



Program Evaluation: North Central School Districts

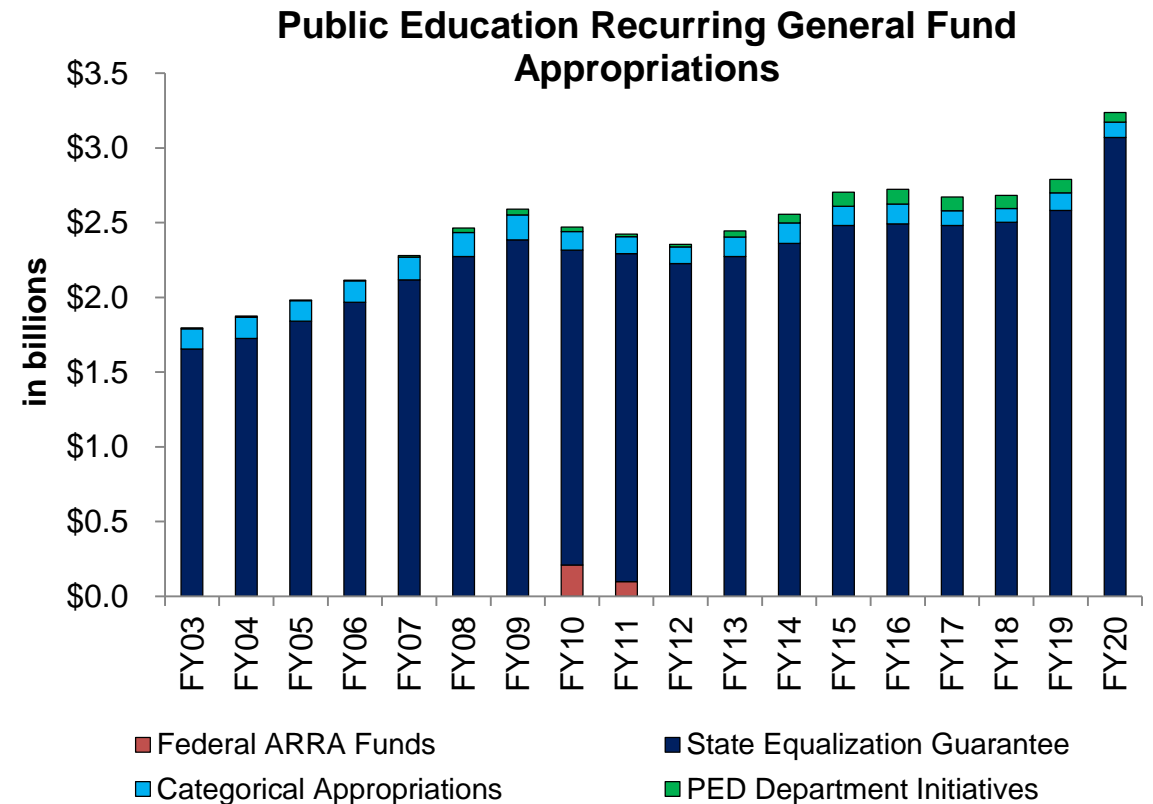
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Background

- New Mexico has a shared system of governance for public education where the state funds, and local communities operate, public schools.
- Public education consistently represents the largest priority in the state budget.
- Given that public education is a core state responsibility, continual examination of school district operations is important.



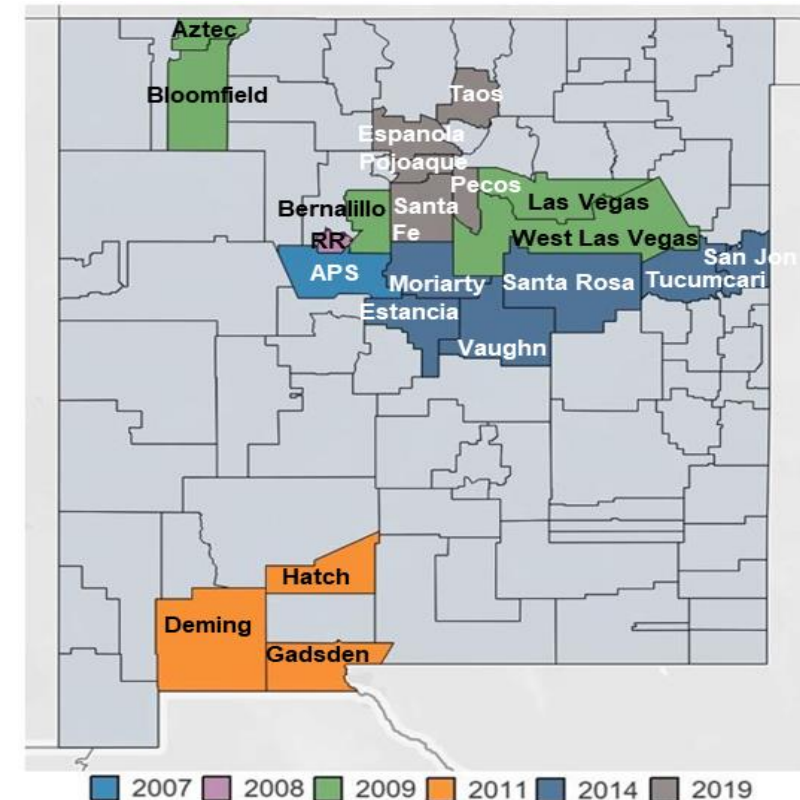
Source: LFC Files
Note: ARRA means American Recovery and Reinvestment Act



