority vote, if the board member misses at least four consecutive, or six nonconsecutive, regular meetings (Section 22-5-12 NMSA 1978). The Santa Fe school board has a policy (Policy 115) outlining procedures for addressing board member misconduct, including censure or requesting the state Attorney General or PED take action through the court system. LFC staff did not find similar policies in the other evaluated school districts. School boards should establish policies that outline specific procedures for addressing member misconduct.

Although PED has the authority to suspend a school board for cause, state statute does not specify whether the department has the authority to suspend an individual member from office in the event of misconduct (Section 22-2-14 NMSA 1978). The Legislature should consider providing the cabinet secretary of PED with authority to remove a school board member from office for cause, subject to an appeals process.

### **Superintendent turnover can impact student performance and school district stability.**

Research suggests superintendent longevity can improve student achievement. Research articles from the American Association of School Administrators' *Journal of Scholarship & Practice* found statistically significant positive associations between superintendent longevity and experience with measures of student achievement in Kentucky<sup>16</sup>, New Jersey<sup>17</sup>, and North Carolina<sup>18</sup>. LFC staff found a small negative correlation between the number of superintendent transitions in New Mexico school districts, from SY13 through SY18, and a district's student proficiency on the SY18 PARCC exam on English language arts, which suggests superintendent turnover may have an effect on student performance.

**Only 15 percent, or 13 of 89, school districts statewide had the same superintendent over a six-year timeframe from SY13 through SY18.** As shown in Chart 17, 85 percent of superintendents in SY13 either changed school districts or were no longer superintendents in SY18. As shown in Appendix H, 36 school districts had more than one change in superintendent from SY13 through SY18. There were a total of 127 changes in school district superintendents over this six-year timeframe.

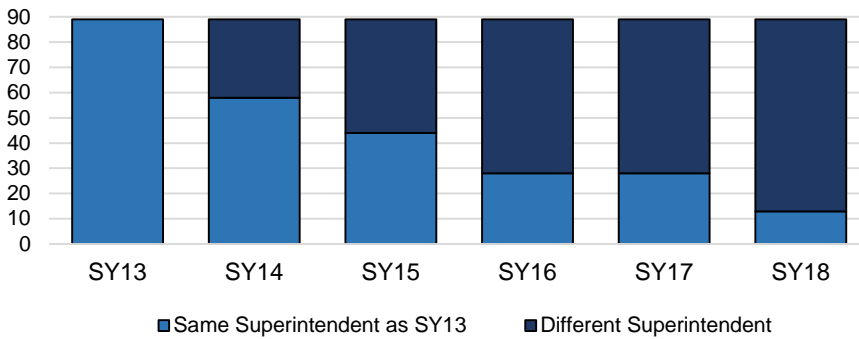
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<sup>16</sup> Simpson, J. (2011). "Superintendent Tenure and Student Achievement." *AASA Journal of Scholarship & Practice*, 9(4), 10-23.

<sup>17</sup> Plotts, T. & Gilmore, D. (2014). "The Superintendents' Influence on Student Achievement." *AASA Journal of Scholarship and Practice*, 11(1), 26-37.

<sup>18</sup> Hart, W.H., Schramm-Possinger, M., & Hoyle, S. (2019) "Superintendent Longevity and Student Achievement in North Carolina." *AASA Journal of Scholarship & Practice*. 15(4). 4-12.

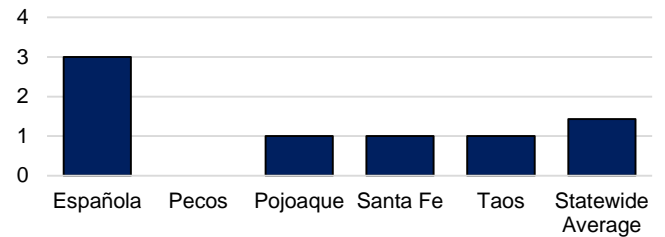
**Chart 17. Retention of School Superintendents at Same School District, SY13 to SY18**



Source: LFC analysis of PED school district superintendent lists

**From SY13 through SY18, Española experienced approximately double the number of superintendent transitions than the statewide average.** As shown in Chart 18, Española had three superintendent transitions over a six-year timeframe, while the statewide average was 1.4 transitions. Fifty-three school districts, or 60 percent, had either one superintendent transition or zero transitions over this period. Pecos, Pojoaque, Santa Fe and Taos either had one superintendent transition or zero. Española experienced less leadership stability than other school districts on average, while the other districts experienced similar levels of leadership stability to other districts.

**Chart 18. Number of School District Superintendent Changes from SY13 to SY18**



Source: LFC analysis of PED data

**State law limits superintendent contracts to three years, which may impact superintendent recruitment and retention.** Section 22-10A-21 NMSA 1978 limits the employment contracts of certified school administrators, engaged in administrative duties for more than one-half of their employment time, to three years. Shorter contract terms for school administrators can reduce a school district's legal exposure and potential costs, but shorter contract terms may also be less attractive for superintendent candidates. According to a 2011 analysis from the Education Commission of the States (ECS), a non-profit education research group, the maximum length of superintendent contracts ranges from two years to five years across different states (See Appendix I). Given the turnover of school district superintendents, the Legislature should consider amending state statute to increase the maximum contract length to four or five years.

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## Recommendations

The Legislature should consider

- Amending state statute to increase the maximum superintendent contract length from three years to four or five years;
- Providing the cabinet secretary of PED with authority to remove a school board member from office for cause, subject to an appeals process.

PED should

- Require school boards to complete a self-evaluation on at least an annual basis.

School boards should

- Engage in formal self-evaluation practices on at least an annual basis;
- Examine school board expenditures for potential efficiencies and cost savings;
- Establish policies that outline specific procedures for addressing board member misconduct.

The Pecos school district should

- Develop a standalone strategic planning document that identifies goals, objectives, performance indicators, and responsible staff for implementing the strategic plan.



## Student performance in North Central school districts is below statewide averages but can improve with the implementation of proven programs and practices

**Students in North Central school districts generally gain a year's worth of academic growth, but this growth is not enough to bridge the achievement gap.**

Students often face social and economic challenges outside of school that can adversely affect performance. Four of the five evaluated districts have higher proportions of students eligible for free and reduced-price lunch (FRL) from the federal National School Lunch Program based on income than the statewide average, which may help explain why performance in these districts lags (for more discussion on these challenges, see Appendix K).

Student cohorts statewide and in the North Central districts gain a year's worth of academic growth, on average, but start below grade level proficiency and remain there at year's end. As shown in Table 25, cohorts in each evaluated school district and statewide generally gained a year's worth of academic growth in reading each school year from SY15 through SY18, as measured by the Partnership for Assessment of Readiness for College and Careers (PARCC) English language arts (ELA) assessment.<sup>19</sup> However, students in the cohorts still scored below grade level proficiency.<sup>20</sup> These results substantiate earlier findings from a 2017 LFC program evaluation, *Longitudinal Student Performance Analysis*, which found students show consistent academic growth in reading over time but not enough to overcome gaps in performance.

**Table 25. Grade Level Proficiency in the PARCC ELA Exam from Third through Sixth Grade, SY15-SY18**

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

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

Source: LFC analysis of PED data

**Table 24. Students Eligible for Free or Reduced Lunch, FY18**

Española	54%
Pecos	50%
Pojoaque	61%
Santa Fe	58%
Taos	59%
<b>Statewide</b>	<b>53%</b>

Note: FRL rates in this table do not include students eligible due to the Community Eligibility Provision, which allows all students in a school to be FRL eligible if at least 40 percent are already eligible.

Source: LFC analysis of PED FRL data

**Student cohorts statewide and in the North Central districts gain a year's worth of academic growth, but start below grade level proficiency and remain there at year's end.**

<sup>19</sup> These data reflect cohort averages, but some grades and schools can achieve more than one year's worth of growth.

<sup>20</sup> LFC staff tracked the PARCC English language arts (ELA) scores of cohorts of students who were in third grade in SY15, fourth grade in SY16, fifth grade in SY17, and sixth grade in SY18. LFC staff used historical PARCC data and 120<sup>th</sup> day student demographic files from PED for this analysis. For the evaluated school districts, LFC staff only examined the data for those students who attended schools in the same school district from third through sixth grade, excluding charter schools. Students who did not have a valid PARCC ELA test score for any year from SY15 through SY18 were excluded from the analyses. Once the student cohorts were identified, LFC staff calculated average PARCC ELA scaled scores for each evaluated school district and the state from SY15 through SY18. These average scores were then divided by the PARCC proficiency threshold score of 750 to index the average scores to proficiency. The indexed average test scores were then multiplied by the grade level of the students to estimate an average grade level proficiency value for each evaluated school district over time.

The test score achievement gap, between third graders who did and did not qualify for FRL, was wider than the statewide average in Pojoaque, Santa Fe, and Taos in SY18. All students in the Española third grade cohort were identified as FRL eligible, therefore a similar comparison was not possible. Some of the school districts had wider test score gaps than others. Performance on key measures, such as third grade reading proficiency, show performance is mixed in North Central districts.

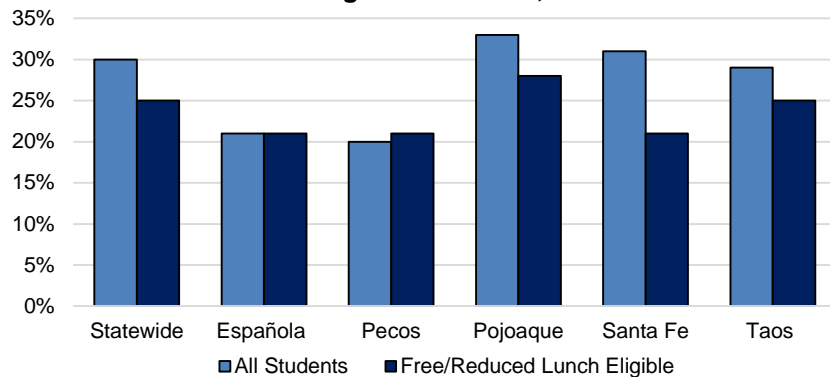
**Table 26. Average Third Grade English Language Arts PARCC Scores by FRL Eligibility, SY18**

School District	FRL Eligible		Not FRL Eligible		Score Difference
	Students	Avg. Score	Students	Avg. Score	
Española	265	718.6	-	-	-
Pecos	33	708.8	11	719.5	10.7
Pojoaque	91	725.3	34	742.7	17.4
Santa Fe	680	716.0	255	758.4	42.3
Taos	148	723.3	26	750.0	26.7
<b>Statewide</b>	<b>15,774</b>	<b>721.4</b>	<b>7,731</b>	<b>737.7</b>	<b>16.3</b>

Notes: All third grade students in Española were identified as eligible for FRL in SY18. Score of at least 750 out of 850 is considered proficient. This table includes students eligible for FRL from the Community Eligibility Provision.

Source: LFC analysis of PED data

**Chart 19. Percent of Third Graders Proficient in Reading Assessments, SY18**



Notes: All Española students were identified as FRL eligible in SY18. This table includes students eligible for FRL from the Community Eligibility Provision.

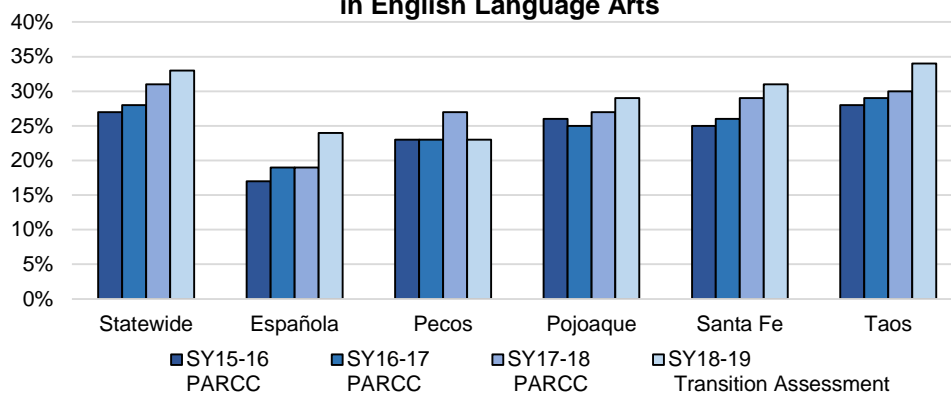
Source: LFC analysis of PED data

***New Mexico is transitioning to new English and math assessments, which PED reports will be comparable with PARCC data.*** Under federal law, every state is required to test students in English language arts (ELA) and mathematics in third through eighth grade and 11th grade. New Mexico began testing all students from third through 11th grade on PARCC standardized tests in 2015. Executive Order 2019-001 directed PED to begin taking steps to transition away from using PARCC assessments to measure student achievement and academic proficiency. PED administered transitional assessments in SY19 and plans to develop new English and math assessments for SY20.

***English language arts proficiency has generally increased statewide and in the evaluated school districts, while math proficiency decreased statewide and in three of the evaluated districts.*** In SY19, 33 percent of students statewide were proficient on the statewide ELA assessment, which tests students in grades three through 11. Of the evaluated school districts, Taos was slightly above the statewide average at 34 percent proficiency, with Santa Fe close behind at 31 percent. Pojoaque, Española, and Pecos had 29 percent, 24 percent, and 23 percent proficiency, respectively. As seen in the

chart below, four of the evaluated districts and the state improved from SY16 to SY19 with Española making the most progress with a 7 percent increase.

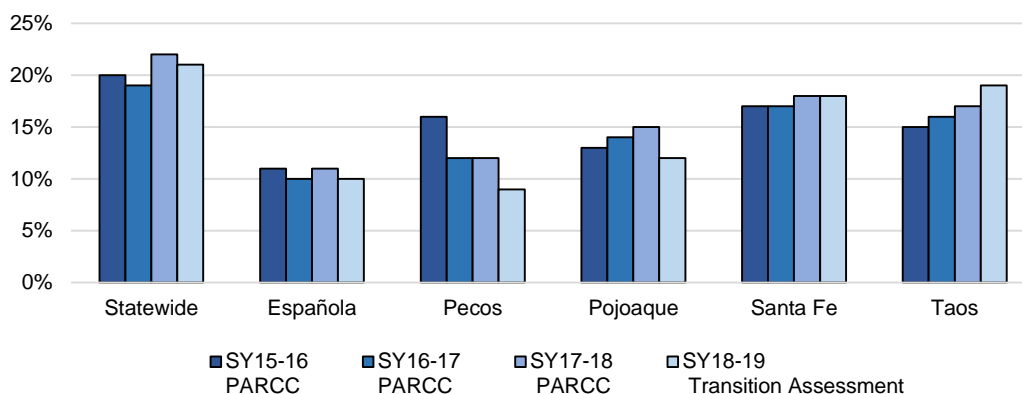
**Chart 20. Percent of Students Proficient in English Language Arts**



Source: LFC analysis of PED data

Math proficiencies slightly decreased from SY18 to SY19 statewide and in Española, Pecos, and Pojoaque. Math proficiencies remained flat in Santa Fe from SY18 to SY19 at 18 percent and increased in Taos from 17 percent in SY18 to 19 percent in SY19. Pojoaque, Santa Fe, Taos, and the state have seen increases from SY16 to SY18 as seen in the chart below.

**Chart 21. Percent of Students Proficient in Math**



Source: LFC analysis of PED data

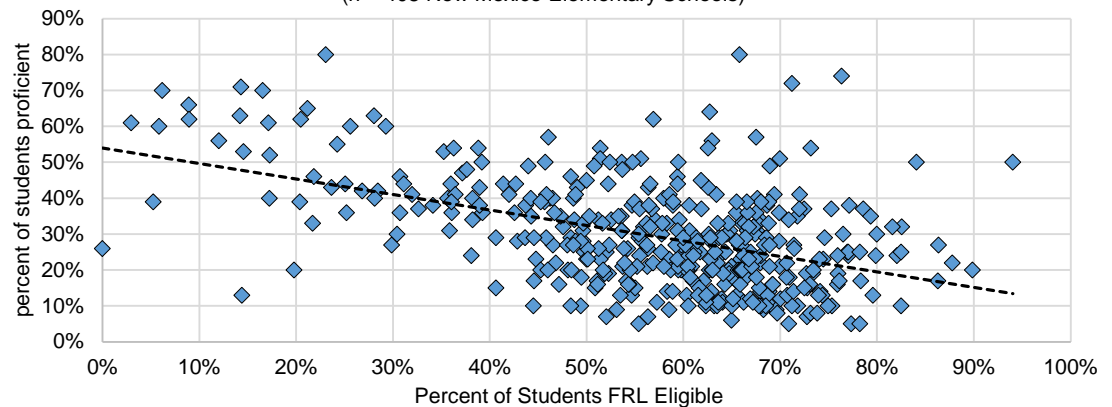
### **School practices and planning can help improve student performance in low-income or low-performing schools.**

Although higher poverty schools tend to have lower proficiency rates, student family income alone does not explain performance differences across schools. LFC staff examined the relationship between elementary schools' proportion of low-income students, as measured by student eligibility for free or reduced-price lunch (FRL), and the percent of third graders achieving reading proficiency in SY18.<sup>21</sup> LFC staff examined the relationship between FRL rates and third-grade reading proficiency across 408 elementary schools for SY18. As shown in Chart 22, elementary schools with higher proportions of low-income students tended to have lower third-grade reading proficiency. A significant relationship between elementary school FRL rates and reading proficiency rates exists. However, many low-income schools achieved high

<sup>21</sup> LFC staff analyzed SY18 data rather than SY19 data because SY19 school proficiency percentages were primarily reported as ranges.

reading proficiency while many high-income schools achieved low reading proficiency. These data suggest that many elementary schools are boosting the achievement of low-income student populations through school practices and programmatic decisions.

**Chart 22. Elementary Schools' 3rd Grade Reading Proficiency Rates and Percent of Students Eligible for FRL, SY18**  
(n = 408 New Mexico Elementary Schools)



Note: FRL percentages do not include the Community Eligibility Provision of the federal National School Lunch Program.  
Note: Reading proficiency measured by PARCC English Language Arts (ELA) and SBA Spanish reading.

Source: LFC analysis of PED data

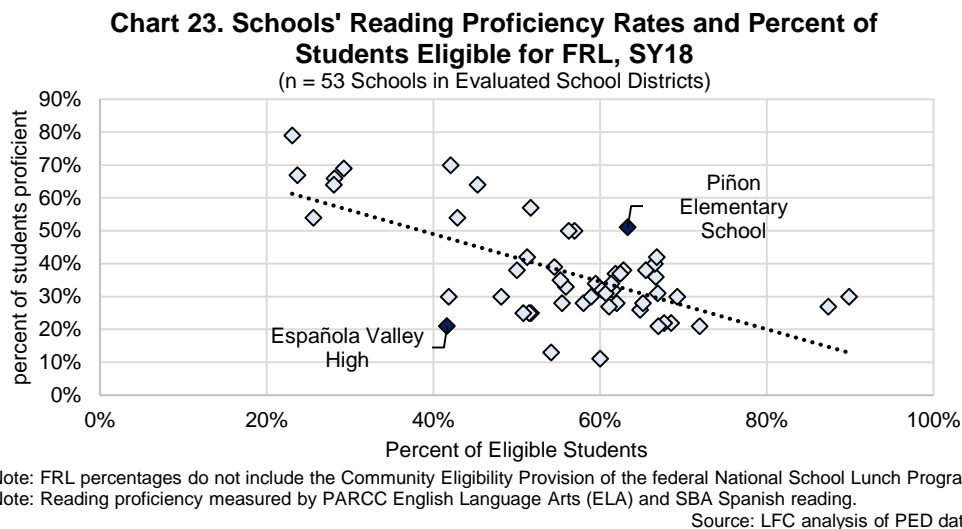
**High-performing and low-performing schools differ in the quality of their annual plans and use of best practices.** PED requires all school districts and schools write an annual plan and two 90-day plans for improving student performance each year. The annual plans identify goals and performance challenges, while biannual 90-day plans determine specific goals and actions to implement over three months. School districts and schools develop these plans for PED through an online portal, called NM DASH for Data, Accountability, Sustainability, and High Achievement. According to an analysis from the 2018 LFC program evaluation *Federal Funds in New Mexico Public Schools*, schools submitting NM DASH plans are mostly focusing on improving instruction, data use, and school culture. Effective plans should align with the eight characteristics of high-performing, high-poverty schools identified in the 2014 program evaluation *Performance and Improvement Trends: A Case Study of Elementary Schools in New Mexico*. LFC staff identified these eight characteristics based on national and state research.

**Figure 5. Eight Characteristics of High-Performing Schools**



Source: LFC Files

LFC staff examined the relationship between the percent of total students eligible for FRL and the percent of total students proficient in reading in SY18 for schools. Although schools with higher proportions of low-income students tend to have lower levels of academic proficiency, some schools achieve performance levels above or below the trend line, which indicates that school practices have a tangible impact on student achievement. Of the 54 schools in the evaluated school districts, excluding three Santa Fe alternative schools and an Española kindergarten center, LFC staff found that Piñon Elementary (Santa Fe) had student achievement above the trend line and Española Valley High had student achievement below the trend line in SY18.



LFC staff then reviewed fall SY18 NM DASH 90-day plans for both Piñon Elementary School and Española Valley High School from August 21, 2018. See Appendix L for a comparison of the two schools' desired outcomes and progress indicators for core instruction from the plans.

For core instruction, Piñon Elementary School's desired outcomes and progress indicators highlight data-driven instruction and promoting critical thinking skills. Española Valley High's desired outcomes and progress indicators highlight setting professional development schedules, lesson plans, and observation rubrics. Based on this structured qualitative review, Piñon Elementary School's planning appears more outcomes-oriented while Española Valley High School's planning seems more process- and compliance-oriented. Although the state requires schools to develop school improvement plans, the extent to which these plans incorporate evidence-based practices is up to districts and schools.

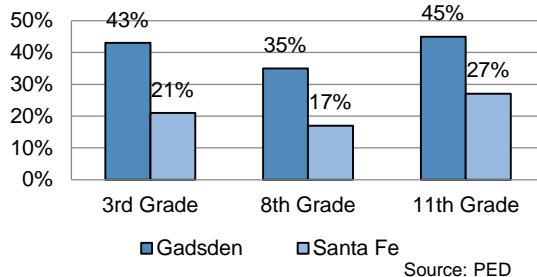
Schools should align their NM DASH plans with the eight characteristics of high-performing schools. PED should compare the plans and practices of high-performing schools and low-performing schools for research and training purposes.

***Despite having fewer economically disadvantaged students and English learners, Santa Fe is lagging behind Gadsden, a similarly sized district, in reading and math proficiencies and graduation rates.*** Both districts enroll roughly 13,000 students and enroll a higher percentage of economically disadvantaged students and English learners than the statewide average. Seventy-six percent of Santa Fe's students are economically disadvantaged

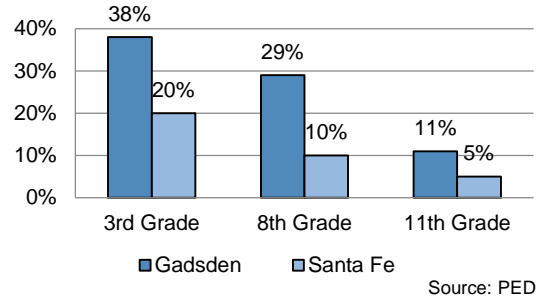
compared with Gadsden's 100 percent. Additionally, 22.5 percent of Santa Fe's students are English learners compared with 36.6 percent in Gadsden.

