

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 203a

50th Legislature, 1st Session, 2011

Tracking Number: .183928.1

Short Title: School Business Official Licensure

Sponsor(s): Senator Cynthia Nava and Representative Jimmie C. Hall

Analyst: Eilani Gerstner

Date: February 16, 2011

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AS AMENDED

The Senate Education Committee amendment removes language requiring the Public Education Department to ensure that school business officials are qualified for the positions in which they are employed.

Original Bill Summary:

SB 203 creates a new section of the *Public School Code* to define a “school business official” and to require the Public Education Department (PED) to:

- license school business officials (SBOs) and provide a professional licensing framework (Subsection B);
- provide by rule for initial and continuing SBO licensure (Subsection C);
- follow the *Uniform Licensing Act* when denying, suspending, or revoking a SBO license (Subsection D);
- track applications for licensure and denials, suspensions, and revocations of SBO licenses (Subsection E);
- assess the quality and enforcement of continuing education and professional development requirements for SBO licensure (Subsection F); and
- require mandatory training for superintendents and charter school administrators in the evaluation of SBOs (Subsection G).

Fiscal Impact:

SB 203 does not make an appropriation.

Substantive Issues:

While PED’s analysis dated January 21, 2011 indicates that this new section of the *School Personnel Act* is not needed because PED already provides for SBO licensure in rule, current rule does not address the requirements in Subsections E, F, and G of the bill, which were recommendations on this topic from the Legislative Education Study Committee’s (LESC’s)

School Finance Work Group (see Background, below). In their discussions, the work group members were concerned that:

- not all SBOs are currently licensed, and SBO licenses may not be denied, suspended, or revoked in a timely manner (addressed by Subsection E);
- training and professional development for SBOs are not closely monitored, and may need to be improved (addressed by Subsection F); and
- although evaluations are required of SBOs, many school district superintendents and charter school administrators may not have sufficient knowledge of the SBO competencies to adequately evaluate SBOs (addressed by Subsection G).

If enacted, SB 203 would codify requirements for SBO licensure in state law.

Background (revised):

During the 2010 legislative session, the LESC endorsed SJM 24, *Study School District Finances & Operations*, requesting that the Office of Education Accountability, in collaboration with PED and in consultation with the Office of the State Auditor, form a work group to examine public school finance issues.

Although the joint memorial did not pass, in keeping with the LESC's focus on public school finances during the 2010 interim, the LESC requested that an LESC work group be formed to "evaluate the adequacy and effectiveness of New Mexico's laws and regulations relating to public school finance, including the financial capacity and controls of school districts and charter schools statewide."

The LESC requested updates on the progress of the work group at each interim meeting, with a final report to the LESC in December 2010.

The Attachment to this bill analysis includes the membership of the work group.

Activities of the LESC School Finance Work Group

The activities of the work group included:

- reviewing laws, rules, and policies governing school finance, including the implementation of two provisions effective in 2010 that:
 - require local school boards and charter school governing bodies to create finance subcommittees and audit committees; and
 - allow PED to impose sanctions for failure of school districts or charter schools to submit timely audits to the State Auditor, including withholding up to 7.0 percent of a school district's or charter school's State Equalization Guarantee distribution and suspending the board of finance, effective July 1, 2010;
- investigating whether the tiered audit process for local public bodies, effective July 1, 2010 or a similar tiered audit process may be appropriate for public schools;

- reviewing current licensing and training requirements for school business officials and current training offered for boards of finance;
- investigating the availability of qualified school business officials and independent auditors with a focus on the needs of small, rural school districts;
- examining the internal financial controls within school districts and charter schools, including segregation of duties and the bank reconciliation process; and
- examining the supply and demand of school business officials, including the capacity of institutions of higher education to train future school business officials.

Recommendations of the LESC School Finance Work Group

SB 203 is one of the recommendations of the LESC School Finance Work Group.

The other recommendations of the work group endorsed by the LESC during the 2011 legislative session are:

1. Amend the *Audit Act* to remove the requirement that the Public Education Department (PED) approve the selection of an independent auditor by a school district. **(Provisions in SB 141a, *No Education Dept. Auditor Approval*)**
2. Amend the *School Personnel Act* to add “financial malfeasance or misfeasance” to the definition of “ethical misconduct” in current law. **(Provisions in SB 143, *Define School Personnel “Ethical Misconduct”*)**
3. Include language in the *General Appropriation Act* to transfer the positions (six) in the Office of Inspector General at PED to the Office of the State Auditor for education-related reviews. **(Letter sent to the House Appropriations and Finance Committee)**
4. Introduce a joint memorial requesting that PED, in collaboration with the Office of Education Accountability, the Office of the State Auditor, Regional Education Cooperatives, Cooperative Educational Services, and other stakeholders to determine the costs and feasibility of (1) consolidating certain business services for small school districts, (2) providing support services to small districts through a regional system, and (3) operating one or more pilot projects to determine the effectiveness of such proposals; and provide a report to the LESC before October 31, 2011. **(Provisions in HJM 11a, *Small School District Service Consolidation*)**

Related Bills:

SB 141a *No Education Dept. Auditor Approval*
 SB 143 *Define School Personnel “Ethical Misconduct”*
 HJM 11a *Small School District Service Consolidation*