

# Landscape of Public Education and Budget Considerations

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# Overview

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- Background
  - Themes
  - Economic Trends
  - *Martinez-Yazzie* Sufficiency Lawsuit
  - Disparities in Student Opportunity
- Legislative Responses to *Martinez-Yazzie*
- Budget Considerations

# Themes for Framing our Discussion

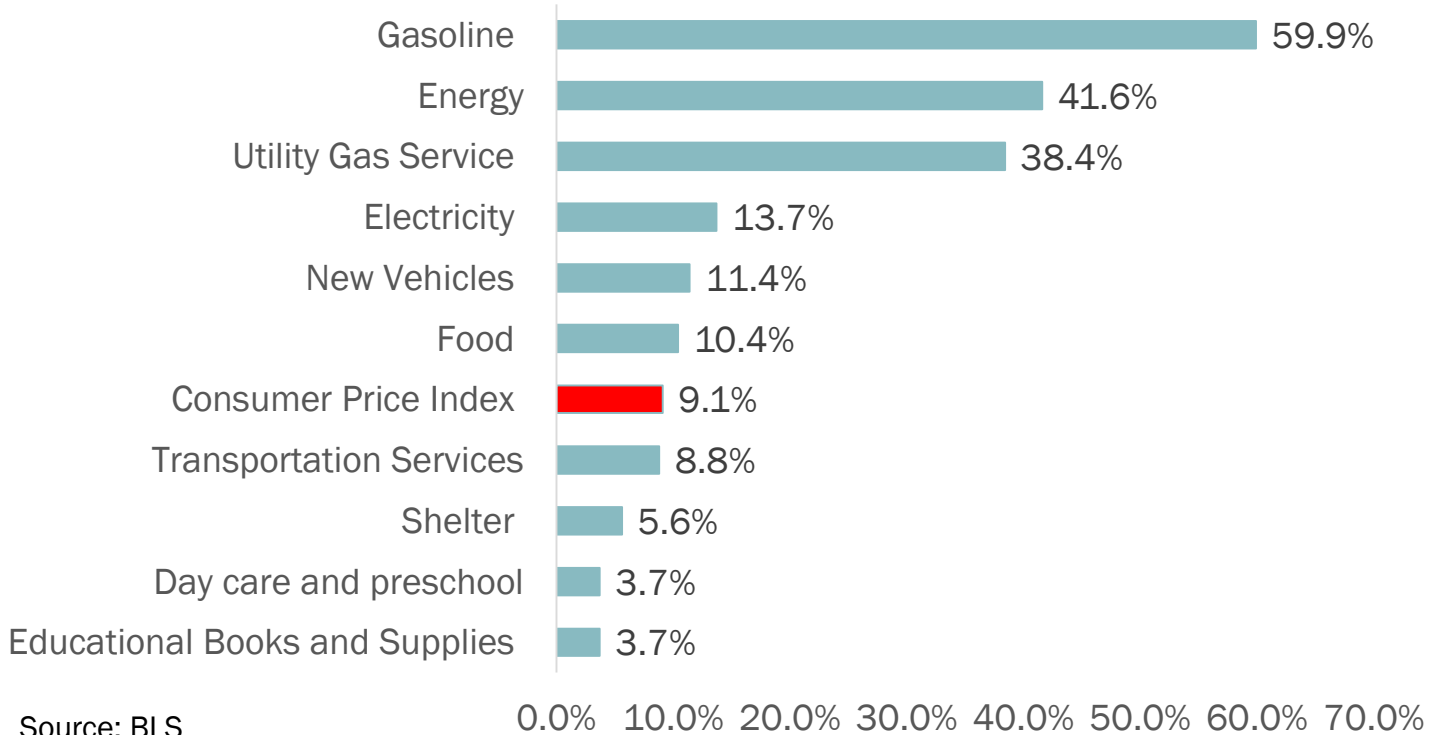
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- Sustainability
- Capacity Building
- Flexibility
- Responsiveness