Though Gadsden has a more diverse and less affluent student population, the district graduates 13 percent more of their students than Santa Fe, with a graduation rate of 82 percent compared with 69 percent. At Gadsden, higher percentages of economically disadvantaged students are proficient in reading and math in grades three, eight, and 11 than in Santa Fe.<sup>22</sup> See Appendix M for comparisons of all evaluated districts.

**Chart 24. Economically Disadvantaged Students' Reading Proficiency**



**Chart 25. Economically Disadvantaged Students' Math Proficiency**



#### Case Study: Gadsden Independent School District

Several recent LFC program evaluations have featured Gadsden Independent School District:

**2016:** Gadsden Middle School in the Gadsden Independent School District promotes attendance, safety, school engagement, community outreach, and teaching and learning through the Elev8 program. All GMS students are eligible for FRL; 98 percent are Hispanic, and 50 percent come from homes where English is not the primary language. The program was initiated in 2007. Students participating in Elev8 graduate at higher rates than their statistically comparable peers.

Rio Rancho Public Schools and Gadsden Independent Schools have created curriculum pacing guides for all schools in the districts.

**2015:** Santa Teresa Middle School in the Gadsden Independent School District has surpassed state standards based assessment scaled scores in reading and math for the last five years. Santa Teresa has the highest rate of students eligible for FRL; 98 percent of the selected schools and almost one fourth of all students, 24 percent, are English learners. School administrators closely monitor student data and the leadership team is an integral part of the decision-making process. Math classes are separated by gender, increasing student engagement and decreasing classroom management and disciplinary issues.

**2014:** Gadsden Independent School District and Farmington Municipal School District, reported student assistance teams and school counselors identify at-risk students for dropping out because of attendance, behavioral, or academic concerns at the school level.

**2011:** Only students in Gadsden made enough catch-up growth; overall, based on their percentage of economically disadvantaged students, Gadsden is outperforming its peers, while Hatch and Deming are underperforming theirs.

In FY11, Gadsden reconstituted its school with the highest percentage of level 2 and 3-A teachers.

<sup>22</sup> According to Santa Fe district officials, Santa Fe has difficulties attracting a high number of bilingual-speaking teachers, was not an early adopter of standards-based instruction as Gadsden was, and does not receive consistent grant funding from PED as Gadsden does. Additionally, Santa Fe officials point out they have conducted a significant amount of professional development in standards-based instruction, curriculum alignment, and alignment of instructional materials over the past three years. This comparison analysis does not control for these factors.



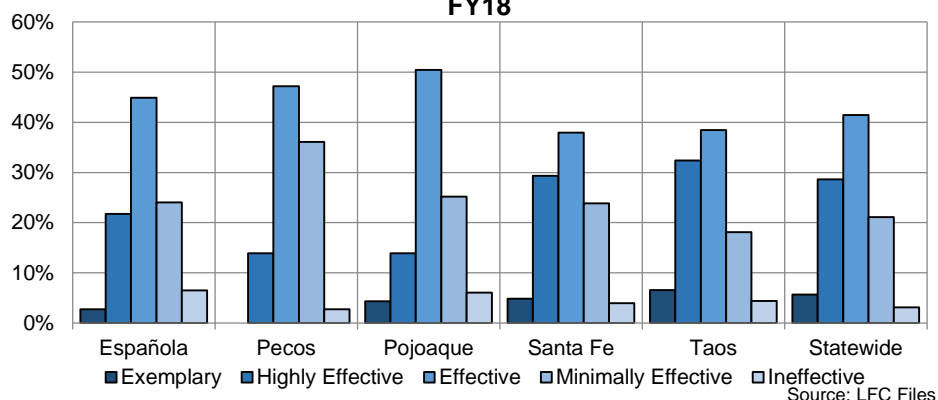
## Teacher effectiveness and retention can impact student performance.

The 2017 program evaluation, *Longitudinal Student Performance Analysis*, shows schools with higher percentages of teachers rated effective or above have relatively higher percentages of academically proficient students. Additionally, the evaluation found at-risk students with highly effective teachers might be able to catch up to their peers who have average teachers. New Mexico's teacher effectiveness rating system was revised in 2014, leading to fewer teachers being rated as effective, and New Mexico having the fewest teachers rated as effective or above in the country. Most states have less than 1 percent of teachers rated as less than effective, while New Mexico has almost 24 percent. Revised again in 2019, student assessment data will no longer be included in the evaluation framework.

***The evaluated districts' teacher effectiveness is mixed with only Taos having a higher percentage of exemplary teachers than the statewide percentage.***

The evaluated districts' teacher effectiveness is mixed with only Taos having a higher percentage of exemplary teachers than the statewide percentage. Both Santa Fe and Taos exceed the statewide percentage of highly effective teachers. Pecos has the fewest number of teachers rated effective and above, with zero teachers rated exemplary and almost 40 percent of teachers rated minimally effective or ineffective.

**Chart 26. Selected Districts Teacher Evaluation Rankings, FY18**



Teachers at selected districts were rated highly in classroom observations, with at least 90 percent of teachers rating effective or above. Teachers also performed well in planning and professionalism with a percentage range of 89 percent to 99 percent at selected school districts.

**Table 27. Teachers Effective and Above, FY18**

School District	Summative Rating	Student Growth Rating	Classroom Observation Reading	Planning Prep and Professionalism	Attendance Rating
Española	69%	77%	90%	93%	88%
Pecos	61%	74%	92%	92%	92%
Pojoaque	69%	82%	94%	99%	83%
Santa Fe	72%	80%	90%	95%	89%
Taos	77%	86%	91%	89%	90%
Statewide	76%	85%	93%	95%	89%

Source: LFC Files

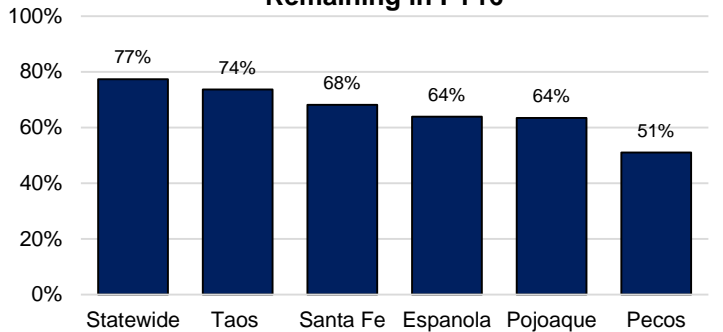
***Each of the sampled school districts in the North Central region lost at least 20 percent of their teachers after three years from FY13 to FY16.*** Teaching experience is positively associated with student achievement. A 2016 research review from the Learning Policy Institute concluded teaching

experience is positively and significantly associated with teacher effectiveness, also finding teachers improve at higher rates during the early years of teaching, but continue to improve throughout their careers.

LFC staff compared available teacher salary data from FY13 and FY16 to track the proportion of teachers who remained employed with the district from FY13 to FY16. The sampled school districts had varying teacher retention rates. Taos and Santa Fe had higher teacher retention rates than the other evaluated school

districts but rates lower than the statewide teacher retention rate. Pecos school district had the lowest teacher retention rate of the sampled districts. According to the available teacher salary data from PED, Pecos school district had the same number of total teachers in FY13 and FY16 but a low teacher retention rate and high teacher turnover. In structured interviews, Pecos school district officials noted the district's close proximity to larger school districts and a lack of available housing in Pecos as factors contributing to teacher recruitment and retention issues. However, Pecos has established seven housing units on campus, which school district officials say has helped with teacher recruitment and retention.

**Chart 27. Percent of FY13 Teachers Remaining in FY16**



Source: LFC analysis of PED data

**Rising graduation rates lag behind national rates; bringing graduation rates up to national levels would have a significant economic impact on the state.**

***Rising graduation rates at evaluated school districts and statewide continue to lag behind national rates.*** Graduation rates improved at all evaluated school districts and statewide from SY17 to SY18. However, Española, Santa Fe, and Taos districts lag behind the statewide rate of 73.9 percent. Pecos and Pojoaque exceeded the statewide rate in SY18 by 12.1 percent and 9.5 percent respectively.

**Table 28. Graduation Rates-Evaluated School Districts, Statewide, and the United States**

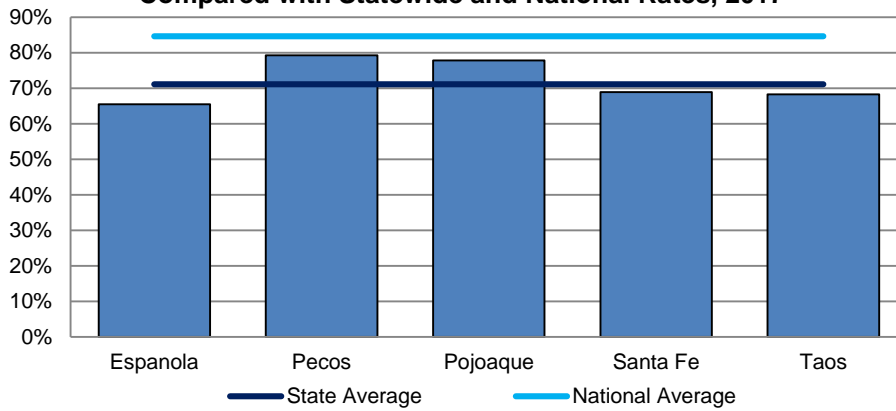
School District	Avg. Annual Number of 12th Grade Students 2014-2018	4-Year Graduation Rates				
		2014	2015	2016	2017	2018
Española	217	55.5%	61.7%	64.0%	65.5%	71.0%
Pecos	45	69.4%	62.6%	57.0%	79.3%	86.0%
Pojoaque	139	74.2%	76.9%	75.0%	77.8%	83.4%
Santa Fe	698	64.4%	66.8%	71.0%	68.9%	73.0%
Taos	189	71.1%	59.8%	74.0%	68.3%	72.3%
<b>Statewide</b>	<b>21,654</b>	<b>69.3%</b>	<b>68.6%</b>	<b>71.0%</b>	<b>71.1%</b>	<b>73.9%</b>
United States	3.1 million	82.0%	83.2%	84.1%	84.6%	Not available

Note: Red or green shading indicates a graduation rate below/above the statewide graduation rate.

Source: PED and National Center for Education Statistics

New Mexico's graduation rates trailed when comparing evaluated school districts and statewide graduation rates to most recently available national graduation rates (2017). The national graduation rate was 84.6 percent in 2017, compared with New Mexico's 71.1 percent. In 2017, none of the evaluated school districts came close to the national average. However, in 2018 Pecos exceeded the 2017 national average with Pojoaque close behind. National data is not yet available for 2018, so it is unclear whether those numbers will still be close or if the national average will continue to rise.

**Chart 28. Evaluated School Districts Graduation Rates Compared with Statewide and National Rates, 2017**

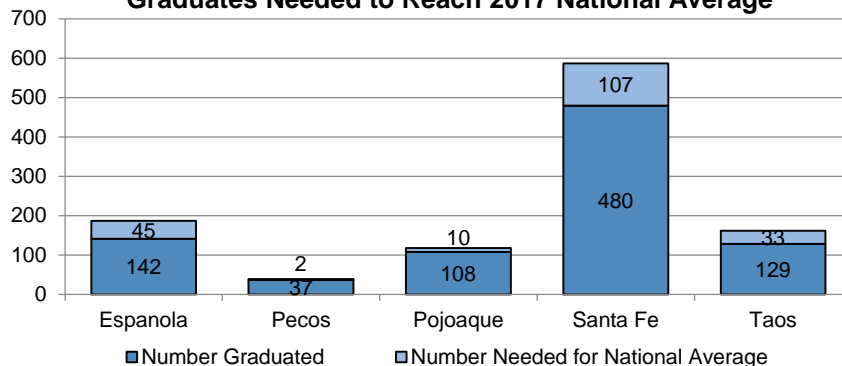


Source: PED/National Center for Education Statistics

**Bringing New Mexico's graduation rate up to the national average would have a significant positive economic impact on the state.** A recent Legislative Finance Committee report using Results First analysis estimates for every additional high school graduate, the long-term benefit to taxpayers is over \$125 thousand. The benefit to the student is approximately \$238 thousand. Looking at the average number of 12<sup>th</sup> grade statewide students as reported on the 40<sup>th</sup> day of school in 2017, approximately 2,923 additional students would have needed to graduate to get New Mexico to the national graduation rate. Pecos would have needed to graduate only two additional students in 2017 to reach the national average; Española 45; Pojoaque 10; Santa Fe 107; and Taos 33 additional students.

**By graduating two additional students, Pecos would have reached the national graduation rate in 2017.**

**Chart 29. Evaluated School Districts Number of Additional Graduates Needed to Reach 2017 National Average**



Source: LFC Files

The economic benefit of graduating the additional students statewide would be over \$365 million. Evaluated school districts would produce almost \$25 million in taxpayer benefits by bringing graduation rates up to the national average. By graduating an additional 107 students, Santa Fe would produce the majority of those benefits at over \$13 million. On the other side of the spectrum, Pecos would potentially generate \$250 thousand with only an additional two graduates needed.

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## Recommendations

PED should

- Compare the NM Data Accountability, Sustainability, and High Achievement (NM DASH) plans of high-performing schools and low-performing schools for research and training purposes.

Schools should

- Align their NM DASH school improvement plans with the eight characteristics of high performing schools;
- Implement and expand evidence-based programming and track the implementation and outcomes of this programming.



## **SUPERINTENDENT**

Bobbie J. Gutierrez  
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### ***District Response to:***

Legislative Finance Committee  
North Central New Mexico School Districts  
Report #19-03, August 30, 2019

### ***Presented by:***

Espanola Public Schools  
Bobbie J. Gutierrez, Superintendent  
August 25, 2019

### **Overview**

#### **Key Finding #1:**

*Fewer students combined with growth in administrative spending reflect challenges districts face in managing resources strategically.*

While EPS has seen a decrease in student enrollment of -25% over the past 12 years (Table X, p. 11), the district as a whole has been committed to ensuring students and student related expenditures in the Instructional and Instructional/Student Support areas remain prioritized.

While EPS has seen a 13% increase in general/central administration over the past 12 years (Table X, p. 12), and a reported 46% increase in per pupil spending in the like area, the cited conclusion that such increases in general and central administrative expenditures likely reflect excess capacity because of the -25% decrease in student enrollment from FY07 to FY 18, do not consider other mitigating circumstances reflective of the district, which include:

- 1) Fluctuating and overlapping Superintendents salaries reflect an increase in general/central administrative costs.
- 2) NMPED's financial take over and excessive mandated business services contacts from October 2016 – June 2019 also reflect an increase in general/central administration costs.
- 3) Increased administrative mandates, policies and requirements by NMPED affecting all NM public schools also contribute towards and are reflective in increased in general/central administration costs.
- 4) Reduced enrollment due to increases in Charter Schools and increased mobility between traditional public school and charters also impacted schools and decreased enrollment, resulting in further gaps in economies of scale as it relates to increases in general/central administration.

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**Key Finding #2:**

*North Central districts budgeted most of their FY20 increases toward salaries and benefits, and took partial advantage of funding for programs to improve student achievement.*

Through the budget process EPS was excited to continue to implement the K-5 Plus program as it had a long-standing presence within the district and students participating in the program showed that participation did in-fact mitigate the achievement gap often reflective of students of poverty. EPS was also excited to implement new Extended Learning Programs as a means of offering extended opportunities for EPS students. However, strict guidelines, restrictions and mandated increased in staff salaries caused the district to take pause and error on the side of caution as it related to program implementation and participation. EPS could not guarantee that program implementation and participation costs would be completely funded by the increased SEG funding formula and could not risk implementing full program requirements and not receiving full funding due to strict program requirements. While the legislative intent was to increase funding for schools, the legislative and policy restrictions served to negatively impact districts with high mobility rates as they could not guarantee 40<sup>th</sup> day matching enrollment or staffing for program funding.

EPS does in fact plan to evaluate program models and explore potential ways to enact programing to positively impact student learning, while minimizing funding risk.

**Key Finding #3:**

*Risk for financial mismanagement and questionable district financial planning points to the need for improved oversight and policies that reflect best practices.*

Espanola Public Schools regained its Board of Finance Authority on July 23, 2019, and has established control procedures to resolve its audit findings and maintain financial control. I believe EPS satisfactorily demonstrated to the Deputy Secretary of Finance and representatives from the Governor's office that PED's solution to the removal of a Board of Finance in hiring contractors to act as "Fiscal Agents" to PED were not only costly, but ineffective. The district is in possession of numerous reports, spreadsheets and financial documents that clearly demonstrates the "fiscal agents made multiple errors in a three-year period, that not only cost the district additional money, but was a poor use of taxpayer dollars.

**Key Finding #4:**

*School district governance and leadership could benefit from increased planning, stability and evaluation.*

Espanola Public Schools will continue to utilize its strategic plan as a guiding document to support districtwide improvement practices and guide instruction.

EPS also recognizes the need to maintain stable, constant leadership in order to effectively implement lasting, positive change for its students and community. Current leadership has spent a lot of time talking with current Board members about the importance of steady leadership at the district level and the importance of stopping the "revolving door" of school superintendents and principals in order to stabilize the district. The district has seen forward growth the past two years and current leadership has worked hard to create succession planning

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and next steps to ensure district initiatives along with Board goals are carried forward through the natural progression of changes over time in the school district.

**Key Finding #5**

*Student performance in North Central school districts is below statewide averages but can improve with the implementation of proven program and practices.*

Espanola Public Schools recognizes that student test scores are below statewide averages and are committed to increasing student achievement through strategic planning, ongoing data analysis and implementation of proven programs.

EPS will continue to utilize the NMDASH system to evaluate program effectiveness, track student data and document program priorities. We know for example, our core instruction is weak, and it is important that we continue to train and offer professional development opportunities in Common Core Standards, Trauma Informed Instruction, and Classroom Management.

EPS also recognizes the importance of all children having effective teachers every year in all grades and content areas, and the district has engaged, not only in Alternative Licensure initiatives, but recently received grant funding for a Teacher Residency Program at Northern NM College, and have also offered teachers and educational assistants' opportunities through the LEAP Program sponsored by Cooperative Educational Services.

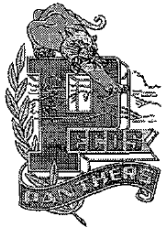
On behalf of the Espanola Public Schools Executive Staff, we would like to thank the Legislative Finance Committees' Program Evaluation Unit for their thorough review of our school district, their active listening to our concerns and their professional recommendations for improving our school district and student achievement.

Professionally,



Bobbie J. Gutierrez, Superintendent  
Espanola Public Schools

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# Pecos Independent School District

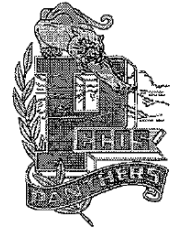
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## Administration

**Fred Trujillo**,  
Superintendent  
**Brenda Gallegos**,  
Director of Finance



August 27, 2019

Dear Legislative Finance Committee:

This correspondence is in regards to the Pecos Independent School District's recent financial and performance audit conducted by the LFC staff.

The work done by the LFC audit committee was professional and has helped the district to reflect on its past, current and future status. There was a true sense of sincerity and purpose with the information gathered. The intent was to help the district in providing the best education for our students in Pecos.

The Pecos ISD is part of a community that is located in one the poorest sections of the state. The district has a high poverty rate and an equally high mobility rate for students, teachers, and families. The proximity to Santa Fe and Las Vegas lends itself to this mobility. Our families follow jobs—thus leading to the high mobility and fluctuating numbers in our district. We have seen a decline in numbers in the most recent years. Please note that the district is currently down 30 students from last year's 40<sup>th</sup> day numbers. We are seeing the decline at the elementary level more than any other level. We work to provide support by offering programs such as our food pantry and backpack initiatives to help those that need the support.

The district is proud to note that only three teachers are new to the district this school year. One at the elementary, one at the middle school and one at the high school. All administrative staff remained the same from last year. This stability will lead to consistency with clear, high expectations that have been set. I am entering my 9<sup>th</sup> year as superintendent in the district. My tenure has afforded the district and community the ability to know the distinct direction of the schools. The focus has been and will always be what is best for our students. As noted in the report, the district has added 7 teacher housing units on campus that are utilized for recruitment and retention of teachers. We plan to add more units as the funds become available.

In my tenure as superintendent the district has decreased the number of administrative positions from 11 to 6. Current administrators have taken on additional duties and responsibilities. These moves have allowed the district to add teacher positions at all levels.

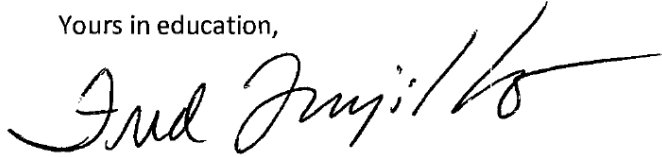
The district will be looking to create a district-wide/community strategic plan for the school district. This will include community, parent, student, and staff input. The plan is to have this by the 2020-21 school year.

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The district will continue to focus on the best possible education for our students. We will continue to follow our research-based approach to a standards-based instructional system.

The Pecos ISD has always attempted to improve with the expertise of its staff, proper and aligned professional development, and proper guidance from various approved agencies and departments. Again, the district is appreciative of the work done by the LFC audit committee. We look forward to great results in the future for the Pecos ISD.

Yours in education,

A handwritten signature in black ink, appearing to read "Fred Trujillo", with a long, sweeping horizontal line extending from the end of the name.

Fred Trujillo, Superintendent Pecos ISD



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Sondra A. Adams  
Acting Superintendent

Michelle M. Ortiz  
Chief Financial Officer

Staci Mascareñas  
Human Resources Director

August 29, 2019

Mr. David Abbey  
Director, Legislative Finance Committee  
325 Don Gaspar, Suite 101  
Santa Fe, NM 87501

Dear Mr. Abbey,

I would like to thank Mr. Clayton Lobaugh and Mr. Jon Courtney for their professionalism and courtesy. I came into the process just before the exit interview and they were very helpful and patient as we reviewed the work that had been completed and patiently walked through the exit interview.

Pojoaque Valley School District (PVSD) is a small school district that has experience declining enrollment for the past two years. PVSD has experienced financial difficulties due to “cash sweeps” by NMPED and declining enrollment.

PVSD shows a slightly larger increase of budgeted state equalization guarantee from FY19 – FY20 than other districts in the report. This is the result of increasing our K5+ and Extended School Year Programs. We intend to take advantage of this opportunity to serve our students, however, it will take time to work with families and change the mindset of when school is in session.

Below is our response to the recommendations outlined in the Program Evaluation: North Central School Districts.

Align NM DASH school improvement plans with the eight characteristics of high performing schools – PVSD is reviewing the DASH plans and aligning with the eight characteristics of high performing schools. The DASH plans are going through a peer administrator review as well as a district level review. All schools will work towards a better alignment with these characteristics.

Implement and expand evidence-based programming and track the implementation and outcomes of this programming – PVSD is partnering with Los Alamos National Labs and New Mexico Highlands to develop a Regional Partnership School. The goals of this initiative are to improve instructional practices through evidence-based programs, improve student learning and provide a “real school” experience for college students pursuing a career in education. This program is beginning its second year of a five-year partnership. The program follows the National Association of Professional Development Schools models.

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Set guidelines and targets to help control administrative growth and steer dollars toward classroom instruction – PVSD has contracted with an independent contractor to review the financial status of the district and guide the budget process. The primary goal is to provide quality classroom instruction and support the process throughout the district.

