

# New Mexico Public Schools: Budget & Finance February 2022

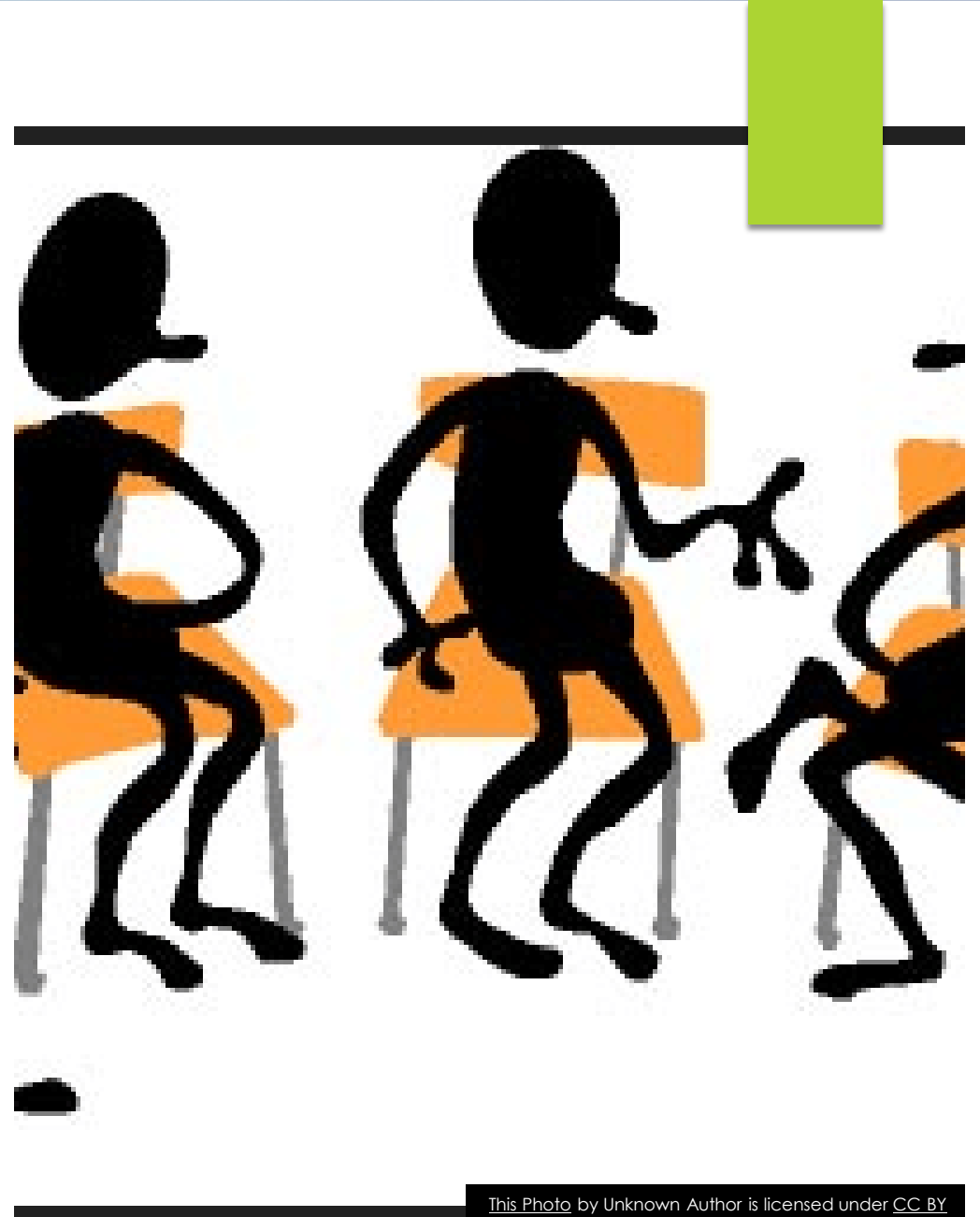
**DR. GLORIA RENDON**  
**EVAN GRASSER**



