

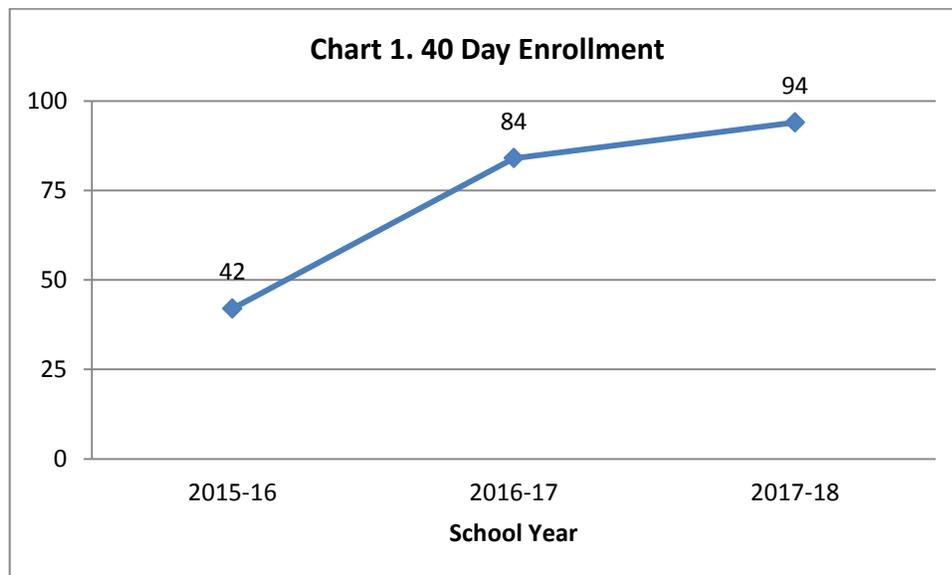
AGENDA ITEM EXECUTIVE SUMMARY

- I. Public Education Commission Meeting Date: November 17, 2017
- II. Item Title: Discussion and Possible Action on Schools Required to Provide Monthly Financial Reporting - Sandoval Academy of Bilingual Education
- III. Executive Summary and Proposed Motions:

School History

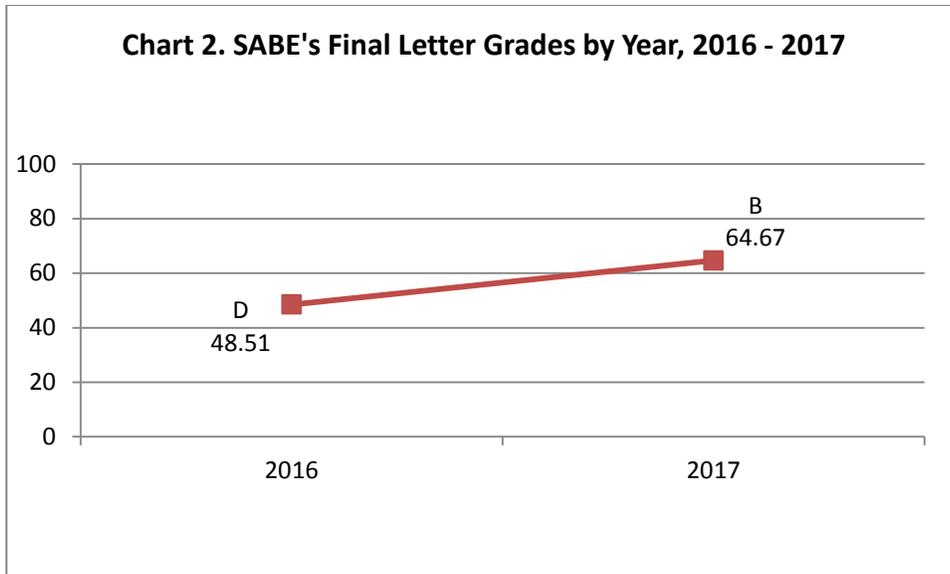
Sandoval Academy of Bilingual Education (SABE) was approved by the PEC in September 2014, and began serving students in August of 2015. The school’s contract states that the school “will provide the Sandoval County community with a unique two-way immersion bilingual program with accommodations [sic] for (English Language Learners) ELLs, heritage learners, and native English speakers.”