Engage in formal self-evaluation practices on at least an annual basis – PVSD is currently developing a formal program evaluation. This will be implemented in the 2019-2020 school year.

Pojoaque Valley School District will continue to seek programs and strategies to improve student measures of academic performance. We appreciate the comprehensive examination of the district, our practices and our outcomes. We are committed to addressing the issues highlighted in the LFC report.

Respectfully



Sondra Adams  
Acting Superintendent  
Pojoaque Valley School District

Pojoaque Valley Schools Board of Education



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Vice-President

Toby G. Velasquez  
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Sharon Dogruel  
Member

Fernando Quintana  
Member



August 28, 2019

Mr. David Abbey  
Director, Legislative Finance Committee  
325 Don Gaspar, Suite 101  
Santa Fe, NM 87501



Dear Mr. Abbey,

Thank you for allowing Santa Fe Public Schools (SFPS) the opportunity to participate in the Legislative Finance Committee's (LFC) audit of five northern New Mexico school districts. Jon Courtney and your staff were very collegial and collaborative in striving to provide an objective, accurate and comprehensive evaluation in the North Central New Mexico School District, Report #19-03, August 30, 2019 ("report").

SFPS is unique among the five North Central districts since it is a plaintiff in the Yazzie/Martinez sufficiency lawsuit. Nonetheless, SFPS has worked together with LFC staff in an effort to present an accurate understanding of the District. The District has faced challenges and enjoyed successes in many areas.

SFPS appreciates the increased funding from the 2019 regular legislative session. We also recognize that it is a good first step. The increases in employee salaries will especially help in recruitment and retention efforts. However, we still have a ways to go as we are not competitive with surrounding states in teachers'/principals' salaries and teacher vacancy rates in SFPS and throughout the state remain unacceptably high.

It is important for the Legislature to know that most of the increased SEG funding, with the exception of K-5 Plus and Extended Learning, went primarily to cover the costs of employee raises, leaving virtually no new money to be budgeted for at-risk programming, instructional materials, etc. In our communication with LFC staff, it is clear that more work is needed over the interim between the districts, New Mexico Public Education Department (NM PED), LFC and Legislative Education Study Committee in correctly calculating costs for future educational employee raises. SFPS is committed to being an active partner in addressing this issue.

Though SFPS and the state are making gains in student outcomes, lots of work remains to be done. Students come to our schools behind both developmentally and academically. They come in high numbers with limited English proficiency (SFPS 24%) and are economically impoverished (SFPS 77%). While a few districts and select individual schools are demonstrating modest gains, public policy cannot be based on these outliers or exceptions, nor are the gains and accomplishments garnered at the level we want for all of our students. But

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**Veronica C. García Ed.D.**, Superintendent of Schools



most importantly, the court has found that New Mexico has not sufficiently funded its schools or met the diverse needs of its students. Therefore, it will take the Legislature, NM PED, and districts working together in a heroic and historic effort to improve education in New Mexico. SFPS is committed to this work.

SFPS has much to be proud of despite having great needs. We have demonstrated sound fiscal management as evidenced by the consistent unmodified opinion of our financial statements. The District's current senior administrative team has found and corrected problems before being asked to do so by regulating agencies, as noted in this report. We are pleased that the LFC audit found that SFPS has increased spending in the classroom while keeping administrative growth down.

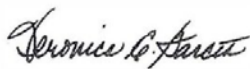
SFPS continues to be a leader in the state in the provision of Career Technical Education and has identified, through a community engagement process, SFPS' Attributes of the Graduate. We are working with Innovate+Educate to find a standardized way to evaluate these attributes as part of a comprehensive system of assessment and accountability. We hope to create tools for students to demonstrate academic proficiency and show they are meeting the attributes necessary for college or career success. We believe this work can be a model for the state.

New this year, we have instituted three major initiatives: (1) Read First Santa Fe, (2) Math Matters Santa Fe and (3) the full implementation of the Next Generation Science Standards. All are part of our plan to meet the District's high-performance goals as detailed in our strategic plan.

Expectations for principals have also been standardized, with a focus on data-driven results in the classroom. Facilitating data-informed instruction is the District's new Assessment for Learning Tool, which will help us to better understand what is going on at our school sites and classrooms. This information will translate to creating individualized instructional interventions to improve student outcomes.

We again are appreciative of the opportunity to participate in this audit. It has served as a great opportunity to highlight our accomplishments and focus on the collective work ahead. SFPS is committed to continued positive momentum.

Sincerely,



Veronica C. García, Ed.D.  
Superintendent of Schools

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The following is SFPS' response to the report's key findings and recommendations:

**LFC Finding, page 12:** "It is challenging but important for districts to adjust to enrollment declines by reducing capital and administrative capacity to gain efficiencies."

**SFPS Response:** It is noteworthy that SFPS expenditures over the studied time frame for administration also decreased by 1%. Further, it should be noted that student enrollment does not distribute evenly across the school sites, with significant growth increases of student population occurring in the District's southside. Local boards of education respond to their constituents. It is the will of the community and the SFPS Board of Education to maintain their historical neighborhood schools. We recognize that it would be more cost efficient to close small schools due to economies of scale and that the District would be better able to maximize capital outlay dollars. With that said, it is important to keep in mind that the District does not go to the state for capital outlay monies. The District supports its buildings through local revenue via GO Bond, SB 9 and HB 33, which is local, taxpayer-based revenue. Secondly, SFPS superintendents followed the directive of the Board and community sentiment, which resulted in an increase in cost per-pupil spending due to economies of scale.

It is noteworthy that SFPS developed a sustainability policy and program to ensure that energy consumption and use of resources were managed appropriately (Ref: Board Resolution 030111B - adopted March 2011). This initiative provides SFPS with approximately \$400,000 in utility savings compared to 2010. This savings has been redirected to the classroom.

**LFC Finding, Page 12:** "Change in Operational Expenditures, FY 07 to FY 18" (Table 2)

**SFPS Response:** Expenditures have increased from 2007 to 2018 with a NM PED-required reclassification of FTE in administrative positions (*see* chart below). For instance, secretarial and clerk positions had to be coded in the school support services-school administration code. Because the current administration cannot speak for the time period prior to SY 16-17, the District hypothesizes that previous to that time frame staff were miscoded. In 2008, SFPS established a new accounting software, which resulted in a shift of administrative position classification.

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Fund	Description	YTD (FY2006-2007)	FTE (2006-2007)	YTD (2017-2018)	FTE (2017-2018)	Change in Exp	Change in FTE
11000	Operational						
11000	SUBTOTAL Instruction	\$48,322,348.76	892.42	\$ 65,451,145.11	\$ 1,276.05	\$ 17,128,796.35	\$ 383.63
11000	SUBTOTAL Support Services-Students	\$8,693,361.02	162.68	\$ 10,839,181.41	\$ 136.75	\$ 2,145,820.39	-
11000	SUBTOTAL Support Services-Instruction	\$2,344,228.22	33.45	\$ 3,328,844.90	\$ 63.69	\$ 984,616.68	\$ 30.24
11000	SUBTOTAL Support Services-General Administration	\$2,737,034.54	24.94	\$ 1,897,323.39	\$ 18.60	\$ (839,711.15)	\$ (6.34)
11000	SUBTOTAL Support Services-School Administration	\$3,474,234.73	46.50	\$ 6,742,244.29	\$ 120.32	\$ 3,268,009.56	\$ 73.82
11000	SUBTOTAL Central Services	\$1,549,739.59	21.60	\$ 2,567,428.33	\$ 39.95	\$ 1,017,688.74	\$ 18.35
11000	SUBTOTAL Operation & Maintenance of Plant	\$9,844,962.44	112.88	\$ 8,206,454.15	\$ 53.80	\$ (1,638,508.29)	\$ (59.08)
11000	SUBTOTAL Student Transportation	\$259,148.56	0.00	\$ 251,733.11	\$ -	\$ (7,415.45)	\$ -
11000						\$ -	\$ -
11000	SUBTOTAL Food Services Operations			\$313,756.51	\$ 0.00	\$ 313,756.51	\$ -
11000	TOTAL Operational	\$77,544,816.64	1,294.47	\$ 99,598,111.20	\$ 1,709.16	\$ 22,053,294.56	\$ 414.69

**LFC Finding, Page 14:** “Since FY 10, statewide student-to-teacher ratios decreased by 1 percent while statewide student-to-administrator ratios decreased by 28 percent.”

**SFPS Response:** SFPS believes these disparities may be attributable to two factors: (1) the District does not realize economies of scale because of the small and older school buildings that have remained open and (2) the inconsistent application of the NCES (National Center for Educational Statistics) Chart of Accounts for coding costs statewide.

**LFC Finding, pages 14-15:** “The evaluated school districts have excess building capacity... However, previous efforts in at least one school district to consider school consolidations was met with opposition. (see Santa Fe Public School case study).”

**SFPS Response:** As previously stated, SFPS has some small schools with very low pupil-teacher ratios. Santa Fe County residents want small schools. Consequently, the SFPS Board of Education has listened to their constituents and has not acted to close these schools. To meet the needs of small schools, SFPS has provided funding to ensure appropriate supervision and support as well as facility maintenance. We recognize that an issue moving forward will be full implementation of the elimination of small school size adjustment.

**LFC Finding, page 14:** “From FY10 to FY19, statewide student-to-teacher ratios decreased at a slower rate than student-to-administrator ratios.”

**SFPS Response:** The student-teacher ratio count is misleading because it does not include the classrooms that are staffed by long-term subs who are not reported in the count; thus, the report gives the impression of a higher student-teacher ratio than what is actually in place. Along with the issue of teacher salaries and

recruitment/retention, Santa Fe is further impacted by a high cost of living.

**LFC Finding, page 14:** “Administrator and Teacher Ratio Trends (FY10-FY19)” (Table 4)

**SFPS Response:** Regarding SFPS’ 9-year change of -9% in its student-to-administrator ratio and 25% one-year change, this is an issue of economies of scale. SFPS lacks the ability to verify the accuracy of data from NM PED and is concerned about improper coding in the NCES Chart of Accounts. For example, administrators related to technology and capital functions were re-coded to proper job class codes. Ultimately, there was no increase in additional administrative FTE.

**LFC Finding, page 15:** “School Building Design Capacity and Student Enrollment, SY18” (Table 6)

**SFPS Response:** Based on an analysis performed by Dr. Suchint Sarangarm of SFPS, the district’s facilities are at 86% utilization rate.

**LFC Finding, page 15:** “Challenges in Reducing Capacity. Case Study: Santa Fe studied consolidating small schools but lacked community support”

**SFPS Response:** As noted earlier in our response, the Santa Fe community wants small schools; the SFPS Board of Education supports this direction. Santa Fe County taxpayers provide funding for capital outlay through SB 9, HB 33 and GO Bond levies, thus saving the state an additional capital outlay funding burden.

**LFC Finding, page 17:** “In June 2019, the Martinez-Yazzie plaintiff court brief reported that SFPS ‘has an SEG allocation for 2019-20 of a little over \$111 million. This amounts to \$7.1 million more than last year.’ However, the court brief did not mention that the reported \$7.1 million increase does not include SEG funding increases related to K-5 Plus or extended learning time programs.”

**SFPS Response:** Regarding the finding above, please note that the June 2019 Yazzie Plaintiffs’ Notice to the Court of Case Status (court brief), filed on June 28, 2019, references K-5 Plus and Extended Learning allocations. The reason that the additional money was included in a different place in the brief is because K-5 Plus and Extended Learning monies are indeed categorical and the use of these dollars is highly prescribed. *See next page.* Although allocation memos were issued by NM PED in June with program implementation to take place within a short time frame, SFPS did its best to implement the programs with fidelity.



2. Santa Fe – Santa Fe Public Schools has an SEG allocation for 2019-20 of a little over \$111 million. This amounts to \$7.1 million more than last year. However, the mandated teacher salary increases cost \$6.7 million, and the increases in the district's fixed costs (insurance, benefits, etc.) will more than offset the SEG increase, requiring the district to actually have to make cuts to programs that serve at-risk students, such as reading programs and social services. PreK participation will drop from 395 full-day slots to 340 full-day slots. There is no additional funding for new bilingual, multi-cultural programs. Finally, Santa Fe applied for and received some additional funding for the K-5 Plus and Extended Learning Programs, but because of the short time allowed to apply for these funds this year and because of the difficulty in meeting the programs' requirements, not all children who would benefit from these programs will be enrolled in the coming year.

**LFC Finding, page 18:** "Funding Changes in Instruction, FY 19 to FY 20" (Table 9)

**SFPS Response:** Regarding the 95% for SFPS of comp/benefits as a percent of total funding, the LFC staff may be factoring in large annual risk premiums that get coded in the object codes, which are normally considered benefits. SFPS, as per Board of Education directive, covers all increases in the employer's share of premium costs, which may have increased our percentage compared to the other districts.

**LFC Finding, page 18:** "Every district's average teacher salary increase exceeded 6 percent, suggesting districts raised salaries up to new minimums or above the required 6 percent at their own discretion."

**SFPS Response:** Legislation requires that Level 1 teacher salaries increase from \$36,000 to \$41,000 (a 13.9% increase); Level 2 increase from \$44,000 to \$50,000 (a 13.6% increase); and Level 3 increase from \$54,000 to \$60,000 (an 11.1% increase). The allocation for the 6% required increase was inadequate to meet the legislative mandate. The directive from NM PED, based on statutory language, was to apply the 6% to the current employee's salary and then add the difference to get employees to the required new minimums. The implementation resulted in a 10% average increase in employee salaries.

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**LFC Finding, page 19:** “Increases in Funding Teacher Compensation and Benefits, FY19 to FY20” (Table 11)

**SFPS Response:** There is a discrepancy in what is provided in STARS compared to what is provided to NM PED and the Legislature to calculate the 1% table, which has resulted in a disconnect between estimated and actual compensation and benefits. This is causing the state to miscalculate, or the Legislature to under-project, what the actual costs will be. The approximate \$2.5 million difference in the chart is incorrect. Positions reported in the required compensation do not include positions for staff who may have resigned or positions that may remain vacant for periods of time, are filled with long-term subs and filled the following year. Further, as previously stated, meeting the statewide salary minimums resulted in a statewide average above 9%.

**LFC Finding, page 20:** “The five districts spent less on instruction than budgeted by 4.5 percent to 14 percent. These data suggest school districts will spend less than budgeted in FY 20.”

**SFPS Response:** Program budgets are based on anticipated instructional FTE and the intent to fill all teaching positions. Districts are required to budget all available funds. Unspent funds are re-classified as available cash in subsequent fiscal years. Due to teacher shortages, districts realize vacancy savings as long-term subs are less costly. It continues to be the intent of the District to fill all budgeted instructional positions.

**LFC Finding, page 21:** “...[A]ll four districts are continuing the practice of early release days. The Los Lunas school district recently eliminated its early release days in order to add instructional time.”

**SFPS Response:** SFPS decided several years ago that elementary teachers deserved a structured and formal time frame to work together. **However, instructional (teaching) time is not reduced. SFPS exceeds the instructional minimum hours requirements.** Early release days are designed to support staff professional learning and collaboration time. During this time teachers analyze data to improve and adjust instructional practice for students and build upon their practices to improve student outcomes.

In elementary settings teachers are responsible for teaching all subjects without sufficient time during the day to plan and collaborate. Therefore, in order to accommodate required planning time, the schedule incorporated planning time on Friday afternoons. Additionally, the Friday afternoons allow for parents to schedule appointments (i.e., dental) in a further attempt to address student absences. There is strong research that indicates educational progress depends on teachers’ individual and collective planning to promote student learning. Unequivocally, all teachers, regardless of grade level are entitled to planning time.

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**In addition, it should be noted that SFPS received an additional Extended Learning Time Program (ELTP) allocation of \$1.9 million. This additional time for select schools and students is not reflected in the school calendars' report.**

**LFC Finding, page 23:** "Santa Fe budgeted 48 percent of its at-risk funding on social workers, school nurses, and services from Communities in Schools, an education nonprofit."

**SFPS Response:** SFPS budgeted far in excess of the \$4.7 million generated for at-risk students. However, the District did not realize this as new money because \$6.9 million of the \$7.1 million in new revenue went to the mandated raises. The School Budget Questionnaire did not provide a clear direction on the at-risk program parameters. We will re-submit the School Budget Questionnaire to reflect all related at-risk spending.

**LFC Finding, page 23-24:** "The five evaluated districts budgeted a combined \$1.5 million of at-risk funding on security personnel and expenses. Santa Fe also budgeted \$301,000 on crossing guards... PED should provide additional guidance in its program budget questionnaires relating to evidence-based services for at-risk students. PED should audit school districts' budgeted expenditures for at-risk students to ensure they qualify as evidence-based social, emotional, or academic interventions."

**SFPS Response:** See response to LFC finding, pages 23-24 above. Note: NM PED required districts to include security personnel and related expenditures in their response to the budget questionnaire. SFPS will provide PED with an updated budget questionnaire as clarification for categories is made available.

**LFC Response, Pages 24-25:** "Pojoaque and Taos increased their number of instructional days while Espanola, Pecos, and Santa Fe decreased their number of instructional days over the same timeframe."

**SFPS Response:** The report notes that SFPS decreased the number of instructional days; however, the number of instructional minutes has remained the same during this time frame and SFPS continues to **exceed** the minimum minutes' requirement. *See below:*

<b>Minimum Requirements for Instructional Minutes</b>		<b>SFPS Instructional Minutes</b>
<i>Elementary</i>	990	1,027
<i>K-8's</i>	1,080	1,108
<i>Middle Schools</i>	1,080	1,108
<i>High Schools</i>	1,080	1,123

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**LFC Finding, Page 26:** “Santa Fe is the only evaluated North Central district with a school-board-set target for its operational cash balances - between 5 percent to 7.5 percent of operational revenue (Policy 537). As a percent of its SEG funding, Santa Fe’s prior-year cash balances have remained close to the district’s target and have been the most stable of the evaluated school districts. PED should require school boards to set policies outlining target thresholds for unrestricted cash balances.”

**SFPS Response:** SFPS agrees with this statement.

**LFC Finding, Pages 27 and 55:** “Santa Fe may have overspent Public School Buildings Act funding, commonly called ‘HB33 funding,’ on administration... From FY10 through FY15, Santa Fe’s cumulative HB33 spending on administrative personnel equaled 20 percent of total HB33 funds.”

**SFPS Response:** SFPS’ current administrative team found and corrected the issue in the fall of 2018 through an internal audit of allowable expenditures. The District is in full compliance and shifted expenditures based on allowable job class codes and thresholds.

**LFC Finding, Page 27:** “Santa Fe used nonrecurring revenues from a building sale to fund pilot projects and some recurring costs in its operational budget. Santa Fe budgeted \$2.5 million in nonrecurring revenues from a property sale to fund 14 operational initiatives in FY 19.”

**SFPS Response:** SFPS staff made clear throughout the budgeting process that these revenues were nonrecurring, as noted below. Further, SFPS segregated these funds, utilizing a cost code to manage expenditures and ensure that recurring funds for these initiatives were not commingled with the rest of the budget.

- Below is page 3 of the SFPS Board of Education Study Session PowerPoint Presentation dated April 24, 2018, which was entered into the record. The Board of Education took part in discussion and action to approve the budget based on indicated non-recurring initiatives.
  - **Net non-recurring sources** after funding final priorities from slide 8, presented to the Board of Education in its budget presentation for the 18-19 SY, \$1.995 million



## Funding for New Non-Recurring Initiatives

	\$ in 000s
<b>Non-Recurring Sources:</b>	
From reduction in SPED enrollment	\$ 650
From potential sale of Alford (one payment)	\$ 2,450
<b>Total Non-Recurring Sources from Expense Reduction and One-Time Revenue</b>	<b>\$ 3,100</b>
<b>Final Staff Recommendation (combination of prior Board &amp; Staff Priorities):</b>	
Recruit/Recognize/Retain Staff (add 3.5 FTE)	\$ 160
Emergency Management position (increase from .6 to 1.0 FTE)	\$ 25
School Safety/Prevention Social Worker Pool to support schools (3.0 FTE)	\$ 200
Athletic Department (1.0 FTE)	\$ 85
Recruit/Recognize/Retain Staff: Recognition	\$ 100
PAX: 5 Schools	\$ 100
Attributes of a Graduate: curriculum evaluation and implementation framework	\$ 25
Expanding District Wide Computer Science & Coding Program: design	\$ 250
Math & Science Initiatives	\$ 100
1st Grade Literacy Kick-off	\$ 30
Family & Community Engagement: school site social media stipends pilot	\$ 30
<b>Final Staff Recommendation, all treated as non-recurring expenditures</b>	<b>\$ 1,105</b>
<b>Difference to be applied to the 2018-19 final Operational cash balance</b>	<b>\$ 1,995</b>

(Above table was submitted to the SFPS BOE on April 24, 2018)

**LFC Finding, Pages 27 and 28:** “Bilingual Multicultural Education Program (BMEP) funding applications demonstrate a lack of budget planning... Santa Fe reported to LFC staff that 90 percent, or \$6.6 million, of the district’s \$7.3 million in total SY18 bilingual education expenditures were for salaries and benefits.”

**SFPS Response:** NM PED rules do not specify allowable or unallowable BMEP expenditures. SFPS’ expenditures far exceed the allocated funds for bilingual programs.

**LFC Finding, Page 29:** “PED also performed an audit of Santa Fe’s K-3 Plus program in FY16 and recommended reducing \$75.6 thousand in funding because 11 students did not meet attendance requirements and staff timesheets lacked sufficient documentation.”

**SFPS Response:** This is an accurate statement. The students did not meet the requirement to be present on the 15th day of school. SFPS recommends that the Legislature change statutory language to take multiple student counts and calculate an average daily membership count.

**LFC Finding, Page 29:** “The majority of identified overallocations occurred in Santa Fe and stemmed from a 2015 school board policy that inflated the district’s T&E score... Santa Fe officials provided documentation to LFC staff indicating the district has since retracted the policy, initiated a corrective action plan, and revised its document retention policies for new employees.”

**SFPS Response:** SFPS agrees with this statement. In addition, the current administrative team at SFPS self-disclosed the discrepancy to NM PED, initiated immediate corrective action and repealed the practice.

Veronica C. Garcia, Ed. D.  
Superintendent  
610 Alta Vista  
Santa Fe, NM 87505



November 15, 2017

HAND-DELIVERED

David Craig, Director, School Budget and Financial Analysis Bureau  
Public Education Department  
334 Don Gaspar  
Santa Fe, NM 87501

**Re: Santa Fe Public Schools' Training & Experience Index Calculations**

Dear Mr. Craig:

I am writing regarding the current Training & Experience (T & E) audit being conducted by your agency in the Santa Fe Public Schools. The audit commenced on October 23, 2017. I attended the entrance meeting with your staff where there was discussion of National Board Certification and the T & E Index.

Immediately following the entrance meeting, I researched the relevant statutes and regulations in relation to Santa Fe Public Schools Board Policy 249 Salary Placement/Training and Experience (T & E) Reporting Aligned with Licensure Advancement, which the Board of Education adopted on November 17, 2015 under the previous administration (a copy of Policy 249 is attached).

I believe this board policy was well-intentioned and written to address the perceived misalignment between the School Personnel Act and the Public School Finance Act due to the uncertainty about whether the T&E submission should include a teacher in the "Master's Degree" sections of the T&E Index whose National Board Certification was used in lieu of a post-baccalaureate degree as the basis for advancement to Level III-A licensure. I presume, the Board of Education adopted Policy 249, apparently to harmonize Section 22-10A-11(B) NMSA 1978 of the School Personnel Act and Section 22-8-24(B) NMSA 1978 of the Public School Finance Act.