# Economic Trends – Inflation

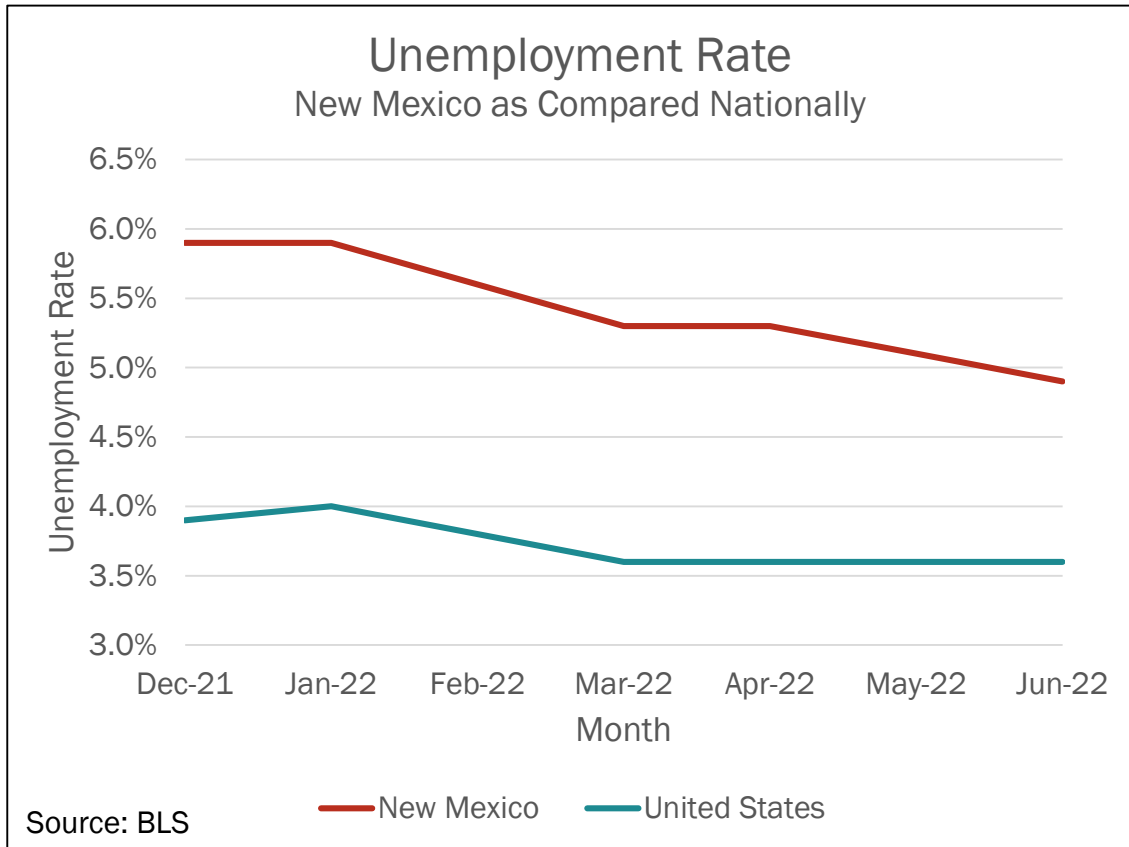
## Inflation Rate by Product or Service

June 2021 – June 2022



- Inflation continues to accelerate; contributing to multiple increases in the Federal Funds Rate.
- The Consumer Price Index primarily assesses prices in 75 urban areas and does not holistically assess price increases in all rural areas.
- *According to the Congressional Budget Office, inflation in rural communities can be up to 130% of that in urban areas.*

