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SENATE BILL

**55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022**

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; LIMITING THE GROWTH OF ADMINISTRATIVE EXPENDITURES BY SCHOOL DISTRICTS AND CHARTER SCHOOLS.

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

SECTION 1. A new section of the Public School Finance Act is enacted to read:

"[NEW MATERIAL] LIMITING THE GROWTH OF ADMINISTRATIVE EXPENDITURES.--

A. Beginning with the 2023-2024 school year operating budget, a school district or charter school shall not submit an operating budget for the ensuing fiscal year that includes budgeted administrative expenditures that exceed the budgeted administrative expenditures in the current year plus the lesser of:

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1 (1) a percentage of the current year's  
2 administrative expenditures less than or equal to the increase  
3 in the consumer price index from the prior year; or

4 (2) a percentage of the current year's  
5 budgeted administrative expenditures less than or equal to the  
6 percentage increase in program cost for the budgeted fiscal  
7 year compared with the current fiscal year.

8 B. The department may waive the limitation on  
9 growth of administrative expenditures for a school district or  
10 charter school that:

11 (1) has administrative expenditures per  
12 student that are lower than the administrative expenditures of  
13 ninety percent of similarly sized school districts or charter  
14 schools;

15 (2) is ranked in the top ten percent of school  
16 districts or charter schools for student performance; or

17 (3) has been newly authorized within a  
18 five-year period from the enactment of this section.

19 C. Prior to requesting a waiver from the  
20 department, the school district or charter school shall hold a  
21 public hearing and the local school board or governing body of  
22 a charter school shall approve the waiver request by an  
23 affirmative vote of at least two-thirds of the members of the  
24 local school board or governing body of a charter school.

25 D. Except for a school district or charter school

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1 receiving a waiver under Subsection B of this section, the  
2 department shall not:

3 (1) approve an operating budget of a school  
4 district or charter school that does not limit the growth of  
5 administrative expenditures as provided in Subsection A of this  
6 section; and

7 (2) approve a budget adjustment request to  
8 increase administrative expenditures if the adjusted budget  
9 would provide for an increase in the budgeted year's  
10 administrative expenditures above the amount allowed in  
11 Subsection A of this section."

12 SECTION 2. Section 22-8-2 NMSA 1978 (being Laws 1978,  
13 Chapter 128, Section 3, as amended by Laws 2019, Chapter 206,  
14 Section 6 and by Laws 2019, Chapter 207, Section 6) is amended  
15 to read:

16 "22-8-2. DEFINITIONS.--As used in the Public School  
17 Finance Act:

18 A. "ADM" or "MEM" means membership;

19 B. "administrative expenditures" means expenditures  
20 for general administrative support services, central services,  
21 operation and maintenance of plants and other support services  
22 designated as the 2300, 2500, 2600 and 2900 functions in the  
23 department's uniform chart of accounts for expenditures;

24 [B.] C. "membership" means the total enrollment of  
25 qualified students on the current roll of a class or school on

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1 a specified day. The current roll is established by the  
2 addition of original entries and reentries minus withdrawals.  
3 Withdrawals of students, in addition to students formally  
4 withdrawn from the public school, include students absent from  
5 the public school for as many as ten consecutive school days;  
6 provided that withdrawals do not include students in need of  
7 early intervention and habitual truants the school district is  
8 required to intervene with and keep in an educational setting  
9 ~~[as provided in Section 22-12-9 NMSA 1978];~~

10 ~~[G.]~~ D. "basic program ADM" or "basic program MEM"  
11 means the MEM of qualified students but excludes the full-time-  
12 equivalent MEM in early childhood education and three- and  
13 four-year-old students receiving special education services;

14 E. "consumer price index" means the average of the  
15 monthly consumer price indices for a calendar year for the  
16 United States for all items as published by the United States  
17 department of labor;

18 ~~[D.]~~ F. "cost differential factor" is the numerical  
19 expression of the ratio of the cost of a particular segment of  
20 the school program to the cost of the basic program in grades  
21 four through six;

