

League of Women Voters of Greater Las Cruces
Education Study Committee

Meeting about Las Cruces Public School District (LCPS)

Superintendent Stan Rounds
Assistant Superintendent of Finance Terry Dean

January 14, 2011, 10:30 a.m. – 12:30 p.m., LCPS Administration Building

The dialogue with Superintendent Rounds continued at the January 14 meeting. The topic at this meeting was how the schools are financed and what may happen during the 2011 NM Legislative Session.

NM Education Formula: The education funding formula was developed in 1974 and for 25 years was considered a model for funding schools. It was in the top three among funding models across the country and now is among the top 10. According to Superintendent Rounds, in 1990 the state legislators started to implement practices that did not completely follow the original established funding formula. According to the state school funding website, “As the complexity of the formula has grown, it has become less equitable and has not kept pace with the needs of schools.” The NM Constitution states “a uniform system of free public schools sufficient for education of and open to all children of school age shall be established or maintained.” The development of the funding formula was an attempt to ensure that access to the “sufficient” education is afforded to all school age Children. (See www.nmschoolfunding.com)

In New Mexico, all funds collected by the state go into a general fund from which distribution of funding for schools is made based on a formula of averaged indexed costs. For example, grades 4-6, least costly students to fund, is indexed at 1.0. High school students, who are 25% more costly to educate, are indexed at 1.25. Over the years the index has been changed to accommodate special education, and other programs and services. For smaller districts that are more expensive to fund, the size-adjustment has been developed. There are other funding programs that assist schools during the year (e.g., the emergency fund, if the district does not have adequate funding sometime during the year, and growth of 1% or more during the year.)

The American Institutes for Research (AIR) was commissioned by the Funding Formula Study Task Force that was appointed by the New Mexico State Legislature and the Governor and under the direction of the Legislative Council Service (LCS). The study was conducted over a 16-month period, and its results were presented in a report dated January 17, 2008. The full report is a reliable source of information about funding K-12 education. At completion of the study, the AIR research team and the Taskforce recommended a revised formula.

- The Bottom Line was that state support for public schools should increase by 14.5% (or \$334.7 million in 2007-2008 dollars) to achieve sufficiency in New Mexico. (Per Superintendent Rounds the recommendation was \$750 million but the final agreed upon figure was \$352 million.)
- No school districts would lose money under the new formula.
- Special education students and services would be funded with a single weight, rather than classifying special education students into A/B, C, and D categories based on the nature and severity of the student’s disability.
- To limit the incentive for districts to increase funding by over-identifying special education students, the revised formula would fund districts at a flat 16% of

enrollment multiplied by the special education formula adjustment factor.* (See note below.)

Note on the revised formula for special education -The intent of this [special education funding] provision is to bring the state closer to the national average of students identified as needing special education services (12%-14%) and to encourage school districts to provide early intervention for students to prevent them from needing special education services later on. Districts with fewer than 16% of identified special education students would use the additional funds generated to provide these prevention and intervention services.

- Any additional money would have to be found at the local school level or could be requested from a special state contingency fund for extremely high-cost special education students.

The AIR recommendations were defeated by the NM Legislature.

NM School districts that find themselves in financial need do have access to supplemental emergency funding. The Public Education Department notes that this fund, “provides for emergency distributions to districts in financial need. School districts requesting emergency distribution must not have cash and invested reserves or other resources or any combination thereof equal to five percent or more of their respective net operational budgets.”

The Las Cruces Public School Operating Budget includes:

- \$170 million – Operating Budget (90% of formula funding and does not include capital outlay budget).
- \$22 million – Federally funded programs (e.g., IDEA Part B, Special Education - \$6.2 million; Title 1 is \$6 million, USDA cafeteria is \$5 million)
- Other costs: Bus Transportation is ~\$4.2 million

Capital Outlay Funding: includes money for repair, remodeling, and maintenance of buildings and grounds. Equipment such as computers now have a depreciation of six years, preferable would be three years, but realistically a four-year cycle should be in place at a cost \$2.4 million annually. Vehicles should be turned in when mileage is 100,000. LCPS vehicles show 140,000-150,000 miles and are 13-15 years old. New vehicles cost \$60,000 per unit. Currently the district has a building maintenance budget of \$2.2 million, not including playgrounds. An additional \$2 million per year would be helpful. Capital outlay funding for new construction must be funded at the local level, primarily done through issuing of bonds approved by the voters.

Consolidation of School Districts: This has come up in the NM legislature as a solution to achieve costs savings. Senator Steve Fischmann has done some research into consolidation. In Superintendent Round’s opinion, cost savings are not achieved by consolidating schools. Some of the rural district already experience long travel times to and from school. Transportation costs usually increase in the school district.

Possible solutions for achieving cost savings are: coordination of administrative services (e.g., using the certified public accountants, human resources and social services) without closing the local schools. In Doña Ana County, consolidation of these services might be applied to the Gadsden, Hatch, Sunland Park, and Las Cruces Public School (LCPS) Districts.

Establishing Regional Education Cooperatives. Currently there are 10 in NM that provide training and professional development for teachers, students, and parents. The Educational

Service Units (ESU) are a political subdivision that serve as intermediate level education service agencies for member school districts. Beyond staff development, technology, and instruction materials, the kinds of services offered by the ESU are determined by the needs of the member school districts.

Cost savings are best achieved when the school district has between 20,000-30,000 students. Current statistics on number of students are:

- 25,000 – LCPS
- 13,000 – Gadsden
- 1,300 – Hatch

The cost per student in NM is \$7,235, not including busing. This figure does not include capital outlay or federal program funds. The national average is \$11,000 plus. It is unclear what the figure for the national average includes. More research is needed on the cost per pupil expenditure figures. The cost per classroom according to NM Senator Fischmann is \$350,000.