# Economic Trends - Unemployment

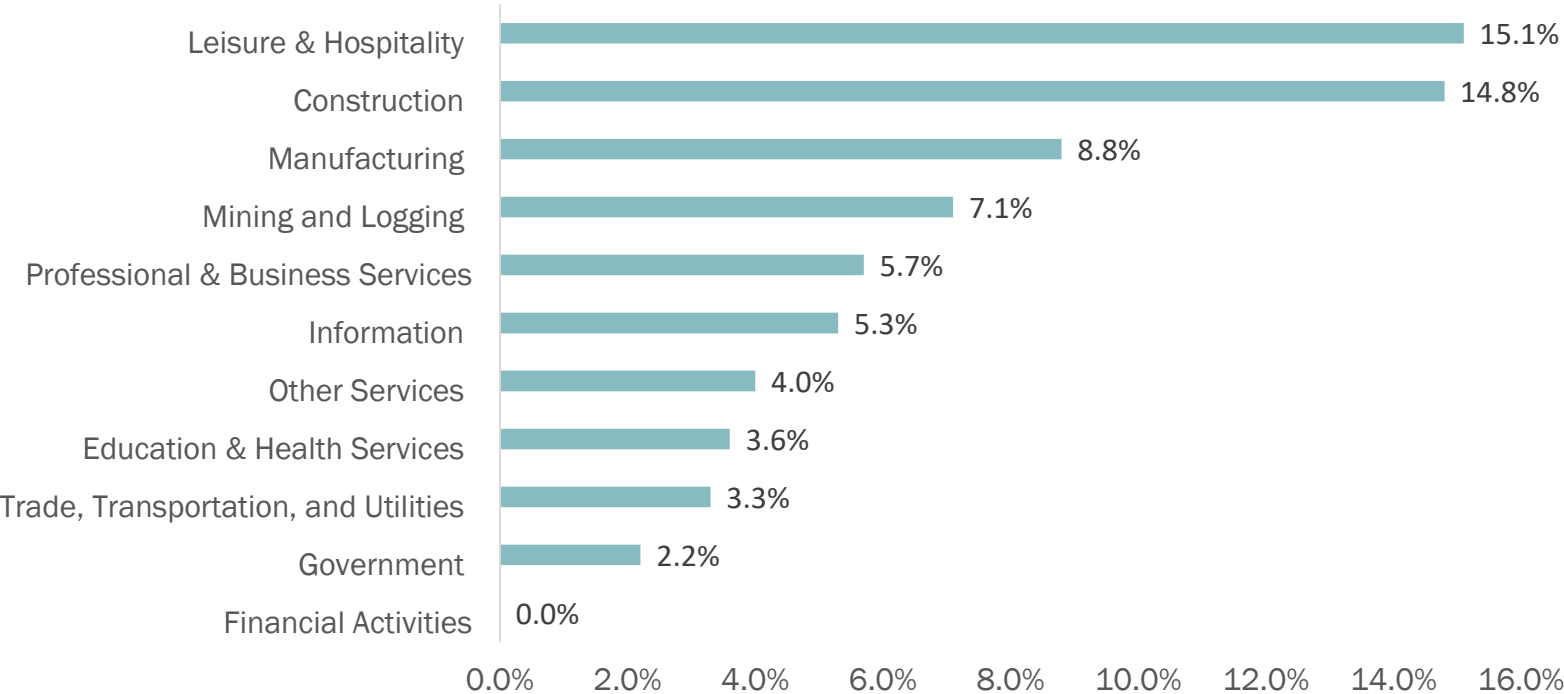


- While the state’s unemployment rate has steadily declined since the pandemic-induced economic slowdown, New Mexico has the highest unemployment rate in the nation, excluding the District of Columbia.

Counties by Unemployment Rate (June 2022)			
Luna	11.5%	Los Alamos	2.5%
McKinley	6.9%	Union	3.3%
Lea	6.6%	Harding	3.5%
Taos	6.6%	De Baca	3.6%
Cibola	6.5%	Curry	3.8%

# Economic Trends – Employment Growth

Growth in Employment between June 2021 and June 2022  
(Sorted by Major Industry in New Mexico)



Source: BLS

- Fastest growth in employment is in Leisure and Hospitality, followed by the construction industry.
- Slowest growth in employment is in government, education and health services, trade, transportation, and utilities.
- Virtually no growth in employment in financial activities.

# Economic Trends - Risks of Recession

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- Gross Domestic Product (GDP) declined at an annual rate of 1.6% in the first quarter of 2022; partially driven by a decline in exports, local, state, and federal spending, and private inventory investment, along with an increase in imports.
- According to a Bloomberg survey of economists, the median probability of the United States entering a recession in the next twelve months is 47.5%; up from 30% in June.
- According to analysts at Citigroup, oil prices could decline to \$65 a barrel by the end of 2022 and continue declining to \$45 in 2023 if a recession were to reduce demand for energy.

# Public Health Trends – Risks of Academic Disruption

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- Public health emergency as declared in January 2020 by the federal government is still in effect.
- Potential for continued disruptions in the operation of public schools.
- Additional need for socioemotional and academic supports during temporary individual transitions to virtual learning and after students' return to the classroom.



# *Martinez-Yazzie* Sufficiency Lawsuit

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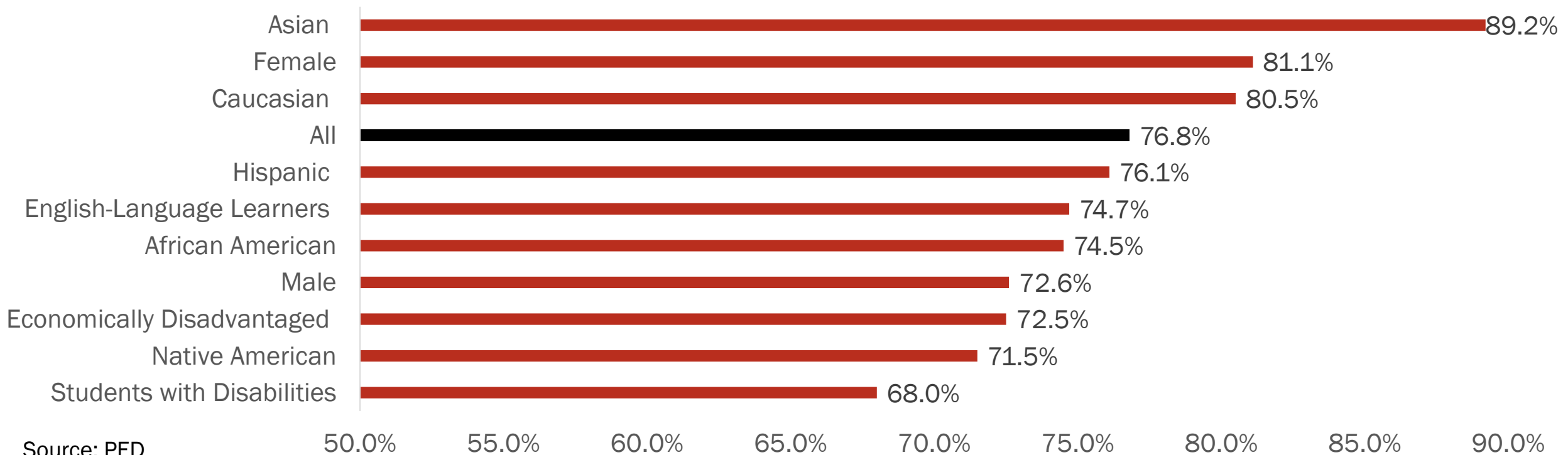
In 2018, the First Judicial District Court identified four groups of students as having been deprived of access to a sufficient public education:

- Native American students
- Low-income students
- Students with disabilities
- English-Language Learners

In 2021, the First Judicial District Court ordered the state to provide students with access to technological devices and internet connectivity.

