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May 25, 2011

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** Eilani Gerstner

**RE: STAFF BRIEF: PED GUIDELINES FOR FY 12 PUBLIC SCHOOL BUDGETS**

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For the development of FY 12 public school budgets, the Public Education Department (PED) has issued at least two documents, including:

- a guidance document titled "A Smarter Return on New Mexico's Investment: Guiding Principles for the Development of School District Budgets" (Attachment 1); and
- a memorandum titled "Clarifying the School Year and Length of Day" (Attachment 2).

This staff report summarizes:

- PED guidance for the FY 12 operating budgets, including PED clarification of instructional hours and instructional days;
- requirements for public school budgets; and
- waivers allowable in current law.

**PED Guidance for FY 12 Operating Budgets**

According to PED's guidance document,

The budget review and approval process will rely on five guiding principles established by the Department and many issues raised by the American Institutes for Research in

developing the recommendation for the New Mexico public school funding formula. For example, among these recommendations are specific and appropriate caseloads (e.g. students per FTE [full-time equivalent position]) for each type of ancillary personnel and their assistants, specific overhead costs for district-level central administration and maintenance and operations services to schools.

The guidance indicates that PED's School Budget and Financial Analysis Bureau staff, along with program staff, will analyze budgets in line with the following principles:

- (1) Student Achievement Drives Spending: PED staff will review the amount of funding allocated for direct instruction and focus on where the district or charter school is prioritizing funding to meet appropriations for the coming fiscal year;
- (2) Classroom Dollars Come First: PED staff will “take a comprehensive look at local budgets, review operational FTE and compare to prior year allocations and determine whether administrative costs are kept as low as possible”;
- (3) Transparency and Good Policy Govern Budget Making: PED staff will:
  - review administrative expenses;
  - examine the number of teachers moving through the three-tiered licensure system;
  - verify audits are submitted to PED in a timely fashion and findings are addressed quickly; and
  - if emergency supplemental dollars are requested, review what types of reductions the district is proposing.
- (4) Academics Inform Long-Range Planning: PED staff will ensure budgets are aligned with long-term Education Plans for Student Success; and
- (5) Budgets Reflect Reasonable Allocations for Student and Teacher Services: to verify counts are accurate and follow established best practices, PED staff will audit units – “where warranted” – for:
  - membership;
  - special education membership and related services;
  - English Language Learners; and
  - teacher training and experience.

Because PED has until July 1 to approve the operating budgets (see “Background,” below), the department reports that it does not yet have information on how many districts and charter schools are complying with the five guidelines.

### ***PED Clarification of Instructional Hours and Instructional Days***

During the 2011 legislative session, LESC-endorsed legislation was enacted that repealed provisions enacted in 2009 requiring that a school year consist of 180 full instructional days for a regular calendar or 150 days for a variable school calendar. As a result, requirements were

reinstated for a minimum number of hours per year during which regular students must be in school-directed programs, exclusive of lunch, for:

- half-day and full-day kindergarten, 450 hours per year and 900 hours per year, respectively;
- grades 1 through 6, 990 hours per year; and
- grades 7-12, 1,080 hours per year.

In addition, up to 22 hours of grades 1 through 6 may be used for home visits by the teacher for parent-teacher conferences, and up to 12 hours of grades 7 through 12 programs may be used:

- to consult with parents to develop next step plans for students; and
- for parent-teacher conferences.

Also from the 2011 session, the *General Appropriation Act of 2011* contains language requiring that, in the process of approving school district and charter school budgets, “[t]he secretary shall ensure that the number of instructional days will not be reduced.” However, in a memorandum dated May 10, 2011 (Attachment 2), the Secretary-designate of Public Education directs school districts and charter schools to build their calendars around the minimum instructional hours.

### **Requirements for Public School Budgets**

According to the *Public School Finance Act*:

- prior to April 15 of each year:
  - each local school board must submit an operating budget to the PED for the ensuing fiscal year (locally-chartered charter schools must submit their budgets to the local school board for approval and inclusion in the school district’s budget submission to PED);
  - if a school board fails to submit an operating budget, PED shall prepare the operating budget for the school district; and
  - state-chartered charter schools must submit their budgets to the Charter Schools division of PED;
- prior to June 20 of each year, each local school board shall, at a public hearing of which notice has been published by the local school board, fix the operating budget for the school district for the ensuing fiscal year; and
- on or by July 1 of each year PED must:
  - approve and certify the operating budget for each local school board and governing body of a state-chartered charter school; and
  - make corrections, revisions, and amendments to the operating budgets to conform the budgets to the requirements of law and PED’s rules and procedures.