While Policy 249 permits the District to include National Board Certified teachers in the "Master's Degree" sections of the T&E Index, I recognize this policy appears to be misaligned with the Public School Finance Act and the Manual of Procedures for the Calculation of the Training & Experience Index. Therefore, I intend to advise the Santa Fe Public Schools Board of Education to amend Policy 249, and effective immediately, Santa Fe Public Schools will fully comply with the Public School Finance Act and the Manual of Procedures for the Calculation of the Training & Experience Index. Any additional guidance from you would be greatly appreciated. Also, please let me know if you have any questions.

Sincerely,

  
Veronica C. Garcia, Ed.D.

cc: Lorraine Price, Board of Education President  
Carl Gruenler, Chief Financial and Government Relations Officer  
Lisa Sullivan, General Counsel  
Elias Bernardino, Executive Director of Human Resources

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**LFC Finding, Page 34:** “Espanola, Pojoaque, Santa Fe, and Taos strategic plans list numerous objectives, indicating a wide range of responsibilities... This information indicates that the evaluated school districts range from having no strategic plan to having plans with numerous initiatives to achieve their goals. This suggests more prioritization might be needed across the districts.”

**SFPS Response:** Every district and organization uses different nomenclature to define strategies and objectives. It appears that the tactics utilized in our work plan were mischaracterized as objectives. The Santa Fe Public Schools’ Strategic Plan is very focused and prioritized. Below are the numbers of strategic plan goals:

- Pillar 1 (5 goals) - Create an environment that raises expectations and promotes high academic performance for every student
- Pillar 2 (1 goal) - Recruit, retain, and recognize highly qualified and effective personnel
- Pillar 3 (1 goal) - Develop a culture of shared responsibility for student success by engaging families and communities
- Pillar 4 (1 goal) - Promote a safe and respectful school community
- Pillar 5 (1 goal) - Ensure efficient and effective systems of operations and technology infrastructure
- Pillar 6 (2 goals) - Upon completion of their studies all students will possess the attributes of an SFPS graduate

Total SFPS Goals - 11

**LFC Finding, Page 35:** “Number of School Board Members Not Meeting Training Requirements” (Table 23) (showing that Santa Fe had one board member in 2016 who did not meet training requirements)

**SFPS Response:** A former board member, who became ill with terminal cancer, did not reach training requirements in SY16-17.

**LFC Finding, Page 39:** “Students Eligible for Free and Reduced Price Lunch, FY 18” (Table 24) (showing that 58% of Santa Fe students are eligible for FRL; however, the percentage does not include students who are

eligible due to the Community Eligibility Provision)

**SFPS Response:** LFC acknowledged in a recent response to the District that it will include this in future analyses. SFPS' Free and Reduced Price Lunch (FRL) is actually 77% district-wide. School breakdowns are provided below:

Stats as of October 2018	Enrollment	Free	Reduced	Percent	Stats as of October 2018	Enrollment	Free	Reduced	Percent
<b>Standard Schools</b>					<b>Community Eligible Schools (CEP)</b>				
ACEQUIA MADRE ELEMENTARY SCHOOL	155	25	8	21%	ACADEMY HIGH SCHOOL	29	29		100%
AMY BIEHL COMMUNITY SCHOOL	445	251	31	63%	ASPEN COMMUNITY SCHOOL	365	365		100%
ATALAYA ELEMENTARY SCHOOL	305	80	17	32%	CESAR CHAVE ELEMENTARY SCHOOL	420	420		100%
CARLOS GILBERT ELEMENTARY SCHOOL	348	93	14	31%	EARLY COLLEGE OPPORTUNITY	130	130		100%
CHAPARRAL ELEMENTARY SCHOOL	284	156	30	65%	EL CAMINO REAL COMMUNITY SCHOOL	818	818		100%
E.J. MARTINEZ ELEMENTARY SCHOOL	270	159	29	70%	KEARNEY ELEMENTARY SCHOOL	411	411		100%
EL DORADO COMMUNITY SCHOOL	531	165	14	34%	NAVA ELEMENTARY SCHOOL	217	217		100%
GONZALES COMMUNITY SCHOOL	428	247	46	68%	NINA OTERO COMMUNITY SCHOOL	778	778		100%
MANDELA MAGNET SCHOOL	262	61	16	29%	NYE EARLY CHILDHOOD	105	105		100%
MILAGRO	645	428	56	75%	ORTIZ MIDDLE SCHOOL	620	620		100%
PINON ELEMENTARY SCHOOL	573	282	60	60%	SALAZAR ELEMENTARY SCHOOL	249	249		100%
SANTA FE HIGH SCHOOL	1768	877	124	57%	SWEENEY ELEMENTARY SCHOOL	404	404		100%
WOOD GORMLEY ELEMENTARY	333	58	20	23%	TESUQUE ELEMENTARY SCHOOL	97	97		100%

Provision 2 Schools	Enrollment	Free	Reduced	Percent
CAPITAL HIGH SCHOOL	1518	1518		100%
RAMIREZ THOMAS ELEMENTARY SCHOOL	462	462		100%
Total all schools	12970	9505	465	77%

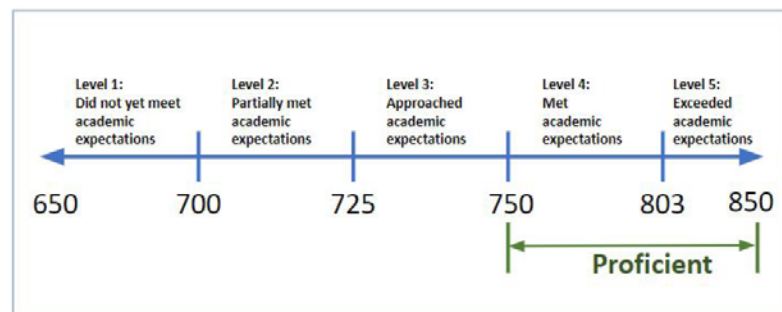
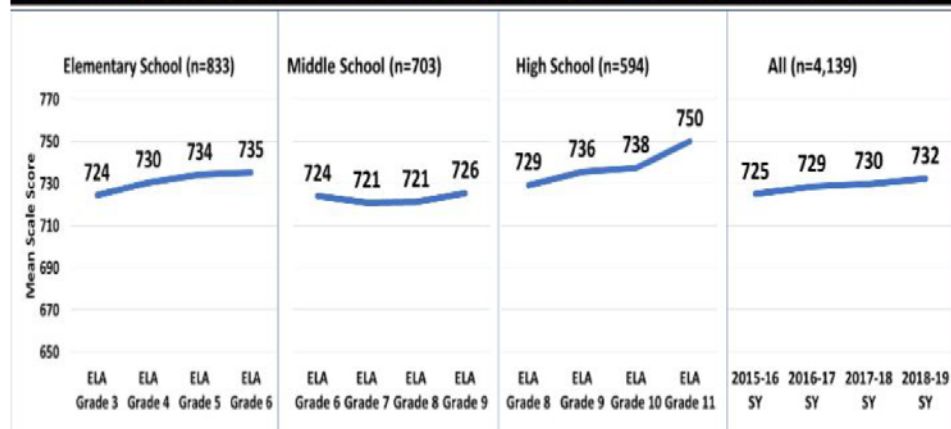
**LFC Finding, Page 39:** "Student cohorts statewide and in the North Central districts gain a year's worth of academic growth, on average, but start below grade level proficiency and remain there at year's end."

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**SFPS Response:** Based on an internal three-year cohort study analysis in ELA performance in SFPS, student cohorts are making more than one year of academic growth (*see* Addendum 1). High school students, on average, are proficient (meet the scale score of 750) by 11<sup>th</sup> grade. With that said, SFPS' strategic goals far exceed its current levels of performance. We believe that with sufficient funding and culturally/linguistically responsive resources SFPS, and, for that matter, all public schools in New Mexico, can and will do better.

**Addendum 1:  
Cohort Study Following the Same Students: English Language Arts (ELA) Mean Scale Score**



**LFC Finding, Page 41:** “Math proficiencies remained flat in Santa Fe from SY18 to SY19 at 18 percent and increased in Taos from 17 percent in SY18 to 19 percent in SY19. Pojoaque, Santa Fe, Taos, and the state have seen increases from SY16 to SY18...”

**SFPS Response:** SFPS' approach to closing the achievement gap is grounded in best practices and research that includes providing clear expectations for school leaders in four areas: Lesson Planning, Data-Driven

Instruction, Professional Learning Communities and Observation and Feedback. The District has spent considerable time developing content curriculum maps aligned to the common core standards. Each of these areas connects to expectations for performance changes by the adults in the school to increase student achievement. Ensuring that teachers have the tools they need in the classroom is essential, along with providing them support to address the various factors – language, poverty, physical and mental health -- that present themselves in their classrooms. Further, SFPS has mandated 90 minutes per day of instruction in ELA and math. These are just a few of the initiatives taking place to improve student achievement. While we are proud of the growth made we are clear that without sufficient funding SFPS cannot provide all students an equal opportunity to achieve at acceptable levels. The state's proficiency levels are far from this goal.

**LFC Finding, Page 43:** "...Pinon Elementary (Santa Fe) had student achievement above the trend line..."

**SFPS Response:** SFPS has drawn upon successes at Pinon Elementary School and other schools to develop best practices and clear expectations for leaders and teachers. Using data to make decisions regarding curriculum and instruction and providing teachers with time to plan and implement instruction are strategies utilized to support practice and programmatic decisions. Every school in SFPS completes a 90-day plan and incorporates their desired actions into 30-day cycles of improvement. On a 90-day basis, school teams review their data and establish (or adjust) their goals to attain their desired action. District supervisors of schools support leaders with this process through training and monitoring.

**LFC Finding, Pages 43:** "Despite having fewer economically disadvantaged students and English learners, Santa Fe is lagging behind Gadsden, a similarly sized district, in reading and math proficiencies and graduation rates."

**SFPS Response:** SFPS' student achievement gains over the past several years are substantial as related to "met" or "exceeds standards" performance levels:

- Since 2015, SFPS has increased its "met" or "exceeds standards" performance levels by 3% in ELA and math.
- In ELA, SFPS gained approximately 2% in SY 18-19 as compared with the state, which was about 1.6%.
- In math, the percent of students statewide who experienced a drop is 1.4%. SFPS remained steady
- After completing a 3-year analysis, results show that SFPS has seen an increase across the District in math and ELA.

A three-year SFPS analysis highlights the following results as compared to the state during the same period for ELA:

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- Grade 9 scores increased 7% as compared with the state's increase of 3%.
- Grade 10 scores increased 12% as compared with the state's increase of 5%.
- Grade 11 scores increased 14% as compared with the state's increase of 4%.

Several distinct factors should be considered when comparing SFPS to Gadsden:

- Santa Fe does not attract a high number of bilingual-speaking teachers. The combination of social determinants and high housing costs, transportation challenges and insurance impact the overall decisions teachers make when deciding if they want to live in Santa Fe. The cost of living in Santa Fe is much higher than in the Gadsden school district.
- SFPS does not have the same advantage of recruiting teachers from Texas or other bilingual-centric communities. Many teachers in Gadsden want to remain in southern New Mexico and some choose to cross state lines from Texas to do so. SFPS is competing with every other district in northern New Mexico to recruit and retain bilingual-speaking teachers.
- Gadsden was an early adopter of standards-based instruction. Over the last three years, SFPS has conducted a significant amount of professional development in standards-based instruction, curriculum alignment and alignment of instructional materials.
- Lastly, Gadsden enjoyed consistent grant funding from the NM PED while SFPS' funding was intermittent under the previous administration.

Finally, New Mexico has one of the lowest, if not lowest, graduation rates in the country. Graduation rates are not an isolated problem related only to SFPS, but a statewide problem that can be positively impacted by providing sufficient resources to educate our students.

**LFC Finding, Page 46:** "Rising graduation rates lag behind national rates; bringing graduation rates up to national levels would have a significant economic impact on the state."

**SFPS Response:** SFPS has continued to see increases in its graduation rate; however, the District saw a dip in 2017 due to a review and modification of the credit recovery program, with a greater focus on higher expectations and rigor. SFPS is now at its highest graduation rate in five years.

**LFC Finding, Page 55:** Appendix F: Miscellaneous Budget and Funding (Santa Fe School District may have spent more Public School Buildings Act funding, commonly called "HB 33 funding," on administration than allowed.)

**SFPS Response:** SFPS has verified that the coding is correct for FY10 through FY15, but in FY19 SFPS corrected the percent of admin to total HB 33 spending.

**Educational Services Center** 610 Alta Vista, Santa Fe, NM 87505 Telephone (505) 467-2000 [www.sfps.info](http://www.sfps.info)  
**Veronica C. Garcia Ed.D.**, Superintendent of Schools



## Taos Municipal Schools

310 Camino De La Placita, Taos, NM 87571

Office: 575-758-5200

Fax: 575-758-5250

Dr. Lillian M. Torrez  
Superintendent

James Sanborn, Board President  
Mark Flores II, Board Vice-President  
Whitney Goler, Board Secretary  
Dr. David Chavez, Board Member  
Jason Silva, Board Member

August 20, 2019

TO: New Mexico Legislative Finance Committee (LFC)

RE: Formal Feedback from Audit

FR: Dr. Lillian Torrez, Superintendent

I want to start off by thanking the LFC Audit Committee for visiting our District, including two of our schools, Ranchos Elementary and Taos Middle School. Your interviews were extensive and captured the essence of what our mission is as we work together as one entity.

Taos Municipal School's mission is to prepare all students academically, socially, physically and emotionally to succeed as responsible citizens.

Our District recognizes the important role that schools play in the lives of our students and for the entire community. Our child-centered culture has yielded impressive results, focused on diversity. We have found that developed relationships, high expectations and the continuous diligent pursuit of equity for all students has been the foundation of our success. However, we must pursue working on digital equity, which is one of the significant challenges in New Mexico, including Taos.

We know our goals are ambitious and rigorous but believe them to be achievable. We continue to work together to become the premiere district in educating students and helping every student achieve their dreams and aspirations. We offer students a high-quality educational experience with multiple programs and activities at every school. We see every valued staff member as an integral part of our organization and have gratitude for each of them. Our Cabinet has been very strategic in placing our teachers and support staff where they would best meet our students' needs. We also went through a rigorous process to hire new principals to replace those who retired this past year. Our District challenge and goal is continued work on school culture and communication which includes targeted parent participation and support. However, one of our strengths has been the engagement of our community members, of which about seventy organizations are our close partners in education.

Taos Municipal Schools does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities and provides equal access to the Boy Scouts and other designated youth groups. The following persons have been designated to handle inquiries regarding the non-discrimination policies: Title IX – Robert V. Trujillo (Taos High School Principal) and Section 504 – C.J. Grace (Compliance Officer).





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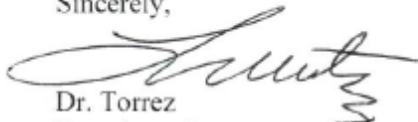
Our high expectations for all schools and staff are laser-focused on our key educational initiatives with the goal of preparing every student for college and the workforce. Our initiatives include: National Board Teacher Certification, High Schools That Work Model, AVID program, Teach to One Math model, 6<sup>th</sup> Grade Academy, after school strategic tutoring, STEM initiatives at all schools, expansion to five Pre-K programs, YDI Early Childhood Partnership inside our schools and our Attendance Success Advocates for family support which increased student attendance; all of which were put in place one to four years ago. We are monitoring each initiative in order to implement all with fidelity.

In addition, we are currently implementing the first Community Schools initiative at Enos Garcia Elementary, USDA sponsored organic food program where students help grow our cafeteria food, social-emotional components at all schools and expanded IT to Promethean/Apple Screens in all classrooms. This summer, we held our first 10-day bridge program from 5<sup>th</sup> to 6<sup>th</sup> grade and 8<sup>th</sup> to 9<sup>th</sup> grade.

In conjunction with these, collaboration is a priority, so every teacher is provided with additional time during the school day to collaborate. Focused professional development is provided which made significant strides in producing highly effective and exemplary teachers, by having our PD Committee consisting of teachers and our Curriculum and Instruction Director. Regular monitoring of our student data by our teacher leaders, principals and directors assisted us in adjusting curriculum and differentiating instruction in every classroom. Our 90 Day plans direct every school towards their goals using student assessment data and common core standards to measure progress. These are regularly presented by school principals at our Leadership Team meetings to show either progress or that a goal needs more attention. This helps us to be a data-driven District.

In closing, we acknowledge we have made significant progress in the last five years in several areas, but also realize that we still have many more goals to achieve in order for every student at Taos Municipal Schools to reach the highest of their achievements and accomplishments by high proficiency levels and a stable, strong citizenship. We appreciate the support and funding needed to accomplish all these lofty goals that we have made a commitment to in our educational community.

Sincerely,

  
Dr. Torrez  
Superintendent

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## Appendix A: Evaluation Scope and Methodology

### **Evaluation Objectives.**

- Assess the governance and oversight of selected school districts.
- Review resource allocation and financial management in the selected school districts.
- Examine trends in student achievement in the context of policy and spending trends in the selected school districts.

### **Scope and Methodology.**

- Interviewed school district officials and teachers from each evaluated school district.
- Reviewed state and federal laws, regulations, and policies on public education.
- Reviewed school districts' strategic plans, financial reports, school board meeting minutes, and other administrative documentation.
- Analyzed state public education funding formula, revenue, and expenditure data from PED.
- Analyzed district-level and school-level demographic and performance data from PED.
- Reviewed empirical research and best practices from academic journals and nonpartisan research organizations.

### **Evaluation Team.**

Clayton Lobaugh, Program Evaluator, Project Lead

Nathan Eckberg, Program Evaluator

Cally Carswell, 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 Bobbie Gutierrez (Española Public Schools) and staff on August 23, 2019; Superintendent Fred Trujillo (Pecos Independent School District) and staff on August 19, 2019; Acting Superintendent Sondra Adams (Pojoaque Valley School District) and staff on August 21, 2019; Superintendent Veronica Garcia (Santa Fe Public Schools) and staff on August 22, 2019; Superintendent Lillian Torrez (Taos Municipal Schools) and staff on August 19, 2019; and Deputy Secretary Gwen Perea Warniment, Deputy Secretary Adan Delgado, and Policy Director John Sena from PED on August 20, 2019.

**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

Deputy Director for Program Evaluation



## Appendix B: Change in Operational Expenditures, FY07 to FY18

### Change in Operational Expenditures, FY07 to FY18 Actuals

	Expenditure Category	Española	Pecos	Pojoaque	Santa Fe	Taos	Statewide
FY07	General/Central Administration	\$2,006,879	\$580,610	\$813,752	\$4,286,774	\$1,246,812	\$110,833,952
	Instruction	\$16,185,014	\$3,954,111	\$8,640,360	\$48,322,349	\$12,106,102	\$1,371,553,621
	Other Categories	\$6,003,280	\$1,512,296	\$2,256,291	\$10,423,870	\$2,702,933	\$309,782,035
	Instructional/Student Support	\$4,328,431	\$1,444,529	\$1,390,301	\$11,037,589	\$2,830,534	\$277,625,630
	School Administration	\$2,363,474	\$537,836	\$1,103,245	\$3,474,235	\$847,813	\$167,974,546
	<b>Operational Expenditures</b>	<b>\$30,887,080</b>	<b>\$8,029,382</b>	<b>\$14,203,948</b>	<b>\$77,544,817</b>	<b>\$19,734,194</b>	<b>\$2,237,769,784</b>
	<b>Funded Student Membership</b>	<b>4,371</b>	<b>733</b>	<b>1,982</b>	<b>12,491</b>	<b>2,886</b>	<b>323,006</b>
FY18	General/Central Administration	\$2,258,859	\$593,289	\$841,914	\$4,243,683	\$1,471,743	\$158,863,331
	Instruction	\$15,570,790	\$2,611,156	\$7,819,164	\$65,245,940	\$10,970,985	\$1,580,359,988
	Other Categories	\$5,624,241	\$1,004,581	\$2,495,311	\$8,719,130	\$2,403,565	\$360,947,714
	Instructional/Student Support	\$4,527,728	\$607,268	\$2,434,334	\$14,144,617	\$1,886,646	\$316,640,931
	School Administration	\$1,759,052	\$401,840	\$1,290,972	\$6,742,244	\$1,017,891	\$161,343,238
	<b>Operational Expenditures</b>	<b>\$29,740,670</b>	<b>\$5,218,134</b>	<b>\$14,881,695</b>	<b>\$99,095,614</b>	<b>\$17,750,830</b>	<b>\$2,578,155,202</b>
	<b>Funded Student Membership</b>	<b>3,626</b>	<b>596</b>	<b>1,914</b>	<b>12,722</b>	<b>2,327</b>	<b>329,039</b>
Change	General/Central Administration	\$251,980	\$12,679	\$28,162	(\$43,091)	\$224,930	\$48,029,379
	Instruction	(\$614,224)	(\$1,342,955)	(\$821,196)	\$16,923,591	(\$1,135,117)	\$208,806,367
	Other Categories	(\$379,039)	(\$507,715)	\$239,020	(\$1,704,740)	(\$299,367)	\$51,165,679
	Instructional/Student Support	\$199,297	(\$837,261)	\$1,044,033	\$3,107,028	(\$943,889)	\$39,015,301
	School Administration	(\$604,423)	(\$135,996)	\$187,727	\$3,268,010	\$170,079	(\$6,631,308)
	<b>Operational Expenditures</b>	<b>(\$1,146,409)</b>	<b>(\$2,811,248)</b>	<b>\$677,747</b>	<b>\$21,550,798</b>	<b>(\$1,983,364)</b>	<b>\$340,385,418</b>
	<b>Funded Student Membership</b>	<b>(745)</b>	<b>(137)</b>	<b>(68)</b>	<b>231</b>	<b>(559)</b>	<b>6,034</b>
% Change	General/Central Administration	13%	2%	3%	-1%	18%	43%
	Instruction	-4%	-34%	-10%	35%	-9%	15%
	Other Categories	-6%	-34%	11%	-16%	-11%	17%
	Instructional/Student Support	5%	-58%	75%	28%	-33%	14%
	School Administration	-26%	-25%	17%	94%	20%	-4%
	<b>Operational Expenditures</b>	<b>-4%</b>	<b>-35%</b>	<b>5%</b>	<b>28%</b>	<b>-10%</b>	<b>15%</b>
	<b>Funded Student Membership</b>	<b>-17%</b>	<b>-19%</b>	<b>-3%</b>	<b>1.8%</b>	<b>-19%</b>	<b>2%</b>

Source: LFC analysis of PED data.

