

NEW MEXICO'S 2019-20 EDUCATION FUNDING STILL LESS THAN IN 2007-08

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New Mexico's funding for public preK-to-12 education, adjusted for inflation, reached its high point just before the great recession, in school year 2007-08. It then dropped sharply, failed to recover even after the recession ended, and remained 10 to 15 percent below the 2007-08 level for nine years, extending through school year 2018-19.

The state legislature, in its 2019 session, increased the total appropriation for public schools by 16 percent for school year 2019-20, an amount that would just barely have restored the pre-recession level of funding were it not for provisions that made a substantial portion of the increase unspendable. Specifically, of the \$448 million nominal increase, \$182 was designated for two programs aimed at extending the length of the school year—the Extended Learning Time Program (ELTP) and K-5 Plus. Because many districts and schools were unable to meet the stringent requirements to participate in these programs, especially K-5 Plus, \$111 million of the \$182 million went unclaimed, and hence unavailable to pay for school services. The true year-to-year increase in *spendable* funds was not the 16 percent that state officials have repeatedly cited, but less than 13 percent. That left inflation-adjusted spendable funding per student still 2.0 percent below what it had been in 2007-08, 12 years ago.

Most New Mexico funding for operating public schools (well over 90 percent) is distributed by formula to districts and charter schools through what is known as the State Equalization Guarantee (SEG). The Public Education Department (PED) has claimed a sharp rise in SEG funding, 18.6 percent, between 2018-19 and 2019-20. This increase, too, is exaggerated, mainly for the reason mentioned above—\$111 million in unspendable funds—but also because certain items previously funded separately, such as the K-5 Plus program and instructional materials, were transferred into the SEG for 2019-20. If all funds nominally appropriated for the 2019-20 SEG had been available for spending, total 2019-20 SEG funding, inflation-adjusted, would have been 3.2 percent higher than in 2007-08, but because of the unspendable portion, actual 2019-20 SEG funding was still 0.5 percent below the level reached in that pre-recession year.

The following two tables show, respectively, trends in the total state appropriation for public schools and in SEG funding (what PED calls “program cost”), and in the corresponding amounts per student. The table entries cover the period from 2005-06 to this year, 2019-20. The funding figures have been taken from the official post-session reviews that the Legislative Finance Committee (LFC) publishes after each legislative session.

All inflation-adjusted figures shown in these tables have been calculated by applying the price index for state and local government consumption expenditures produced by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce. The index, shown in the right-hand column of each table, has been recalibrated to translate all figures into 2019 dollars. This

Table 1. TREND IN TOTAL NEW MEXICO STATE APPROPRIATION FOR PUBLIC SCHOOLS

Fiscal Year	Total State	Total State	Percentage	Number of Students (Membership for SEG Calc. per LESC)	Total State	Total State	Percentage	BEA State-Local Govt Consumption Expend. Price Index, Reset to 7/1/19 = 100
	Appropriation for Public Schools (\$ millions)	Appropriation Inflation-Adjusted (\$ millions)	Change in Infl Adj Total State Appropriation from 2007-08		Appropriation per Student (\$)	Appropriation per Student Inflation-Adjusted (\$)	Change in Infl Adj State Approp per Student from 2007-08	
2005-06	2,154.0	3,087.8		321,663	6,696	9,599		0.698
2006-07	2,331.8	3,190.8		323,006	7,219	9,879		0.731
2007-08	2,484.7	3,244.5	0.0	323,760	7,675	10,021	0.0	0.766
2008-09	2,608.1	3,202.9	-1.3	322,680	8,083	9,926	-1.0	0.814
2009-10	2,470.8	3,104.6	-4.3	324,105	7,623	9,579	-4.4	0.796
2010-11	2,397.5	2,913.5	-10.2	327,561	7,319	8,894	-11.2	0.823
2011-12	2,375.5	2,783.2	-14.2	330,414	7,189	8,423	-15.9	0.854
2012-13	2,455.3	2,836.9	-12.6	331,365	7,410	8,561	-14.6	0.865
2013-14	2,567.6	2,849.0	-12.2	330,635	7,766	8,617	-14.0	0.901
2014-15	2,715.5	2,945.9	-9.2	331,187	8,199	8,895	-11.2	0.922
2015-16	2,752.1	2,992.4	-7.8	331,955	8,291	9,014	-10.0	0.920
2016-17	2,685.6	2,921.7	-10.0	331,370	8,105	8,817	-12.0	0.919
2017-18	2,697.8	2,857.5	-11.9	329,058	8,199	8,684	-13.3	0.944
2018-19	2,809.5	2,858.7	-11.9	326,958	8,593	8,743	-12.8	0.983
2019-20 approp	3,283.4	3,283.4	1.2	323,101	10,162	10,162	1.4	1.000
2019-20 spendable	3,172.2	3,172.2	-2.2	323,101	9,818	9,818	-2.0	1.000