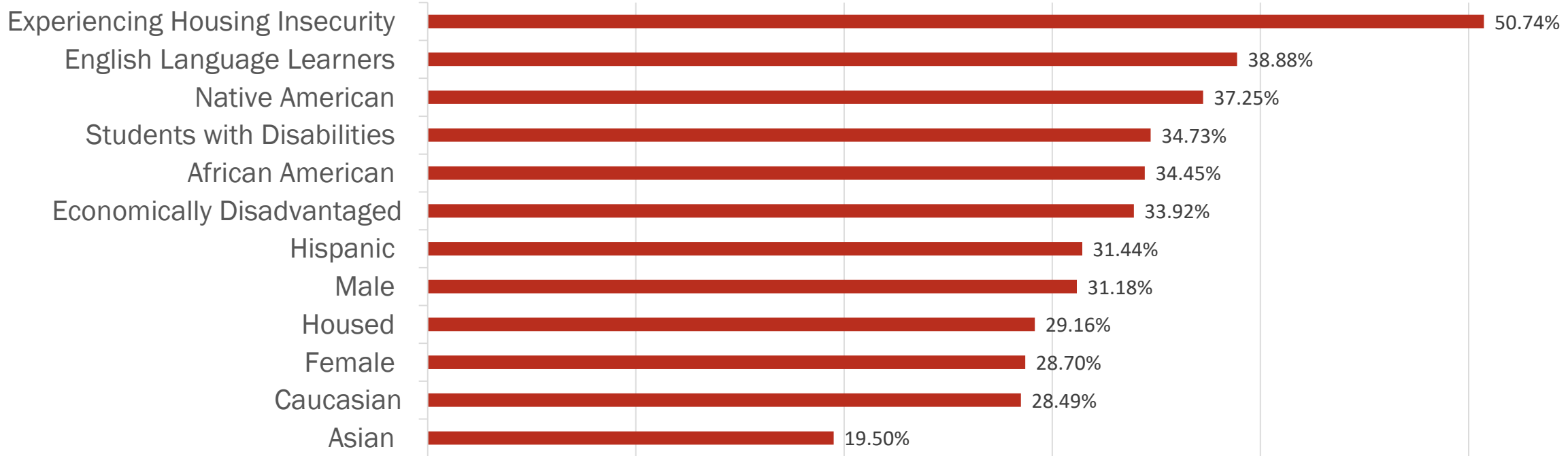
# Academic Opportunity – Graduation Rates