The school is authorized to serve grades K-8, starting with grades K-3 in the first year. The school’s enrollment cap is 280. According to the SY2017 End of Year STARS report, the school had 180 students enrolled at the end of SY17. The school’s reported data indicates that between 2016 and 2017, the school retained only 77.78% of eligible students. Uncertified 2018 day indicates that the school retained only 70.89% of eligible students between 2017 and 2018.

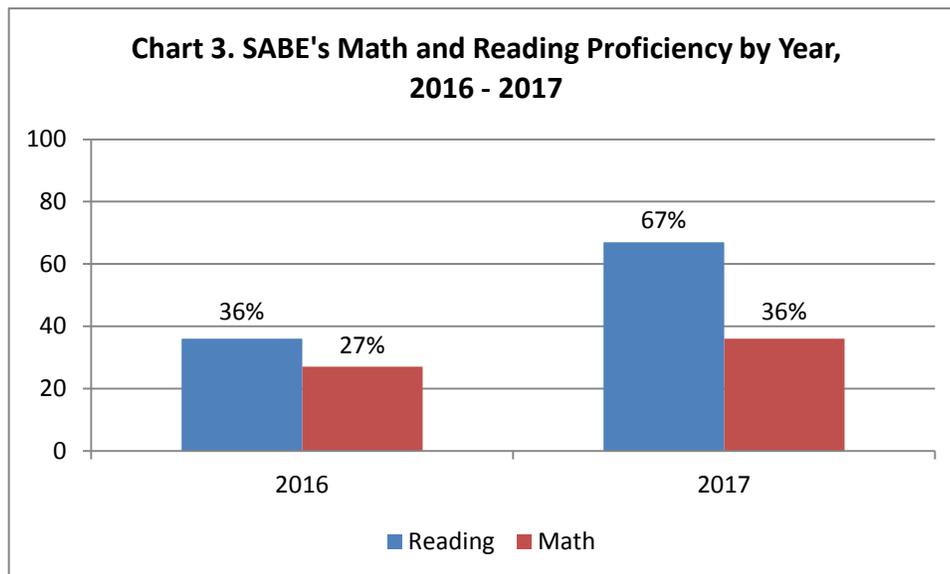


School Performance

Chart 2, below, illustrates SABE’s overall school grade from 2016 through 2017. The school’s final grade has increase from a D in 2016 to a B in 2017.