Background

- This program evaluation reviewed the finances, governance, and outcomes of the Española, Pecos, Pojoaque, Santa Fe, and Taos school districts.
- From 2007 through 2014, LFC staff conducted program evaluations of the operations, finances, and outcomes of 16 school districts.
- These evaluations identified findings related to financial management inefficiencies, declining enrollment, and long-term strategic planning.

School Districts Evaluated by the Legislative Finance Committee from 2007 to 2019

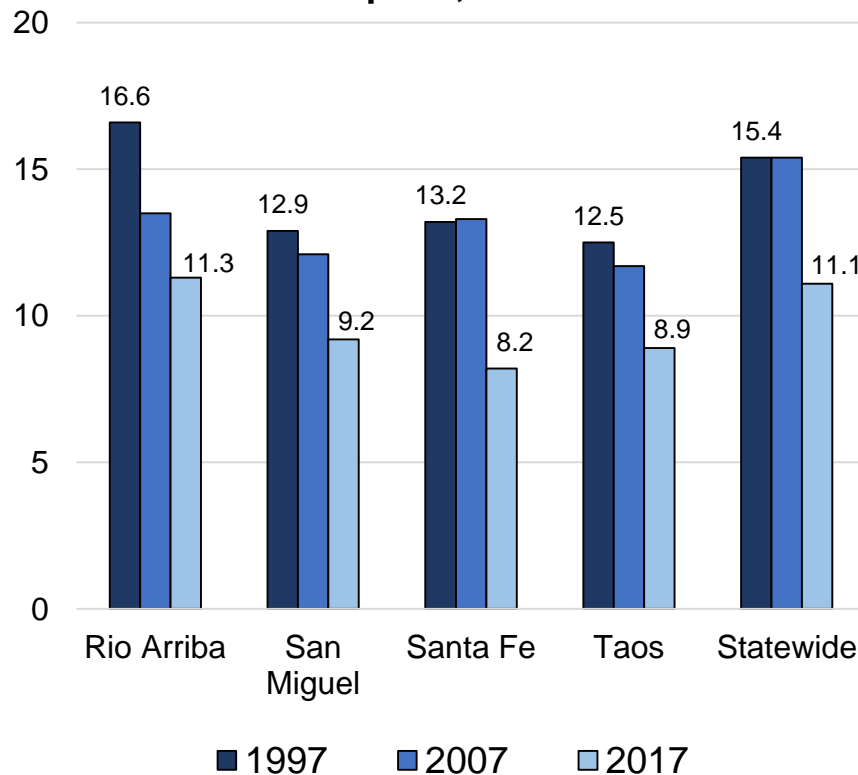


Source: LFC Files



Birthrates and enrollment are declining in North Central school districts, creating budgetary challenges

**State and County Birth Rates,
Births per 1,000 Persons**



Source: LFC analysis of state Department of Health data

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%
Statewide	323,006	329,039	326,677	1%	-1%

Source: LFC analysis of PED data.



In four of the five districts, general and central administration spending grew more than instructional spending from FY07 to FY18

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%
Total Expenditures	-\$1,146,409	-4%	-\$2,811,248	-35%	\$677,747	5%	\$21,550,798	28%	-\$1,983,364	-10%

Source: LFC analysis of PED data



For FY20, Districts budgeted large Increases for Instruction

- For FY20, the evaluated districts budgeted their largest dollar increases for instruction, specifically salaries and benefits.
- The evaluated districts actual FY20 expenditures will likely be less than budgeted. PED rules require districts to budget all cash assets and emergency reserves as expenditures.
- In FY19, the five districts spent \$6 million less on operations than was originally budgeted.

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%
Total Expenditure Change	\$1,470,346	4.5%	\$826,297	13.7%	\$2,203,395	15.4%	\$13,287,418	12.2%	\$4,636,093	25.2%

Source: LFC analysis of PED data.