Four-Year Graduation Rates by Student Identity  
Cohort of 2021



# Academic Opportunities – Chronic Absenteeism

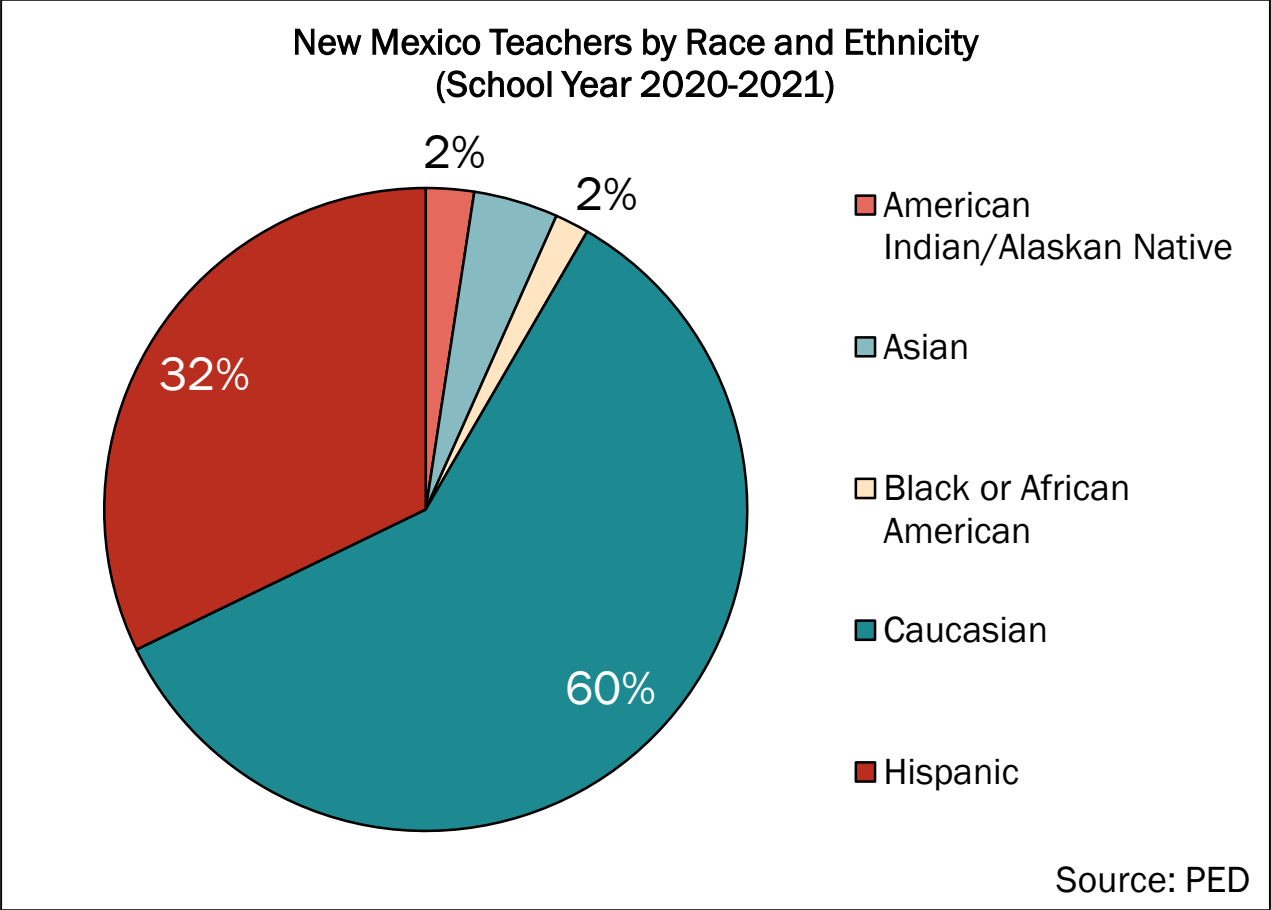
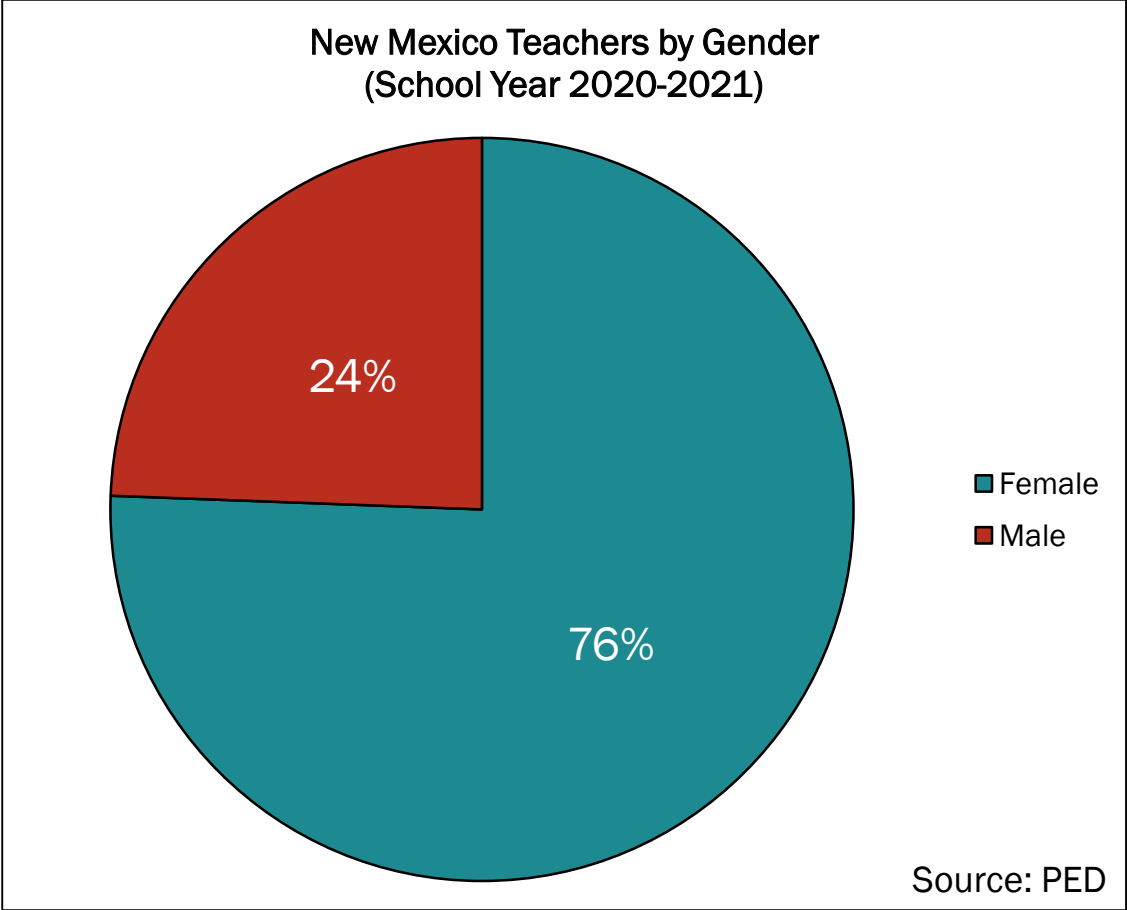
Chronic Absentee Rate  
2020-2021



