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SENATE BILL 178

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; REQUIRING THAT SCHOOL DISTRICTS ENROLLING MORE THAN TWO THOUSAND STUDENTS ALLOCATE AT LEAST NINETY PERCENT OF THE MONEY A PUBLIC SCHOOL GENERATES THROUGH THE STATE EQUALIZATION GUARANTEE DISTRIBUTION TO THAT PUBLIC SCHOOL; LIMITING THE UNRESTRICTED CASH BALANCES OF SCHOOL DISTRICTS THAT FAIL TO MEET THE ALLOCATION REQUIREMENT; REQUIRING SCHOOL DISTRICTS AND CHARTER SCHOOLS TO USE EVIDENCE-BASED SPENDING PLANS TO IMPROVE ACADEMIC OUTCOMES OF AT-RISK STUDENTS; ALLOWING THE PUBLIC EDUCATION DEPARTMENT TO INTERVENE IN PUBLIC SCHOOLS THAT FAIL TO MAKE PROGRESS ON IMPROVING OUTCOMES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Public School Finance Act is enacted to read:

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1 "[NEW MATERIAL] BUDGETS--PERCENTAGE OF STATE EQUALIZATION
2 GUARANTEE DISTRIBUTION TO GENERATING SCHOOLS.--

3 A. For each school district that has a student
4 population of more than two thousand, the local school board
5 shall:

6 (1) calculate the number of program units that
7 are generated by each public school in the school district
8 through the state equalization guarantee distribution; and

9 (2) allocate to each public school within the
10 school district a minimum of ninety percent of the state
11 equalization guarantee distribution generated by that public
12 school's program units.

13 B. In any year in which a school district fails to
14 meet the allocation requirement required by the provisions of
15 this section, that school district shall be subject to the
16 following limits on that school district's unrestricted
17 operational cash balance at the end of the fiscal year:

18 (1) if the current year program cost is less
19 than seven million five hundred thousand dollars (\$7,500,000),
20 eighteen percent of the budgeted expenditures;

21 (2) if the current year program cost is seven
22 million five hundred thousand dollars (\$7,500,000) or more but
23 less than fifteen million dollars (\$15,000,000), twelve percent
24 of the budgeted expenditures;

25 (3) if the current year program cost is

.232972.4

1 fifteen million dollars (\$15,000,000) or more but less than
2 thirty-five million dollars (\$35,000,000), ten percent of the
3 budgeted expenditures;

4 (4) if the current year program cost is
5 thirty-five million dollars (\$35,000,000) or more but less than
6 three hundred million dollars (\$300,000,000), eight percent of
7 the budgeted expenditures; and

8 (5) if the current year program cost is three
9 hundred million dollars (\$300,000,000) or more, five percent of
10 the budgeted expenditures."

11 SECTION 2. A new section of the Public School Finance Act
12 is enacted to read:

13 "[NEW MATERIAL] EVIDENCE-BASED SPENDING PLANS TO IMPROVE
14 ACADEMIC OUTCOMES FOR AT-RISK STUDENTS.--

15 A. Each school district and charter school shall
16 submit a three-year evidence-based spending plan that describes
17 how the funding the school district or charter school receives
18 from the state equalization guarantee distribution will be used
19 to provide culturally and linguistically relevant education
20 that improves academic outcomes for Native American students,
21 low-income students, English learner students and special
22 education students at each public school. The department shall
23 provide a tool to assist school districts and charter schools
24 in developing an evidence-based spending plan for each public
25 school that is aligned to culturally and linguistically

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1 relevant goals and metrics.

2 B. The department shall require that school
3 districts and charter schools track and report academic
4 outcomes tied to program funding for Native American students,
5 low-income students, English learner students and special
6 education students at each public school. If adequate
7 progress, as determined by the department, for the target
8 students at each public school has not been made in a school
9 year, the school district shall implement training, reassess
10 curriculum and provide high-quality instructional materials as
11 deemed appropriate by the department for that public school.
12 If a public school has not made adequate progress for at least
13 one of the target student groups for three years in a row, as
14 determined by the department, the secretary shall contract with
15 a level 3A teacher or 3B school administrator, who may have
16 recently retired but had held such license, who has expertise
17 in the issues and needs of at-risk student populations and has
18 experience improving academic outcomes for at-risk student
19 populations to revamp programming provided to those students,
20 including curriculum, instructional material, class scheduling,
21 extended time offerings, professional development for evidence-
22 or research-based or innovative pedagogical methods and any
23 other changes to improve outcomes.

24 C. If a public school has met or exceeded adequate
25 progress as determined by the department, the school shall be

.232972.4

1 eligible to receive available discretionary funding for
2 enhanced or additional programming for Native American
3 students, low-income students, English learner students and
4 special education students at that public school."

5 SECTION 3. Section 22-8-13.2 NMSA 1978 (being Laws 2011,
6 Chapter 12, Section 1) is amended to read:

7 "22-8-13.2. FINANCIAL REPORTING.--

8 A. Each local superintendent or person in charge of
9 the fiscal management of a charter school shall provide
10 quarterly reports on the financial position of the school
11 district or charter school, as applicable, to the local school
12 board [~~of the school district~~] or the governing body [~~of the~~
13 ~~charter school~~] for use in reviewing the financial status of
14 the school district or charter school. The department shall
15 develop the forms to be used for the financial reporting
16 required under this section. The forms shall provide for at
17 least the following:

18 (1) a report on the budget status of the
19 [~~local~~] school district or charter school, including the
20 approved operating budget for revenues and expenses compared
21 with year-to-date actual revenue and expenses;

22 (2) a statement of any budget adjustment
23 requests;

24 (3) cash reports, including revenue, expenses,
25 temporary loans and cash balances for operational, state and

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1 federal grants, capital outlay and debt service funds;

2 (4) voucher reports, including a list of
3 issued warrants or checks;

4 (5) reports listing procurement, travel ~~[or]~~
5 and gas card expenses; ~~[and]~~

6 (6) investment reports; and

7 (7) for school districts with student
8 populations of more than two thousand, a report on how the
9 school district is allocating the state equalization guarantee
10 distribution or other revenue at each public school to improve
11 the academic outcomes of Native American students, low-income
12 students, English learner students and special education
13 students at the public school.

14 B. School districts and charter schools shall post
15 the reports required ~~[under]~~ by Subsection A of this section on
16 the school district's or charter school's ~~[web site]~~ website.

17 ~~[C. As used in this section:~~

18 ~~(1) "charter school" means a school organized~~
19 ~~as a charter school pursuant to the provisions of the Charter~~
20 ~~Schools Act; and~~

21 ~~(2) "governing body" means the governing~~
22 ~~structure of a charter school as set forth in the school's~~
23 ~~charter.]"~~

24 SECTION 4. APPLICABILITY.--The provisions of this act
25 apply to the 2026-2027 through 2030-2031 school years.

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1 SECTION 5. DELAYED REPEAL.--Sections 1 and 2 of this act
2 are repealed effective July 1, 2031.

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