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HOUSE BILL 75

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

FRANK BIRD

AN ACT

RELATING TO EDUCATION; CHANGING CERTAIN REQUIREMENTS OF PUBLIC SCHOOL ACCOUNTING AND BUDGETING TO ESTABLISH LOCAL SCHOOL BOARD FUNDING CONTROL.

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

Section 1. Section 22-8-2 NMSA 1978 (being Laws 1978, Chapter 128, Section 3, as amended) is amended to read:

"22-8-2. DEFINITIONS. -- As used in the Public School Finance Act:

- A. "ADM" or "MEM" means membership;
- B. "membership" means the total enrollment of qualified students on the current roll of a class or school on a specified day. The current roll is established by the addition of original entries and reentries minus withdrawals. Withdrawals of students, in addition to students formally

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1 withdrawn from the public school, include students absent from
2 the public school for as many as ten consecutive school days;

3 C. "basic program ADM" or "basic program MEM"
4 means the MEM of qualified students but excludes the full-
5 time-equivalent MEM in early childhood education and three-
6 and four-year-old students receiving special education
7 services;

8 D. "cost differential factor" is the numerical
9 expression of the ratio of the cost of a particular segment of
10 the school program to the cost of the basic program in grades
11 four through six;

12 E. "department" or "division" means the state
13 department of public education;

14 F. "early childhood education ADM" or "early
15 childhood education MEM" means the full-time-equivalent MEM of
16 students attending approved early childhood education
17 programs;

18 G. "full-time-equivalent ADM" or "full-time-
19 equivalent MEM" is that membership calculated by applying to
20 the MEM in an approved public school program the ratio of the
21 number of hours per school day devoted to the program to six
22 hours or the number of hours per school week devoted to the
23 program to thirty hours;

24 H. "operating budget" means the annual financial
25 plan [~~required to be submitted~~] approved by a local school

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1 board and submitted to the department;

2 I. "program cost" is the product of the total
3 number of program units to which a school district is entitled
4 multiplied by the dollar value per program unit established by
5 the legislature;

6 J. "program element" is that component of a public
7 school system to which a cost differential factor is applied
8 to determine the number of program units to which a school
9 district is entitled, including but not limited to MEM, full-
10 time-equivalent MEM, teacher, classroom or public school;

11 K. "program unit" is the product of the program
12 element multiplied by the applicable cost differential factor;

13 L. "public money" or "public funds" means all
14 money from public or private sources received by a local
15 school board or officer or employee of a local school board
16 for public use;

17 M "qualified student" means a public school
18 student who:

19 (1) has not graduated from high school;

20 (2) is regularly enrolled in one-half or more
21 of the minimum course requirements approved by the state board
22 for public school students; and

23 (3) is at least five years of age prior to
24 12:01 a.m. on September 1 of the school year; or

25 (4) is at least three years of age at any

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1 time during the school year and is receiving special education
2 services pursuant to regulation of the state board; or

3 (5) has not reached his twenty-second
4 birthday on the first day of the school year and is receiving
5 special education services pursuant to regulation of the state
6 board; and

7 N. "state superintendent" means the superintendent
8 of public instruction or his designee. "

9 Section 2. Section 22-8-4 NMSA 1978 (being Laws 1967,
10 Chapter 16, Section 58, as amended) is amended to read:

11 "22-8-4. DEPARTMENT--DUTIES.--In addition to other
12 duties provided by law, the department shall:

13 A. [~~prescribe the forms for and supervise and~~
14 ~~control the preparation of all budgets of all public schools~~
15 ~~and school districts]~~ provide technical assistance to a local
16 school board to prepare its budget and the budgets of the
17 schools located within the school district; and

18 B. compile accurate information concerning public
19 school finance and administration. "

20 Section 3. Section 22-8-5 NMSA 1978 (being Laws 1967,
21 Chapter 16, Section 59, as amended) is amended to read:

22 "22-8-5. [~~MANUAL OF ACCOUNTING AND BUDGETING]~~ UNIFORM
23 ACCOUNTING. --

24 A. The department shall [~~compile and publish a~~
25 ~~manual prescribing detailed regulations]~~ promulgate rules for

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1 a uniform system of accounting and budgeting of funds for all
2 public schools and school districts of the state. The [~~manual~~
3 ~~of regulations and any revision or amendments thereto~~] rules,
4 including revisions or amendments, shall become effective only
5 upon approval by the state board [~~of education~~] and the
6 legislative finance committee, filing with the state records
7 center and publication. A copy shall also be filed with the
8 department of finance and administration.

9 B. All public schools and school districts shall
10 comply with the [~~regulations prescribed in the manual of~~
11 ~~accounting and budgeting~~] rules promulgated by the department
12 and shall, upon request, submit additional reports concerning
13 finances to the [~~department. In addition, upon request, all~~
14 ~~public schools and school districts shall file reports with~~
15 ~~the department containing pertinent details regarding~~
16 ~~applications for federal money or federal grants in aid or~~
17 ~~regarding federal money or federal grants in aid received,~~
18 ~~including but not limited to details of programs, matching~~
19 ~~funds, personnel requirements, salary provisions and program~~
20 ~~numbers, as indicated in the catalog of federal domestic~~
21 ~~assistance, of the federal funds applied for and of those~~
22 ~~received~~] legislative finance committee and the legislative
23 education study committee.