Source: PED

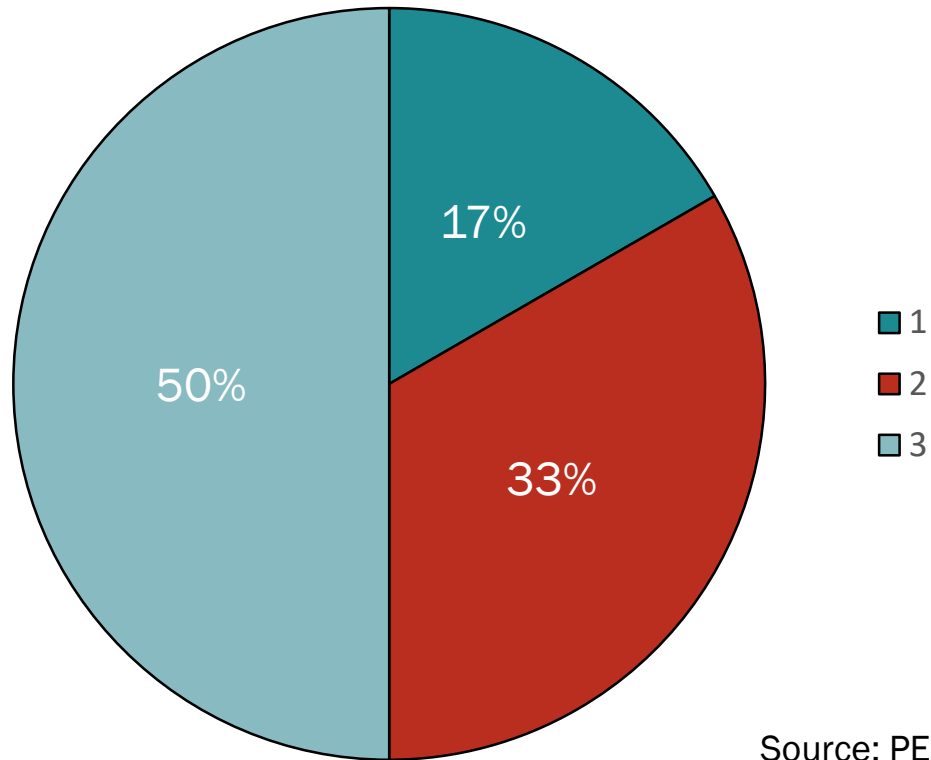
0.00% 10.00% 20.00% 30.00% 40.00% 50.00%

# Academic Opportunities – Teacher Workforce



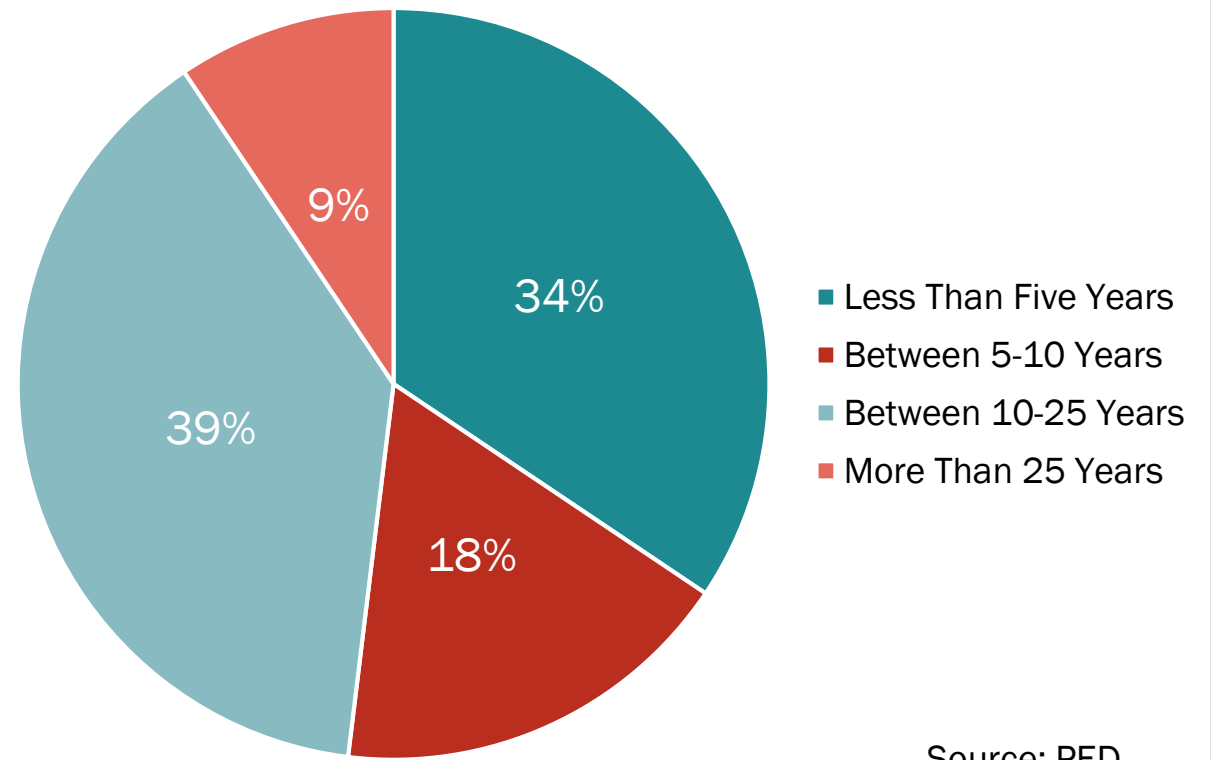
# Academic Opportunities – Teacher Workforce

