

AN ACT

RELATING TO EDUCATION; REQUIRING THE ESTABLISHMENT OF RULES AND PROCEDURES FOR A UNIFORM SYSTEM OF ACCOUNTING AND BUDGETING FOR PUBLIC SCHOOLS; ESTABLISHING SCHOOL DISTRICT TEMPORARY OPERATING BUDGETS AS FINAL OPERATING BUDGETS; DECLARING AN EMERGENCY.

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

Section 1. Section 22-8-5 NMSA 1978 (being Laws 1967, Chapter 16, Section 59, as amended) is amended to read:

"22-8-5. RULES--PROCEDURES.--

A. The department shall establish rules and procedures for a uniform system of accounting and budgeting of funds for all public schools and school districts of the state. The rules, including revisions or amendments, shall become effective only upon approval by the state board and the legislative finance committee and filing with the state records center and publication. A copy shall also be filed with the department of finance and administration.

B. All public schools and school districts shall comply with the rules and procedures prescribed and shall, upon request, submit additional reports concerning finances to the department. In addition, upon request, all public schools and school districts shall file reports with the department containing pertinent details regarding

applications for federal money or federal grants-in-aid or regarding federal money or federal grants-in-aid received, including details of programs, matching funds, personnel requirements, salary provisions and program numbers, as indicated in the catalog of federal domestic assistance, of the federal funds applied for and of those received.

C. Upon request by the department of finance and administration, the legislative finance committee or the legislative education study committee, the department shall timely furnish information and data obtained from public schools and school districts pursuant to Subsection B of this section."

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

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

A. Prior to April 15 of each year, each local school board shall submit to the department an operating budget for the school district for the ensuing fiscal year. Upon written approval of the state superintendent, the date for the submission of the operating budget as required by this section may be extended to a later date fixed by the state superintendent.

B. The operating budget required by this section

may include:

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

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

C. The operating budget required by this section shall include a proposed breakdown for charter schools in the school district, by individual charter school, of the membership projected for each charter school, the total program units generated at that charter school and approximate anticipated disbursements and expenditures at each charter school.

D. If a local school board fails to submit a budget pursuant to this section, the department shall prepare the operating budget for the school district for the ensuing fiscal year. A local school board shall be considered as failing to submit a budget pursuant to this section if the budget submitted exceeds the total projected resources of the school district or if the budget submitted does not comply with the law or with rules and procedures of the department."

Section 3. Section 22-8-7 NMSA 1978 (being Laws 1967, Chapter 16, Section 61, as amended) is amended to read:

"22-8-7. BUDGETS--FORM.--All budgets submitted to the

department by a school district shall be in a form specified by the department."

Section 4. Section 22-8-10 NMSA 1978 (being Laws 1967, Chapter 16, Section 65, as amended) is amended to read:

"22-8-10. BUDGETS--FIXING THE OPERATING BUDGET.--

A. 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. At the discretion of the state superintendent or the local school board, the department may participate in the public hearing.

B. Prior to the public hearing held to fix the operating budget for the school district, the local school board shall give notice to parents explaining the budget process and inviting parental involvement and input in that process prior to the date for the public hearing."

Section 5. Section 22-8-11 NMSA 1978 (being Laws 1967, Chapter 16, Section 66, as amended) is amended to read:

"22-8-11. BUDGETS--APPROVAL OF OPERATING BUDGET.--

A. The department shall:

(1) on or before July 1 of each year, approve and certify to each local school board an operating budget for use by the local school board; and

(2) make corrections, revisions and amendments to the operating budgets fixed by the local school boards and

the state superintendent to conform the budgets to the requirements of law and to the department's rules and procedures.

B. No school board or officer or employee of a school district shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. This prohibition does not prohibit the transfer of funds pursuant to the department's rules and procedures.

C. The department shall not approve and certify an operating budget of any school district that fails to demonstrate that parental involvement in the budget process was solicited."

Section 6. Section 22-8-12 NMSA 1978 (being Laws 1967, Chapter 16, Section 67, as amended) is amended to read:

"22-8-12. OPERATING BUDGETS--AMENDMENTS.--Operating budgets shall not be altered or amended after approval and certification by the department, except for the following purposes and according to the following procedure:

A. upon written request of any local school board, the state superintendent may authorize transfer within the budget, or provide for items not included, when the total amount of the budget will not be increased thereby;

B. upon written request of any local school board,

the state superintendent, in conformance with the rules of the department, may authorize an increase in any budget if the increase is necessary because of the receipt of revenue that was not anticipated at the time the budget was fixed and if the increase is directly related to a special project or program for which the additional revenue was received. The state superintendent shall make a written report to the legislative finance committee of any such budget increase;

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

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

Section 7. Section 22-8-12.1 NMSA 1978 (being Laws 1978, Chapter 128, Section 5, as amended) is amended to read:

"22-8-12.1. MEMBERSHIP PROJECTIONS AND BUDGET

REQUESTS.--

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

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

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

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

(c) the membership of students to be enrolled in approved special education programs;

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

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

B. All information requested pursuant to Subsection A of this section shall be submitted on forms prescribed and furnished by the department and shall comply with the department's rules and procedures.

C. The department shall:

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

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

(a) amendments to the public school finance formula;

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

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

Section 8. REPEAL.--Section 22-8-12.2 NMSA 1978 (being Laws 1978, Chapter 149, Section 1, as amended) is repealed.

Section 9. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.