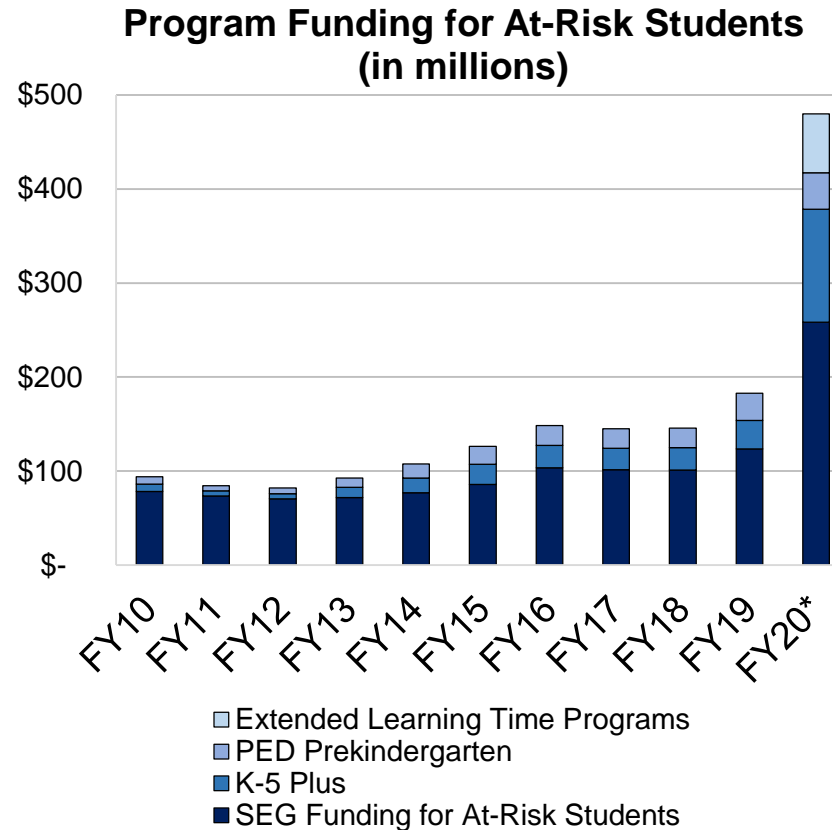
School districts partially leveraged funding for K-5 Plus and Extended Learning Time Programs (ELTPs)

- In July 2019, the evaluated school districts were projected to receive \$8.8 million for K-5 Plus and ELTPs.
- More recent data indicate the districts will receive \$4.8 million.
- PED is conducting oversight efforts through program site visits, data verification, and school calendar checks.
- The Legislature should consider adding temporary provisions for program flexibility.



Additional guidance/monitoring is needed to ensure at-risk student funding is spent on evidence-based services

- The Legislature has increased funding for at-risk students multiple times since 2014.
- Starting in FY21, school districts and charter schools will be required to provide a budget narrative on 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.

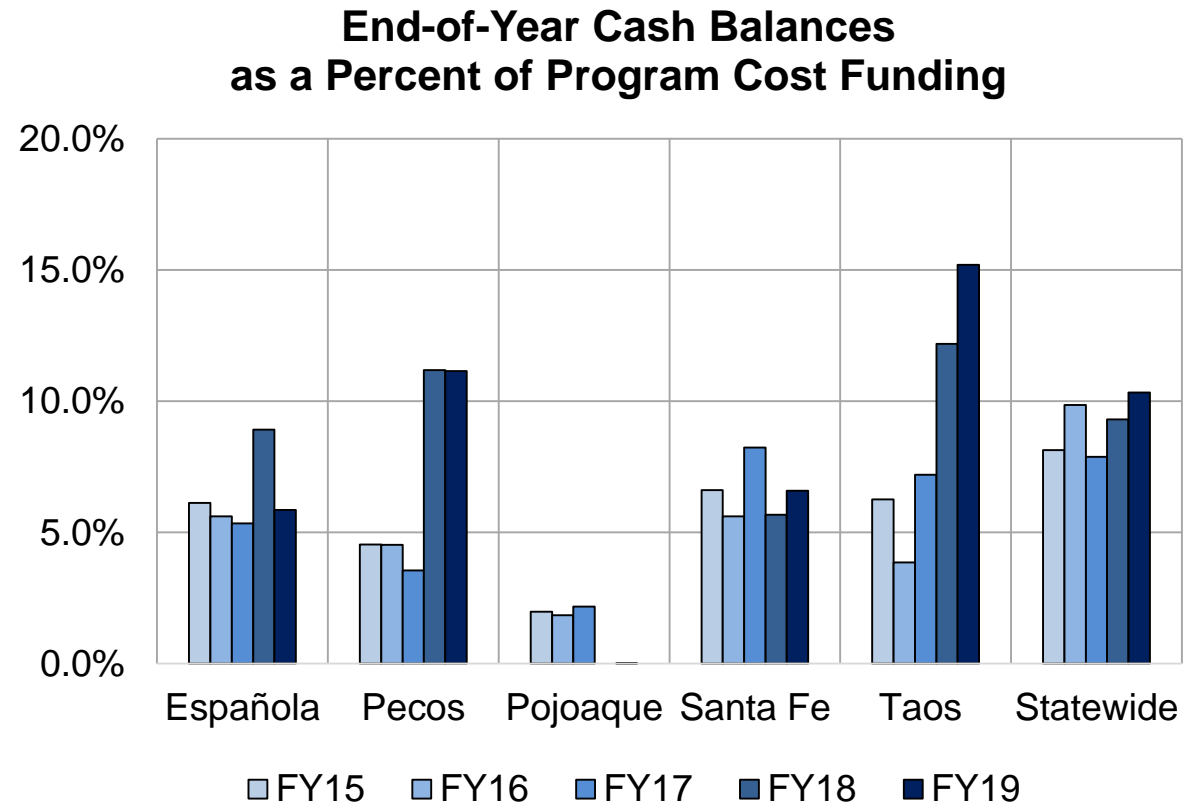


*Budgeted Appropriations
Source: LFC files



School district budgeting practices could improve with additional guidance from PED and district school boards

- Setting targets for cash balances is an identified best practice, but only Santa Fe has a cash balance target. Other districts' cash balances were less stable over time.
- Applications for Bilingual Multicultural Education Program funding do not require districts to outline how most funding is allocated.
- Santa Fe spent Public School Buildings Act funding on administration above statutory limits.