## Appendix C: Change in Student-to-Teacher and Student-to-Administrator Ratios, FY10 to FY19

Change in Student-to-Teacher and Student-to-Administrator Ratios,  
FY10 to FY19

School District	Category	FY10 Actuals	FY18 Actuals	FY19 Budgets	9-Year Change		1-Year Change	
					#	%	#	%
Española	Students	4,264.8	3,626.3	3,535.0	(730)	-17%	-91.3	-3%
	Teachers	249.3	219.3	219.3	(30)	-12%	0.0	0%
	Students-to-Teacher Ratio	17.1	16.5	16.1	(1)	-6%	-0.4	-3%
	Administrators	5.5	4.9	6.9	1	25%	2.0	41%
	Students-to-Administrator Ratio	775.4	740.1	512.3	(263)	-34%	-227.7	-31%
Pecos	Students	659.8	595.8	602.3	58	9%	6.5	1%
	Teachers	31.5	36.1	38.0	(7)	-21%	1.9	5%
	Students-to-Teacher Ratio	20.9	16.5	15.8	(5)	-24%	-0.6	-4%
	Administrators	1.5	1.0	1.0	(0.5)	-33%	0.0	0%
	Students-to-Administrator Ratio	439.8	595.8	602.3	162	37%	6.5	1%
Pojoaque	Students	1,973.3	1,913.5	1,967.8	(5.5)	0%	54.3	3%
	Teachers	128.0	101.5	195.0	67.0	52%	93.5	92%
	Students-to-Teacher Ratio	15.4	18.9	10.1	(5.3)	-35%	-8.8	-46%
	Administrators	7.0	4.0	4.0	(3.0)	-43%	0.0	0%
	Students-to-Administrator Ratio	281.9	478.4	491.9	210.0	75%	13.6	3%
Santa Fe	Students	12,220.8	12,722.3	12,492.3	271.5	2%	-230.0	-2%
	Teachers	684.6	804.0	828.7	144.1	21%	24.7	3%
	Students-to-Teacher Ratio	17.9	15.8	15.1	(2.8)	-16%	-0.7	-5%
	Administrators	9.6	13.8	10.8	1.2	13%	-3.0	-22%
	Students-to-Administrator Ratio	1,275.7	921.9	1,156.7	(119.0)	-9%	234.8	25%
Taos	Students	2,652.5	2,326.5	2,227.5	(425.0)	-16%	-99.0	-4%
	Teachers	186.1	136.3	145.8	(40.3)	-22%	9.5	7%
	Students-to-Teacher Ratio	14.3	17.1	15.3	1.0	7%	-1.8	-10%
	Administrators	6.2	6.9	7.0	0.8	13%	0.1	1%
	Students-to-Administrator Ratio	427.8	337.2	318.2	(109.6)	-26%	-19.0	-6%
School Districts Statewide	Students	311,448.5	304,412.8	300,723.5	(10,725)	-3%	-3,689.3	-1%
	Teachers	19,301.3	18,774.5	18,864.1	(437)	-2%	89.6	0%
	Students-to-Teacher Ratio	16.1	16.2	15.9	(0)	-1%	-0.3	-2%
	Administrators	374.3	443.7	451.0	77	20%	7.3	2%
	Students-to-Administrator Ratio	832.0	686.0	666.7	(165)	-20%	-19.3	-3%

Source: LFC analysis of PED data

## Appendix D: Change in Operational Spending, FY19 Estimated Actuals to FY20 Budgets

**Budgeted Operational Expenditures, FY19 to FY20**

District	Category	FY19 Estimated Actuals	FY20 Budgeted	Change	
				\$	%
Española	Instruction	\$15,881,888	\$18,365,958	\$2,484,070	15.6%
	Instruction/Student Support	\$4,637,612	\$4,875,727	\$238,115	5.1%
	General/Central Administration	\$2,716,976	\$2,030,263	-\$686,713	-25.3%
	School Administration	\$1,991,539	\$2,154,108	\$162,569	8.2%
	Other	\$7,123,248	\$6,395,553	-\$727,695	-10.2%
	<b>Total</b>	<b>\$32,351,263</b>	<b>\$33,821,609</b>	<b>\$1,470,346</b>	<b>4.5%</b>
Pecos	Instruction	\$2,885,660	\$3,369,021	\$483,361	16.8%
	Instruction/Student Support	\$775,651	\$731,823	-\$43,828	-5.7%
	General/Central Administration	\$618,991	\$676,810	\$57,819	9.3%
	School Administration	\$442,262	\$477,447	\$35,185	8.0%
	Other	\$1,330,524	\$1,624,284	\$293,760	22.1%
	<b>Total</b>	<b>\$6,053,088</b>	<b>\$6,879,385</b>	<b>\$826,297</b>	<b>13.7%</b>
Pojoaque	Instruction	\$7,417,218	\$8,662,350	\$1,245,132	16.8%
	Instruction/Student Support	\$2,234,104	\$2,290,154	\$56,050	2.5%
	General/Central Administration	\$878,003	\$965,254	\$87,251	9.9%
	School Administration	\$1,250,891	\$1,402,466	\$151,575	12.1%
	Other	\$2,562,217	\$3,225,602	\$663,385	25.9%
	<b>Total</b>	<b>\$14,342,431</b>	<b>\$16,545,826</b>	<b>\$2,203,395</b>	<b>15.4%</b>
Santa Fe	Instruction	\$67,992,987	\$77,069,126	\$9,076,139	13.3%
	Instruction/Student Support	\$17,531,794	\$17,084,300	-\$447,494	-2.6%
	General/Central Administration	\$5,310,550	\$5,617,330	\$306,780	5.8%
	School Administration	\$7,127,588	\$7,666,125	\$538,537	7.6%
	Other	\$10,964,222	\$14,777,678	\$3,813,456	34.8%
	<b>Total</b>	<b>\$108,927,141</b>	<b>\$122,214,559</b>	<b>\$13,287,418</b>	<b>12.2%</b>
Taos	Instruction	\$10,945,947	\$14,491,470	\$3,545,523	32.4%
	Instruction/Student Support	\$2,135,450	\$2,564,044	\$428,594	20.1%
	General/Central Administration	\$1,627,526	\$1,859,636	\$232,110	14.3%
	School Administration	\$1,148,306	\$1,258,041	\$109,735	9.6%
	Other	\$2,547,379	\$2,867,510	\$320,131	12.6%
	<b>Total</b>	<b>\$18,404,608</b>	<b>\$23,040,701</b>	<b>\$4,636,093</b>	<b>25.2%</b>

Note: Based on data availability, LFC staff used districts' estimated FY19 amounts (included in districts' FY20 submitted budgets) for Española, Pecos, Santa Fe, and Taos. LFC staff used available FY19 actuals reported by Pojoaque on PED's Operating Budget Management System (OBMS).

Note: Source: LFC analysis of PED data

## Appendix E: FY20 Budgeted At-Risk Spending

### FY20 Budgeted At-Risk Spending

District	Program or Service	Budgeted Amount
Española	Student Information System	\$26,094
	Support Services	\$1,663,216
	In-School Suspension	\$83,000
	Security Personnel	\$232,160
	School-to-School Programs	\$19,260
	Bilingual Programs	\$119,000
	Professional Development	\$107,925
	<b>Subtotal</b>	<b>\$2,250,655</b>
Pecos	Student Information System	\$6,300
	Tutoring	\$5,000
	In-School Suspension	\$31,800
	Security Personnel	\$31,800
	School-to-Career Programs	\$1,200
	Bilingual Programs	\$169,533
	Professional Development	\$3,000
	<b>Subtotal</b>	<b>\$248,633</b>
Pojoaque	Student Information Systems	\$17,000
	After School Programs	\$30,075
	Before School Programs	\$30,075
	Alternative School Settings	\$32,567
	Support Services	\$694,121
	In-School Suspension	\$50,470
	Closed Campus	\$278,481
	Security Personnel	\$278,481
	School-to-Career Courses	\$310,600
	School-to-Career Programs	\$62,800
	Bilingual Programs	\$453,793
	Early Childhood Interventions	\$215,608
	<b>Subtotal</b>	<b>\$2,454,071</b>
Santa Fe	Early College Opportunities School	\$82,500
	Communities in School	\$450,000
	PAX games	\$240,000
	Social Workers/Counselors	\$1,303,850
	Registered Nurses/Health Assistants	\$934,255
	Safety Office	\$1,300,000
	Securitas	\$910,000
	Crossing Guards	\$301,285
	1st Grade Literacy	\$100,000
	<b>Subtotal</b>	<b>\$5,621,890</b>
Taos	After School Programs	\$30,000
	Alternative School Settings	\$133,360
	Support Services	\$400,991
	Tutoring	\$10,000
	Security Personnel	\$25,000
	Bilingual Programs	\$117,550
	<b>Subtotal</b>	<b>\$716,901</b>

Notes: Pojoaque's FY20 program budget questionnaire reported all budgeted spending on at-risk services rather than spending only from at-risk funds. This chart only includes at-risk expenditures from state funding for operations (Uniform Chart of Accounts Revenue Code 11000.0000.43101.0000).

Source: PED FY20 Program Budget Questionnaires

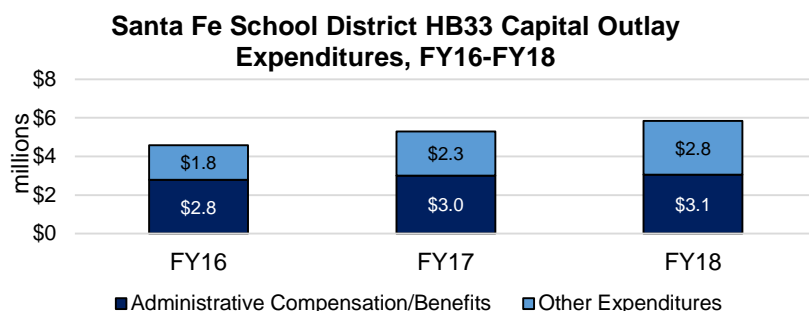
## Appendix F: Miscellaneous Budget and Funding

**The Santa Fe school district may have spent more Public School Buildings Act funding, commonly called “HB33 funding”, on administration than allowed.** The state Public School Buildings Act allows school districts to impose a property tax for public school building expenditures for six years with voter approval (Section 22-26-1 NMSA 1978). Districts can use HB33 funds for the administration of capital outlay projects up to five percent of the total project costs. According to PED data,<sup>23</sup> the employees receiving compensation and benefits from HB33 funds were categorized as administrative staff and business office support staff<sup>24</sup> from FY10 through FY18. During the six-year timeframe from FY10 through FY15, Santa Fe’s cumulative HB33 spending on administrative district personnel equaled 20 percent of total HB33 spending. Santa Fe should ensure its administrative spending of HB33 funds equals five percent or less of total funds through board review. PED should enhance its efforts to monitor public school capital outlay spending through auditing.

**Santa Fe School District HB33 Capital Outlay Expenditures, FY10-FY15**

Expenditure Category	FY10	FY11	FY12	FY13	FY14	FY15	Cumulative Total	
							Amount	Percent
Administrative Compensation/Benefits	\$892,017	\$1,126,514	\$2,512,041	\$2,507,107	\$2,478,557	\$3,343,569	\$12,859,805	20%
Other Expenditures	\$11,845,876	\$7,550,629	\$6,068,450	\$12,522,423	\$7,326,313	\$6,475,402	\$51,789,093	80%
Total Expenditures	\$12,737,893	\$8,677,142	\$8,580,491	\$15,029,530	\$9,804,871	\$9,818,971	\$64,648,898	100%

Source: LFC analysis of PED data



Source: LFC analysis of PED data

**Pecos school district supplemented its athletics spending with \$107 thousand in operational funds for instruction despite a 62 percent balance in its athletics fund in FY18.** According to Pecos’s expenditure reports, Pecos funds its athletics programs through its athletics funds and some of its operational instructional funds. The data table to the right shows the total athletics expenditure amounts for Pecos in both the athletic fund category and operational instructional fund categories for FY18. School boards and/or PED should set guidelines about prioritizing instructional funds for the classroom.

**Pecos School District Athletics Expenditures, FY18**

Athletics Fund	Budget	\$149,449
	Athletics Expenditures	\$57,290
	Balance	\$92,159
	Balance Percentage	62%
Operational Fund - Instruction	Athletics Expenditures	\$106,910

Source: Pecos FY18 General Ledger

**Santa Fe school district budgeted non-recurring revenues from a building sale to fund pilot projects and some recurring costs in its operational budget.** Santa Fe budgeted \$2.5 million in non-recurring revenues from a property sale to fund 14 operational initiatives in FY19. The Santa Fe school district closed Alvord Elementary in 2010 as part of measures to reduce operating expenditures. In November 2017, the Santa Fe school board entered into an agreement to sell the 2.8 acre-site of the former Alvord Elementary school to a real estate broker for \$2.55 million. The sale resulted in \$2.45 million non-recurring revenue, after broker’s fees, for the school district in FY19.

<sup>23</sup> Fourth Quarter expenditure actuals reports from PED’s Operating Budget Management System (OBMS).

<sup>24</sup> Job codes 1113, 1114, 1217, and 1220.



According to school district presentations to the Santa Fe school board, the sale of Alvord elementary was budgeted to fund 14 initiatives, called the Alvord Initiatives, in the FY19 operational budget. As of April 2019, only \$785 thousand of the budgeted funding had been expended on these initiatives for FY19. The majority of the Alvord Initiatives will be reduced or closed out in FY20 and non-recurring revenues will have to be replaced with recurring revenues. The Government Finance Officers Association recommends as a best practice that governments adopt policies to achieve a structurally balanced budget and ensure that recurring revenues are equal to recurring expenditures. School boards and/or PED should set policies to prevent the use of non-recurring revenues for recurring expenses.

#### Santa Fe Alvord Initiatives, FY18-FY20

Initiatives	FY19 Budget (Non-Recurring Funds)	FY19 YTD (April) (Non-Recurring Funds)	FY20 Budget Rec (Recurring Funds)
Recruit/Recognize/Retain Staff (Add 3.5 FTE)	\$160,000	\$79,002	\$130,000
Emergency Management Position (from 0.6 FTE to 1.0 FTE)	\$25,000	\$24,877	\$25,000
School Safety/Prevention Social Worker Pool (add 5.0 FTE)	\$350,000	\$0	\$60,000
Athletics Department (Add 1.0 FTE)	\$85,000	\$17,153	\$85,000
Recruit/Recognize/Retain Staff (Recognition)	\$250,000	\$60,000	\$0
PAX-12 Schools	\$240,000	\$143,163	\$70,000
Attributes of a Graduate: Curriculum Evaluation and Implementation Framework	\$50,000	\$25,000	\$0
Expanding Districtwide Computer Science & Coding Program	\$250,000	\$8,606	\$0
Math/Science Initiatives	\$150,000	\$71,012	\$0
1st Grade Literacy Kick-off	\$100,000	\$17,846	\$0
Restore back to Admin	\$100,000	\$91,248	\$0
Restore back to Professional Development/Associated Substitutes	\$375,000	\$154,360	\$125,000
Family & Community Engagement: School Site Media Stipends Pilot	\$30,000	\$25,995	\$0
Family & Community Engagement: Community Capacity Building Contracts	\$100,000	\$66,500	\$0
<b>Total</b>	<b>\$2,265,000</b>	<b>\$784,762</b>	<b>\$495,000</b>

Source: Santa Fe School District Presentations to School Board Finance Subcommittee, February 12, 2019 and April 22, 2019

**Bilingual Multicultural Education Program (BMEP) funding applications demonstrate a lack of budget planning.** LFC staff requested copies of available BMEP applications from the evaluated school districts. In these funding applications, school districts and schools are asked to describe program goals, projected enrollment, program courses, professional development activities, and parental advisory committee activities. Although some funding amounts for professional development and community engagement activities were listed, LFC staff found that the applications did not outline how most of the BMEP funding would be allocated. For example, Pojoaque received \$504 thousand in state BMEP funding in FY19, but the school district's BMEP funding applications only specified how the district would use \$22 thousand for professional development and curricula materials.

Similarly, Taos received \$471 thousand in state BMEP funding in FY18 from applications that specified how only \$48 thousand would be allocated. Española received a FY19 BMEP allocation of \$770 thousand with applications that described how \$57 thousand would be allocated. Santa Fe's BMEP funding applications for FY20 detailed \$77 thousand for professional development and community engagement activities. PED should require school districts and schools to outline comprehensive program-level budgets in state BMEP funding applications.

**School districts use BMEP funding to cover teacher base salaries, which are costs not directly incurred from implementing BMEPs.** According to PED's bilingual multicultural education annual report for SY18, all school districts that submitted bilingual education expenditures data in SY18, including the five evaluated school districts, reported using BMEP funding for teacher salaries. As an example, Santa Fe reported to LFC staff that 90 percent, or \$6.6 million, of the district's \$7.3 million in total SY18 bilingual education expenditures were for salaries and benefits. Santa Fe's other bilingual education expenditures were for additional compensation, professional development, and supplies. The PED annual report notes that teacher base salaries are not costs directly incurred by implementing a BMEP, like bilingual certification stipends or professional development, since school districts are always obligated to provide students with teachers. PED rules do not delineate allowable or unallowable BMEP expenditures. PED should amend its administrative rules to define expenditures that are allowable or unallowable for state BMEP funding.

## Appendix G: Adjustments to T&E Funding from PED Audits

### Adjustments to FY18 T&E Funding from PED Audits of T&E Data

School District or Charter School	Category	SEG Adjustment
Santa Fe Public Schools	School District	(\$1,014,555)
Alice King Community School	Charter School	(\$224,999)
21st Century Public Academy	Charter School	(\$117,739)
ASK Academy	Charter School	(\$77,678)
Carinos de los Ninos Charter	Charter School	(\$72,222)
Deming Public Schools	School District	(\$66,636)
Native American Community Academy	Charter School	(\$63,837)
Alma D'arte Charter School	Charter School	(\$29,031)
South Valley Academy	Charter School	(\$25,056)
Tierra Encantada Charter	Charter School	(\$20,935)
John Paul Taylor Academy	Charter School	(\$19,485)
Health Leadership High School	Charter School	(\$16,475)
Los Puentes Charter School	Charter School	(\$15,774)
Cesar Chavez Charter	Charter School	(\$13,443)
Deming Cesar Chavez Charter	Charter School	(\$13,443)
Albuquerque Sign Language Academy	Charter School	(\$13,292)
Taos Academy Charter School	Charter School	(\$12,613)
Horizon Academy West Charter	Charter School	(\$12,180)
Robert F. Kennedy Charter School	Charter School	(\$4,631)
ABQ Charter Academy	Charter School	\$0
Corrales International School	Charter School	\$0
East Mountain High School	Charter School	\$0
Explore Academy	Charter School	\$0
New Mexico International School	Charter School	\$0
West Las Vegas Public Schools	School District	\$0
Christine Duncan Heritage Academy	Charter School	\$5,601
Amy Biehl Charter School	Charter School	\$10,034
La Academia de Esperanza	Charter School	\$15,462
<b>Total</b>		<b>(\$1,802,925)</b>

Source: PED Audits of T&E data for the FY18 Funding Formula

## Appendix H: Frequency of Superintendent Changes

**Frequency of School District  
Superintendent Changes from SY13 through SY18**

Number of Superintendent Changes	Number of School Districts	School Districts
0	13	Artesia, Aztec, Chama Valley, Corona, Eunice, Hatch, Hobbs, Melrose, <b>Pecos</b> , Rio Rancho, Tatum, Tucumcari, and Tularosa
1	40	Animas, Bernalillo, Bloomfield, Capitan, Carlsbad, Cimarron, Cloudcroft, Clovis, Cobre, Dexter, Dora, Elida, Estancia, Floyd, Gadsden, Grady, Hagerman, House, Jemez Mountain, Lake Arthur, Logan, Lordsberg, Los Alamos, Los Lunas, Mosquero, <b>Pojoaque</b> , Portales, Quemado, Reserve, Roswell, Ruidoso, San Jon, <b>Santa Fe</b> , Santa Rosa, Socorro, <b>Taos</b> , Texico, Truth or Consequences, Vaughn, and Zuni
2	22	Alamogordo, Albuquerque, Belen, Central, Deming, Farmington, Gallup, Grants, Hondo Valley, Jal, Jemez Valley, Las Cruces, West Las Vegas, Lovington, Magdalena, Maxwell, Mesa Vista, Moriarty, Mountainair, Peñasco, Raton, and Wagon Mound
3	13	Carrizozo, Clayton, Cuba, Des Moines, Dulce, <b>Española</b> , Fort Sumner, Las Vegas, Loving, Questa, Roy, Silver City, and Springer
4	1	Mora

Source: LFC analysis of PED school district superintendent lists

## Appendix I: Superintendent Maximum Contract Lengths by State

**State-Set Maximum Contract Lengths  
for School District Superintendents, 2011**

Maximum Length of Contract	States	Number of States
2-Years	UT	1
3-Years	AK, AZ, AR, CT, GA, ID, IN, IA, KS, MT, <b>NM</b> , ND, OR, RI, SD, WA	16
4-Years	AL, CA, HI, KY, LA, MD, NV, NC, SC, TN, VA, WV	12
5-Years	CO, DE, ME, MI, MO, NJ, NY, PA, TX, VT	10
Local-Decision	FL, IL, MA, MN, MS, NE, NH, OH, OK, WI, WY	11

Note: Missouri has a maximum of five years for metro-districts and three years for other districts.  
Source: Section 22-10A-21 NMSA 1978 and Education Commission of the States (2011)

## Appendix J: Evaluated Districts Profiles



### Española Public Schools

Bobbie J. Gutierrez, Superintendent

Rio Arriba County

PED District Grade

**D D D**  
2016 2017 2018

10 Elementary Schools ♦ 1 Middle School ♦ 1 High School ♦ 1 Kindergarten Center

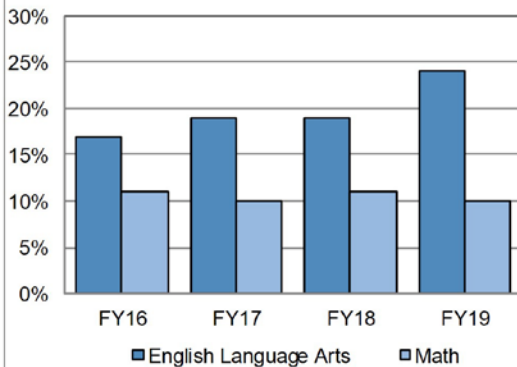
#### 4-Year Graduation Rates

2014	2015	2016	2017	2018
55.5%	61.7%	64%	65.5%	71%

Source: PED

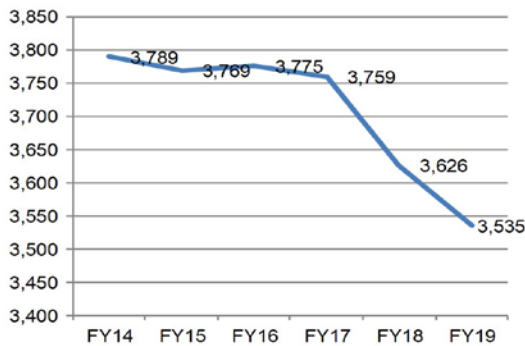
Note: Red/green shading indicates a graduation rate below/above the statewide graduation rate.

