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## FISCAL IMPACT REPORT

**SPONSOR** Nava/Hall **ORIGINAL DATE** 02/03/11  
**LAST UPDATED** 02/09/11 **HB** \_\_\_\_\_

**SHORT TITLE** School Business Official Licensure **SB** 203/aSEC

**ANALYST** Haug

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY11 | FY12 | FY13 | 3 Year<br>Total Cost | Recurring<br>or Non-Rec | Fund<br>Affected |
|--------------|------|------|------|----------------------|-------------------------|------------------|
| <b>Total</b> | NFI  | NFI  | NFI  |                      |                         |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Senate Education Amendment

The Senate Education Amendment to Senate Bill 203 removes the PED's obligation to ensure licensed school business officials are qualified for the positions they hold as part of the tracking required of PED to ensure that only licensed persons are employed. The removed language is redundant with respect to PED's obligation to provide rules determining qualification for licensure elsewhere in the bill.

#### Synopsis of Original Bill

Senate Bill 203, introduced on behalf of the Legislative Education Study Committee, creates a new section of the School Personnel Act [22-10A-1 NMSA 1978] requiring licensure of school business officials.

### FISCAL IMPLICATIONS

Senate Bill 203 has no fiscal implications.

### SIGNIFICANT ISSUES

According to the PED, the existing rule, School Business Official Licensure [6.63.12 NMAC], issued by the PED has been in effect since 2003. However, these requirements do not exist in

statute. The requirements and procedures contained in SB 203 closely conform to those contained in the existing PED rule. SB 203 would codify and clarify the requirements for issuing a School Business Official license. Due to existing rule, this new section of the School Personnel Act is not needed.

It is not clear from the PED analysis of SB203, or review of 6.63.12 NMAC (copy attached), the extent to which PED enforces or reviews compliance with the licensing requirements in the rule. Section E, which PED asserts below may impinge on the authority of a superintendent, specifically requires the PED to track such compliance which would appear to be a key element in assuring the continuing professionalization of business management operations at the district level.

### **TECHNICAL ISSUES**

The PED notes Sections E (p.2 lines 19-24) and G (p.3 lines 4-7) of SB 203 may present a conflict with existing statute 22-5-14 B(3) NMSA 1978, which assigns authority to “employ, fix the salaries of, assign, terminate or discharge all employees of the school district” to the local superintendent.

GH/bym

**TITLE 6            PRIMARY AND SECONDARY EDUCATION**  
**CHAPTER 63       SCHOOL PERSONNEL - LICENSURE REQUIREMENTS FOR ANCILLARY AND**  
**SUPPORT PERSONNEL**  
**PART 12            SCHOOL BUSINESS OFFICIAL LICENSURE**

**6.63.12.1            ISSUING AGENCY:** Public Education Department (PED)  
[6.63.12.1 NMAC - N, 01-01-03; A, 05-28-04; A, 10-31-07]

**6.63.12.2            SCOPE:** All individuals seeking initial or continuing school business licensure in public schools, including charter schools.  
[6.63.12.2 NMAC - N, 01-01-03]

**6.63.12.3            STATUTORY AUTHORITY:** Sections 22-1-1, 22-1-1.1, 22-1-1.2, 22-2-1 22-2-2, 22-10A-3, and 22-10A-4, NMSA 1978.  
[6.63.12.3 NMAC - N, 01-01-03, A, 05-28-04]

**6.63.12.4            DURATION:** Permanent  
[6.63.12.4 NMAC - N, 01-01-03]

**6.63.12.5            EFFECTIVE DATE:** January 1, 2003, unless a later date is cited in the history note at the end of a section.  
[6.63.12.5 NMAC - N, 01-01-03]

**6.63.12.6            OBJECTIVE:** This rule establishes guidelines, procedures and competencies for those individuals serving or seeking to serve as the school business official of a local school district, including charter schools. It also establishes guidelines, procedures and competencies for those individuals serving or seeking to serve at the district level in a local school district, charter school district, or in a charter school not within a charter school district, in the capacity of a supervisor or director or manager of accounting or bookkeeping.  
[6.63.12.6 NMAC - N, 01-01-03; A, 10-31-07]