PED reports that, although the law requires submission of the budgets by April 15, in practice, the department requires final submission of the ensuing year's budget to the department by June 30, and that from April 15 to June 30 it reviews budgets as they are submitted.

### **Waivers Allowable in Current Law**

Provisions in current law allow for waivers of certain requirements relating to the development of school budgets, including:

- a temporary provision in the *Public School Code* for school year 2009-2010 through school year 2011-2012 to allow the Secretary of Public Education to waive requirements pertaining to:
  - individual class load;
  - teaching load;
  - length of school day;
  - staffing patterns;
  - subject areas; and
  - purchases of instructional materials.
  
  - PED is also required to monitor the waivers and report to the Legislative Education Study Committee and the Legislative Finance Committee on any issues or actions of a school district that appear to adversely affect student learning.
- Other provisions in the *Public School Code*:
  - allow a superintendent implementing a collaborative school improvement program to apply for a waiver of provisions relating to length of day, staffing patterns, subject area, or purchase of instructional material;
  - exempt all charter schools from requirements pertaining to the length of the school day, staffing patterns, subject areas, and instructional materials; and
- provisions in the *Instructional Material Law* allow school district superintendents to request waivers of the use of funds for the purchase of instructional material either included or not included on the multiple list.



## **Kids First, New Mexico Wins: A Blueprint for Raising Student Achievement**

### **A Smarter Return on New Mexico's Investment *Guiding Principles for the Development of School District Budgets***

Governor Martinez has made improving education in New Mexico her top priority and is committed to ensuring every student has access to quality schools and teachers. To transform schools, Governor Martinez and the Public Education Department are advancing a comprehensive education reform agenda.

Governor Martinez's agenda for reform is called the "Kids First, New Mexico Wins" plan for education. It includes efforts to increase accountability and transparency, aid struggling schools and students, prioritize funding for classrooms, eliminate wasteful spending and reward our state's excellent educators and leaders.

To yield a smarter return on New Mexico's investment in the education of our children, the Public Education Department is committed to helping the state's school districts during the annual budget review process.

#### **Annual Budget Review and Approval Process:**

The budget review and approval process will rely on five guiding principles established by the Department and many issues raised by the American Institutes for Research in developing the recommendation for the New Mexico public school funding formula. For example, among these recommendations are specific and appropriate caseloads (e.g. students per FTE) for each type of ancillary personnel and their assistants, specific overhead costs for district-level central administration and maintenance and operations services to schools.

The Public Education Department's School Budget and Financial Analysis Bureau, as well as program staff, will analyze budgets in line with the following principles and recommended guidelines.

#### **1. Student Achievement Drives Spending:**

- Student interests and their academic success are the key drivers of education policy and spending.
- Budget decisions are aligned with their individual Education Plans for Student Success (EPSS).

- Budget expenditures are focused on proven programs and research-based strategies to increase student learning gains and accelerate progress in classrooms.

**Review Process:** To ensure these principles guide the budget process, analysts will review the amount of funding allocated for direct instruction and focus on where the district or charter school is prioritizing funding to meet appropriations for the coming fiscal year.

## **2. Classroom Dollars Come First:**

- Classroom spending that directly benefits students and teachers is the foremost priority and the least at risk of cuts in challenging fiscal times.
- Administrative costs are kept at a minimum and administration is streamlined wherever and whenever possible.
- When cuts must be made, instruction and services most critical to raising student achievement, increasing graduation rates and providing opportunities for student success are preserved.

**Review Process:** To ensure these principles guide the budget process, analysts will take a comprehensive look at local budgets, review operational FTE and compare to prior year allocations and determine whether administrative costs are kept as low as possible.

## **3. Transparency and Good Policy Govern Budget Making:**

- Procurement and administrative procedures, such as travel for personnel, are transparent and follow established best practices.
- Audits are submitted in a timely fashion to the Public Education Department and findings are addressed quickly.
- Invoices for state and federal reimbursements are submitted as expenses are incurred to ensure adequate cash balances.
- Waste and fraud are aggressively rooted out to increase accountability in budgets.

**Review Process:** To ensure these principles guide the budget process, analysts and program staff will review administrative expenses, examine the number of teachers moving through the 3-tier system and verify audits are submitted in a timely fashion to the Public Education Department and findings are addressed quickly. If districts are requesting emergency supplemental, analysts will review what types of reductions the district is proposing.