#### PARCC/Transition Assessment Percent of Students Proficient and Above



Source: PED

#### Student Membership



\*Does not include charter schools.  
Source: Final Funded Run MEM

#### Weighted New Mexico Condition Index (wNMCI)

Espanola	Statewide Average
28.52%	24.86%

Source: PSFA

Note: Lower scores indicate facilities in better condition and better

#### Student Demographics

	Number	Percent	Statewide
Male	1,852	50%	51%
Female	1,840	50%	49%
Caucasian	193	5%	24%
African American	13	0.4%	2%
Hispanic	3,231	87.5%	62%
Asian	25	0.7%	1%
American Indian	228	6%	11%
Economically Disadvantaged	3,692	100%	75%
English Learners	555	15%	15%
Special Education	559	15%	16%

Source: PED District Report Card

#### Operational Expenditures, SY18 Actuals

Operational Expenditure Category	Espanola	Statewide
Instruction	52%	61%
Student/Instructional Support	15%	12%
Administration	14%	12%
Facilities	18%	14%
Other	1%	0%

Source: LFC files

#### Española FY19 SEG Funding Formula

Formula Component	Formula Units	Program Cost Funding	Percent
At-Risk	361	\$1,511,095	5%
Bilingual Education	184	\$769,712	3%
Fine Arts	102	\$429,143	1%
Grade Level MEM	4,248	\$17,801,180	59%
Other	146	\$610,523	2%
Size Adjustments	341	\$1,430,433	5%
Special Education	1,222	\$5,123,105	17%
T&E Adjustment	655	\$2,744,739	9%
<b>Grand Total</b>	<b>7,259</b>	<b>\$30,419,930</b>	<b>100%</b>

Source: FY19 Final Funded Formula

#### Unrestricted Operational (End-of-Year) Cash Balance

FY15	FY16	FY17	FY18	FY19
\$1,858,562	\$1,686,880	\$1,581,897	\$2,608,233	\$1,783,290

Source: PED

#### Average Returning Teacher Salaries

FY14	FY15	FY16	FY17	FY18	FY19 Budgeted
\$44,276	\$45,287	\$45,856	\$45,371	\$46,405	\$48,690

Source: PED





## Pecos Independent Schools

Fred Trujillo, Superintendent

San Miguel County

PED District Grade

**C D D**  
2016 2017 2018

1 Elementary School

1 Middle School

1 High School

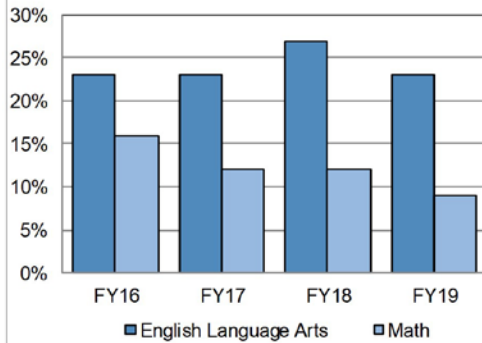
### 4-Year Graduation Rates

2014	2015	2016	2017	2018
69.4%	62.6%	57%	79.3%	86%

Source: PED

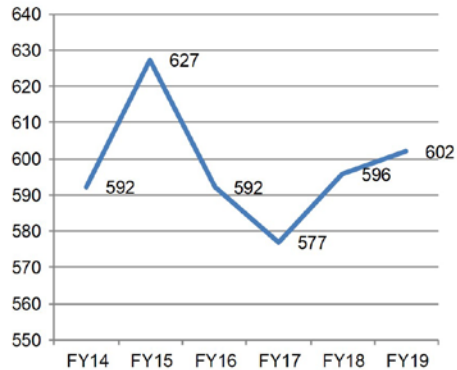
Note: Red/green shading indicates a graduation rate below/above the statewide graduation rate.

### PARCC/Transition Assessment Percent of Students Proficient and Above



Source: PED

### Student Membership



\*Does not include charter schools.  
Source: Final Funded Run MEM

### Weighted New Mexico Condition Index (wNMCI)

Pecos	Statewide Average
23.62%	24.86%

Source: PSFA

Note: Lower scores indicate facilities in better condition and better

### Student Demographics

	Number	Percent	Statewide
Male	298	47%	51%
Female	331	53%	49%
Caucasian	47	7.5%	24%
African American	1	0.2%	2%
Hispanic	575	91.4%	62%
Asian	0	0%	1%
American Indian	6	1%	11%
Economically Disadvantaged	629	100%	75%
English Learners	67	11%	15%
Special Education	105	17%	16%

Source: PED District Report Card

### Operational Expenditures, SY18 Actuals

Operational Expenditure Category	Pecos	Statewide
Instruction	50%	61%
Student/Instructional Support	12%	12%
Administration	19%	12%
Facilities	19%	14%
Other	0%	0%

Source: LFC files

### Pecos FY19 SEG Funding Formula

Formula Component	Formula Units	Program Cost Funding	Percent
At-Risk	55	\$229,680	4%
Bilingual Education	46	\$191,396	3%
Fine Arts	14	\$56,576	1%
Grade Level MEM	720	\$3,018,648	53%
Other	3	\$12,573	0%
Size Adjustments	263	\$1,101,288	19%
Special Education	195	\$818,473	14%
T&E Adjustment	71	\$298,213	5%
<b>Grand Total</b>	<b>1,367</b>	<b>\$5,726,847</b>	<b>100%</b>

Source: FY19 Final Funded Formula

### Unrestricted Operational (End-of-Year) Cash Balance

FY15	FY16	FY17	FY18	FY19
\$260,953	\$256,345	\$191,155	\$630,609	\$638,333

Source: PED

### Average Returning Teacher Salaries

FY14	FY15	FY16	FY17	FY18	FY19 Budgeted
\$42,603	\$45,452	\$44,703	\$45,013	\$44,883	\$47,391

Source: PED



## Pojoaque Valley School District

Sondra Adams, Acting Superintendent

Santa Fe County

PED District Grade

**C D D**  
2016 2017 2018

1 Elementary School ♦ 1 Intermediate (Grades 4 & 5) ♦ 1 Sixth Grade Academy ♦ 1 Middle School ♦ 1 High School

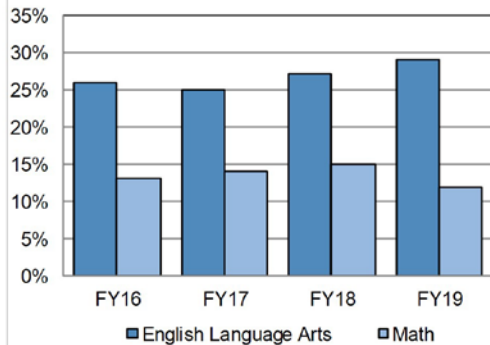
### 4-Year Graduation Rates

2014	2015	2016	2017	2018
74.2%	76.9%	75%	77.8%	83.4%

Source: PED

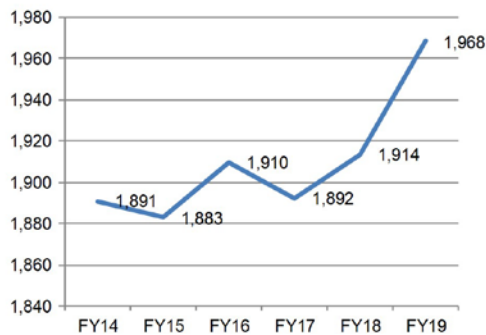
Note: Red/green shading indicates a graduation rate below/above the statewide graduation rate.

### PARCC/Transition Assessment Percent of Students Proficient and Above



Source: PED

### Student Membership



\*Does not include charter schools.  
Source: Final Funded Run MEM

### Weighted New Mexico Condition Index (wNMCI)

Pojoaque	Statewide Average
28.52%	24.86%

Source: PSFA

Note: Lower scores indicate facilities in better condition and better

### Student Demographics

	Number	Percent	Statewide
Male	1,011	50%	51%
Female	1,021	50%	49%
Caucasian	111	5.5%	24%
African American	7	0.3%	2%
Hispanic	1,600	79%	62%
Asian	0	0%	1%
American Indian	314	15.5%	11%
Economically Disadvantaged	1,261	62%	75%
English Learners	346	17%	15%
Special Education	242	12%	16%

Source: PED District Report Card

### Operational Expenditures, SY18 Actuals

Operational Expenditure Category	Pojoaque	Statewide
Instruction	53%	61%
Student/Instructional Support	16%	12%
Administration	14%	12%
Facilities	16%	14%
Other	1%	0%

Source: LFC files

### Pojoaque FY19 SEG Funding Formula

Formula Component	Formula Units	Program Cost Funding	Percent
At-Risk	118	\$494,793	3%
Bilingual Education	120	\$503,950	3%
Fine Arts	48	\$200,218	1%
Grade Level MEM	2,364	\$9,905,682	67%
Other	2	\$6,286	0%
Size Adjustments	180	\$753,515	5%
Special Education	421	\$1,763,091	12%
T&E Adjustment	260	\$1,088,821	7%
<b>Grand Total</b>	<b>3,512</b>	<b>\$14,716,354</b>	<b>100%</b>

Source: FY19 Final Funded Formula

### Unrestricted Operational (End-of-Year) Cash Balance

FY15	FY16	FY17	FY18	FY19
\$274,996	\$258,774	\$293,325	\$0	\$345

Source: PED

### Average Returning Teacher Salaries

FY14	FY15	FY16	FY17	FY18	FY19 Budgeted
\$46,504	\$46,999	\$47,006	\$46,942	\$47,531	\$50,029

Source: PED



## Santa Fe Public Schools

Dr. Veronica Garcia, Superintendent  
Santa Fe County

PED District Grade		
<b>D</b>	<b>C</b>	<b>D</b>
2016	2017	2018

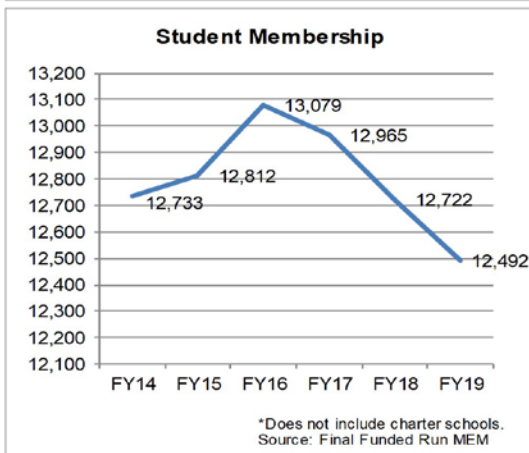
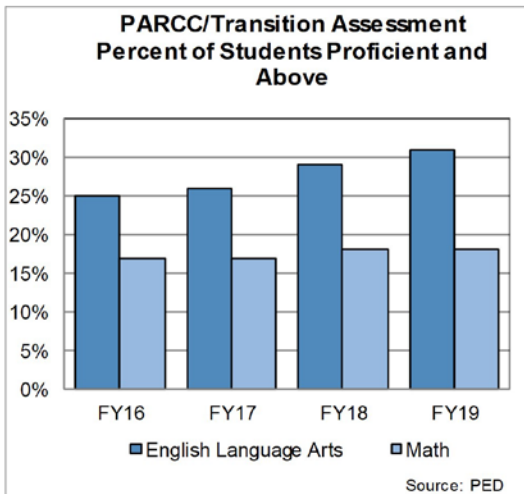
15 Elementary Schools ♦ 2 Middle School ♦ 2 High Schools ♦ 1 Charter School ♦ 1 Magnet School ♦ 2 Alternative

### 4-Year Graduation Rates

2014	2015	2016	2017	2018
64.4%	66.8%	71%	68.9%	73%

Source: PED

Note: Red/green shading indicates a graduation rate below/above the statewide graduation rate.



### Weighted New Mexico Condition Index (wNMCI)

Santa Fe	Statewide Average
16.43%	24.86%

Source: PSFA

Note: Lower scores indicate facilities in better condition and better meet student's educational needs.

### Student Demographics

	Number	Percent	Statewide
Male	6,787	51%	51%
Female	6,536	49%	49%
Caucasian	2,157	16%	24%
African American	112	0.8%	2%
Hispanic	10,537	79%	62%
Asian	183	1%	1%
American Indian	300	2%	11%
Economically Disadvantaged	10,094	76%	75%
English Learners	2,998	22.5%	15%
Special Education	2,230	17%	16%

Source: PED District Report Card

### Operational Expenditures, SY18 Actuals

Operational Expenditure Category	Santa Fe	Statewide
Instruction	66%	61%
Student/Instructional Support	14%	12%
Administration	11%	12%
Facilities	8%	14%
Other	1%	0%

Source: LFC files

### Santa Fe FY19 SEG Funding Formula

Formula Component	Formula Units	Program Cost Funding	Percent
At-Risk	1,124	\$4,711,785	5%
Bilingual Education	603	\$2,526,726	3%
Fine Arts	365	\$1,531,337	2%
Grade Level MEM	14,917	\$62,515,119	62%
Other	291	\$1,217,777	1%
Size Adjustments	446	\$1,867,045	2%
Special Education	4,513	\$18,912,887	19%
T&E Adjustment	1,692	\$7,090,126	7%
<b>Grand Total</b>	<b>23,950</b>	<b>\$100,372,802</b>	<b>100%</b>

Source: FY19 Final Funded Formula

### Unrestricted Operational (End-of-Year) Cash Balance

FY15	FY16	FY17	FY18	FY19
\$6,310,019	\$5,492,633	\$7,984,535	\$5,569,537	\$6,618,911

Source: PED

### Average Returning Teacher Salaries

FY14	FY15	FY16	FY17	FY18	FY19 Budgeted
\$45,396	\$46,685	\$47,900	\$47,877	\$46,634	\$49,030

Source: PED



**Taos Municipal Schools**  
Dr. Lillian Torrez, Superintendent  
Taos County

PED District Grade		
<b>D</b>	<b>C</b>	<b>C</b>
2016	2017	2018

3 Elementary Schools ♦ 1 Middle School ♦ 1 High Schools ♦ 3 Charter Schools ♦ 1 Magnet School ♦ 1 Alternative

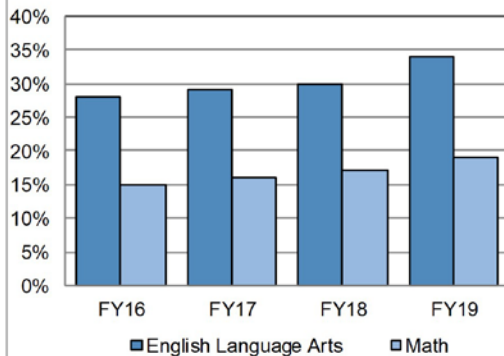
#### 4-Year Graduation Rates

2014	2015	2016	2017	2018
71.1%	59.8%	74%	68.3%	72.3%

Source: PED

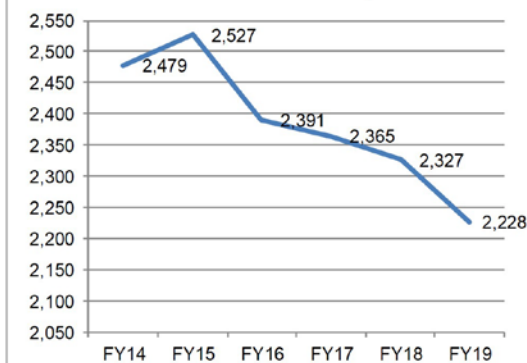
Note: Red/green shading indicates a graduation rate below/above the statewide graduation rate.

#### PARCC/Transition Assessment Percent of Students Proficient and Above



Source: PED

#### Student Membership



\*Does not include charter schools.  
Source: Final Funded Run MEM

#### Weighted New Mexico Condition Index (wNMCI)

Taos	Statewide Average
28.52%	24.86%

Source: PSFA

Note: Lower scores indicate facilities in better condition and better

#### Student Demographics

	Number	Percent	Statewide
Male	1,443	52%	51%
Female	1,319	48%	49%
Caucasian	612	22%	24%
African American	13	0.5%	2%
Hispanic	1,875	68%	62%
Asian	21	0.8%	1%
American Indian	233	8.4%	11%
Economically Disadvantaged	2,234	81%	75%
English Learners	183	7%	15%
Special Education	473	17%	16%

Source: PED District Report Card

#### Operational Expenditures, SY18 Actuals

Operational Expenditure Category	Taos	Statewide
Instruction	62%	61%
Student/Instructional Support	11%	12%
Administration	14%	12%
Facilities	14%	14%
Other	0%	0%

Source: LFC files

#### Taos FY19 SEG Funding Formula

Formula Component	Formula Units	Program Cost Funding	Percent
At-Risk	194	\$812,157	5%
Bilingual Education	99	\$415,250	2%
Fine Arts	46	\$192,779	1%
Grade Level MEM	2,682	\$11,237,806	62%
Other	13	\$54,272	0%
Size Adjustments	180	\$752,434	4%
Special Education	716	\$3,000,649	17%
T&E Adjustment	365	\$1,529,187	8%
<b>Grand Total</b>	<b>4,294</b>	<b>\$17,994,533</b>	<b>100%</b>

Source: FY19 Final Funded Formula

#### Unrestricted Operational (End-of-Year) Cash Balance

FY15	FY16	FY17	FY18	FY19
\$1,247,303	\$720,858	\$1,285,585	\$2,189,979	\$2,734,021

Source: PED

#### Average Returning Teacher Salaries

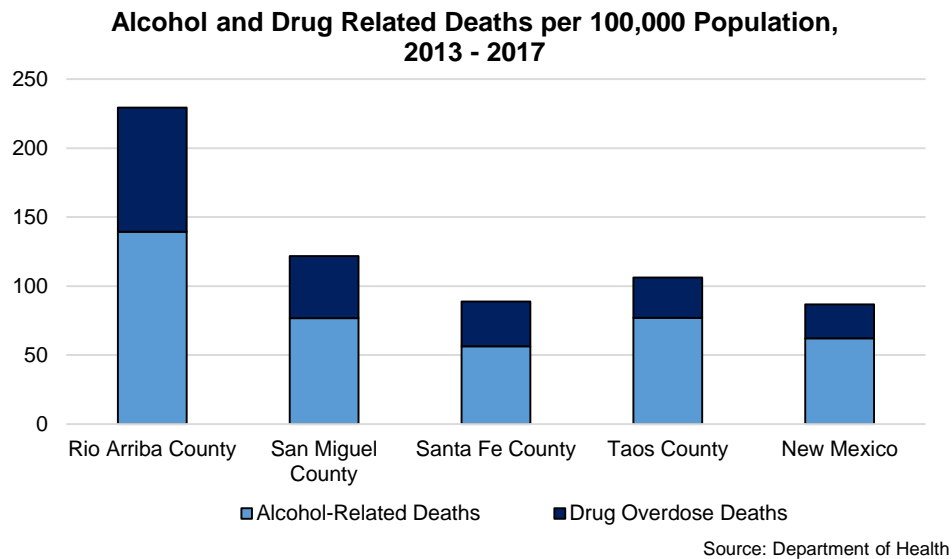
FY14	FY15	FY16	FY17	FY18	FY19 Budgeted
\$44,393	\$45,514	\$47,534	\$48,849	\$49,011	\$50,864

Source: PED

## Appendix K: Students Face Challenges Outside of School

In structured interviews conducted by LFC staff, officials and teachers in the five school districts reported that challenges students face at home often contribute to low academic proficiency. Officials and teachers cited poverty, food insecurity, physical, sexual and emotional abuse, children being raised by grandparents, substance abuse, and homelessness. In all four of the counties where the five school districts are located, the rate of drug overdose deaths exceeds the statewide rate. According to the New Mexico Department of Health, alcohol-related death rates are also higher in three of the four counties than the statewide rate.

In New Mexico, children are especially vulnerable to adverse childhood experiences (ACEs), which could include abuse, neglect, loss of a parent, exposure to substance abuse or violence, and food and housing insecurity. According to a 2018 report from Child Trends, ACEs can contribute to developmental delays and struggles in school, and are linked to substance abuse and mental health issues in adulthood. That same report found that New Mexico was one of five states where one in seven children had experienced at least seven ACEs. Nationally, one in 10 children experienced three or more ACEs, according to the 2016 National Survey of Children's Health.





## Appendix L: Sample Statements from NM-DASH 90 Day Plans

Sample Statements from NM DASH 90 Day Plans  
(Fall SY18)

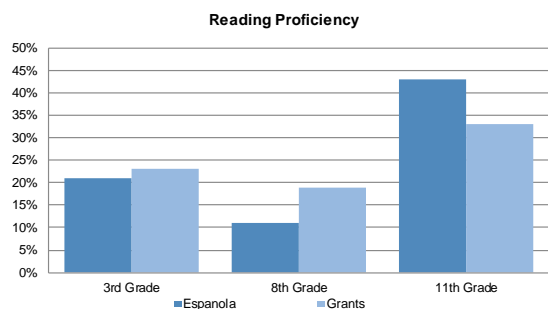
School	Piñon Elementary	Española High School
Focus Area	Core Instruction	Core Instruction
Desired Outcomes	<p>"Teachers will create and submit <b>lesson plans</b> that include differentiation, heterogeneous groupings, RTI strategies, scaffolding of lesson activities, daily lesson objectives, and <b>measurable outcomes</b> that denote mastery or non-mastery of stated objective on a weekly basis. Teachers will keep a <b>data binder</b> to document student achievement and growth. A school wide <b>data wall</b> will be kept with student groupings and current levels. Administration will conduct <b>monthly walk through observations</b> that are non-evaluative with 1:1 feedback to teachers regarding learning activities that <b>elicit higher level, critical thinking skills</b>. Teachers will use <b>formative assessments</b>. The Instructional leadership team will create a schedule to monitor 90-day plan."</p>	<p>"A school wide model of Tier I (Core) instruction for ELA and Math will be outlined and implemented by all teachers. The model will specify essential/required components and curricular tools to be utilized daily.</p> <p>Lesson Plan will reflect structured delivery of Tier I (Core) instruction for ELA and Math.</p> <p>Admin and peer observations of Tier I (Core) instruction will document implementation."</p>
Progress Indicators	<p>"On a weekly basis, Administration will review lesson plans for differentiation, instructional <b>strategies and activities that elicit higher level thinking skills</b>. Data binders will be reviewed biweekly to monitor <b>student achievement</b>."</p> <p>"Administration will conduct one non-evaluative observation walk through observation during the week of October 23."</p>	<p>"Revise Schedules"</p> <p>"PD/PLC schedule in place"</p> <p>"PD/PLC meeting notes relevant to goal of analyzing CORE curriculum and essential/required components"</p> <p>"Curriculum Requirements Document (ELA and Math)"</p> <p>"Peer Walk through schedule (to observe CORE ELA and MATH instruction)"</p> <p>"Peer Walk through rubric aligned to CORE curriculum and essential/required components"</p>

Source: LFC staff review of fall SY18 NM DASH 90-day plans (direct quotes, emphasis added)

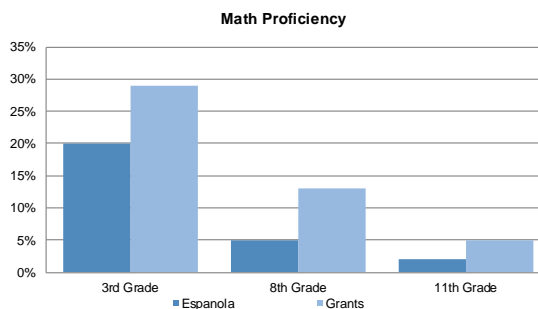
## Appendix M: District Comparisons

	Enrollment	Economically Disadvantaged	English Learners	Special Education	At-Risk
<b>Espanola</b>	3,626	100%	15%	15%	79%
<b>Grants-Cibola</b>	3,649	100%	11.35%	16.6%	85%

Source: PED District Report Cards



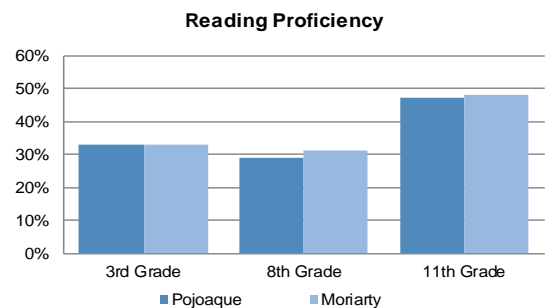
Source: PED



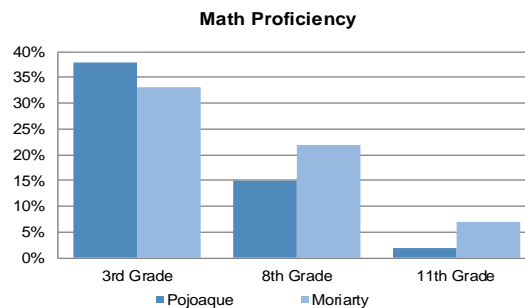
Source: PED

	Enrollment	Economically Disadvantaged	English Learners	Special Education	At-Risk
<b>Pojoaque</b>	1,913	62%	17%	12%	45%
<b>Moriarty</b>	2,477	72%	5.4%	16.5%	64%

