

NEW MEXICO PUBLIC SCHOOL FUNDING: STILL WELL BELOW PRE-RECESSION LEVELS

EXECUTIVE SUMMARY

May 2014

Two lawsuits were filed against the state in the spring of 2014, both alleging that New Mexico is failing to fund its public schools to the levels mandated in the state constitution, particularly for English language learners and children from low-income families.

Public school funding in New Mexico rose steadily from 1983 to 2008, but then the recession sent New Mexico's revenue plummeting. Rather than replace lost revenue by raising taxes, New Mexico policy makers addressed the revenue crisis by slashing state spending in many areas, including public schools. Like other states, New Mexico was able to temporarily plug some of its budget holes with federal revenues from the 2009 American Recovery and Reinvestment Act (ARRA). The availability of federal ARRA funds in the 2009-10 and 2010-11 school years lessened the overall cuts in New Mexico but did not make up for them entirely.

New Mexico's recovery from the recession has been slow. State revenues began to recover in 2012 and spending on public education was increased. Still, public school funding has not kept pace with inflation and enrollment growth.

A VULNERABLE POPULATION

There are important reasons New Mexico needs to increase investment in K-12. Our state has one of the highest rates of child poverty in the nation. Nearly one-third of our children live at or below the federal poverty line (which is just over \$19,000 for a family of three). School achievement gaps fall along racial

and ethnic lines as well as economic lines as minority children face greater barriers to success than their White counterparts. Almost three-quarters of New Mexico's children are members of a racial or ethnic minority group. These issues need to be kept at the forefront when state leaders are making public school funding decisions.

THE FUNDING FORMULA

New Mexico uses the State Equalization Guarantee (SEG)—commonly referred to as the 'funding formula'—as the mechanism for distributing funds to its 89 school districts. The SEG is the amount allocated to each district by the state Public Education Department for each unit value. (Unit value is not comparable to student enrollment because students needing more supports, such as special education, may count as more than one unit.)

The spending as determined by the SEG increased smoothly for almost three decades—from 1983 to 2008—before dropping at the onset of the recession. As shown in Figure I (page 2), funding was increased slightly in 2012-13, but when that amount is adjusted for inflation it flattens.

At the same time that the real value of K-12 revenue was decreasing, student enrollment in the state's public schools was trending upward (Figure II, page 2). Not only was the SEG not keeping pace with inflation but, for the past decade, schools have been expected to educate more children without more money.

Lower funding levels have led to a smaller operating budget. As of 2013-14, New Mexico’s public school operating budget (\$2.91 billion) had not reached the pre-recession level of \$2.99 billion even in nominal dollars. In inflation-adjusted terms, the value of the 2013-14 operating budget is only \$2.61 billion in 2007-08 dollars. The value of the operating budget had fallen by 10.4 percent since 2007-08. Per-pupil, inflation-adjusted funding for school operations has dropped by 14 percent since 2007-08.

CONCLUSION

New Mexico should provide sufficient funding for public education as mandated in the state constitution without parents, students, and others having to file lawsuits. The court process can be lengthy and New Mexico’s most vulnerable children need adequate support now if they are to have the best shot at a successful future.

Figure I
State Equalization Guarantee Actuals, Nominal and Inflation-Adjusted (2000-2013)

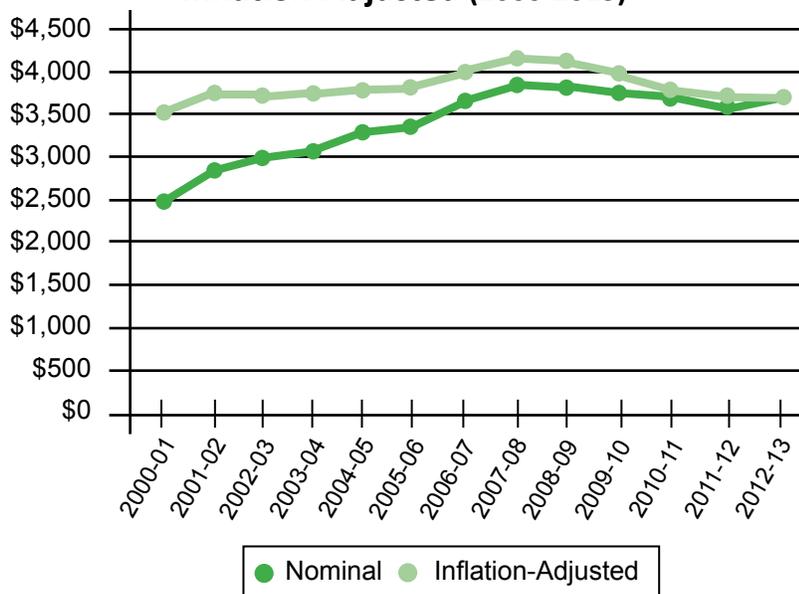
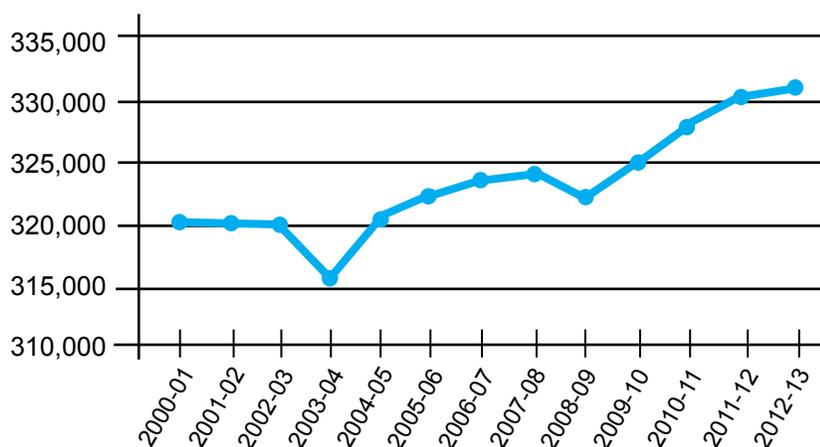


Figure II
NM Public School Student Enrollment (2000-2013)



Specifically, the state should:

- Increase per-pupil, inflation-adjusted spending.
- Revise the funding formula so that more resources are invested in the school districts that need them most due to high levels of child poverty and the prevalence of English language learners.
- Fully implement and support the Indian Education Act, the Hispanic Education Act, and the Bilingual Multicultural Education Act.
- Spend fewer resources (money and valuable teaching time) on standardized testing.
- Fund voluntary pre-kindergarten to allow enrollment of all 4-year-olds.
- Increase funding for high-quality child care and parental education programs. These programs help children develop the skills needed to succeed when they enter kindergarten and help parents be more engaged in their children’s education. A larger investment in early childhood would better leverage our much greater investment in K-12, as fewer children would start school behind.

Source: NM Public Education Department, with additional calculations by NM Voices for Children for Figure I