## **4. Academics Inform Long-Range Planning:**

- Education spending decisions are based on long-term student achievement goals outlined in individual Education Plans for Student Success (EPSS).

- Capital expenses support a District's academic priorities.

**Review Process:** To ensure these principles guide the budget process, analysts and program staff will ensure budgets are aligned with long-term Education Plans for Student Success (EPSS).

#### **5. Budgets Reflect Reasonable Allocations for Student and Teacher Services:**

- Students with special needs are accurately identified and receive critical services in line with generally accepted teacher caseloads under the Individuals with Disabilities Education Act.
- Bilingual multicultural programs focus first and foremost on academic and language development.
- Professional development for teachers is high quality, content-based and meets the needs of a school's classrooms and students.

**Review Process:** To ensure these principles guide the budget process, analysts and program staff will audit units – where warranted – for membership, special education membership and related services, English Language Learners and teacher training and experience to verify counts are accurate and follow established best practices.



## ATTACHMENT 2

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HANNA SKANDERA  
SECRETARY OF EDUCATION

SUSANA MARTINEZ  
GOVERNOR

May 10, 2011

### MEMORANDUM

**TO:** District Superintendents, Charter School Administrators

**FROM:** Hanna Skandera   
Secretary of Education

**RE:** **CLARIFYING THE SCHOOL YEAR AND LENGTH OF SCHOOL DAY**

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A few of you have contacted me about the confusion you have encountered in building your school calendars for SY 2011-12. Part of the confusion lies with a provision in House Bill 2 that states, "The secretary shall ensure that the number of instructional days will not be reduced." As you probably know, the New Mexico Constitution [Article 4, Section 23] makes appropriation bills effective immediately. The Governor signed House Bill 2 on April 8, 2011.

However, on April 8<sup>th</sup>, the Governor also signed Senate Bill 145 ("Clarify School Year and Day Length") into law. That bill was sponsored by Senator Gay Kernan. Senate Bill 145 becomes effective on June 17, 2011. It replaces the measurement of a school year by a specific minimum number of instructional days of required attendance with the total hours that students must be in school-directed programs depending on their grade. Senate Bill 145 can be viewed online at: [http://www.nmlegis.gov/lcs/\\_session.aspx?Chamber=S&LegType=B&LegNo=145&year=11](http://www.nmlegis.gov/lcs/_session.aspx?Chamber=S&LegType=B&LegNo=145&year=11).

SB 145 eliminated the term "instructional days." Therefore, that term used in HB 2 means the required amount of time a student must be in "school-directed programs," as measured by hours in a day or hours in a year. Given the context of the language in HB 2, which is an appropriation bill, the Legislature is mandating that the PED use the reduced public funds effectively and efficiently so as not to adversely affect instructional programs.

You may recall that pursuant to Senate Joint Memorial 12 that passed during the 2010 legislative session, the Office of Educational Accountability studied the effects of a mandatory 180-day school year required by 2009 legislation House Bill 691. One of its recommendations was to

repeal that requirement since the rigid application of the 180-day school year did not work well in all school districts. The result was SB 145, which requires a student to be in “school-directed programs” as measured by hours in a day or hours in a year.

In examining your proposed calendars and reviewing your individual budgets, the PED will be guided by two principles, the first of which is in House Bill 2 itself. The PED will look to see if you are employing efficient spending practices that will minimize adverse impacts to instructional programs and student achievement. Secondly, the PED will look at how your proposed budget serves students in the classroom and will consider other factors such as amounts expended for administrative costs and the status of student achievement in your schools. Of all these factors, the PED is most eager to see whether students are being served first in the classroom.

In conclusion, to effectuate the legislative intent to replace instructional days with instructional hours, please build your school calendars around hours used for school-directed programs as set forth in SB 145.

Thank you for your cooperation and for the hard work that you all do everyday.

HS/wb

cc: Senator Cynthia Nava, Chair, Senate Education Committee  
Senator John Arthur Smith, Chair, Senate Finance Committee  
Representative Luciano “Lucky” Varela, Chair, Legislative Finance Committee  
Representative Rick Miera, Chair, House Education Committee  
David Abbey, Director, Legislative Finance Committee  
Frances Ramírez-Maestas, Director, Legislative Education Study Committee  
Public Education Department Senior Team  
Steve Burrell, Director, School Budget and Finance Analysis Bureau  
Pamela Bowker, Deputy Director, School Budget and Finance Analysis Bureau  
Budget Analysts, School Budget and Finance Analysis Bureau