Source: PED District Report Cards



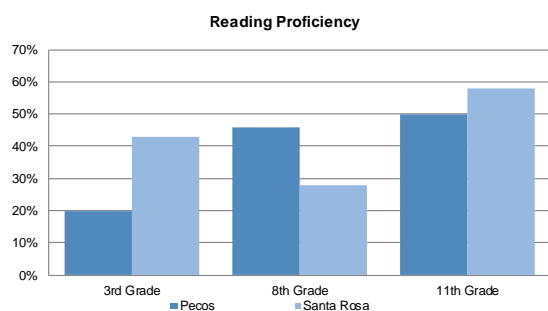
Source: PED



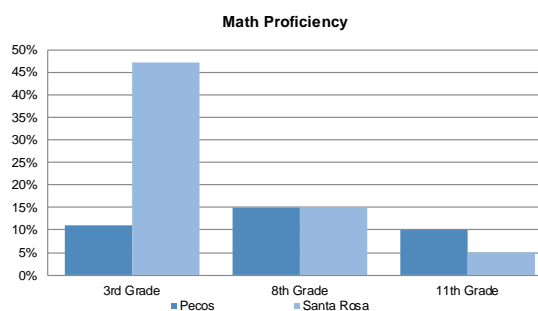
Source: PED

	Enrollment	Economically Disadvantaged	English Learners	Special Education	At-Risk
<b>Pecos</b>	595.75	100%	11%	17%	77%
<b>Santa Rosa</b>	638	99.8%	4.4%	14%	60%

Source: PED District Report Cards



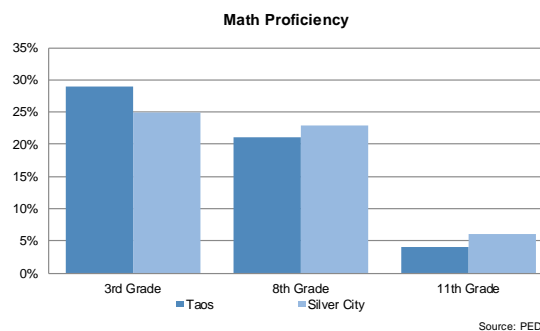
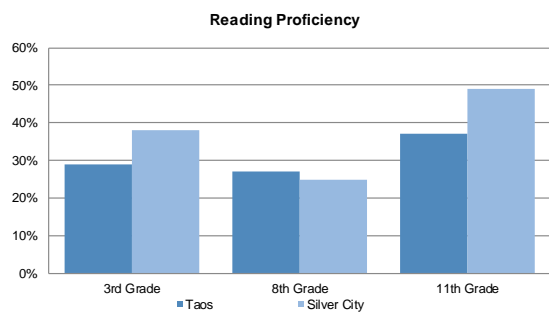
Source: PED



Source: PED

	Enrollment	Economically Disadvantaged	English Learners	Special Education	At-Risk
<b>Taos</b>	2,816	81%	7%	17%	70%
<b>Silver City</b>	2,711	85%	2.2%	15.5%	58%

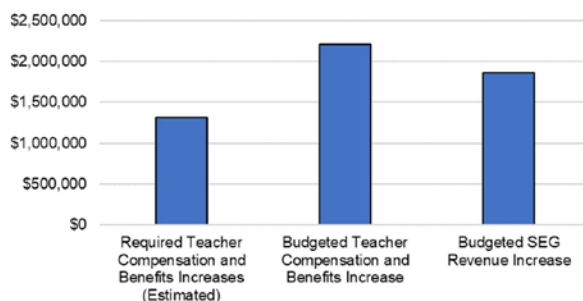
Source: PED District Report Cards



## Appendix N: FY19 Estimated Actuals to FY20 Budget

### Española Public Schools FY19 Estimated Actuals to FY20 Budget

**Española Required and Budgeted Teacher Compensation and Benefit Increases, FY19 to FY20**



**Cash Assets and Emergency Reserves in FY20 Operational Budget**

Española	Category	Amount
Budgeted Revenues	Cash Assets	\$1,798,441
	Revenues	\$32,023,168
	<b>Total Revenues</b>	<b>\$33,821,609</b>
Budgeted Expenditures	Emergency Reserves	\$0
	Expenditures	\$33,821,609
	<b>Total Expenditures</b>	<b>\$33,821,609</b>

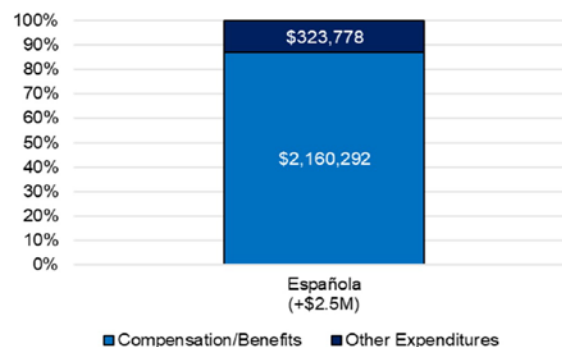
Source: LFC analysis of PED data.

**Operational Expenditures, FY19 to FY20**

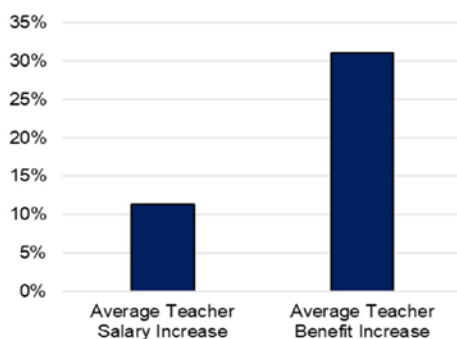
Category	FY19 Estimated Actuals	FY20 Budgeted	Change	
			\$	%
Instruction	\$15,881,888	\$18,365,958	\$2,484,070	16%
Instruction/Student Support	\$4,637,612	\$4,875,727	\$238,115	5%
General/Central Administration	\$2,716,976	\$2,030,263	(\$686,713)	-25%
School Administration	\$1,991,539	\$2,154,108	\$162,569	8%
Other	\$7,123,248	\$6,395,553	(\$727,695)	-10%
<b>Total</b>	<b>\$32,351,263</b>	<b>\$33,821,609</b>	<b>\$1,470,346</b>	<b>5%</b>

Source: LFC analysis of PED data

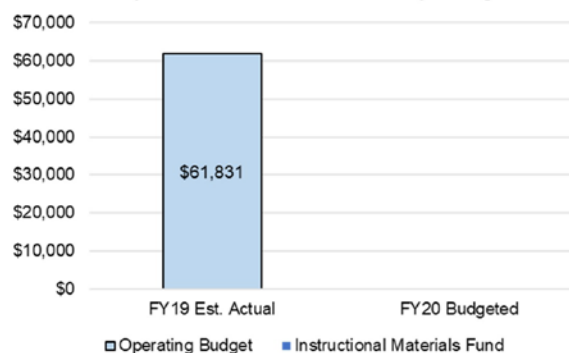
**Budgeted Increases for Instruction, FY19 to FY20**



**Española Average Teacher Salary and Benefit Increases**

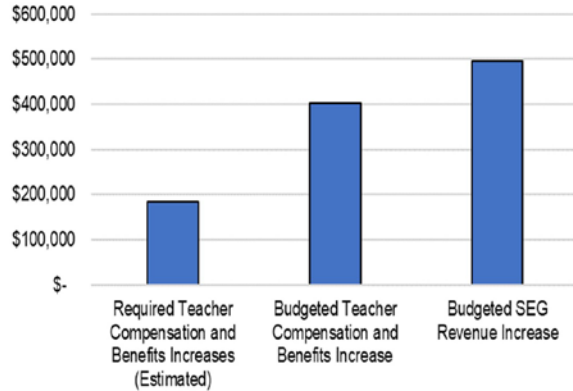


**Española Instructional Materials Spending**



# Pecos Independent School District FY19 Estimated Actuals to FY20 Budget

Pecos Required and Budgeted Teacher Compensation and Benefit Increases



Cash Assets and Emergency Reserves in FY20 Operational Budget

Pecos	Category	Amount
Budgeted Revenues	Cash Assets	\$640,007
	Revenues	\$6,239,378
	<b>Total Revenues</b>	<b>\$6,879,385</b>
Budgeted Expenditures	Emergency Reserves	\$100,000
	Expenditures	\$6,779,385
	<b>Total Expenditures</b>	<b>\$6,879,385</b>

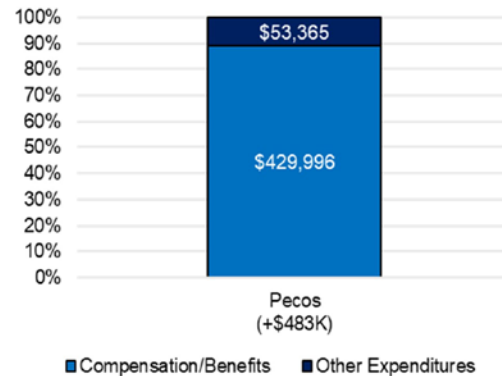
Source: LFC analysis of PED data.

Operational Expenditures, FY19 to FY20

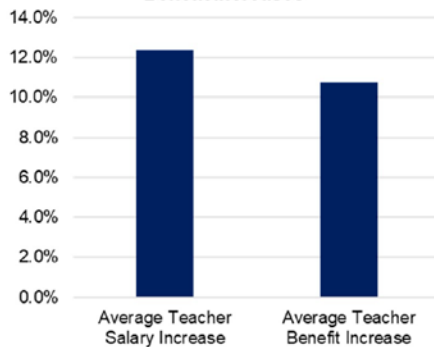
Category	FY19 Estimated Actuals	FY20 Budgeted	Change	
			\$	%
Instruction	\$2,885,660	\$3,369,021	\$483,361	17%
Instruction/Student Support	\$775,651	\$731,823	(\$43,828)	-6%
General/Central Administration	\$618,991	\$676,810	\$57,819	9%
School Administration	\$442,262	\$477,447	\$35,185	8%
Other	\$1,330,524	\$1,624,284	\$293,760	22%
<b>Total</b>	<b>\$6,053,088</b>	<b>\$6,879,385</b>	<b>\$826,297</b>	<b>14%</b>

Source: LFC analysis of PED data

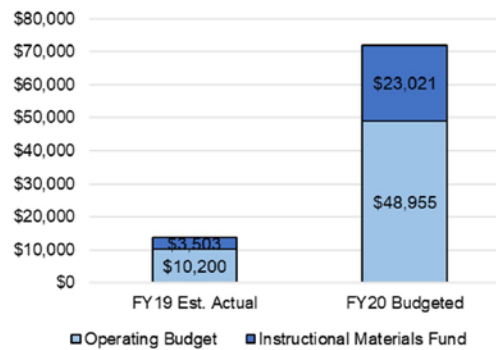
Budgeted Increases for Instruction, FY19 to FY20



Pecos Average Teacher Salary and Benefit Increases



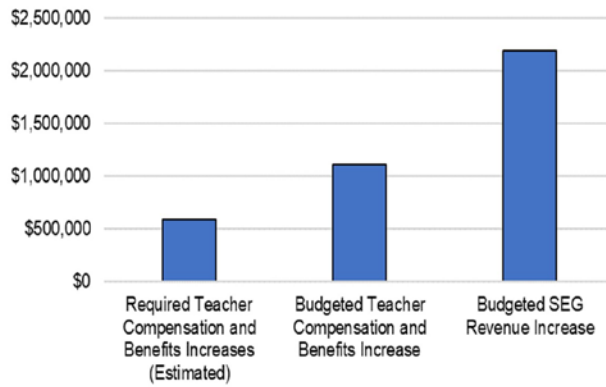
Pecos Instructional Materials Spending





## Pojoaque Valley School District FY19 Actuals to FY20 Budget

Pojoaque Required and Budgeted Teacher Compensation and Benefit Increases



Cash Assets and Emergency Reserves in FY20 Operational Budget

Pojoaque	Category	Amount
Budgeted Revenues	Cash Assets	\$7,184
	Revenues	\$16,538,642
	<b>Total Revenues</b>	<b>\$16,545,826</b>
Budgeted Expenditures	Emergency Reserves	\$751,000
	Expenditures	\$15,794,826
	<b>Total Expenditures</b>	<b>\$16,545,826</b>

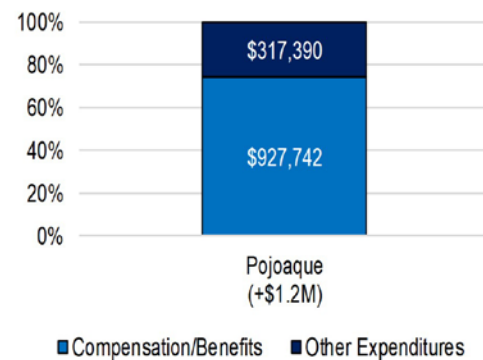
Source: LFC analysis of PED data.

Operational Expenditures, FY19 Actuals to FY20 Budgeted

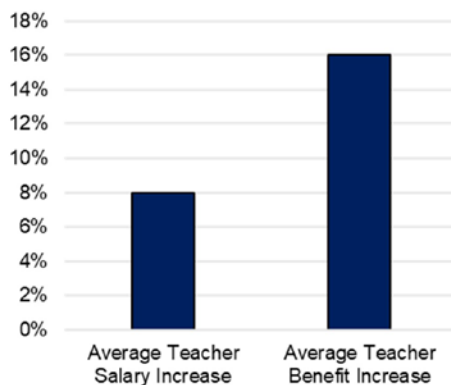
Category	FY19 Actuals	FY20 Budgeted	Change	
			\$	%
Instruction	\$7,417,218	\$8,662,350	\$1,245,132	17%
Instruction/Student Support	\$2,234,104	\$2,290,154	\$56,050	3%
General/Central Administration	\$878,003	\$965,254	\$87,251	10%
School Administration	\$1,250,891	\$1,402,466	\$151,575	12%
Other	\$2,562,217	\$3,225,602	\$663,385	26%
<b>Total</b>	<b>\$14,342,431</b>	<b>\$16,545,826</b>	<b>\$2,203,395</b>	<b>15%</b>

Source: LFC analysis of PED data

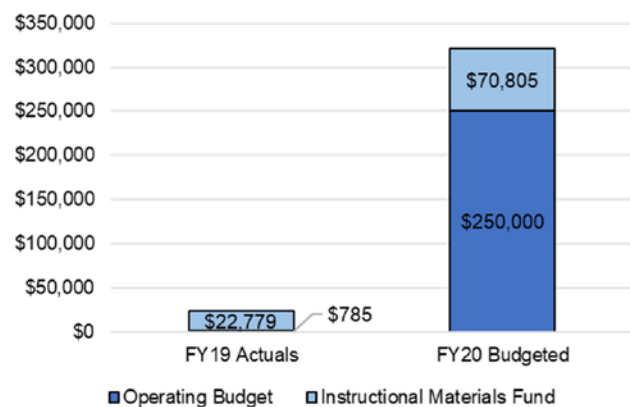
Budgeted Increases for Instruction, FY19 to FY20



Pojoaque Average Teacher Salary and Benefit Increases

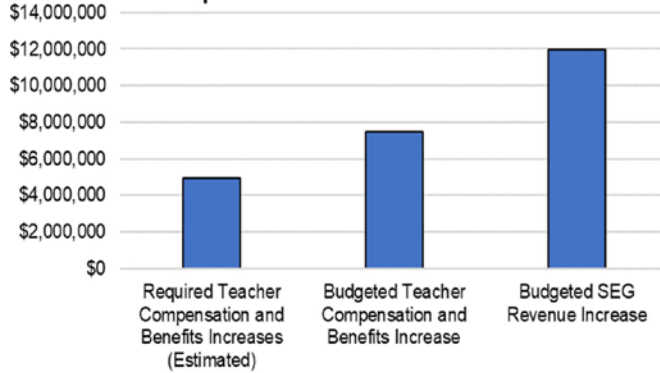


Pojoaque Instructional Materials Spending



# Santa Fe Public Schools FY19 Estimated Actuals to FY20 Budget

**Santa Fe Required and Budgeted Teacher Compensation and Benefit Increases**



**Cash Assets and Emergency Reserves in FY20 Operational Budget**

Santa Fe	Category	Amount
Budgeted Revenues	Cash Assets	\$6,830,253
	Revenues	\$115,384,306
	<b>Total Revenues</b>	<b>\$122,214,559</b>
Budgeted Expenditures	Emergency Reserves	\$3,553,524
	Expenditures	\$118,661,035
	<b>Total Expenditures</b>	<b>\$122,214,559</b>

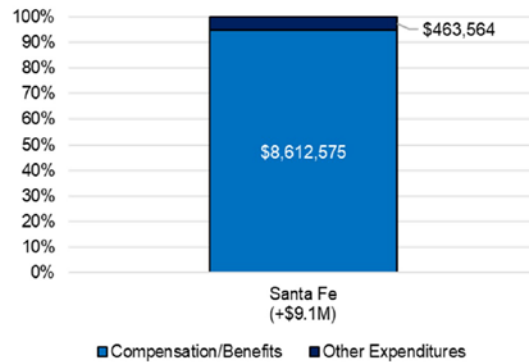
Source: LFC analysis of PED data.

**Operational Expenditures, FY19 to FY20**

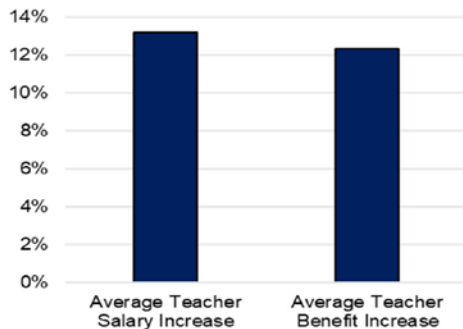
Category	FY19 Estimated Actuals	FY20 Budgeted	Change	
			\$	%
Instruction	\$67,992,987	\$77,069,126	\$9,076,139	13%
Instruction/Student Support	\$17,531,794	\$17,084,300	(\$447,494)	-3%
General/Central Administration	\$5,310,550	\$5,617,330	\$306,780	6%
School Administration	\$7,127,588	\$7,666,125	\$538,537	8%
Other	\$10,964,222	\$14,777,678	\$3,813,456	35%
<b>Total</b>	<b>\$108,927,141</b>	<b>\$122,214,559</b>	<b>\$13,287,418</b>	<b>12%</b>

Source: LFC analysis of PED data

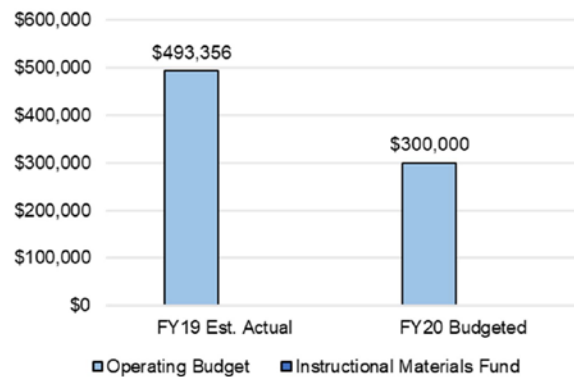
**Budgeted Increases for Instruction FY19 to FY20**



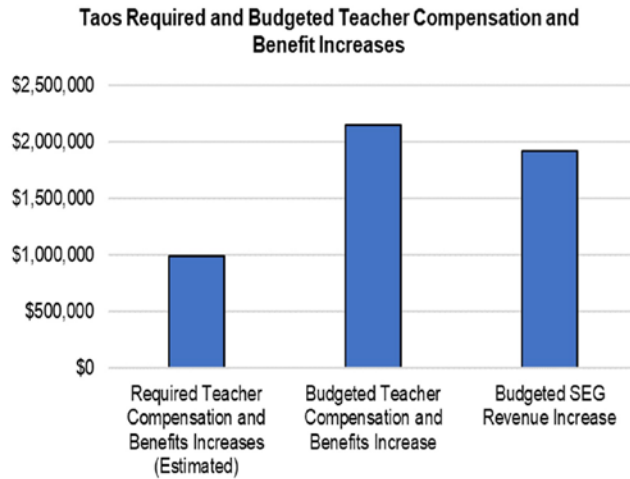
**Santa Fe Average Teacher Salary and Benefit Increases**



**Santa Fe Instructional Materials Spending**



# Taos Municipal Schools FY19 Estimated Actuals to FY20 Budget



## Cash Assets and Emergency Reserves in FY20 Operational Budget

Taos	Category	Amount
Budgeted Revenues	Cash Assets	\$2,748,949
	Revenues	\$20,291,752
	<b>Total Revenues</b>	<b>\$23,040,701</b>
Budgeted Expenditures	Emergency Reserves	\$134,137
	Expenditures	\$22,906,564
	<b>Total Expenditures</b>	<b>\$23,040,701</b>

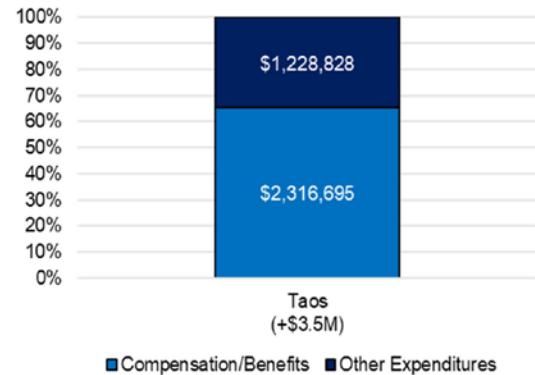
Source: LFC analysis of PED data.