**6.63.12.7            DEFINITIONS:** [RESERVED]

**6.63.12.8            REQUIREMENTS FOR RECEIVING THIS LICENSE:**

A. Any person serving or seeking to serve as the school business official of a local school district, including charter schools, and any person seeking to serve in a local school district, including charter schools, in the capacity of a business manager, or any district official charged with the direct management of the business of a school district, excluding the superintendent, or a supervisor or director or manager of accounting or bookkeeping shall be required to hold this license. A person seeking this license shall have earned or completed one or more of the following:

- (1) a current certified public accountant certificate; or
- (2) a bachelor's, master's, or doctorate degree in accounting, business, or a related field with at least twenty four semester hours in accounting or business coursework from a regionally accredited or department approved college or university; or
- (3) an associate's degree in accounting or a related field from a regionally accredited or department approved college or university including at least twenty-four semester hours in accounting or business courses from a regionally accredited or approved college or university plus at least three (3) years of verifiable, employment experience as a school business official.

B. In addition to satisfying the requirements contained in Subsection A of Section 8 of this rule, a person receiving an initial school business license shall be issued a one-year conditional license that shall convert automatically to a three-year level 1 license provided that during this first year the person satisfactorily completes a training program approved by the PED.

C. A business manager of a school district with a membership in excess of three thousand students must hold or be eligible to hold a level 2 school business official license.

[6.63.12.8 NMAC - N, 01-01-03; A, 05-28-04; A, 10-31-07]

**6.63.12.9 COMPETENCIES:** To qualify for receipt of a level 2 license, a person shall comply with the competency requirements enumerated as follows:

- A. Legal issues: The school business official understands and demonstrates the ability to:
- (1) identify the state and federal constitutional rights that apply to individuals within the public education system;
  - (2) review and analyze appropriate statutory and constitutional authority regarding the administration of public schools;
  - (3) review and analyze significant statutory issues relative to financial resource management.
- B. Financial resource management: School business officials must be able to demonstrate, understand, and comprehend the principles associated with school finance, budgeting, financial planning, accounting, auditing, financial reporting, cash management, investments, debt management and technology for school business operations.
- (1) Principles of school finance: The school business official understands and demonstrates the ability to apply all New Mexico state statutes and regulations as they apply to public schools including but not limited to:
    - (a) Procurement Code, Sections 13-1-28 to 13-1-199, NMSA 1978, as may be amended or reenacted;
    - (b) New Mexico PED manual of procedures in its most current form;
    - (c) department of finance and administration rules as set forth in Title 2 of the NMAC, as may be amended, replaced, or otherwise changed; and
    - (d) New Mexico state auditor rules as set forth in Title 2 of the NMAC, as may be amended, replaced, or otherwise changed;
  - (2) Budgeting and financial planning: The school business official understands and demonstrates the ability to:
    - (a) apply the legal requirements for budget adoption;
    - (b) prepare a local budget calendar to meet the time constraints of budget preparation;
    - (c) recognize and analyze significant social, demographic and economic changes which may impact the financial plan of the district;
    - (d) recognize and forecast the major sources of revenue available to public schools from local, state and federal levels of government;
    - (e) analyze the impact of shifts in local, state and federal funding and its effect on local spending plans;
    - (f) recognize and explain internal and external influences on the budget;
    - (g) recognize multiple approaches to determine reliable enrollment and personnel projections;
    - (h) interpret the state funding model;
    - (i) prepare revenue projections and estimates of expenditures for school sites and district-wide budgets;
    - (j) identify various methods of budget analysis and management;
    - (k) exercise budgetary management; and
    - (l) apply analytical procedures for budgetary analysis;
  - (3) Accounting, auditing, and financial reporting: The school business official understands and demonstrates the ability to:
    - (a) understand the use and role of internal and external audits;
    - (b) prepare and analyze interim and annual financial statements;
    - (c) report the financial status and operating results to the local board of education;
    - (d) determine revenues and expenditures by fund using state-approved charts of accounts;
    - (e) develop and maintain all fixed assets inventory in accordance with applicable governmental accounting standards board pronouncements;
    - (f) use the annual audit report to improve financial tracking and reporting; and
    - (g) apply the appropriate basis of accounting in accordance with applicable governmental accounting standards board pronouncements in measuring financial position and operating results.
  - (4) Cash management, investments, and debt management: If applicable to the school district in which he or she is employed, the school business official understands and demonstrates the ability to:
    - (a) use lease purchasing and joint powers agreements;
    - (b) select banking and other financial services;
    - (c) recognize the statutory limitations on investment options available to a school district;

