

New Mexico

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FUNDING PRIORITIES FOR P-12¹ AND/OR HIGHER EDUCATION

New Mexico's school finance landscape continues to dominate the educational discourse of the state as Governor Michelle Lujan Grisham proposed a total state budget of \$7,298,465,500. Of the major K-12 educational priorities across the state, the Governor continues to focus on Early Childhood Education (ECE). As part of the major priorities for higher education in the state, cost effective higher education access is the most important. The New Mexico Higher Education Department (NMHED) requested state funding for expansion of the state Opportunity scholarship. The Opportunity Scholarship provides tuition-free access to higher education for returning adults. New Mexico's 55th Legislature 1st Regular Session that adjourned on March 20th, 2021 also included some changes to the school finance formula.

CHANGES TO FUNDING FORMULA FOR P-12 AND/OR HIGHER EDUCATION

For FY 2022, the legislature passed House Bill (HB) 6² that contained provisions for the state equalization guarantee (SEG) distribution formula. HB 6 excludes enrollment growth units from the calculation of the save harmless units in the public school funding formula. Save harmless units were previously included in the SEG to help protect small, often rural, districts from declines in revenue under New Mexico 6.20.2.25., save harmless calculation. HB 6 removes budget requirements equivalent to 75% of the allocation for federal impact aid, local half-mill property tax levy, and federal forest reserve fund revenue. In lieu of this funding, HB 6 stipulates that each district/school/charter must allocate an amount equal to the lost revenue from the SEG in order to partially fund the Indian Education Act, Public School Capital Outlay Act, Public School Capital Improvements Act, Public School Buildings Act, and Community Schools Act. Finally, HB 6 requires districts to allocate revenue for the Indian Education Act, Public School Capital Outlay Act, Public School Capital Improvements Act, Public School Buildings Act, or at-risk student interventions. It also changes how local fiscal capacity is calculated, requiring districts to add report unrestricted

1. State of New Mexico Executive Budget Recommendation-Department of Finance and Administration, accessed October 31st, 2021, <https://www.nmdfa.state.nm.us/wp-content/uploads/2021/01/FY22-Executive-Budget-Recommendation-1.pdf>.

2. H.B. 6- New Mexico 55th Legislature, 1st Regular Session (2021), accessed October 31st, 2021, <https://www.nmlegis.gov/Sessions/21%20Regular/final/HB0006.pdf>.

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revenue (URR) used for capital outlay into the local-state match calculation. There were also some higher education funding formula changes proposed by the NMHED higher education funding formula subcommittee. Of the most prescient issues identified by the NMHED is the restoration of \$20 million to the higher education budget initially funded by the CARES Act, and a hold harmless provision for schools with negative funding balances.

PRESSING STATE ISSUES AFFECTING P-12 AND OR/ HIGHER EDUCATION

Instituted in FY 2021 the Early Childhood Education and Care Department (ECECD) aligns with the Governors mission to continue supporting ECE. The ECECD's main purpose is to support the health, development, and achievement of New Mexico's children through the early educational years. The Governor allocated \$193,588,100 in total funding for ECE which includes \$4,500,000 million to hire 300 private sector teachers statewide. The budget also includes \$4,000,000 for new private prekindergarten student attendance openings, four times the \$1,000,000 allocated for new public prekindergarten student attendance openings.

Governor Lujan Grisham's final budget also slightly decreased public school support from \$3,346,614,400³ in FY 2021, to \$3,298,434,600 in FY 2022. One of the possible reasons for the decline in funding is the constriction of New Mexico's economic profile due to SARS-CoV-2 (COVID-19). Attempting to mitigate funding declines, the United States Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) in FY 2020, which provided states with funding directed toward education. New Mexico was awarded approximately \$108 million in total funding of which 90.48%, \$97.72 million, was awarded directly to districts. New Mexico reports that as of November 4th, 2021, it has expended approximately \$86.2 million of the CARES and CRRSA funding⁴.

The Governor's final budget includes \$866,990,200 for higher education. The University of New Mexico, and New Mexico State University received the bulk of the funding; \$319,192,300 and \$204,011,600 respectively. NMHED also requested \$48 million specifically for the Opportunity Scholarship which it believes could provide access of higher education to as many as 35,000 students across the

3. State of New Mexico Executive Budget Recommendation-Department of Finance and Administration, accessed October 31st, 2021, <https://www.nmdfa.state.nm.us/wp-content/uploads/2020/12/FY21-Executive-Budget-Recommendation.pdf>.

4. New Mexico Public Education Department, "ESSER I (Cares Act) Funding Report," accessed November 4th, 2021, <https://webnew.ped.state.nm.us/bureaus/title-i/cares-act-esser/esser-i-cares-act-funding-report/>.

state⁵. Senate Bill (SB) 234 expands access of the state Lottery Scholarship to home schooled students⁶. Finally, HB 43, the Black Education Act, expands collaboration between the New Mexico Higher Education Department and the New Mexico Public Education Department to improve P-20 graduation rates and college and career readiness of New Mexico's Black students⁷.

EXCLUSIVE TO P-12: WHAT ARE THE ALTERNATIVES TO TRADITIONAL PUBLIC SCHOOL OFFERED BY YOUR STATE? WHAT DOES THE TREND IN FUNDING LOOK LIKE FOR THESE ALTERNATIVES?

Currently New Mexico operates approximately 98 charter schools serving 29,016 students. The final funded program cost associated with charter schools in New Mexico is \$259,347,671.31 which includes funding distributed to charter schools through the SEG (FY 2020)⁸.

NEW MEXICO'S PER PUPIL EXPENDITURE (EXCLUDING LOCAL AND FEDERAL FUNDING)?

\$12,793 (2020)⁹

ALLOCATION OF STATE DOLLARS AND PERCENT OF THE STATE BUDGET FOR P-12 AND HE

K-12 school revenue \$3,298,434,600 in total public school support funds. Higher Education revenue \$866,990,200 in total support. This reflects 45.19% and 11.88% of New Mexico's FY 2022 general fund appropriation \$7,298,465,500.

5. New Mexico Higher Education Department, "New Mexico Higher Education Department Outlines Budget Priorities for FY23," accessed November 4th, 2021, <https://hed.state.nm.us/news/new-mexico-higher-education-department-outlines-budget-priorities-for-fy23>.

6. S.B. 234- New Mexico 55th Legislature, 1st Regular Session (2021), accessed October 31st, 2021, <https://www.nmlegis.gov/Sessions/21%20Regular/final/SB0234.pdf>

7. H.B. 43- New Mexico 55th Legislature, 1st Regular Session (2021), accessed October 31st, 2021, <https://www.nmlegis.gov/Sessions/21%20Regular/final/HB0043.pdf>.

8. New Mexico Public Education Department, "Charter School Final June 2020 SEG Adjustment," accessed November 4th, 2021, <https://webnew.ped.state.nm.us/bureaus/school-budget/charter-school-final-june-2020-seg-adjustment/>.

9. "Research and Publications," National Education Association, <https://www.nea.org/research-publications>.