In Superintendent Rounds' opinion, closing a school district also closes down the small town associated with it. Encino was the last school district closed. Possibilities for consolidation are East and West Las Vegas or Hagerman, Dexter, Lake Arthur, and Loving. These are currently listed as members of one of the NM Regional Education Cooperatives.

Local Business Involvement: LCPS provides the workforce for fast food restaurants and grocery stores in Las Cruces. The students enter the lower tier of the job market. They work long hours for minimum wage. The hours, especially for stocking in grocery stores, keep the students up very late, and they are not able to attend school and achieve grades. It appears that the student philosophy is money first (for cell phones, cars) and school second. The reality is for some students, their pay check is important for family survival. The schools at present are not educating for the upper level jobs, second-tier jobs. Superintendent Rounds has worked with local businesses to create incentives for students to attend school and care about academic achievement. Among the participating businesses, if students achieve a 3.0 GPA, then there is an increase in salary. If the students attend class regularly, there is an increase in pay. Students lose their jobs if 10 days of class is missed in a semester.

Grant or community foundation money is available to the school district. Some company employees read to elementary students and offer tutoring services. The Chamber of Commerce was instrumental in developing the Regional Education College, and Hispano Chamber of Commerce work with middle schools.

Toyota has awarded at \$5.4 million grant for a four year period to the district. The goal is to reach out to parents such as teenage parents, formed or forming families, and others and bring them into a program where GEDs may be achieved, parenting classes are presented, and parents become collaborators in the education of their own children. The program is in six schools. The grant allows special services for focused support of troubled or weak students and better connections with parents to learn how to be teachers for their own children. The program is specifically aimed at elementary students and their parents.

Wish List for Additional Money: Additional money would be used for

- intervention with students (follow-up on truancy, academic student support, and social work services). Development of a program to combat lawlessness and to increase participation of parents.

- reducing class size. Schools must comply with class load requirements outlined in Section 22-10A-20 NMSA 1978 and Section 22-5-15 NMSA 1978 of state statutes as follows:
 - Kindergarten is capped at 20 students and between 15-20 students entitles the teacher to have an educational assistant.
 - Grades 1, 2, and 3 are averaged and each class should not exceed 22 students. In Grade 1, a class of 21 or more entitles the teacher to a full-time educational assistant.
 - Grades 4, 5, and 6 are averaged and each class should not exceed 24 students
 - Grades 7-12 the teaching load should not exceed 160 students, except
 - for teacher of required English courses in Grades 7 and 8 shall not exceed 135, with a maximum of 27 students per class
 - for teachers of required English courses in Grades 9-12 shall not exceed 150, with a maximum of 30 students per class.

The secretary may waive the individual school class load requirements. The waiver is applied for annually and can only be granted for two consecutive years. Superintendent Rounds requested waivers for some classes.

- provide a 30% increase in net pay for teachers. LCPS has 1,756 teachers, and teacher retention is a problem. The salary program in LCPS is:
 - Tier 1 minimum salary with bachelor's or master's degree in education is: \$32,300
 - Tier 2 minimum salary with a master's degree in education and minimum 3 years teaching experience (average 5 years): \$40,000-\$42,000
 - Tier 3 minimum salary with graduate work beyond the master's degree and 7 years experience: \$50,000-\$52,000. Teachers achieve this level by developing a dossier and advanced study. According to the NM Public Education Department website, teachers must complete the Professional Development Dossier in order to advance from Level 1 to Level 2 and to advance from Level 2 to Level 3.

It would cost the district \$1.2 million to get the teachers out of the Tier 1 and 2 salary categories.

- Fully funding instruction materials. \$1.6 million is needed for the reading program.

Other issues for LCPS:

1. NM Governor is proposing that teachers pay more into their retirement fund as much as 2%. Without a salary increase, which currently is not being proposed, the teachers will have a pay cut if this recommendation is passed by the NM legislators.
2. LCPS has the lowest administrative cost (as a percentage of the total budget), 0.73 of 1%, of any of the school districts and will have difficulty achieving further reductions. Albuquerque has an administrative cost of 1.23% and 7-8% administrative costs are common in smaller school districts. The Governor is not in agreement with the request of some legislators to require teachers to pay an additional 1.5% of their salaries into the educational retirement system. She prefers to achieve extra state budget reductions by school districts reducing their administrative costs.
3. Deregulation of decisions about school districts from the state level to the local level.
4. Invest in longer school year. The American Institutes for Research recommendation was an increase to 200 days. Superintendent Rounds suggest 190 that would allow

for 10 days of professional development. The legislature is considering reducing the current calendar by two days which would save 1% in salaries.

5. Cash Balance issue: carrying over cash from one year to the next is not allowed. The state regulates how much cash can be kept on hand. The issue arises at the start of a new fiscal year when bills have to be paid but the allocation from state has not been made. Programs funded by federal agencies also are delayed because reimbursement is made through an invoicing process that passes through a five-step approval process. A solution to the federal delay would be to establish an intermediary agency at the state level that could accept billing and reimburse in a timely manner.

Rating the School System (comparing LCPS to other school districts):

1. Top Rating for financial management
2. Student drop out rate is within a reasonable rate, but we need to do better.
3. Reasonable retention of teachers, parental involvement, and student success, but we need to do better in all three areas.
4. Deficits include technical programs and instructional materials are underprovided. Gang problems are not good. Need for more counselors. LCPS has 680 students per counselor and the national standard is 400 students per counselor.

Legislature Involved with Education: Two important committees are the Legislative Finance Committee and the Legislative Education Study Committee (interim committee).