Source: LFC analysis of PED data.



PED's limited data audits have corrected millions of dollars in overallocations

- 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.
- The largest overallocation occurred in Santa Fe, stemming from a past school board policy that inflated the district's T&E score, which was corrected.
- 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.

Funding Adjustments 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)
Total			(\$1,376,734)

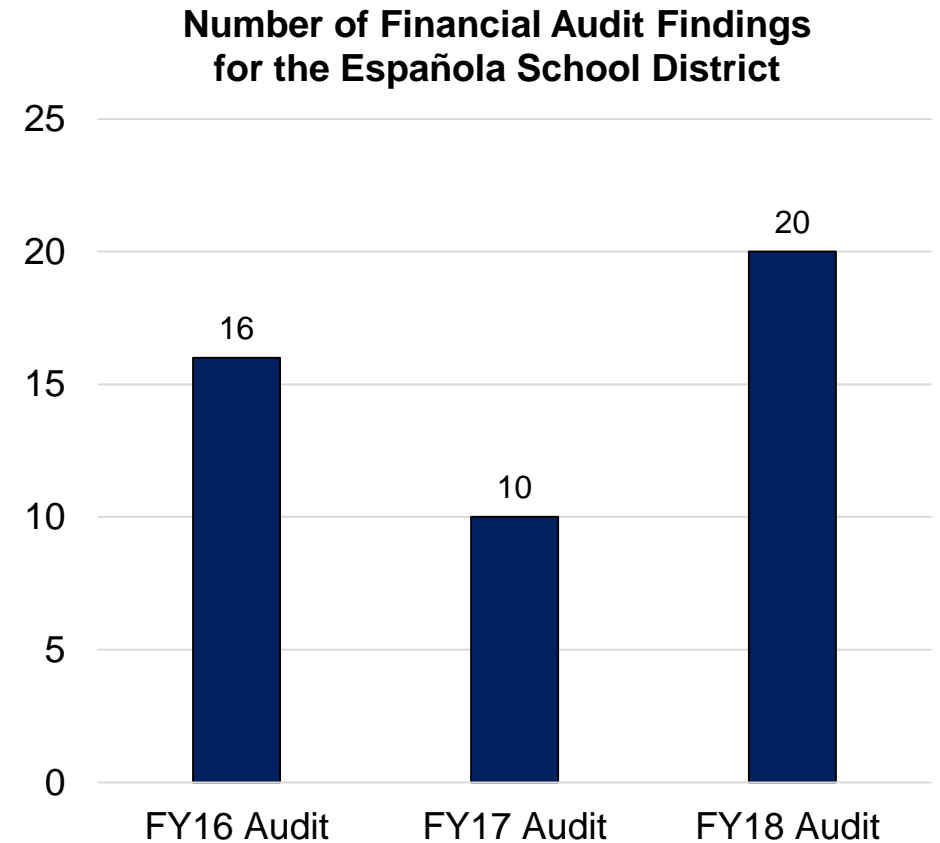
Source: LFC analysis of PED Data Audits

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



PED took over Española's finances for almost three years but more work is needed

- PED assumed control of Española's finances in FY17 due to ongoing accounting deficiencies. According to district officials, PED contractors focused more on processing daily transactions than fixing root cause issues.
- Until recently, Española lacked a written manual of business office procedures.
- Under PED control, the findings in Española's financial audits persisted and increased. However, PED released the district from enhanced oversight in July 2019.
- PED does not have rules defining processes, procedures, and criteria for suspending or restoring finance authority.



Source: LFC Files



School boards have policies to guide their key functions, but some boards could enhance planning and best practices

- The National School Board Association identifies five key areas for school boards to contribute to student success: vision setting, accountability, policy setting, community leadership, and board/superintendent relationships.
- The school boards of the evaluated school districts have set policies which provide a foundation for their key work.
- Most evaluated school districts have strategic plans with actionable objectives and performance indicators. Pecos school district did not have a strategic plan.

