



Bill Summary – House Bill 180: Maximizing Dollars to the Classroom

Goals:

- House Bill 180 enacts ambitious but achievable voluntary targets for school districts and charter schools to maximize the percentage of their budgets that they are spending in the classroom, provides them with an incentive to meet those targets, and makes it easier for districts and charters to increase their classroom spending by reducing unnecessary administrative paperwork and reports.

Bill Summary:

SECTION 1: STREAMLINING DATA COLLECTION

- Currently, school districts and charter schools are required to prepare and submit at least 140 reports each year to the Public Education Department (PED). This takes 15,000 staff hours annually and costs 66% more than states with advanced data collection systems.
- In 2011, Nevada implemented an advanced data collection system that reduced burdens on districts by allowing them to enter the information they collect about student attendance, performance, demographics, and so on and have it automatically uploaded to the state.
- HB 180 directs New Mexico's PED to implement a system like Nevada's. Districts and charters would enter their information and the PED would be responsible for producing the many state and federal reports required each year. As the data system is finalized, PED would recommend to the legislature specific reporting requirements on districts and charters that should be repealed.
- Based on a 2017 report commissioned by the Thornburg Foundation, an advanced data collection system would save New Mexico school districts more than \$46.5 million annually. Because the PED is already piloting an advanced data collection project, it can be fully implemented at no additional cost to the state.

SECTION 2: SETTING TARGETS FOR CLASSROOM SPENDING

- A 2003 study of 1,500 school districts in Arkansas, Louisiana, Texas, and New Mexico by the Southwest Educational Development Laboratory concluded that "student achievement is linked to spending patterns, and money matters when spent on instruction." The study found that, in general, high-performing school districts spend a larger percentage of their budgets on instruction and a lower percentage on general administration than lower-performing districts, and they also tend to employ smaller numbers of administrative staff.
- Many of New Mexico's most successful school districts and charter schools spend a high percentage of their budgets in the classroom. This bill follows their examples by setting voluntary goals for the percentage of each school district's and charter school's budget that should be spent in the classroom.

- HB 180 begins by broadly defining “classroom spending” to include instruction (teachers, coaches, school supplies), student support (counselors, speech therapists, nurses), instructional support (librarians, IT), and principals. This definition is more inclusive than the PED’s current classification of classroom expenditures.
- HB 180 then sets targets for classroom expenditures are based on a school district’s or charter school’s size. The targets range from 68% of the operating budget for districts and charters with fewer than 100 students to 88% for those with more than 30,000 students.
- The targets for classroom spending are voluntary, but if a district or charter school does not meet the target, they must submit an explanation to PED detailing why they did not meet the target and outlining a plan to improve their performance in the classroom in the following year.
- By October 1 each year, the Secretary of Education will report to the LFC and LESC the percentage of each school district and charter school’s budget that was spent in the classroom during the previous year. The report will indicate which districts and charters met their targets and which did not.
- For school districts and charter schools that successfully meet the targets for classroom spending, their cash balances will be protected from being “swept” (i.e., their SEG distributions will not be reduced based on the amount of their cash balances, as happened in 2017 to help cover the budget shortfall). This gives districts and charters an incentive to meet the voluntary targets for classroom spending.