# Who's at my table?

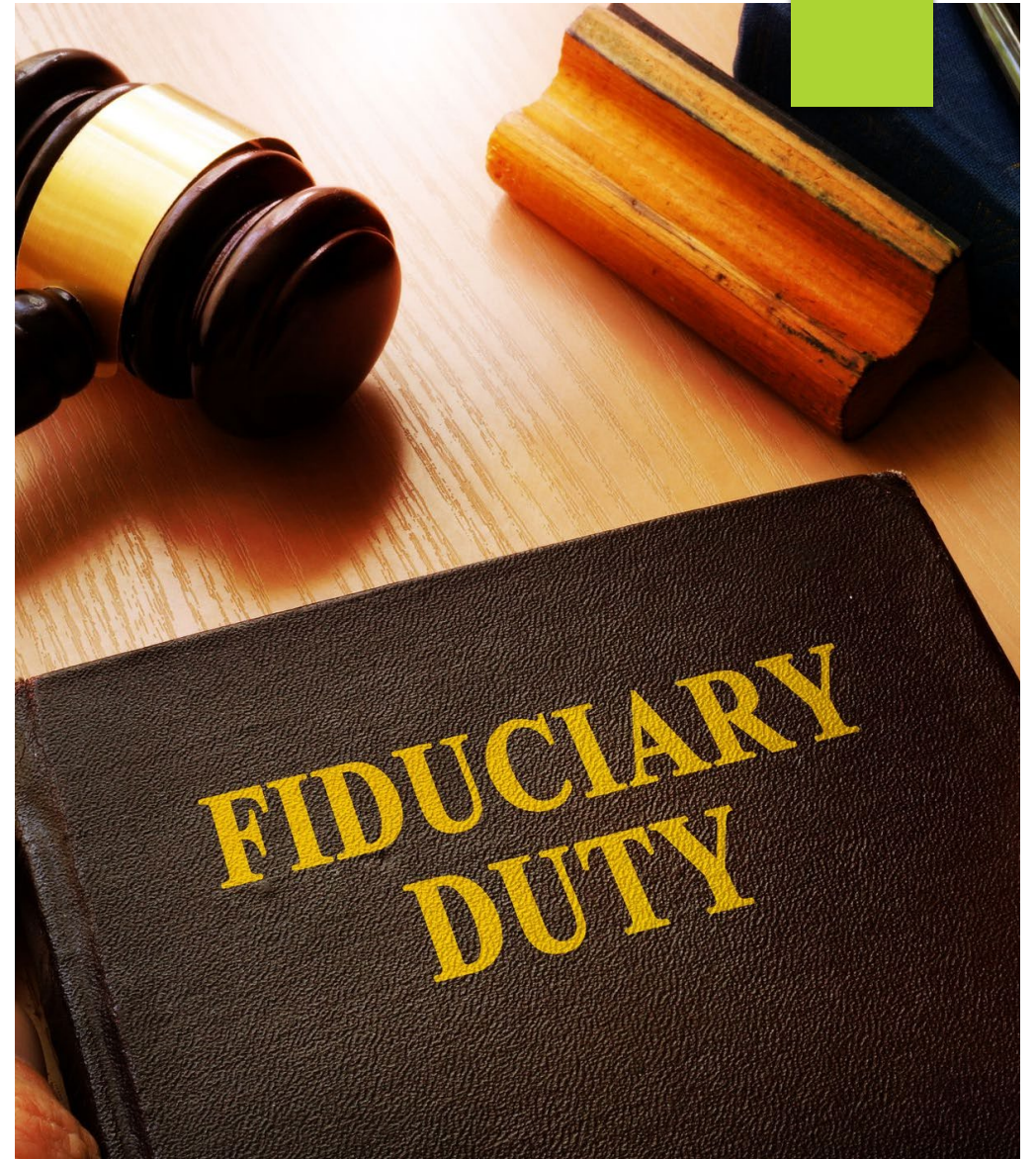
You've been a new board for a month (or more!)

- ▶ Introduce yourself: Name, District and number of days, months or years as a Board member.
  - ▶ What has been the greatest challenge you've faced thus far?
  - ▶ What has been your greatest surprise?



# Fiduciary Responsibility

- ▶ A **fiduciary duty** is an **obligation** to act in the best interest of another party
- ▶ The School Board's single most important role
- ▶ School board along with Superintendent has oversight
- ▶ Transparency essential
- ▶ Trust critical



# Board Role and Responsibility

- Statutory: (NMSA 1978, Section 22-5-4)
  - Review & Approve the district budget
  - Issue General Obligation Bonds (GO Bonds)

# Board Role and Responsibility

- ❑ Regulatory (NMAC 6.29.1.9 (A) Powers of the Board)
  - ❑ Except for salaries, contract for expenditures via procurement code
  - ❑ Ensure district funds are managed and disbursed appropriately
  - ❑ Be responsible for oversight of revenue and expenditures within the district

# Superintendent Role and Responsibility

- ▶ Statutory (Section 22-5-14 NMSA 1978:)
  - ▶ Prepare the school district budget based on public schools' recommendations for review and approval by the local Board and the PED
  - ▶ Tell each principal the amount of money that may be available for his/her school and provide a school budget template to use in making school budget recommendations
  - ▶ Employ, fix the salaries of, assign, terminate or discharge all employees of the district

# Superintendent Role and Responsibility

- Regulatory (NMAC 6.29.1.9 (C) Duties & Powers of the Superintendent)
  - Be accountable for student achievement; budget management; expenditure of funds' dissemination of information' district or charter school communications..... Etc.