Table 2. TREND IN FUNDING FOR THE NEW MEXICO STATE EQUALIZATION GUARANTEE (SEG) FOR PUBLIC SCHOOLS

Fiscal Year	SEG Funding	SEG Funding	Percentage	Number of Students (Membership for SEG Calc. per LESC)	SEG	SEG Funding	Percentage	BEA State-Local Govt Consumption Expend. Price Index, Reset to 7/1/19 = 100
	("Program Cost") for Public Schools (\$ millions)	("Program Cost") Inflation-Adjusted (\$ millions)	Change from 2007-08 in Inflation-Adjusted SEG Funding		Funding ("Program Cost") per Student (\$)	Funding ("Program Cost") per Student Inflation-Adjusted (\$)	Change from 2007-08 in Infl-Adj SEG Funding per Student	
2005-06	2,027.7	2,906.7		321,663	6,304	9,037		0.698
2006-07	2,175.4	2,976.8		323,006	6,735	9,216		0.731
2007-08	2,328.9	3,041.1	0.0	323,760	7,193	9,393	0.0	0.766
2008-09	2,439.7	2,996.1	-1.5	322,680	7,561	9,285	-1.2	0.814
2009-10	2,381.2	2,992.0	-1.6	324,105	7,347	9,232	-1.7	0.796
2010-11	2,255.1	2,740.4	-9.9	327,561	6,885	8,366	-10.9	0.823
2011-12	2,294.8	2,688.7	-11.6	330,414	6,945	8,137	-13.4	0.854
2012-13	2,343.4	2,707.6	-11.0	331,365	7,072	8,171	-13.0	0.865
2013-14	2,426.4	2,692.3	-11.5	330,635	7,339	8,143	-13.3	0.901
2014-15	2,544.8	2,760.7	-9.2	331,187	7,684	8,336	-11.3	0.922
2015-16	2,569.3	2,793.6	-8.1	331,955	7,740	8,416	-10.4	0.920
2016-17	2,550.2	2,774.4	-8.8	331,370	7,696	8,373	-10.9	0.919
2017-18	2,567.6	2,719.6	-10.6	329,058	7,803	8,265	-12.0	0.944
2018-19	2,646.4	2,692.7	-11.5	326,958	8,094	8,236	-12.3	0.983
2019-20 approp	3,137.3	3,137.3	3.2	323,101	9,710	9,710	3.4	1.000
2019-20 spendable	3,026.1	3,026.1	-0.5	323,101	9,366	9,366	-0.3	1.000

Note: The SEG appropriations for 2019-20 are not fully comparable with figures for earlier years because items previously funded outside the SEG, such as instructional materials and the former K-3 Plus program were incorporated into the SEG for 2019-20. Any comparison of SEG funding between 2019-20 and an earlier year must adjust for these transfers to avoid exaggerating the funding increase between the earlier year and 2019-20.

index appears to be the most appropriate extant price index for adjusting public education funding for inflation. Some other parties may have attempted to adjust for inflation by using the better-known consumer price index (CPI), but that would be a mistake because the CPI measures changes in the prices of goods purchased by households, not the prices of goods and services purchased by public education authorities.

Each table includes two rows for school year, 2019-20. The first, labeled “2019-20 approp,” shows the nominal appropriation for the year; the second, labeled “2019-20 spendable,” shows the appropriation less the unspendable \$111 million referred to above. The figures in the latter row more accurately represent the 2019-20 funding available to support services for students.

The following findings about percentage changes in funding, extracted from the two tables, show, first, the extent to which funding declined from 2007-08 to last year, 2018-19, and second, how the increases in appropriations for 2019-20 have fallen short of restoring funding to its 2007-08 level:

Comparison of 2018-19 with 2007-08: Between 2007-08 and 2018-19, the total state appropriation for public schools, inflation-adjusted, declined by 11.9 percent, and the state appropriation per student declined by 12.8 percent. SEG funding (program cost), adjusted for inflation, declined by 11.5 percent, and SEG funding per student declined by 12.3 percent.

Comparison of 2019-20 with 2007-08: Between 2007-08 and 2019-20, the *nominal* total state appropriation, inflation-adjusted, rose by 1.2 percent, and the nominal appropriation per student rose by 1.4 percent. However, when the non-spendable portion of 2019-20 funding is subtracted from the nominal total, the *spendable* appropriation is seen to have declined by 2.2 percent and the *spendable* appropriation per student to have declined by 2.0 percent. Likewise, *nominal* SEG funding, inflation-adjusted, rose between 2007-08 and 2019-20 by 3.2 percent, and *nominal* SEG funding per student rose by 3.4 percent, but *spendable* SEG funding, inflation-adjusted, declined by 0.5 percent, and *spendable* SEG funding per student declined by 0.3 percent.

Note that 2007-08 has been taken as the base year for these comparisons solely because it was the year of peak pre-recession spending. No suggestion is intended, and no one should infer, that 2007-08 funding was adequate or that restoring the 2007-08 funding level would satisfy the court’s ruling in the *Yazzie/Martinez* litigation. School year 2007-08 was no golden age for New Mexico education: then, as now, the state’s education outcomes ranked near the bottom nationally. The governor’s proposed five-percent funding increase for school year 2020-21 could finally raise school support back to where it was over a decade ago. That would represent significant progress, but hardly the breakthrough needed to transform the state’s low-performing schools.

To appreciate how the increase in the 2019-20 appropriation may be affecting school programs and services, one needs to consider not just the dollar amount but also the associated constraints. Most of the nominal \$448 million increase for 2019-20 was designated for three uses: state-mandated increases in teacher and other staff compensation (\$162 million), the already-mentioned school-year extensions (\$182 million), and additional funding ostensibly for at-risk

students (\$113 million). Notably missing was any new unconstrained funding that districts and schools could have used to intensify or upgrade their services—for instance, by reducing class sizes, hiring additional reading and other specialists, or expanding bilingual education programs and social services.

Further, because the legislature's allotment for increased compensation did not fully cover the pay raises triggered by the state's mandates, some districts have been spending money supposedly earmarked for at-risk students to pay for general salary increases instead. This result has to be considered perverse, considering that Judge Singleton's decision in the *Yazzie/Martinez* case—the main impetus for increased 2019-20 funding—focused on the urgent need to do much more for the state's low-income, non-English-proficient, and other at-risk students.

In sum, despite the impressive-seeming increase in public school appropriations for 2019-20, real, inflation-adjusted funding, and funding per student, still is not as high as it was before the great recession. Further, the lack of any new unrestricted funding to accompany new funding for state-mandated spending, has limited the ability of districts and schools to strength their educational offerings.