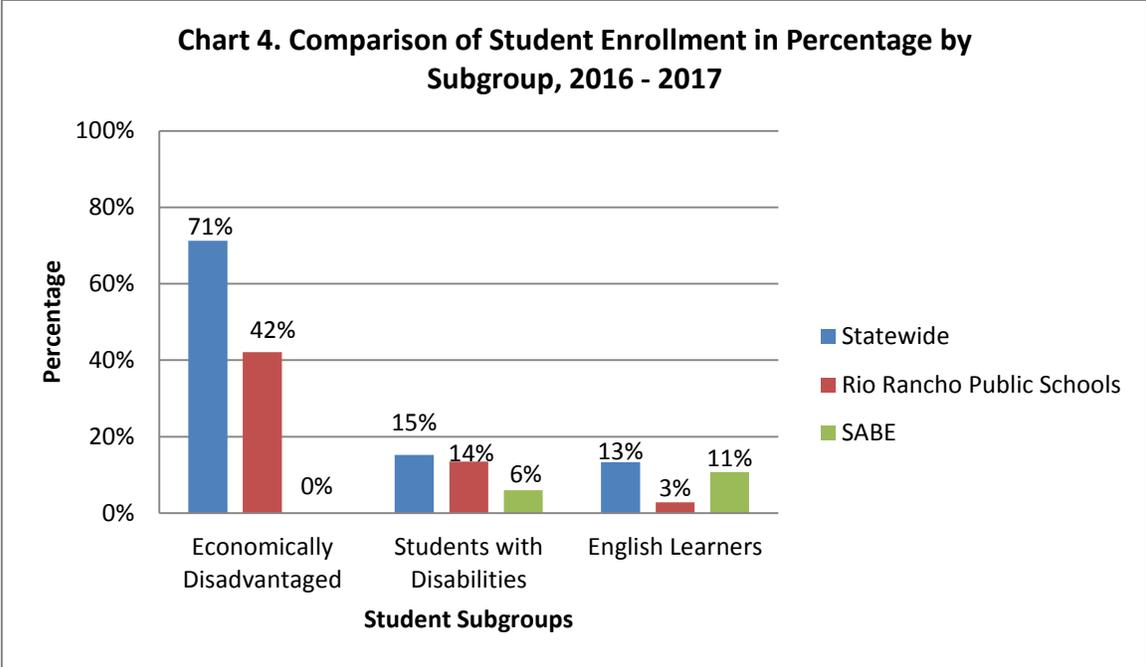


In 2017, the statewide results reported 28.6% of students were proficient in reading and 19.7% of students were proficient in math. SABE's 2017 report card indicates that 67% of students were proficient in reading and 36% of SABE's students were proficient in math. In 2016, 36% of SABE's students were proficient in reading and 27% were proficient in math.

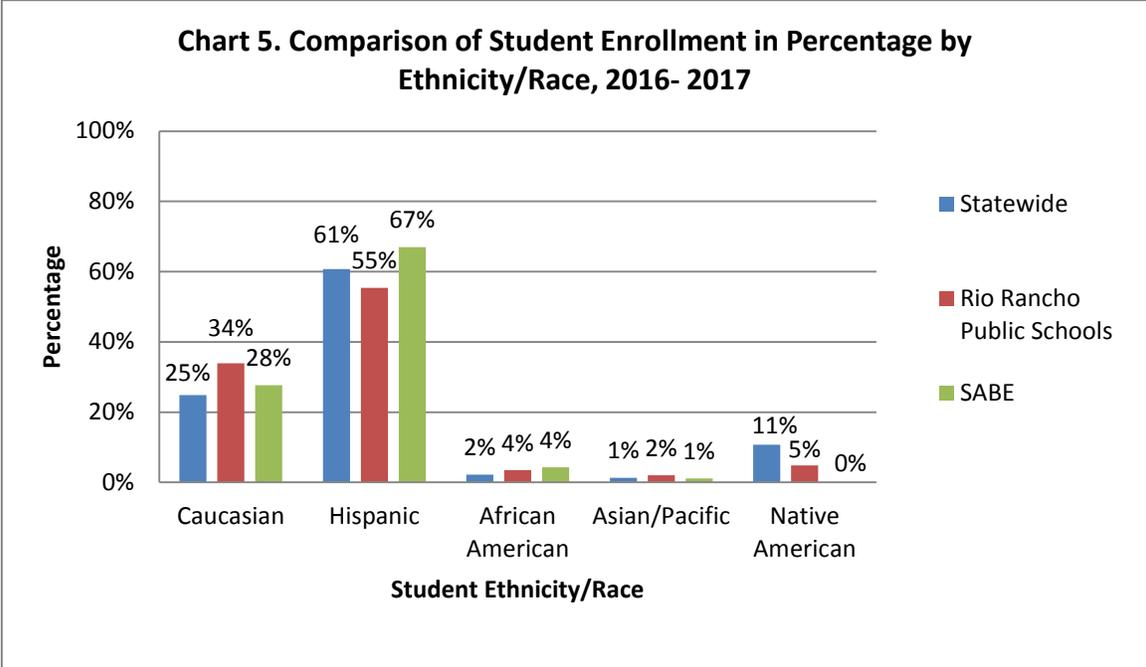


### Student Demographics

Student demographics and subgroup enrollment for SABE for the 2016-17 40<sup>th</sup> day reporting, as compared to Rio Rancho Public Schools (RRPS) data is provided below. SABE has a much lower population of economically disadvantaged students compared to the local district and statewide figures. SABE also serves a lower percentage of students with disabilities as compared to the local district and statewide percentages of these subgroups. The school's serves a percentage of ELs that is lower than the state, but substantially higher than the local school district. See Chart 4, below.



SABE’s student demographic data also illustrates that it serves a higher Hispanic population when compared to the surrounding district and statewide. The school’s overall ethnic diversity is not significantly different from the state and local district.



**Department's Standards of Excellence.** The state's letter grading system, required by law starting in 2012, results in each school being assigned a letter grade of A, B, C, D, or F annually. According 6.8.10 NMCA, pursuant to 22-2E-4 NMSA, governing bodies of charter school are required to "prioritize resources of a public school rated D or F toward proven programs and methods linked to improved student achievement until the public school earns a grade of C or better for two consecutive years." Since the school earned a D in SY16 and a B in SY17, the school's governing body must still meet its statutory obligation to prioritize its resources to improve its student achievement.