22 ~~[E.]~~ G. "department" or "division" means the public  
23 education department;

24 ~~[F.]~~ H. "early childhood education ADM" or "early  
25 childhood education MEM" means the full-time-equivalent MEM of

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1 students attending approved early childhood education programs;

2           ~~[G.]~~ I. "full-time-equivalent ADM" or "full-time-  
3 equivalent MEM" is that membership calculated by applying to  
4 the MEM in an approved public school program the ratio of the  
5 number of hours per school day devoted to the program to six  
6 hours or the number of hours per school week devoted to the  
7 program to thirty hours;

8           ~~[H.]~~ J. "operating budget" means the annual  
9 financial plan and educational plan required to be submitted by  
10 a local school board or governing body of a state-chartered  
11 charter school;

12           ~~[I.]~~ K. "performance measure" means a quantitative  
13 indicator used to assess the output or outcome of an approved  
14 program;

15           ~~[J.]~~ L. "performance target" means the expected  
16 level of performance of a program's performance measure;

17           ~~[K.]~~ M. "program cost" is the product of the total  
18 number of program units to which a school district is entitled  
19 multiplied by the dollar value per program unit established by  
20 the legislature;

21           ~~[L.]~~ N. "program element" is that component of a  
22 public school system to which a cost differential factor is  
23 applied to determine the number of program units to which a  
24 school district is entitled, including MEM, full-time-  
25 equivalent MEM, teacher, classroom or public school;

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1           ~~[M-]~~ O. "program unit" is the product of the  
2 program element multiplied by the applicable cost differential  
3 factor;

4           ~~[N-]~~ P. "public money" or "public funds" means all  
5 money from public or private sources received by a school  
6 district or state-chartered charter school or officer or  
7 employee of a school district or state-chartered charter school  
8 for public use;

9           ~~[O-]~~ Q. "qualified student" means a public school  
10 student who:

- 11                           (1) has not graduated from high school;
- 12                           (2) is regularly enrolled in one-half or more  
13 of the minimum course requirements approved by the department  
14 for public school students; and

- 15                           (3) in terms of age and other criteria:
  - 16                                   (a) is at least five years of age prior  
17 to 12:01 a.m. on September 1 of the school year;

- 18                                   (b) is at least three years of age at  
19 any time during the school year and is receiving special  
20 education services pursuant to rules of the department;

- 21                                   (c) except as provided in Subparagraph  
22 (d) of this paragraph, has not reached the student's twenty-  
23 second birthday on the first day of the school year; or

- 24                                   (d) has reached the student's twenty-  
25 second birthday on the first day of the 2019-2020 school year,

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1 is counted in a school district's or charter school's MEM on  
2 the third reporting date of the 2018-2019 school year, has been  
3 continuously enrolled in the same public school since that  
4 reporting date and is still enrolled in that school;

5 [P-] R. "rural population rate" means that  
6 proportion of the total population within a school district's  
7 geographic boundaries that lives in a rural area and not in an  
8 urban area as defined by the United States census bureau;

9 [Q-] S. "staffing cost multiplier" means:

10 (1) for fiscal year 2019, the instructional  
11 staff training and experience index;

12 (2) for fiscal year 2020, the weighted average  
13 of the instructional staff training and experience index at  
14 seventy-five percent and the teacher cost index at twenty-five  
15 percent;

16 (3) for fiscal year 2021, the weighted average  
17 of the instructional staff training and experience index at  
18 fifty percent and the teacher cost index at fifty percent;

19 (4) for fiscal year 2022, the weighted average  
20 of the instructional staff training and experience index at  
21 twenty-five percent and the teacher cost index at seventy-five  
22 percent; and

23 (5) for fiscal year 2023 and subsequent fiscal  
24 years, the teacher cost index; and

25 [R-] T. "state superintendent" means the secretary

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1 of public education or the secretary's designee."

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