# Budget Process: Who, What, When?

- ❑ Budget advisory committee membership
- ❑ Process for setting priorities
- ❑ Process for gathering community input
- ❑ Schedule of meetings to discuss the budget
- ❑ How/when will the final budget be approved?
- ❑ How is the union involved?
- ❑ How/when will reports be provided to the Board?





Where does the  
money come from?

**NM SCHOOL FINANCE:  
THE LEGISLATURE  
DETERMINES THE  
AMOUNT OF MONEY  
ALLOCATED TO  
EDUCATION**



## Where does the money come from?

- ▶ Money “above the line” is the State Equalization Guarantee: non-categorical funds that come directly to the district for the purpose of educating every child



Where does the money come from?

- ▶ Money below the line are funds under the purview of the PED; funds may come to the district via an application process

# Where does the money come from?



## State Equalization Guarantee (SEG) funds come to districts through the NM Funding formula

- ▶ The funding formula is a funding allocator, not a funding generator
- ▶ Funding is based on prior year numbers: average of attendance on 40<sup>th</sup>, 80<sup>th</sup>, and 120<sup>th</sup> day
- ▶ The formula is used to determine how much money is allocated to each district.
  - ▶ Each student generates a certain number of units based on the level of service required to educate the child.

# The NM Funding Formula



## State Equalization Guarantee (SEG) funds come to districts through the NM Funding formula

- ▶ The formula is used to determine how much money is allocated to each district.
  - ▶ Each student generates a certain number of units based on the level of service required to educate the child.
  - ▶ Depending on the grade level, every child generates units as a general education student first
  - ▶ Students who require special ed services, bilingual services and are at-risk generate additional units



# The NM Funding Formula



## State Equalization Guarantee (SEG) funds come to districts through the NM Funding formula

- ▶ The formula is used to determine how much money is allocated to each district.
  - ▶ Teachers generate an increase to the unit value based on years of experience and level of licensure (Teacher Cost Index (TCI))
  - ▶ The total SEG is divided by the sum of total units in the state. This equals the unit value
  - ▶ Districts multiply their number of units by the unit value and that determines their SEG funding for the year

# Budget Season/Calendar

## Sample Calendar

- ▶ November-January: District budget advisory committee meets, determines/considers district priorities, Board sets Legislative priority
- ▶ Legislative Session (Jan.-Feb/March): Board and Superintendent advocate for needs; legislature determines funding amount for education
- ▶ Spring Budget Conference: PED announces new unit value



# Budget Season/Calendar

- ▶ Sample Calendar
  - ▶ March-May: District uses new unit value to finalize the budget
  - ▶ May/June: District presents budget to the school community; board approves the budget
  - ▶ Before June 30<sup>th</sup>: Budget is presented to PED for approval
  - ▶ July 1: Approved budget is in effect for the next year.



# Budget Season/Calendar

PED website—How to  
find your district's  
budget analyst

<https://webnew.ped.state.nm.us/bureau/school-budget-finance-analysis/staff/>



# Community Involvement: Sub Committees



## Finance Sub-committee

- ▶ The Board appoints members from the community, staff and the board to serve
- ▶ The Sub-committee assists in developing the budget
- ▶ Can be an excellent advocate
- ▶ Can assist the Board in justifying budget decisions

# Community Involvement: Sub Committees



## Audit Committee

- Two board members serve with finance staff
- Attend entrance and exit meetings
- Meet monthly with the auditors
- Provide audit status reports to the Board
- Track audit recommendations & make policy changes when needed

# Reports and Monitoring

## Type of reporting

- ▶ Initial budget
- ▶ Financial reports
- ▶ BARS-Budget adjustment reports
  - ▶ Any transfers of funds-whether it's to add funds (grants, etc.) or to move funds from one function to another requires a BAR
  - ▶ All BARS except transfers within functions must be approved by the Board