New Mexico Teachers by Licensure Level  
(School Year 2020-2021)



Source: PED

New Mexico Teachers by Years of Experience  
(School Year 2020-2021)



Source: PED

# Legislative Responses to the *Martinez-Yazzie* Sufficiency Lawsuit since FY19

Legislative Appropriations	
K-5 Plus and ELTP: \$184.7 million increase since Pilot (\$818.7 million from FY19 to FY23)	Professional Development: \$1.5 million increase (\$26.88 million from FY19-FY23)
Compensation: \$511.6 million increase	Family Income Index: Created with \$30 million
Indian Education Fund: \$12.5 million increase	Mentorship: \$21 million increase (\$43 million from FY21-FY23)
CTE: \$5.5 million since the Next Gen CTE Pilot in 2019	Transportation: \$21.1 million increase
Instructional Materials: \$30.5 million increase	Early Literacy: \$19.5 million increase (began funding Early Literacy in FY21)
Teacher Residencies: \$14.5 million increase	PED: \$9.3 million increase
At-Risk Index: \$195.6 million increase	Hispanic Education Act: \$500,000 increase

# Budget Considerations

# Budget Considerations

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1. Increasing the minimum number of instructional hours for students in school-directed programs and funding professional work hours for all educators.
  - a) Estimated cost: **On average, the statewide cost for one instructional hour at every school is approximately \$3.3 million.**



# Budget Considerations

2. Increasing school personnel compensation at an average rate that preserves New Mexico’s regional competitiveness.

**a) Provide an “Average” Percent Salary Increase for All Personnel**

FY24 Preliminary Estimates

1 percent	2 percent	3 percent	4 percent	5 percent	6 percent
\$32,891.9	\$65,783.8	\$98,675.7	\$131,567.5	\$164,459.4	\$197,351.3

Note: Figures based on FY22 “1 percent table” adjusted for FY23 increases, which increased teacher and principal salaries by an estimated average of 12 percent and other personnel salaries by an estimated average of 7 percent. Figures include fringe benefits at 25 percent.

**b) Increase SEG to Create Robust Salary Schedules**

FY24 Preliminary Estimates, Includes only Teachers and Principals

1 percent	2 percent	3 percent	4 percent	5 percent	6 percent
\$24,462.4	\$37,689.0	\$52,288.1	\$67,797.2	\$83,730.4	\$100,010.1

Note: Figures based on FY23 estimated salaries, adjusted based on an assumption that districts wish to preserve meaningful differences in salaries as seen in FY22, before salary minimum increases. Figures include fringe benefits at 25 percent.

Total compensation package results in a combined percent increase

# Budget Considerations

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3. Sustaining funding for Career Technical Education.
  - a) Estimated cost: \$10 million in appropriations from PERF.
4. Increasing support for programs and services targeted toward Native American and Hispanic students.