Key Work of School Boards



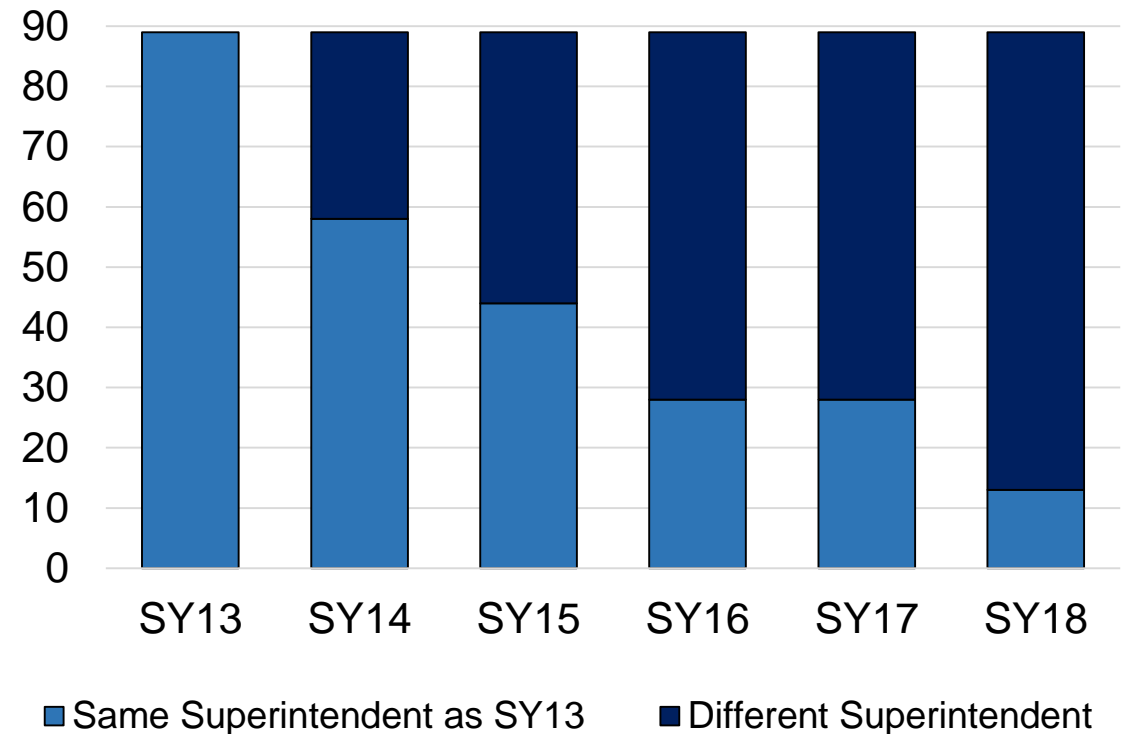
Source: NSBA



Superintendent turnover can impact student performance and school district stability.

- Research suggests superintendent longevity can improve student achievement.
- Only 15 percent, or 13 of 89, school districts statewide had the same superintendent over a six-year timeframe from SY13 through SY18.
- Española had three superintendent transitions. Pojoaque, Santa Fe, and Taos had one superintendent transition. Pecos had zero superintendent transitions.

Retention of School Superintendents at Same School District, SY13 to SY18



Source: LFC analysis of PED school district superintendent list



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

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

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

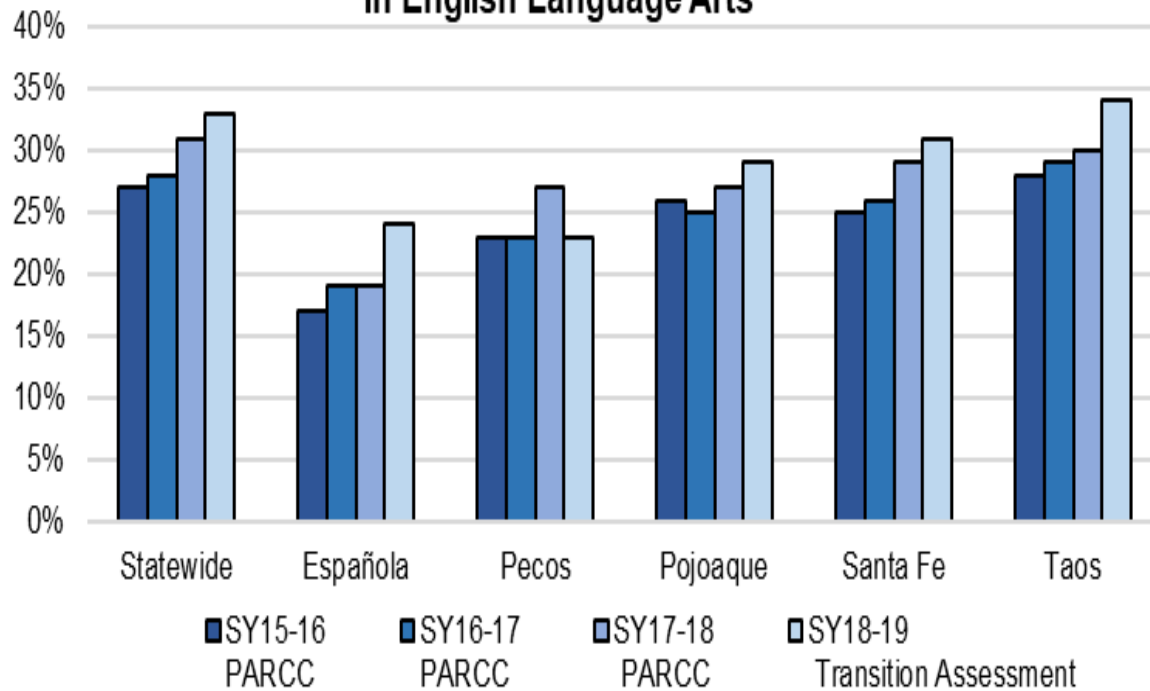
Notes: Average PARCC scores for each year were divided by 750 (the proficiency threshold score) and then multiplied by the grade level. An average PARCC score of 750 in third grade would be a value of three.