# Reports and Monitoring

## Schedule of reports

- ▶ Initial budget-The board approves the final budget for the new year
- ▶ Monthly –Board reviews financial reports; fund transfers require board approval
- ▶ Assures the Board understands the district's ongoing financial status
- ▶ Work sessions-To make decisions about the upcoming year's budget, when making cuts to the budget,





## Other sources of funding: Requirements & Purpose

- ❑ Federal funds: Title funds, IDEA, Carl Perkins,
- ❑ Grants
- ❑ Capital funds: Bond, Mill levy funds, tech funds
- ❑ Foundation funds
- ❑ Rents & Leases

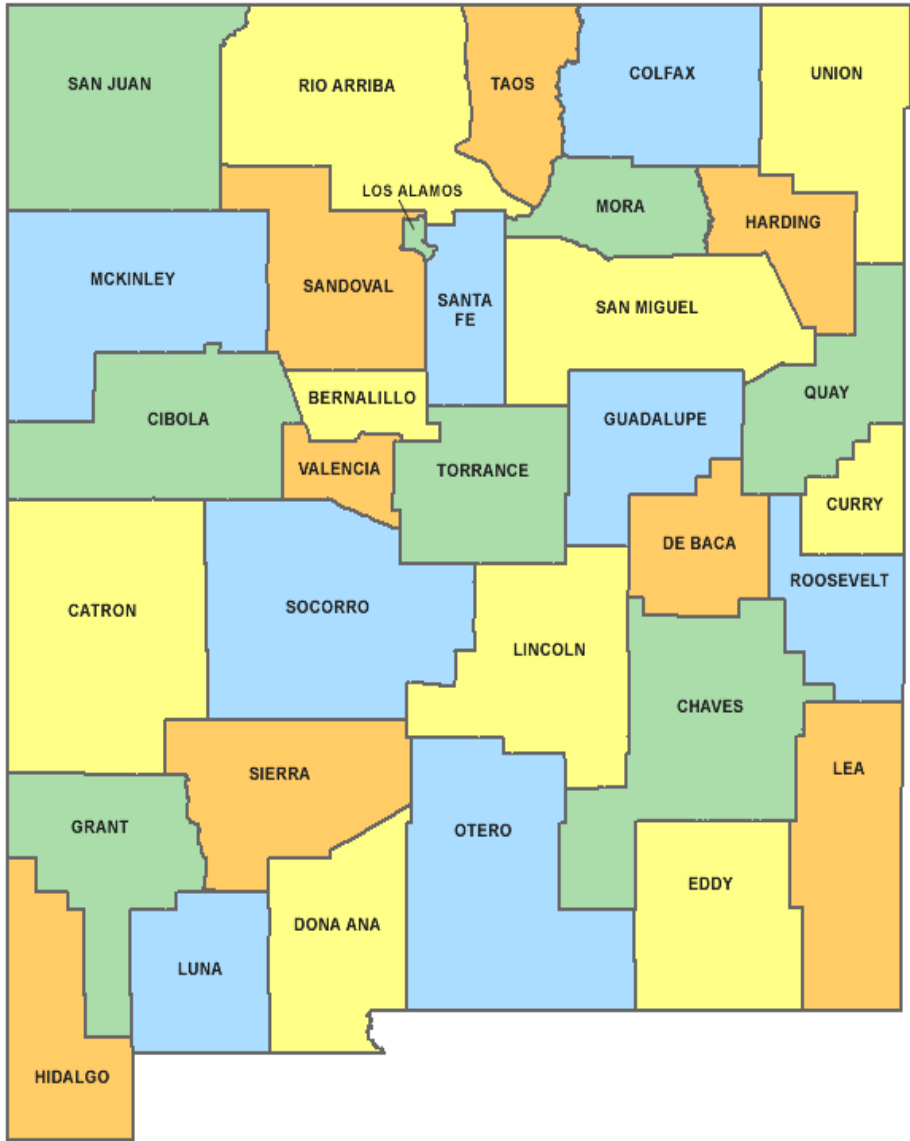


# Expenditures

CFO and Superintendent are critical in helping board members understand

- ▶ The district's expenses: where does the money go?
  - ▶ 82%-90% are allocated to salaries and benefits
    - ▶ How much is associated with each employee group
  - ▶ Supplies & materials
  - ▶ Maintenance
  - ▶ Utilities
- ▶ General percentages –how much in each area?





THANK YOU!!

DR. GLORIA RENDON  
EVAN GRASSER