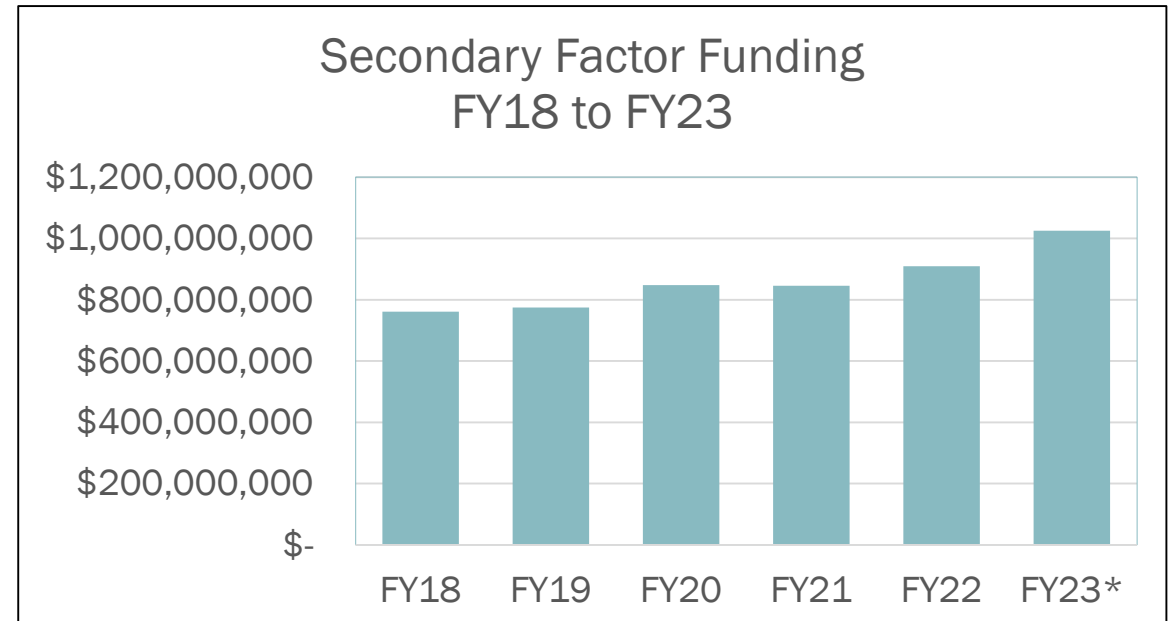
# Budget Considerations

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## 5. Increasing the Secondary Factor in the SEG from 1.25.

a) Estimated cost: Between \$42.2 million and \$123 million

Factor	Cost
1.30	\$42.2 million
1.35	\$82 million
1.40	\$123 million



# Budget Considerations

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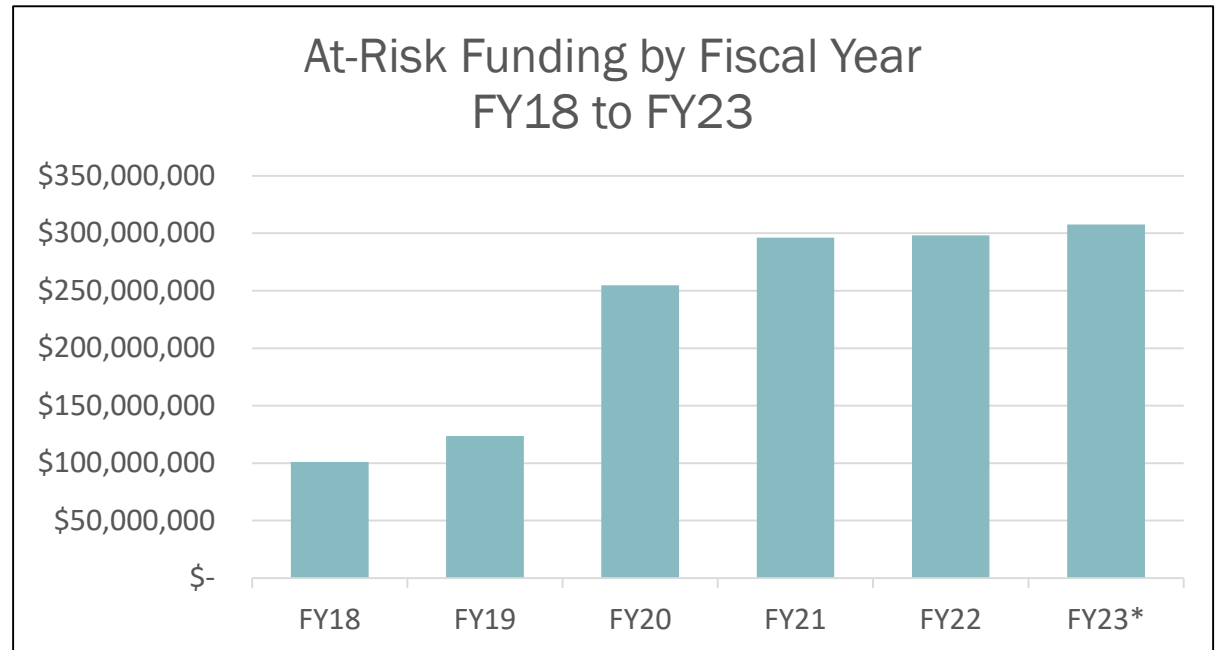
6. Increasing funding for instructional materials to \$63 million.
  - a) Estimated cost: \$20 million in recurring appropriations from the general fund.
  
7. Creating a recurring funding source for teacher residency programs.
  - a) Estimated cost: \$20 million in recurring appropriations from the general fund.

# Budget Considerations

8. Increasing the At-Risk Index factor from 0.30.

a) Estimated cost: \$51 million in recurring appropriations from the general fund.

Factor	Cost
0.31	\$10.7 million
0.32	\$21.3 million
0.33	\$32.0 million
0.34	\$42.6 million
0.35	\$53.2 million



# Budget Considerations

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9. Increasing funding for high-quality and comprehensive educator training and professional development.
  - a) Estimated cost: Between \$8 and \$10 million in appropriations from the general fund/PERF.
  
10. Increasing funding for high-quality professional learning opportunities for aspiring or current principals.
  - a) Estimated cost: \$4 million in recurring appropriations from the general fund.

# Budget Considerations

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## 11. Reauthorizing the PSCOC School Security Program.

- a) Estimated cost: \$10 million in non-recurring appropriations from PSCOF.

## 12. Increasing funding for programs supporting science, technology, engineering, arts, and math (STEAM).

- a) Estimated cost: \$3 to \$5 million in recurring appropriations from the general fund.

# Budget Considerations

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13. Providing one additional year of funding for the Family Income Index.

- a) Estimated cost: \$10 million in non-recurring appropriations from PERF.



# Thank You

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