Source: LFC analysis of PED data



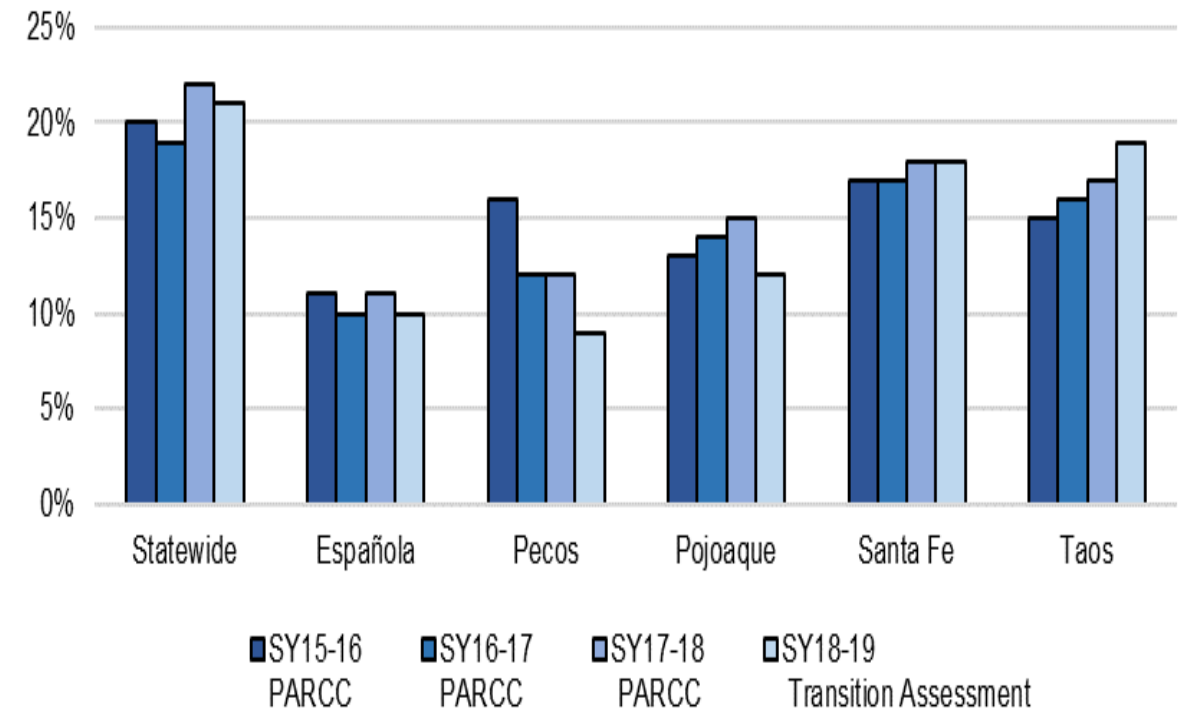
English language arts proficiency generally increased from last year, while math proficiency decreased

