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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 1st Session, 2023

Bill Number	<u>SB438</u>	Sponsor	<u>Muñoz</u>
Tracking Number	<u>.224795.1</u>	Committee Referrals	<u>SRC/SEC/SFC</u>
Short Title	<u>Limit School District Admin Expenditures</u>		
Analyst	<u>Estupiñan</u>	Original Date	<u>3/1/2023</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

Senate Bill 438 (SB438) would limit the growth of administrative expenditures in school districts and charter schools where student enrollment exceeds 2 thousand. The bill would limit the annual growth of administrative expenditures to the lesser of the increase in the consumer price index or of the local education agencies' (LEAs) program cost.

For the purposes of SB438, administrative expenditures would be defined as those in function codes 2300, 2500, and 2900 – or support services – general administration, central services, and other support services, respectively.

The bill also requires the Public Education Department (PED) and the Legislative Education Study Committee (LESC) to convene a working group to assess all public school reporting requirements to alleviate administrative, teaching, and instructional support reporting burdens.

SB438 would be effective July 1, 2023.

FISCAL IMPACT

SB438 does not contain an appropriation.

SUBSTANTIVE ISSUES

According to the Legislative Finance Committee, in FY23, school districts and charter schools collectively budgeted \$339.5 million in these functions for operations, a \$22.1 million, or 7 percent increase from the prior year.

Beginning in FY24, SB438 would require PED to calculate the average administrative expenditures for the last three years for each school district and charter school with a student enrollment greater than 2 thousand. This baseline would apply to FY25 operating budgets and, thereafter, operating budgets would be based on the prior fiscal year. Any operating budget

submitted by April 15, 2024, would not be approved by PED if its administrative expenditures exceed the budgeted administrative expenditures of the current fiscal year plus the lesser of:

- A percentage of the current year's administrative expenditures less than or equal to the increase in the consumer price index from the prior year; or
- A percentage of the current year's budgeted administrative expenditures less than or equal to the percentage increase in program cost for the budgeted fiscal year compared with the current fiscal year.

A school district or charter school may apply for a waiver of the limitation on administrative expenditures in extraordinary circumstances if the LEA first holds a public hearing and a two-thirds majority of its school board or governing board votes to approve the waiver request.

Reporting Requirements. According to an [LESC analysis](#), there were 121 reporting requirements in the public school code as of June, 2022. Of those existing requirements, 8 authorize reports but do not mandate them, 5 require a report only if requested, and 16 are situational but are not necessarily routinely required. Of note, the public school code includes 55 reports for which the Legislature is the recipient, but staff could only locate copies of 20 of those reports. The remaining 35 reporting requirements are unaccounted for.

A limited survey of 24 school districts and 4 charter schools found central office staff invested an average of 560 hours of staff time on fulfilling existing reporting requirements. These results may have been skewed by the large number of small LEAs that replied to the survey.

A [reports inventory](#) conducted by PED identified that Local Education Agencies (LEAs) currently comply with 244 data collections and application narratives across 24 different bureaus annually.

The reports inventory concluded:

- The total annual LEA time dedicated to completing these reports is 10,500 hours (or ~5 FTEs per LEA).
- An immediate 34 percent reduction can be achieved by the overall recommendations and with the implementation plan provided in the report.
- An additional 4 percent LEA administrative burden reduction can be achieved by: legislative action to change state statutes, and longer-term reductions.
- Going forward, PED bureaus should:
 - Use the Data Necessity Rubric and SOP (standard operating procedure) before requesting new data and reports
 - Conduct an annual administrative burden reduction survey
 - Establish a data governance council to provide strategic oversight of improvement efforts and the implementation plan.

ADMINISTRATIVE IMPLICATIONS

The bill includes a temporary provision requiring PED and LESC to convene a working group to study state and federal reporting requirements with a goal of alleviating school district and public school administrative, teaching, and instructional support reporting burdens.

TECHNICAL ISSUES

According to PED, “The bill requires that PED calculate the administrative expenditures for school districts and charter schools that have a student membership (MEM) greater than 2,000, yet the rest of the bill’s provisions apparently apply to *all* school districts and charter schools, not just those with large MEM.

Subsection E of Section 1 of the bill makes an internal reference to a waiver provision in Subsection B waiver provision that is likely meant to apply to Subsection D. Similarly, Subsection E makes internal references to Subsection A that are likely meant for Subsection C.”

OTHER SIGNIFICANT ISSUES

In May 2022, Governor Michelle Lujan Grisham signed an executive order to reduce the administrative burden for teachers and school administrators by 25 percent by the start of the 2022-2023 school year. In September, PED released a [final report](#) on reducing administrative burdens, and completed an overhaul of reporting requirements, trimming 34 percent from administrative work required of school districts and charter schools across New Mexico, and cutting teacher paperwork by 41 percent.

According to a [press release](#) from the Governor’s office, the estimated 3,500 hours saved per year will allow each district or charter school to redirect the hourly equivalent of 1.7 full-time employees to other activities. At an average annual estimated salary of \$80,000 for administrators and teachers, this initiative allows a reallocation of \$136,000 per school district or state charter school from administrative work to time spent helping students and supporting school staff.

The 34 percent burden reduction will be made in the 2022-2023 academic year through four strategies:

- Reduce duplicative data collection;
- Streamline processes;
- Improve data systems; and
- Sustain improvements through the establishment of a Data Governance Council that will oversee strategy implementation.

SOURCES OF INFORMATION

- LESC Files

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