## Operational Expenditures, FY19 to FY20

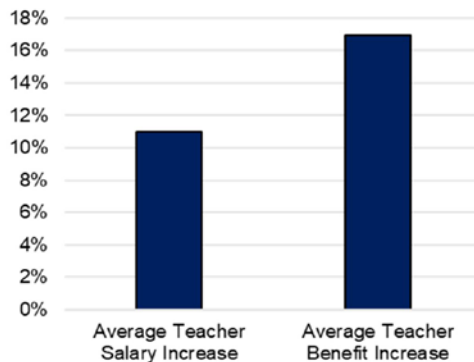
Category	FY19 Estimated Actuals	FY20 Budgeted	Change	
			\$	%
Instruction	\$10,945,947	\$14,491,470	\$3,545,523	32%
Instruction/Student Support	\$2,135,450	\$2,564,044	\$428,594	20%
General/Central Administration	\$1,627,526	\$1,859,636	\$232,110	14%
School Administration	\$1,148,306	\$1,258,041	\$109,735	10%
Other	\$2,547,379	\$2,867,510	\$320,131	13%
<b>Total</b>	<b>\$18,404,608</b>	<b>\$23,040,701</b>	<b>\$4,636,093</b>	<b>25%</b>

Source: LFC analysis of PED data

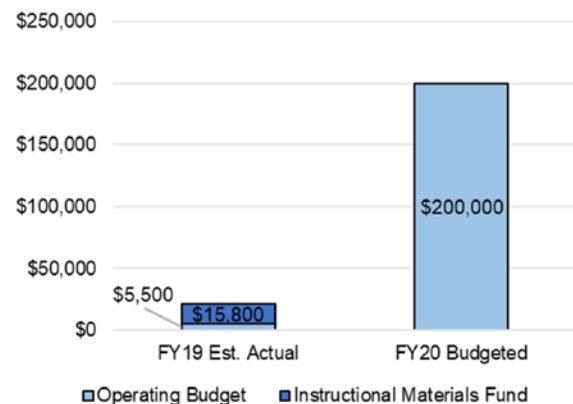
## Budgeted Increases for Instruction, FY19 to FY20



## Taos Average Teacher Salary and Benefit Increases



## Taos Instructional Materials Spending



# Appendix O: PED Performance Report Card FY19 Q3



## PERFORMANCE REPORT CARD Public Education Department Third Quarter, Fiscal Year 2019

### ACTION PLAN

Submitted by agency? No  
Timeline assigned? No  
Responsibility assigned? No

### Public Education Department

#### At-Risk Student Programs

**Prekindergarten.** The Public Education Department (PED) announced funding requests for prekindergarten programs at school sites reached a record high of 7,755 students for FY20, and increase of 1,023 student slots (or 15 percent) from the prior year. The number of full-day program requests is expected to increase by 1,857 student slots (or 58 percent) and drive up costs for prekindergarten programming significantly. At the current reimbursement rate of \$3,206.20 for half-day programs and \$6,412.40 for full-day programs, the estimated cost to cover the projected FY20 request would be \$41.2 million, not including transportation requests from schools or PED administrative costs.

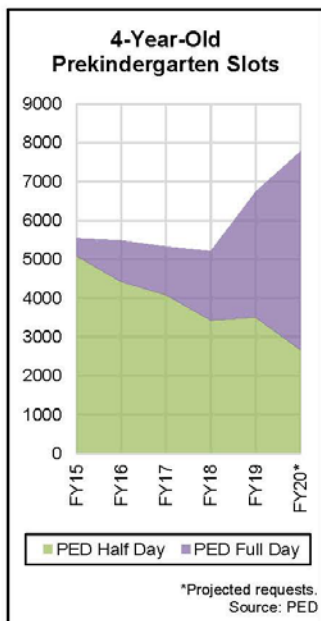
Including the TANF transfer, the 2019 General Appropriation Act (GAA) appropriates \$42.5 million for PED prekindergarten programs, a \$10 million (or 30.7 percent) increase from FY19 funding levels. However, PED's FY20 prekindergarten operating budget includes \$4.5 million for administrative overhead, teacher scholarships, transportation, and coaching – effectively leaving only \$38 million for grants to school sites. PED notes the mandated teacher salary raises in FY20 will increase costs of hiring prekindergarten teachers, particularly for smaller program sites. As such, the department is proposing an increase in the reimbursement rate to \$7,000, which would limit prekindergarten to 7,000 slots statewide (3,087 half-day and 3,913 full-day programs).

Some school sites that previously combined half-day prekindergarten programs to provide “full-day programs” for only two days a week expressed their intent to apply for full-day programming, prior to the governor's veto of language in the 2019 GAA that required prekindergarten sites to offer the same number of days each week as their local school. PED indicated that all program sites are providing the required number of programming hours but number of days may vary depending on regional scheduling decisions.

The 2019 GAA also increased funding for prekindergarten slots administered by the Children, Youth and Families Department (CYFD) by \$10 million. Further, Head Start services for four-year-olds has declined, suggesting that growth in PED prekindergarten programs may be crowding out these federal programs in certain areas. CYFD, PED, LFC, LESC, DFA, and other agencies are working together to identify regional programming needs, service capacity, and opportunities to braid multiple revenue streams for prekindergarten.

**K-5 Plus.** According to PED, approximately 23 thousand students in 211 schools will participate in K-5 Plus extended school year programs in FY20. Although this represents an increase of 4,731 students (or 26 percent) from FY19 service levels, participation in the program is still significantly below the service capacity budgeted in the 2019 GAA (about 87.5 thousand students). At the current participation level, an estimated \$88 million of the \$120 million appropriation for K-5 Plus programs will revert to the public education reform fund.

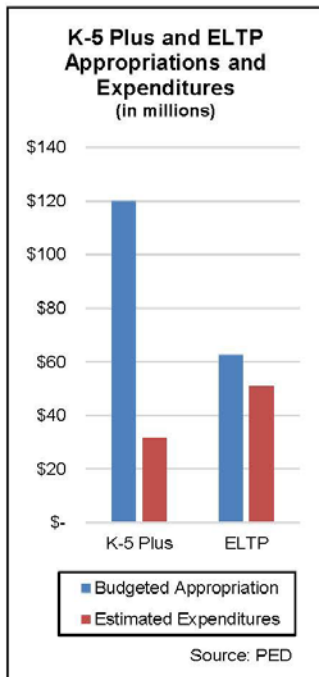
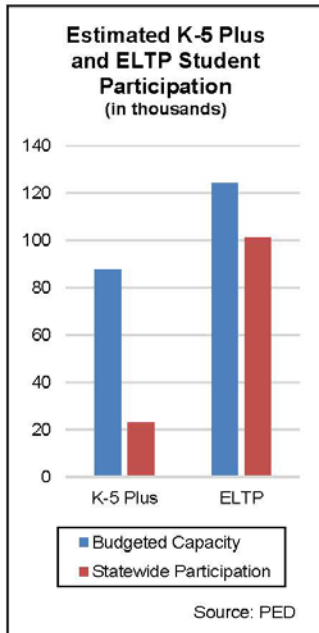
Thirty-eight school districts and three charter schools applied for K-5 Plus programs, with some districts like Jemez Valley, Deming, and Hatch enrolling nearly all elementary school students. Wagon Mound, the smallest district that applied, enrolled





## PERFORMANCE REPORT CARD

Public Education Department  
Third Quarter, Fiscal Year 2019



24 students, or two-thirds of the district's kindergarten through fifth grade student population. Albuquerque Public Schools, the largest district, enrolled 4,309 students, or 11 percent of the district's kindergarten through fifth grade student population.

**Extended Learning Time Programs.** PED reports over 101 thousand students will participate in new extended learning time programs (ELTP) in FY20. The 2019 GAA included sufficient funding to serve 124 thousand students in ELTPs. As such, about 23 thousand slots will remain open, resulting in a estimated \$11.6 million reversion to the public education reform fund.

Twenty-five school districts and 13 charter schools applied for ELTPs, and 17 districts applied for both K-5 Plus and ELTPs. Most districts applying for ELTP enrolled over half of all students within the district, and PED notes four districts (Deming, Gadsden, Gallup, and Los Lunas) will fully implement ELTPs across the entire district. PED staff note ELTP implementation will differ between schools based on submitted applications. While this variance allows for local innovation, it will also create potential challenges in comparing program impacts across schools statewide.

Participation in K-5 Plus and ELTPs by large districts, like Albuquerque, and micro districts, like Wagon Mound, suggest these programs are compatible in any school district or charter school, regardless of enrollment size. Despite this, many school districts did not apply for either program, suggesting other factors may be discouraging them from participating. Several districts have shown intent to apply for K-5 Plus or ELTPs in FY21 after gaining community buy-in and observing how programs roll out in the first year. PED notes participation in both programs will provide additional learning time for students, extra income for teachers, and more savings for families and communities.

### Department Operations

In the third quarter, PED improved performance on operational processes, such as reimbursement turnaround and audits of funding formula components. The agency reported its highest vacancy rate in FY19 at 9.9 percent, averaging 217 FTE.

Budget: \$11,246.6 FTE: 240.8

Measures:	FY17 Actual	FY18 Actual	FY19 Target	Q1	Q2	Q3	Rating
Eligible children served in state-funded prekindergarten*	8,572	8,418	N/A	9,974	9,920	9,920	G
Eligible children served in K-3 Plus**	13,778	18,222	N/A	18,222	18,227	18,227	G
Average days to process reimbursements	18	22.8	24	25	37	23	G
Data validation audits of funding formula components	21	28	20	3	3	22	G
Program Rating:	Y	G					G

\*Includes 4-year-old prekindergarten administered by the Children, Youth and Families Department. The FY19 Quarter 2 figure includes 6,732 students in PED prekindergarten and 3,227 students in extended-day programs.

\*\*Represents participation by summer program, not fiscal year (e.g. FY17 is summer 2017). The FY18 Actual and FY19 figures include 2,251 students participating in the K-5 Plus pilot.



# Appendix P: Public School Support and Related Appropriations for FY20

## PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY20

(in thousands of dollars)

School Year 2018-2019 Preliminary Unit Value = \$4,159.23				
School Year 2017-2018 Final Unit Value = \$4,115.60				
	FY19 OpBud	FY20 Executive Recommendation	FY20 LFC Recommendation	Laws 2019, Chapter 271
PROGRAM COST	\$2,567,558.7	\$2,646,377.6	\$2,646,377.6	\$2,646,377.6
Base Adjustment/Reversion Credit	(\$2,318.3)			
UNIT CHANGES				
Increase At-Risk Index from 0.130 to 0.250	\$22,541.4	\$113,177.9 <sup>1</sup>	\$113,177.9 <sup>1</sup>	\$113,177.9 <sup>1</sup>
Enrollment Growth Units		\$12,258.9		
Bilingual and Multicultural Education Programs (Exec: 0.5 to 0.6 factor, HAFC/SFC: additional units)		\$6,954.5 <sup>2</sup>		\$6,954.5
Set School Age Limit at 22			(\$6,129.0) <sup>1</sup>	(\$6,129.0) <sup>1</sup>
Prohibit School Size Adjustment within Large Districts (>2,000 MEM) - 3 yrs (SFC: 5 yrs)			(\$14,773.1) <sup>1</sup>	(\$9,041.6) <sup>1</sup>
New Rural Population Units - 3 yrs (LFC: 0.10, HAFC: 0.15, SFC: 5 yrs)			\$5,788.4 <sup>1</sup>	\$5,204.5 <sup>1</sup>
Extended Learning Time Factor (Exec: 183 days, LFC/HAFC/SFC: 190 days, afterschool, 80 PD hrs.)		\$18,749.3 <sup>1</sup>	\$62,497.5 <sup>1</sup>	\$62,497.5 <sup>1</sup>
K-5 PLUS Formula Factor (All eligible schools can add 25 days)		\$119,895.6 <sup>1</sup>	\$119,895.9 <sup>1</sup>	\$119,895.9 <sup>1</sup>
Eliminate Size Adjustment for Special Separate Schools of Alternative Education	(\$6,162.8)			
Other Projected Net Unit Changes	(\$1,066.6)			(\$11,173.3)
UNIT VALUE CHANGES				
Instructional Materials (Exec in Categorical)			\$25,000.0	\$30,000.0
Increase Employer Retirement Contributions (Exec: 0.5%, LFC: 1.0%, HAFC: 0.5%, SFC: 0.25%)		\$8,500.0 <sup>3</sup>	\$16,946.9 <sup>3</sup>	\$4,250.0 <sup>3</sup>
Insurance	\$2,794.3	\$10,000.0	\$9,014.0	\$9,014.0
Fixed Costs		\$4,000.0		\$4,000.0
Minimum Wage for Public School Personnel (Exec: \$12/hr, HAFC/SFC: \$10/hr)		\$5,950.5 <sup>2</sup>		\$169.6
Raise Compensation for Teachers (Exec: 6.0%, LFC: 5.5%, HAFC/SFC: 6.0%)	\$31,276.2	\$77,753.0	\$71,113.7	\$77,753.0
Raise Compensation for Principals (Exec: 6.0%, LFC: 7.5%, HAFC/SFC: 6.0%)	\$1,937.2	\$6,225.4	\$7,764.4	\$6,225.4
Raise Compensation for Other School Personnel (Exec: 6.0%, LFC: 4.0%, HAFC/SFC: 6.0%)	\$12,206.0	\$37,694.4	\$25,468.0	\$37,694.4
Increase Teacher Minimum Salaries (LFC: \$40k, \$50k, \$60k, Exec/HAFC/SFC: \$41k, \$50k, \$60k)	\$17,611.5	\$48,063.1 <sup>1</sup>	\$32,527.1 <sup>1</sup>	\$38,217.4 <sup>1</sup>
Increase Principal Minimum Salaries (Exec/LFC/HAFC/SFC: \$60k)		\$757.5 <sup>1</sup>	\$2,319.6 <sup>1</sup>	\$2,215.6 <sup>1</sup>
SUBTOTAL PROGRAM COST	\$2,646,377.6	\$3,116,357.6	\$3,116,988.9	\$3,137,303.4
Dollar Change Over Prior Year Appropriation	\$78,818.9	\$469,980.1	\$470,611.3	\$490,925.8
Percent Change	3.1%	17.8%	17.8%	18.6%
LESS PROJECTED CREDITS (FY17 Actual: \$65 million, FY18 Actual: \$77 million)	(\$59,000.0)	(\$61,814.8)	(\$63,500.0)	(\$63,500.0)
LESS OTHER STATE FUNDS (From Driver's License Fees)	(\$5,000.0)	(\$5,000.0)	(\$5,000.0)	(\$5,000.0)
STATE EQUALIZATION GUARANTEE	\$2,582,377.6	\$3,049,542.8	\$3,048,488.9	\$3,068,803.4
Dollar Change Over Prior Year Appropriation	\$80,568.9	\$467,165.3	\$466,111.3	\$486,425.8
Percent Change	3.2%	18.1%	18.0%	18.8%
CATEGORICAL PUBLIC SCHOOL SUPPORT				
TRANSPORTATION				
Maintenance and Operations	\$74,167.5	\$65,158.0	\$54,167.5	\$56,397.9
Fuel	\$12,979.0	\$10,961.1	\$12,979.0	\$12,979.0
Rental Fees (Contractor-Owned Buses)	\$9,194.4	\$6,565.1	\$9,194.4	\$9,194.4
Transportation for Extended Learning Time (Exec: 183 Days, LFC/HAFC/SFC: 190 Days)		\$823.7 <sup>1</sup>	\$2,745.6 <sup>1</sup>	\$2,745.6 <sup>1</sup>
Transportation for K-5 Plus		\$3,744.0 <sup>1</sup>	\$3,744.0 <sup>1</sup>	\$3,744.0 <sup>1</sup>
Raise Compensation for Transportation School Personnel (Exec: 6.0%, LFC: 4.0%, HAFC/SFC: 6.0%)	\$1,163.4	\$3,567.6	\$2,423.5	\$3,567.6
SUBTOTAL TRANSPORTATION	\$97,504.3 <sup>4</sup>	\$90,819.5 <sup>4</sup>	\$85,254.0 <sup>4</sup>	\$88,628.5 <sup>4</sup>
SUPPLEMENTAL DISTRIBUTIONS				
Out-of-State Tuition	\$300.0	\$300.0	\$300.0	\$300.0
Emergency Supplemental	\$2,000.0	\$3,000.0	\$1,000.0	\$1,000.0
INSTRUCTIONAL MATERIAL FUND (LFC in Program Cost)	\$8,000.0 <sup>4</sup>	\$21,900.0		
Dual Credit Instructional Materials	\$1,000.0	\$2,000.0	\$1,000.0	\$1,000.0
Standards-Based Assessments (K-12 English Language Arts and Math)	\$6,000.0	\$6,000.0	\$6,600.0	\$6,000.0
INDIAN EDUCATION FUND	\$1,824.6 <sup>5</sup>	\$6,000.0	\$2,500.0 <sup>5</sup>	\$6,000.0
TOTAL CATEGORICAL	\$116,628.9	\$130,019.5	\$96,654.0	\$102,928.5
TOTAL PUBLIC SCHOOL SUPPORT	\$2,699,006.4	\$3,179,562.3	\$3,145,142.9	\$3,171,731.9
Dollar Change Over Prior Year Appropriation	\$104,732.2	\$480,555.8	\$446,136.4	\$472,725.5
Percent Change	4.0%	17.8%	16.5%	17.5%
RELATED REQUESTS: RECURRING				
Regional Education Cooperatives	\$1,038.0	\$1,038.0	\$1,039.0	\$1,039.0
K-3 Plus Fund	\$30,200.0			
Public Pre-Kindergarten Fund	\$29,000.0 <sup>6</sup>	\$64,400.0	\$39,000.0 <sup>6</sup>	\$39,000.0 <sup>6</sup>
Early Literacy Initiatives	\$8,837.0			
Breakfast for Elementary Students	\$1,600.0	\$1,600.0	\$1,600.0	\$1,600.0
After School and Summer Enrichment Programs	\$325.0	\$1,000.0		
Teacher Development and Evaluation System	\$1,000.0 <sup>7</sup>	\$2,000.0	\$1,000.0 <sup>7</sup>	\$1,000.0 <sup>7</sup>
STEAM Initiative (Science, Technology, Engineering, Arts, and Math Teachers)	\$3,000.0	\$6,000.0	\$3,000.0	\$5,000.0
Teacher and School Leader Preparation Programs	\$1,000.0	\$1,000.0		
College Preparation, Career Readiness, and Dropout Prevention	\$1,500.0	\$1,500.0		
Advanced Placement Test Fee Waivers and Training	\$1,000.0	\$1,500.0	\$1,250.0	\$1,500.0
Interventions and Support for Students, Teachers, Struggling Schools, and Parents	\$4,000.0			
Attendance Success Initiative (Truancy and Dropout Prevention)	\$4,000.0			
Principal Professional Development and Mentorship (Principals Pursuing Excellence)	\$2,000.0	\$2,500.0	\$2,500.0	\$2,500.0
New Mexico Growin Fruits and Vegetables	\$200.0	\$400.0	\$200.0	\$200.0

School Year 2018-2019 Preliminary Unit Value = \$4,159.23					FY19 OpBud	FY20 Executive Recommendation	FY20 LFC Recommendation	Laws 2019, Chapter 271
School Year 2017-2018 Final Unit Value = \$4,115.60								
68	GRADS – Teen Parent Interventions		\$200.0 <sup>8</sup>		\$200.0	\$400.0	\$200.0 <sup>8</sup>	\$200.0 <sup>8</sup>
69	Teacher Professional Development and Mentorship (Teachers Pursuing Excellence)		\$2,000.0		\$2,500.0	\$2,500.0	\$2,500.0	\$2,500.0
70	Parent and Family Engagement				\$1,450.0	\$400.0		
71	New Mexico Teacher Leadership Networks				\$1,000.0	\$400.0		
72	English Learners and Bilingual Multicultural Education Program Support				\$2,500.0	\$2,500.0	\$2,500.0	\$2,500.0
73	Teacher Supply Program				\$5,000.0			
74	School-Based Health Centers					\$1,500.0	\$1,350.0	
75	Career Technical and Vocational Education and Apprenticeship Programs				\$5,000.0	\$1,000.0	\$3,000.0	
76	Community School Initiatives				\$2,000.0		\$2,000.0	
77	Indigenous Education Initiatives						\$1,000.0	
78	Academic Engagement and Professional Development				\$3,000.0			
79	<b>TOTAL RELATED APPROPRIATIONS: RECURRING</b>		<b>\$90,900.0</b>		<b>\$111,788.0</b>	<b>\$58,089.0</b>	<b>\$64,389.0</b>	
80	Dollar Change Over Prior Year Appropriation		\$2,715.0		\$20,888.0	(\$32,811.0)	(\$26,511.0)	
81	Percent Change		3.1%		23.0%	-36.1%	-29.2%	
82	<b>SUBTOTAL PUBLIC EDUCATION FUNDING</b>		<b>\$2,789,906.4</b>		<b>\$3,291,350.3</b>	<b>\$3,203,231.9</b>	<b>\$3,236,120.9</b>	
83	Dollar Change Over Prior Year Appropriation		\$107,447.2		\$501,443.8	\$413,325.4	\$446,214.5	
84	Percent Change		4.0%		18.0%	14.8%	16.0%	
85	<b>PUBLIC EDUCATION DEPARTMENT</b>		<b>\$11,246.6</b>		<b>\$13,246.6</b>	<b>\$14,497.6</b>	<b>\$13,246.6</b>	
86	Dollar Change Over Prior Year Appropriation		\$181.3		\$2,000.0	\$3,251.0	\$2,000.0	
87	Percent Change		1.6%		17.8%	28.9%	17.8%	
88	<b>GRAND TOTAL</b>		<b>\$2,801,153.0</b>		<b>\$3,304,596.9</b>	<b>\$3,217,729.5</b>	<b>\$3,249,367.5</b>	
89	Dollar Change Over Prior Year Appropriation		\$107,628.5		\$503,443.8	\$416,576.4	\$448,214.5	
90	Percent Change		4.0%		18.0%	14.9%	16.0%	

Detail on Categorical Appropriations					FY19 OpBud	FY20 Executive Recommendation	FY20 LFC Recommendation	Laws 2019, Chapter 271
40	<b>SUBTOTAL TRANSPORTATION</b>		<b>\$97,504.3</b>		<b>\$90,819.5</b>	<b>\$85,254.0</b>	<b>\$88,628.5</b>	
40.1	Plus: Public School Capital Outlay Fund (Other State Funds)		\$2,500.0		\$25,000.0	\$22,500.0	\$25,000.0	
40.2	<b>TOTAL TRANSPORTATION</b>		<b>\$100,004.3</b>		<b>\$115,819.5</b>	<b>\$107,754.0</b>	<b>\$113,628.5</b>	
44	<b>INSTRUCTIONAL MATERIAL FUND</b>		<b>\$8,000.0</b>		<b>\$21,900.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	
44.1	Plus: Public School Capital Outlay Fund (Other State Funds)		\$4,500.0		\$0.0	\$0.0	\$0.0	
44.2	<b>TOTAL INSTRUCTIONAL MATERIAL FUND</b>		<b>\$12,500.0</b>		<b>\$21,900.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	
47	<b>INDIAN EDUCATION FUND</b>		<b>\$1,824.6</b>		<b>\$6,000.0</b>	<b>\$2,500.0</b>	<b>\$6,000.0</b>	
47.1	Plus: Indian Education Fund (Other State Funds)		\$675.4		\$0.0	\$2,000.0	\$0.0	
47.2	<b>TOTAL INDIAN EDUCATION FUND</b>		<b>\$2,500.0</b>		<b>\$6,000.0</b>	<b>\$4,500.0</b>	<b>\$6,000.0</b>	
	<b>Subtotal: Other State Funds</b>		<b>\$7,675.4</b>		<b>\$25,000.0</b>	<b>\$24,500.0</b>	<b>\$25,000.0</b>	

#### Footnotes

- Contingent on enactment of House Bill 5 or Senate Bill 1.
- Contingent on enactment of other legislation.
- Contingent on enactment of House Bill 501 or similar legislation.
- Includes appropriations from the public school capital outlay fund. See Detail on Categorical Appropriations.
- Includes appropriations from the Indian education fund balance. See Detail on Categorical Appropriations.
- Includes \$3.5 million from the Temporary Assistance for Needy Families (TANF) grant. In FY19 and prior years, the appropriation included \$3.5 million from the TANF grant.
- Includes \$1 million from the educator licensure fund. In FY19, the appropriation included \$1 million from the educator licensure fund.
- Includes \$200 thousand from the federal Temporary Assistance for Needy Families (TANF) grant. In FY19, the appropriation included \$200 thousand from the TANF grant.
- Contingent on enactment of Senate Bill 280.

Source: LFC (May 2019) Post-Session Review. p.83-84.