Percent of Students Proficient in English Language Arts



Source: LFC analysis of PED data

Percent of Students Proficient in Math

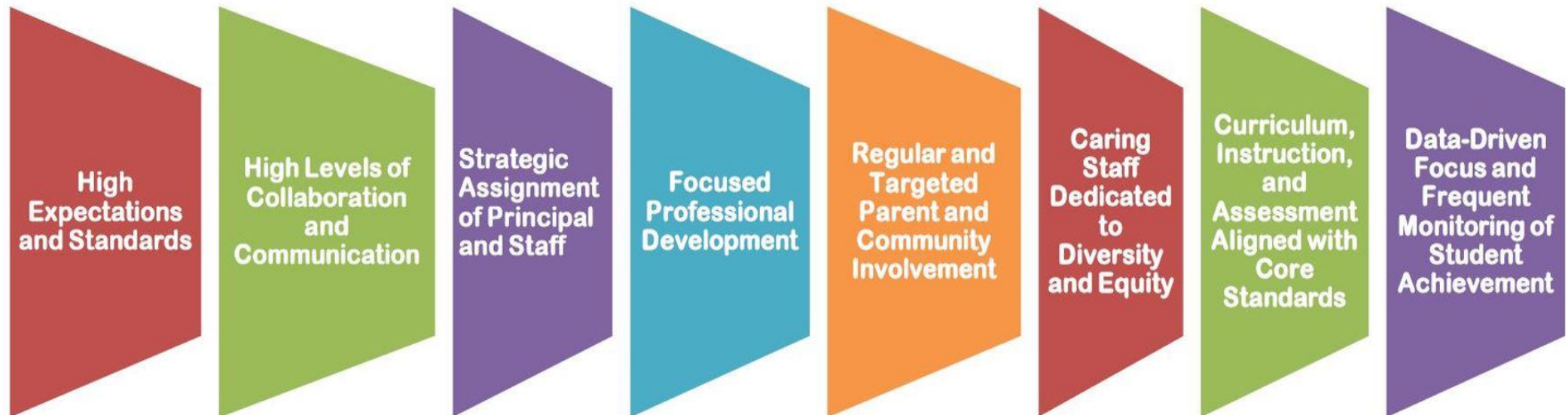


Source: LFC analysis of PED data



High-performing and low-performing schools differ in the quality of their annual plans

Eight Characteristics of High-Performing Schools

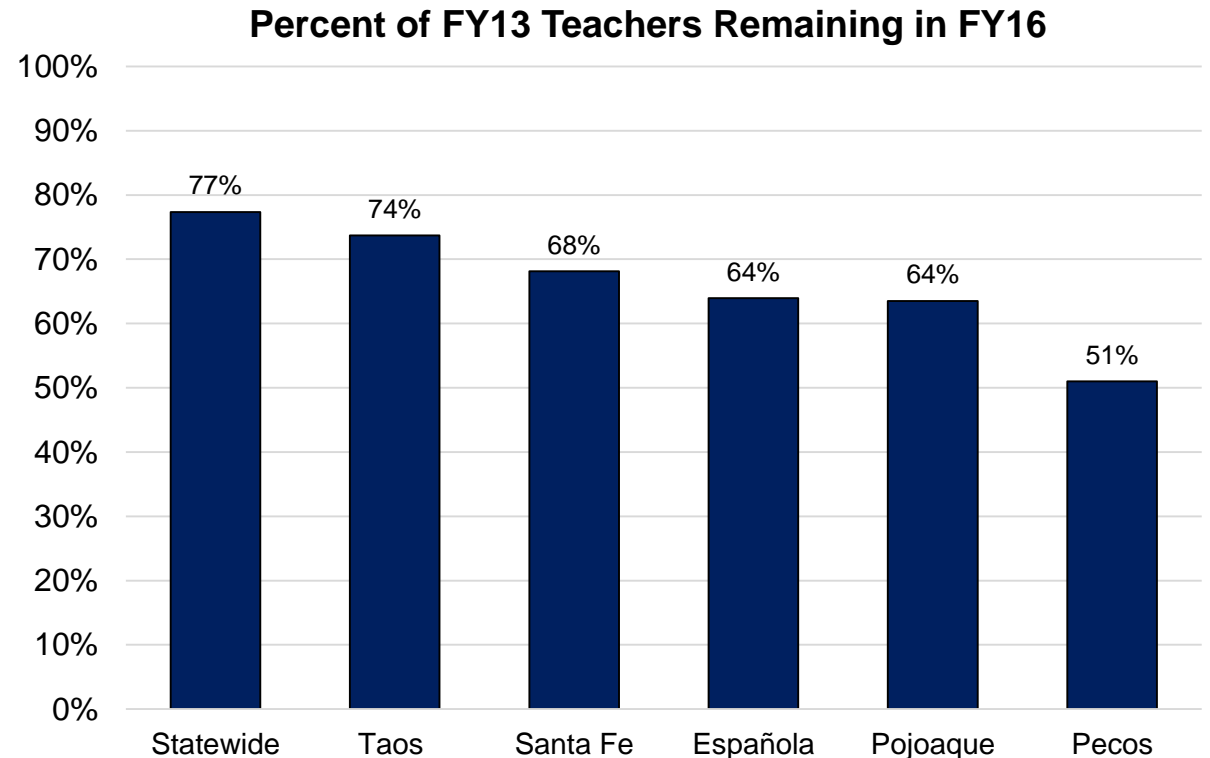


Source: LFC Files



Teacher effectiveness and retention can impact student performance

- The evaluated districts' teacher effectiveness was mixed with only Taos having a higher percentage of exemplary teachers than the statewide average.
- Each of the evaluated districts lost at least 20 percent of their teachers after three years from FY13 to FY16.
- Pecos had the fewest teachers rated effective or above as well as the lowest teacher retention rate.
- Pecos cited close proximity to other districts and a lack of housing as contributing to teacher retention issues.

