

1 SENATE BILL 96

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO PUBLIC SCHOOL FINANCE; CREATING MANDATORY CONTENTS
12 FOR AN ONLINE SCHOOL BUDGET REPORTING SYSTEM; PRESCRIBING
13 DUTIES FOR THE PUBLIC EDUCATION DEPARTMENT; CREATING REPORTING
14 REQUIREMENTS FOR PUBLIC SCHOOLS; CREATING REPORTING
15 REQUIREMENTS FOR STATE-CHARTERED CHARTER SCHOOLS; PRESCRIBING
16 REPORTING REQUIREMENTS TO SCHOOL DISTRICTS FOR SPECIAL
17 EDUCATION FUNDING COSTS; REQUIRING ANNUAL REPORTS FOR SCHOOL
18 DISTRICTS ON ADDITIONAL LOCAL REVENUE DISTRIBUTIONS; CREATING A
19 FUND; MAKING AN APPROPRIATION.
20

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

22 SECTION 1. Section 22-8-7 NMSA 1978 (being Laws 1967,
23 Chapter 16, Section 61, as amended) is amended to read:

24 "22-8-7. [~~MANNER OF BUDGET SUBMISSION~~] BUDGETS--MANDATORY
25 CONTENTS.-- [~~All budgets submitted by a school district, locally~~

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1 ~~chartered charter school or state-chartered charter school~~
2 ~~shall be in a manner specified by the department]~~

3 A. No later than July 1, 2021, the department, with
4 input from the legislative finance committee, shall establish,
5 implement and maintain a statewide financial, student
6 management and human resource electronic data communications
7 and reporting system that is based on a redesigned standard
8 chart of accounts, a standard information system and a standard
9 personnel classification system. The department, locally
10 chartered charter schools, state-chartered charter schools,
11 school districts and regional education cooperatives in the
12 state shall use the system to report and obtain necessary
13 financial information.

14 B. In designing, implementing and maintaining the
15 reporting system pursuant to Subsection A of this section, the
16 department shall adhere to the following guidelines:

17 (1) the reporting system shall be based on a
18 redesigned standard chart of accounts that will make school-to-
19 school and school-district-to-school-district comparisons
20 accurate and meaningful;

21 (2) the reporting system shall provide
22 standard definitions for employment positions such that full,
23 accurate disclosure of administrative costs is made within the
24 budgets and the financial statements of every school district;

25 (3) the reporting system shall make it

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1 possible to collect comparable data by program and school site;
2 and

3 (4) the reporting system shall make it
4 possible to collect educational program units by school site,
5 including at-risk units, bilingual multicultural education
6 program units and special education program units.

7 C. The standard chart of accounts shall include the
8 reporting of revenues received at all levels, including local,
9 state and federal funds.

10 D. As used in this section, "reporting system"
11 means a statewide financial, student management and human
12 resource electronic data communications and reporting system."

13 SECTION 2. A new section of the Public School Finance Act
14 is enacted to read:

15 "[NEW MATERIAL] SHORT TITLE.--Sections 2 through 6 of this
16 act may be cited as the "Education Funding Transparency Act"."

17 SECTION 3. A new section of the Public School Finance Act
18 is enacted to read:

19 "[NEW MATERIAL] FINANCIAL BUDGET REPORTING TRANSPARENCY--
20 WEBSITE CREATION--DUTIES FOR DEPARTMENT--DUTIES FOR LOCAL
21 SCHOOLS.--

22 A. The department shall issue a request for
23 proposals and contract for the creation of a website view that,
24 at a minimum, translates the expenditures for each of the major
25 categories specified in the chart of accounts for school sites,

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1 school districts, locally chartered charter schools,
2 state-chartered charter schools and regional education
3 cooperatives as posted on the website maintained by each local
4 education provider pursuant to Subsection C of this section
5 into a format that is readable by a layperson. The department
6 and the entity with which the department contracts, if any,
7 shall work with the legislative finance committee and the
8 department of finance and administration in designing the
9 presentation of data on the website view to ensure the greatest
10 degree of clarity and comparability by laypersons of
11 expenditures among school sites, school districts, locally
12 chartered charter schools, state-chartered charter schools and
13 boards of regional education cooperative services.

14 B. The department shall ensure that the website
15 created pursuant to Subsection A of this section is available
16 to the public no later than July 1, 2021 and is updated
17 annually.

18 C. On July 1, 2021, and each following year, every
19 local education provider shall post the following information
20 online, in a downloadable format, for free public access:

21 (1) the local education provider's annual
22 budget, adopted pursuant to Section 22-8-11 NMSA 1978,
23 commencing with the budget for fiscal year 2021;

24 (2) the local education provider's annual
25 audited financial statements, prepared pursuant to the Audit

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1 Act commencing with the audits prepared for the previous fiscal
2 year;

3 (3) the local education provider's salary
4 schedules or policies, commencing with those applicable to
5 fiscal year 2021; and

6 (4) the local education provider's actual
7 expenditures, which may include actual salary expenditures and
8 actual benefit expenditures reported by job category specified
9 in the standard chart of accounts, at the local education
10 provider level and at the school site level.