#### Financial Performance Evaluation

During the fiscal year 2018 operating budget development process, PED became aware that SABE's FY17 cash position was estimated to be \$0. Analysis by the PED School Budget and Finance Analysis Bureau found that SABE's financial position stems from SABE's continuing obligation to repay prior year SEG overpayment, which resulted from SABE's decision to project growth that did not materialize. For FY18, SABE again chose to project growth.

The School Budget and Finance Analysis Bureau moved SABE to monthly reporting beginning in July 2017 to ensure the school will close FY18 with a modest operational fund cash balance. The school is required to submit following reports on a monthly basis: revenue report; expenditure report; and cash report. PED established that the focus of the school's monthly reporting is on ensuring cash flows allow for a net positive position at year end and on ending the year with a modest cash position. PED also strongly urged SABE to adopt a more conservative approach to membership projections and the budgeting of growth units in the future to ensure that cash flows are not negatively impacted.

#### Recommendation

PED is recommending that the Public Education Commission take action to actively monitor the fiscal performance of this school and provide SABE's governing body a reasonable opportunity to remedy the financial problems described above.

The PEC may wish to require to school to create a plan to improve the governing body's ability to monitor and oversee the school's monthly fiscal reports, which should include specific training on public school finances, financial requirements, and financial reports; specific actions by the finance committee and the whole board; and specific targets for financial reserves. The PEC may wish to require the school to develop a corrective action plan to better estimate school enrollment, using best practices from other schools, which should include revising the school's enrollment processes, communications, and recruitment strategies. The PEC may also wish to require the school to submit monthly reporting to the PEC, including monthly reports on student enrollment – including updates on the number of withdrawals and enrollments, actions taken to improve financial management, budget adjustments required to adjust for growth that has not materialized or repayments for prior year repayments, and updated year end position forecasts.

### Proposed Motions

- Move to require the Sandoval Academy of Bilingual Education to take action to remedy the financial problems identified by the PED's School Budget and Finance Analysis Bureau, specifically the school must:
  - o create a plan to improve the governing body's ability to monitor and oversee the school's monthly fiscal reports, which should include specific training on public school finances, financial requirements, and financial reports; specific actions by the finance committee and the whole board; and specific targets for financial reserves;
  - o develop a plan to better estimate school enrollment, using best practices from other schools, which should include revising the school's enrollment processes, communications, and recruitment strategies; and
  - o submit monthly reporting to the PEC, including monthly reports on student enrollment – including updates on the number of withdrawals and enrollments, actions taken to improve financial management, budget adjustments required to adjust for growth that has not materialized or repayments for prior year repayments, and updated year end position forecasts.



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HANNA SKANDERA  
SECRETARY OF EDUCATION

SUSANA MARTINEZ  
GOVERNOR

July 24, 2017

Sandoval Academy of Bilingual Education (SABE)  
4321 Fulcrum Way NE, Suite A  
Rio Rancho, NM 87124  
Ms. Jackie Rodriguez, Principal  
Ms. Ashley Rodriguez, School Business Official

Dear Mr. Jaramillo and Ms. Vigil:

The fiscal year 2018 (FY18) Operating budget development has shown SABE's estimated FY17 cash position to be \$0. This is a result of the fact that SABE still owes the PED from a prior year's SEG overpayment related to projected growth the school chose to budget during last year's Operating Budget development that did not materialize, which is impacting cash flows. Now, for FY18, SABE is again projecting growth. The School Budget and Finance Analysis Bureau is moving SABE to monthly reporting beginning with the month of July 2017 in order to ensure the school will close the year with a modest Operational fund cash balance.

The school will be required to submit each month the following reports: revenue report; expenditure report; tax levy receipt report (generally not applicable to charter schools such as yourself); and cash report. The focus of the school's monthly reporting for the rest of the fiscal year will be on ensuring cash flows allow for a net positive position at year end and on ending the year with a modest cash position. We strongly urge SABE to adopt a more conservative approach to membership projections and the budgeting of growth units in the future to ensure that cash flows are not negatively impacted. At such time when we are satisfied that the school no longer needs the more frequent monitoring, the school's reporting status may change to submitting reports each quarter.

Sincerely,

David Craig  
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School Budget and Finance Analysis Bureau  
Public Education Department  
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