24 C. Upon request by the department of finance and
25 administration, the legislative finance committee or the

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1 legislative education study committee, the [state] department
2 [of public education] shall timely furnish information and
3 data obtained from public schools and school districts
4 [pursuant to Subsection B of this section] regarding
5 applications for federal money, federal grants or other
6 federal funding received. "

7 Section 4. Section 22-8-6 NMSA 1978 (being Laws 1967,
8 Chapter 16, Section 60, as amended by Laws 1993, Chapter 224,
9 Section 2 and also by Laws 1993, Chapter 227, Section 9) is
10 amended to read:

11 "22-8-6. BUDGETS--SUBMISSION--FAILURE TO SUBMIT.--

12 A. Prior to April 15 of each year, each local
13 school board shall [~~submit~~] provide to the department an
14 estimated budget for the school district for the ensuing
15 fiscal year. Upon written approval of the state
16 superintendent, the date for the submission of the estimated
17 budget as required by this section may be extended to a later
18 date fixed by the state superintendent.

19 B. The estimated budget required by this section
20 may include:

21 (1) estimates of the cost of insurance
22 policies for periods up to five years if a lower rate may be
23 obtained by purchasing insurance for the longer term; or

24 (2) estimates of the cost of contracts for
25 the transportation of students for terms extending up to four

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1 years.

2 C. The estimated budget required by this section
3 shall include a proposed breakdown for charter schools in the
4 [~~local~~] school district, by individual charter school, of the
5 membership projected for each charter school, the total
6 program units generated at that charter school and approximate
7 anticipated disbursements and expenditures at each charter
8 school.

9 D. If a local school board fails to submit a
10 budget pursuant to this section, the department shall prepare
11 the estimated budget for the school district for the ensuing
12 fiscal year. A local school board shall be considered as
13 failing to submit a budget pursuant to this section if the
14 budget submitted exceeds the total projected resources of the
15 school district or if the budget submitted does not comply
16 with the law [~~or the manual of accounting and budgeting of the~~
17 ~~department~~]. "

18 Section 5. Section 22-8-6.1 NMSA 1978 (being Laws 1993,
19 Chapter 227, Section 8) is amended to read:

20 "22-8-6.1. CERTAIN SCHOOL DISTRICT BUDGETS. --

21 A. In those school districts with authorized
22 charter schools, each charter school shall submit to the local
23 school board a school-based budget. The budget shall be based
24 upon the projected total MEM at that school and the projected
25 number of program units generated by students at that

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1 individual school.

2 B. The budget shall be submitted to the local
3 school board for approval or amendment. Charter school
4 budgets that are not approved by the local school board may be
5 appealed to the state board.

6 C. Upon final approval of the budget by the local
7 school board, the individual school budget shall be included
8 in the budget [~~submission~~] provided to the department [~~of~~
9 ~~education~~] required pursuant to the Public School Finance Act
10 and required pursuant to the Charter Schools Act. "

11 Section 6. Section 22-8-7 NMSA 1978 (being Laws 1967,
12 Chapter 16, Section 61, as amended) is amended to read:

13 "22-8-7. BUDGETS--FORM --All budgets [~~submitted~~]
14 provided to the [~~division~~] department by a school district
15 shall be in a form specified by [~~the manual of accounting and~~
16 ~~budgeting of the division~~] the rules promulgated by the
17 department. "

18 Section 7. Section 22-8-9 NMSA 1978 (being Laws 1967,
19 Chapter 16, Section 63, as amended) is amended to read:

20 "22-8-9. BUDGETS--MINIMUM REQUIREMENTS. --

21 A. [~~No~~] A budget for a school district shall [~~be~~
22 ~~approved by the department that does not~~] provide for:

23 (1) a school year consisting of at least one
24 hundred eighty full instructional days or the equivalent
25 thereof, exclusive of any release time for in-service

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1 training; or

2 (2) a variable school year consisting of a
3 minimum number of instructional hours established by the state
4 board; and

5 (3) a pupil-teacher ratio or class or
6 teaching load as provided in Section 22-2-8.2 NMSA 1978.

7 B. The state board shall, by regulation, establish
8 the requirements for a teaching day, the standards for an
9 instructional hour and the standards for a full-time certified
10 classroom instructor and for the equivalent thereof.

11 C. The local school board shall [~~submit~~] provide a
12 plan for the implementation of an alternate school year to the
13 [~~state superintendent for his approval~~] department.