11 D. Each local education provider shall update the
12 information specified in Paragraphs (1) through (3) of
13 Subsection C of this section within sixty days after the local
14 education provider completion or receipt of the applicable
15 report, statement or document. Each local education provider
16 shall update the information specified in Paragraph (4) of
17 Subsection C of this section annually by a date specified by
18 the department.

19 E. No later than July 1, 2021, the department shall
20 create a template for voluntary use by a local education
21 provider that may need assistance with the online posting of
22 the information specified in Subsection C of this section. The
23 template may include both the type of electronic file posted as
24 well as the information to be included in the posting. The
25 department may take into consideration any existing templates

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1 or reports developed by the department for purposes of
2 financial reporting.

3 F. As used in this section, "local education
4 provider" means a locally chartered charter school, state-
5 chartered charter school, school district or regional education
6 cooperative."

7 SECTION 4. A new section of the Public School Finance Act
8 is enacted to read:

9 "[NEW MATERIAL] CHARTER SCHOOLS--ACCOUNTING FOR SPECIAL
10 EDUCATION COSTS.--Within ninety days after the end of each
11 fiscal year, each school district shall provide to each state-
12 chartered charter school located within the school district an
13 itemized accounting of all the actual special education costs
14 that the school district incurred for the applicable fiscal
15 year and the basis of any per pupil charges for special
16 education that the school district imposed against the charter
17 school for the applicable fiscal year."

18 SECTION 5. A new section of the Public School Finance Act
19 is enacted to read:

20 "[NEW MATERIAL] ADDITIONAL LOCAL REVENUES--DISTRIBUTION TO
21 SCHOOLS--ANNUAL REPORT.--

22 A. For fiscal year 2021 and each fiscal year
23 thereafter, each school district shall report the total amount
24 of additional local property tax revenues the school district
25 is authorized to collect in addition to the school district's

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1 total program mill levy and the amount of the additional local
2 property tax revenues that the school district distributes
3 directly to schools of the school district, stated as a dollar
4 amount.

5 B. The department shall annually compile a report
6 of the information received pursuant to Subsection A of this
7 section concerning the collection of additional local property
8 tax revenues by each school district and the distribution of
9 the revenues to the schools of the school district, including
10 state-chartered charter schools. In addition to the compiled
11 information, the report shall include a comparison of the
12 amount of additional local property tax revenues received by
13 the school district and the amount distributed to the schools
14 of the school district, including state-chartered charter
15 schools, at the district level and aggregated statewide.

16 C. The department shall allow each school district
17 and each state-chartered charter school in the school district
18 to review the report before publication. A school district and
19 each state-chartered charter school located within the school
20 district may request that the department compile an addendum to
21 the report that is specific to the requesting school district
22 and each state-chartered charter school located within the
23 school district and that examines the overall level of funding
24 distributed by the school district to the state-chartered
25 charter schools of the school district, including:

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- 1 (1) capital construction and facilities
- 2 funding;
- 3 (2) funding for technology; and
- 4 (3) any other funding that the school district
- 5 distributes to the state-chartered charter schools of the
- 6 school district.

7 D. The department shall simultaneously publish on

8 the department's website the report and any addenda prepared

9 for the report in response to school district or state-

10 chartered charter school request."

11 **SECTION 6.** A new section of the Public School Finance Act

12 is enacted to read:

13 "[NEW MATERIAL] FINANCIAL REPORTING FUND--CREATED--

14 PURPOSE.--

15 A. The "financial reporting fund" is created in the

16 state treasury. The fund consists of appropriations,

17 transfers, earnings from investment of the fund, gifts, grants

18 and donations. Money in the fund at the end of fiscal year

19 2022 shall revert to the public education reform fund. The

20 secretary of public education shall administer the fund, and

21 money in the fund is appropriated to the department to

22 administer the provisions of the Education Funding Transparency

23 Act. Money in the fund shall be disbursed on warrants signed

24 by the secretary of finance and administration pursuant to

25 vouchers signed by the secretary of public education or the

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1 secretary's authorized representative.

2 B. The state treasurer may invest money from the
3 fund that is unexpended or unencumbered as provided by law, in
4 accordance with the prudent investor rule set forth in the
5 Uniform Prudent Investor Act. Income from investment of the
6 fund shall be credited to the fund."

7 SECTION 7. APPROPRIATION.--Three million dollars
8 (\$3,000,000) is appropriated from the public education reform
9 fund to the financial reporting fund for expenditure in fiscal
10 years 2021 and 2022 to carry out the provisions of the
11 Education Funding Transparency Act. Any unexpended or
12 unencumbered balance remaining at the end of fiscal year 2022
13 shall revert to the public education reform fund."

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