

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill No:** SB 523

**48th Legislature, 2nd Session, 2008**

**Short Title:** School District Instruction Expenditures

**Sponsor(s):** Senator John C. Ryan and Others

**Analyst:** Frances R. Maestas

**Date:** February 2, 2008

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**Bill Summary:**

SB 523 adds a new section to the *Public School Finance Act*, applicable to school districts with an enrollment of 35,000 or more, to require incremental increases in the percentage of the district's total operating budget for instruction, as follows:

- 63 percent for FY 09;
- 64 percent for FY 10; and
- 65 percent for FY 11 and succeeding fiscal years.

**Fiscal Impact:**

SB 523 does not contain an appropriation.

**Issues:**

- SB 523 would only apply to the Albuquerque Public Schools (APS) since APS is the only New Mexico public school district with a student enrollment of 35,000 or more.
- In 2007, the Legislature passed SJM 59, *Albuquerque Public Schools Audit*, requesting an audit of APS to determine the district's classification of expenditures in the public school chart of accounts and the amount of the district's budget for administration and in direct instruction.
- In response to the memorial, the Legislative Finance Committee (LFC) conducted a review of APS and reported that the district maintains its own accounting system that automatically crosswalks account information with the state's public school chart of accounts and, therefore, properly categorizes expenditures. The review also revealed that in FY 07, APS expended approximately 62.4 percent of its budget in instruction and the remaining 37.6 percent in other functions, including support services (for students, instruction, general administration, and school administration), central services, operations and maintenance of plant, student transportation, food, and community services operations.

## **Background:**

### ***The 65 Percent Solution?***

- Every year the LESC hears a presentation from the Public Education Department summarizing public school budgets for the upcoming school year. Included in that presentation is a pie chart indicating the percentages of the operational budget devoted to Instruction, Support Services, Non-instructional Services, and Capital Outlay. Part of the discussion usually centers on just what percentage should be devoted to instruction and exactly what the term instruction includes. In that regard, the phrase “the 65 percent solution” sometimes enters the mix.
- In the 2007 interim, the committee heard a discussion relating to “the 65 percent solution” and found that the concept was put forth by an organization called First Class Education, whose aim is to change the law in each of the 50 states and the District of Columbia by the end of 2008 to require that “at least 65 percent of what taxpayers spend on K-12 education actually makes its way into the classroom.”
- According to First Class Education, if school spending can be reallocated so that 65 cents of every dollar goes directly to the classroom, spending on instruction can be increased with no accompaniment increase in taxes.
- Opponents of the “65 percent solution” agree that any measure that looks only at inputs, i.e. where the money goes, without tracking outcomes, in this case student achievement, is fatally flawed.
- A study done by Standard and Poor’s (S&P) in fall 2005 analyzed data in nine states that, at the time, were considering implementing the 65 percent solution. The study found “no significant positive correlation between the percentage of funds that districts spend on instruction and the percentage of students who score proficient or higher on state reading and math tests.”
- Since the movement began, four states have instituted this concept as public policy.

## **Related Bill:**

None as of February 2, 2008.