14 D. The provisions of Subsection C and Paragraph
15 (2) of Subsection A of this section shall apply to school
16 districts with a MEM of one thousand or fewer. "

17 Section 8. Section 22-8-11 NMSA 1978 (being Laws 1967,
18 Chapter 16, Section 66, as amended) is amended to read:

19 "22-8-11. BUDGETS-- [~~TEMPORARY--FINAL~~] TECHNICAL
20 ASSISTANCE. --

21 A. The department shall
22 [~~(1) on or before July 1 of each year,~~
23 ~~approve and certify to each local school board a temporary~~
24 ~~operating budget for use by the local school board pending~~
25 ~~approval by the department of a final budget;~~

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1 ~~(2) make~~ provide technical assistance in
2 making corrections, revisions and amendments to the estimated
3 budgets fixed by the local school boards [~~and the state~~
4 ~~superintendent~~] to conform the budgets to the requirements of
5 law [~~and to the manual of accounting and budgeting; and~~

6 ~~(3) before the first Monday of September of~~
7 ~~each year, approve and certify to each local school board and~~
8 ~~to the board of county commissioners of the county in which~~
9 ~~the school district is situated a final budget for use by the~~
10 ~~local school board, based upon the estimated budget fixed by~~
11 ~~the local school board and the state superintendent].~~

12 B. No school board or officer or employee of a
13 school district shall make any expenditure or incur any
14 obligation for the expenditure of public funds unless that
15 expenditure or [~~contractual~~] obligation is made in accordance
16 with an operating budget approved by the local school board
17 and provided to the department [~~but~~]. This prohibition does
18 not prohibit the transfer of funds between line items within
19 series of a budget.

20 ~~[C. The department shall not approve and certify a~~
21 ~~temporary operating budget of any school district that fails~~
22 ~~to demonstrate that parental involvement in the budget process~~
23 ~~was solicited.]"~~

24 Section 9. Section 22-8-12 NMSA 1978 (being Laws 1967,
25 Chapter 16, Section 67, as amended) is amended to read:

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1 "22-8-12. FINAL BUDGETS--ALTERATIONS OR AMENDMENTS. --

2 Final budgets shall not be altered or amended after approval
3 by the local school board and [~~certification by~~] submission to
4 the department, except for the following purposes and
5 according to the following procedure:

6 A. upon [~~written request of any~~] approval by the
7 local school board, the [~~state~~] district superintendent may
8 authorize transfer within the budget, or provide for items not
9 included, when the total amount of the budget will not be
10 increased thereby;

11 B. [~~upon written request of any~~] the local school
12 board [~~the state superintendent, in conformance with the~~
13 ~~regulations of the department~~] may authorize an increase in
14 any budget if the increase is necessary because of the receipt
15 of revenue that was not anticipated at the time the budget was
16 fixed and if the increase is directly related to a special
17 project or program for which the additional revenue was
18 received. The district superintendent shall submit the
19 revised budget as approved by the local school board to the
20 department. The [~~state superintendent~~] department shall make
21 a written report to the legislative finance committee of any
22 such budget increase;

23 C. upon written request of any local school board,
24 the state superintendent may authorize an increase in a budget
25 of not more than one thousand dollars (\$1,000); or

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1 D. upon written request of any local school board,
2 the state superintendent, after notice and a public hearing,
3 may authorize an increase in a school budget in an amount
4 exceeding one thousand dollars (\$1,000). The notice of the
5 hearing shall designate the school district which proposes to
6 alter or amend its budget, together with the time, place and
7 date of the hearing. The notice of the hearing shall be
8 published at least once a week for two consecutive weeks in a
9 newspaper of general circulation in the county in which the
10 school district is situated. The last publication of the
11 notice shall be at least three days prior to the date set for
12 the hearing. "

13 Section 10. Section 22-8-12.1 NMSA 1978 (being Laws
14 1978, Chapter 128, Section 5, as amended) is amended to read:

15 "22-8-12.1. BUDGET REQUESTS. --

16 A. Each local school board shall submit annually,
17 on or before October 15, to the department:

18 (1) an estimate for the succeeding fiscal
19 year of:

20 (a) the membership of qualified
21 students to be enrolled in the basic program;

22 (b) the full-time-equivalent membership
23 of students to be enrolled in approved early childhood
24 education programs; and

25 (c) the membership of students to be

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1 enrolled in approved special education programs;

2 (2) all other information necessary to
3 calculate program costs; and

4 (3) any other information related to the
5 financial needs of the school district as may be requested by
6 the department.

7 B. All information requested pursuant to
8 Subsection A of this section shall be submitted on forms
9 prescribed and furnished by the department [and shall comply
10 with the manual of accounting and budgeting published by the
11 department].

12 C. The department shall:

13 (1) review the financial needs of each school
14 district for the succeeding fiscal year; and

15 (2) submit annually, on or before November
16 30, to the secretary of finance and administration the
17 recommendations of the state board for:

18 (a) amendments to the public school
19 finance formula;

20 (b) appropriations for the succeeding
21 fiscal year to the public school fund for inclusion in the
22 executive budget document; and

23 (c) appropriations for the succeeding
24 fiscal year for pupil transportation and instructional
25 materials. "

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