



New Mexico's Educational System – Is More Money the Answer to its Problems?

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New Mexico ranks 49th nationwide for education. Some of our kids are not adequately educated when they graduate . if, in fact, they do graduate.

Is the answer more money? Absolutely not! New Mexico is ranked 32nd in the nation for per pupil expenditures, but some states spending less per student rank higher for educational quality. More money is not the answer, but how we spend it is. If we invested in competitive teachers' salaries that support quality personnel, we might see a difference. We also need to invest in better educational materials and equipment.

New Mexico desperately needs accountability for its educational investment. While we've increased funding significantly, many of our children are failing to meet minimum standards. We've seen improvement by our Public Education Department, but there is a syphoning of funds from state education for nonprofit groups that provide virtually no benefit to our children. In fact, much of what these nonprofit groups do equates to no more than babysitting.

Special interest groups focused on educational funding are always on a quest for more money and the Land Grant Permanent Fund (LGPF) is the easiest target. Many people think the LGPF is a rainy day fund; it is not. The LGPF was established with New Mexico's statehood in 1912 and is held in trust for our public schools as New Mexico's educational endowment fund.

While enrollment in New Mexico's schools has been relatively consistent, the education budget has increased over \$900 million in the last 12 years. Over one-third of that increase came from the LGPF. And while advocates demand more money from the fund, it is estimated that by 2025, the LGPF will produce \$1 billion annually at the current five percent distribution rate.

If special interest groups get their way and increase the distribution rate by one to two percent, does it matter?

Economists and responsible fund managers have proven that a five percent distribution rate allows for fund growth through up and down market cycles. Distributions greater than five percent, however, risk eating into the corpus of the fund.

Sensible withdrawals from the LGPF are key to providing for our children's education in perpetuity. It also saves taxpayers close to \$1,000/year per household in taxes. Increasing withdrawal rates would be irresponsible to our children as well as to our state's taxpayers.

Activists are seeking up to \$1 billion or more per year . in addition to current distributions - for childhood services; this money is not earmarked for teachers and classrooms. They say that more money and younger intervention are the answer to better educational outcomes. They promise this investment is worth any potential risk to the fund, but this is the same argument they've used for many years and, unfortunately, nothing has changed for our children.

New Mexico has already destroyed other permanent funds by being irresponsible in their management. We don't need to experiment with the last healthy fund New Mexico has available and risk destroying it like we have the others. Advocates want these increased fund distributions for services that are not defined. Add to that the continued lack of accountability and you have a formula for disaster.

Gary King, former Attorney General, reviewed the federal constitutional requirements for the LGPF and determined that: 1) the state constitution directly prohibits using LGPF money for private entities; and 2) distributions from the LGPF must be limited to learning programs provided by public schools.

Currently we have several nonprofits providing services for our underserved populations that amount to little more than babysitting services. This is accomplished by LGPF funds flowing to Children, Youth and Families Division (CYFD) which then funds the nonprofits.

This practice begs the following questions:

1) Where is the accountability for the money these nonprofits are receiving compared to the dismal results they are producing?

2) Who or what state agency is responsible for assuring that the LGPF use is in compliance with federal standards?

Despite numerous policy proposals and actions, New Mexico's expenditures on its educational challenges have not yielded adequate results. The answer is not an increased rate of LGPF disbursements, but instead a focus on direct learning programs that yield beneficial outcomes without violating federal requirements. That could be accomplished, if the state would stop funding special interest groups and put the money into quality educators and education . not enhanced babysitting or other services that continue to fail our children.

The New Mexico Business Coalition (NMBC) is a statewide nonpartisan, pro-market organization that works to improve the business environment for companies and the quality of life for all New Mexicans. Its educational efforts focus on providing New Mexicans the facts about regulation, legislation and elected officials' decisions affecting them. For more information, please visit our website at www.nmbizcoalition.org