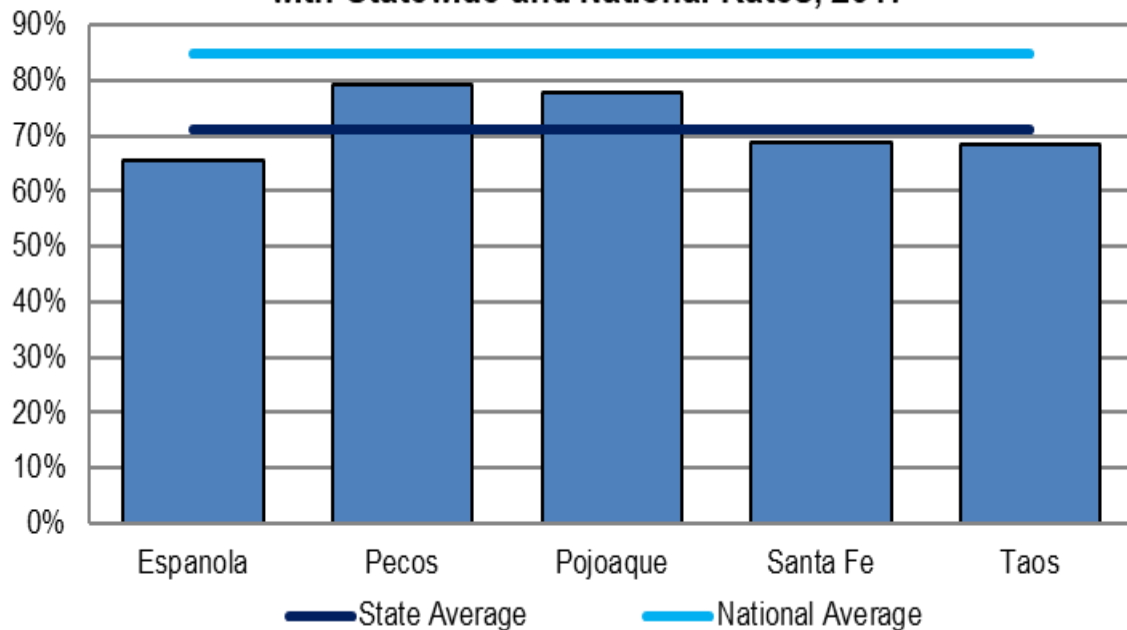


Source: LFC analysis of PED data.



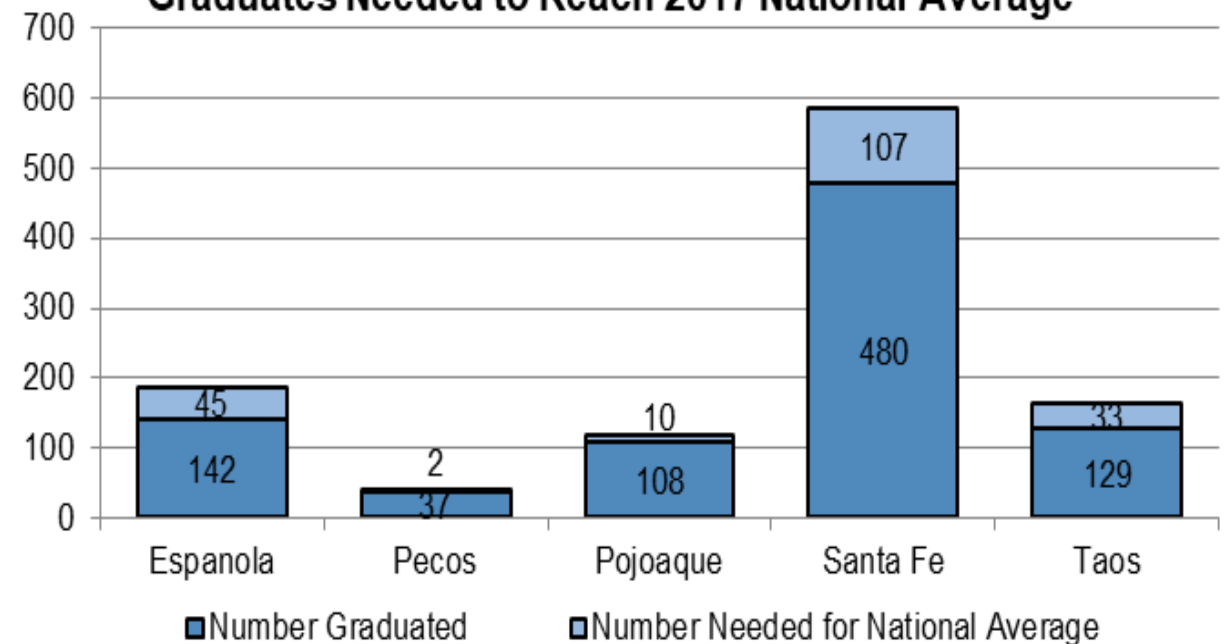
Graduation rates lag behind national rates; bringing graduation rates up to national levels would have a significant economic impact on the state

Evaluated School Districts Graduation Rates Compared with Statewide and National Rates, 2017



Source: PED/National Center for Education Statistics

Evaluated School Districts Number of Additional Graduates Needed to Reach 2017 National Average



Source: LFC Files



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; and
- Requiring school districts and charter schools to provide written financial 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;
- Focus additional data audits on other components of the formula, such as the at-risk, bilingual and multicultural education, or enrollment components; and
- Audit school districts' budgeted expenditures for at-risk students to ensure they qualify as evidence based social, emotional, or academic interventions.

