

1 SENATE BILL 438

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO PUBLIC SCHOOL FINANCE; LIMITING THE GROWTH OF  
12 ADMINISTRATIVE EXPENDITURES BY CERTAIN SCHOOL DISTRICTS AND  
13 CHARTER SCHOOLS; PROVIDING FOR A WORKING GROUP TO IDENTIFY  
14 REDUNDANT REPORTS REQUIRED BY FEDERAL AND STATE LAW OR RULES TO  
15 ALLEVIATE ADMINISTRATIVE AND TEACHING BURDENS.

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

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

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

22 A. As used in this section:

23 (1) "administrative expenditures" means  
24 expenditures in function codes 2300, 2500 and 2900; and

25 (2) "consumer price index" means the average

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1 of the monthly consumer price indices for a calendar year for  
2 the United States for all items as published by the United  
3 States department of labor.

4 B. In fiscal year 2024, the department shall  
5 calculate the average administrative expenditures for the last  
6 three years for each school district or charter school that has  
7 a student population of more than two thousand to determine the  
8 baseline for future budgets. The baseline shall apply to  
9 fiscal year 2025 operating budgets and, thereafter, operating  
10 budgets shall be based on the prior year.

11 C. Beginning with the operating budget submitted to  
12 the department by April 15, 2024, a school district or charter  
13 school shall not submit an operating budget for the ensuing  
14 fiscal year that includes budgeted administrative expenditures  
15 that exceed the budgeted administrative expenditures in the  
16 current year plus the lesser of:

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

20 (2) a percentage of the current year's  
21 budgeted administrative expenditures less than or equal to the  
22 percentage increase in program cost for the budgeted fiscal  
23 year compared with the current fiscal year.

24 D. The department may waive a year's limitation on  
25 growth of administrative expenditures for a school district or

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1 charter school in extraordinary circumstances defined by rule  
2 of the department. Prior to requesting a waiver from the  
3 department, the school district or charter school shall hold a  
4 public hearing and the local school board or governing body of  
5 a charter school shall approve the waiver request by an  
6 affirmative vote of at least two-thirds of the members of the  
7 local school board or governing body of a charter school.

8 E. Except for a school district or charter school  
9 receiving a waiver pursuant to Subsection B of this section,  
10 the department shall not:

11 (1) approve an operating budget of a school  
12 district or charter school that does not limit the growth of  
13 administrative expenditures as provided in Subsection A of this  
14 section; and

15 (2) approve a budget adjustment request to  
16 increase administrative expenditures if the adjusted budget  
17 would provide for an increase in the budgeted year's  
18 administrative expenditures above the amount allowed in  
19 Subsection A of this section."

20 SECTION 2. TEMPORARY PROVISION--REDUNDANT REPORTS WORKING  
21 GROUP.--

22 A. The public education department and the  
23 legislative education study committee shall convene a working  
24 group to study all state and federal reporting requirements to  
25 alleviate school district and public school administrative,

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1 teaching and instructional support reporting burdens. The  
2 working group shall:

3 (1) identify redundant school administration,  
4 school instruction, instructional support and other reports,  
5 including reports required by both federal and state agencies  
6 and reports required by state law or rule of the department  
7 that could be streamlined or combined with other reports;

8 (2) identify reports that do not serve any  
9 identifiable useful purpose, including reports that can be  
10 generated from department databases instead of submitted by  
11 school districts or charter schools;

12 (3) consider report submittal dates for  
13 federal and state reports and whether report dates can be  
14 synchronized for efficiency; and

15 (4) determine who in the department is  
16 responsible for acting on each required report and whether, in  
17 fact, the report is used for statistical purposes or to improve  
18 the operations of the department, school districts or charter  
19 schools.

20 B. The working group shall consider the public  
21 education and related data needs of the state and make  
22 recommendations, if any, on improvements needed to the public  
23 education department's data system to make school district,  
24 charter school and other reporters' reporting more efficient.

25 SECTION 3. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2023.

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