(d) apply procedures for implementing and monitoring internal transfers and loans; and  
(e) apply the process of issuing long-term general obligation bonds including the bond rating process and the role of the bonding attorney and rating services.  
[6.63.12.9 NMAC - N, 01-01-03; A, 05-28-04; A, 10-31-07]

**6.63.12.10 ETHICS AND REPORTING REQUIREMENTS:** Applicants for and holders of a school business official license shall discharge their duties in a manner that maximizes the public's confidence and trust in the integrity of public school fiscal practices. Accordingly, they shall be held to the highest standards of accounting practices with a goal of maintaining the public trust and ethical management of their school district's financial assets.

A. Applicants for and holders of a school business official license are bound by the prohibited practices enumerated in the Standards of Professional Conduct (6.60.9 NMAC), and any failure to comply therewith may constitute grounds for such adverse licensure action as authorized by the Uniform Licensing Act, Sections 61-1-1 et seq., NMSA 1978, including but not limited to denial, non-renewal, suspension or revocation.

B. [Reserved]

C. [Reserved]

D. Material deviations from accepted accounting standards that result in substantial financial loss to a local school district shall constitute grounds for adverse licensure action.

E. Use of public school funds for other than approved official school purposes shall constitute grounds for adverse licensure action.

F. School business official licensees shall promptly report material misuse of public school funds to their superintendent, and/or whichever person or entity seems most appropriate under the circumstances. Non-reporting of material misuse of public school funds that results in substantial financial loss to a local school district may constitute grounds for adverse licensure action.

G. Falsifying any record, account or report required to be kept or filed pursuant to the Public School Finance Act (Sections 22-8-1 through 22-8-45 NMSA 1978) shall constitute grounds for adverse licensure action pursuant to the Uniform Licensing Act.

[6.63.12.10 NMAC - N, 01-01-03, A, 05-28-04]

**6.63.12.11 CONTINUING LICENSURE:** An initial school business license is considered to be a level 1 license and renewed licenses shall be level 2 licenses except as provided in 6.60.6 NMAC, Continuing Licensure for Licensed Educators in New Mexico.

A. The one-year conditional license shall be considered as part of the three-year level 1 license. The initial school business official license is valid for three (3) years and becomes effective on July first of a year and expires the 30th of June three years thereafter.

B. As a condition for receipt of a level 2 license, a person applying for such licensure shall satisfactorily demonstrate the competencies contained in this rule and must have three (3) full school years of experience under a level 1 license.

C. All renewed level 2 school business official licenses are valid for nine (9) years and become effective on July first of a year and expire the 30th of June nine years thereafter.

D. The holder of a level 1 or level 2 school business official license must complete sixteen (16) contact hours per year of training or coursework in any combination of subjects identified in section 9 of this rule.  
[6.63.12.11 NMAC - N, 01-01-03; A, 05-28-04; A, 10-31-07]

**6.63.12.12 SAVINGS CLAUSE:**

A. Upon the effective date of this rule, individuals who have been employed in any local district(s) for at least (3) three school years as a school business official, may receive a level 2 license provided they obtain verification from a superintendent of a school district in which the individual has been employed, that they have satisfied the competencies contained in this rule.

B. Anyone employed as a school business official in a local district who, at the effective date of this rule, does not qualify for a level 2 license under this section, shall be required to obtain a school business license pursuant to the other provisions of this rule.

[6.63.12.12 NMAC - N, 01-01-03; A, 10-31-07]

**HISTORY OF 6.63.12 NMAC:** [Reserved]