

1 SENATE MEMORIAL 135

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Mimi Stewart

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10 A MEMORIAL

11 REQUESTING THE LEGISLATIVE EDUCATION STUDY COMMITTEE TO STUDY  
12 DIFFERENT METHODOLOGIES FOR DETERMINING APPROPRIATE CASH  
13 BALANCES FOR DIFFERENT SCHOOL DISTRICTS AND CHARTER SCHOOLS.  
14

15 WHEREAS, historically, there have been several state  
16 budgetary circumstances that have influenced legislative  
17 decisions regarding cash balances of school districts,  
18 including charter schools; and

19 WHEREAS, in 2003, the legislature passed an amendment to  
20 Section 22-8-41 NMSA 1978 to provide that, beginning with  
21 fiscal year 2006, there would be a tiered allowable limit on  
22 school district operational cash balances; and

23 WHEREAS, over several years, the legislature has  
24 considered allowable cash balance limits trying to find the  
25 balance between what is necessary to allow school districts to

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1 open new schools, buy new-cycle textbooks and meet unforeseen  
2 emergencies and what could be considered excessive cash savings  
3 at the expense of the general fund and the legislative  
4 prerogative to appropriate; and

5 WHEREAS, when the state is threatened with a fiscal  
6 crisis, like it is facing now, public school funding becomes a  
7 target because it is the largest single portion of the budget,  
8 and cash balances become an easy way to recoup significant cash  
9 to use for the budget; and

10 WHEREAS, several alternative cash balance sweep proposals  
11 were considered in the 2016 special session and subsequently  
12 enacted; and

13 WHEREAS, another, different sweep model was used in this  
14 session's solvency package, which was enacted without due  
15 consideration of the harm to some school districts; and

16 WHEREAS, it has been proven over and over again that a  
17 "one size fits all" budgetary action, such as across-the-board  
18 percentage cuts to school cash balances, is an inefficient and  
19 ineffective way to go about appropriating and budgeting and  
20 ends up punishing some school districts and rewarding others;  
21 and

22 WHEREAS, school districts need a more predictable and  
23 consistent understanding of the state's intention regarding  
24 school finance so they can plan effectively for both annual and  
25 exigent circumstances;

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1           NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE  
2 OF NEW MEXICO that the legislative education study committee be  
3 requested to study different methodologies for determining  
4 reasonable and appropriate school district cash balances; and

5           BE IT FURTHER RESOLVED that the study include methods used  
6 by other states; research on the subject; a historical review  
7 of the amounts of cash balances kept by school districts and  
8 the uses to which cash balances have been put by school  
9 districts; the times and ways the legislature has limited cash  
10 balances; and the times and amounts it has swept school  
11 district cash balances for other uses; and

12           BE IT FURTHER RESOLVED that the committee consider  
13 determining a cash balance floor below which school districts  
14 should not fall and also some type of appeal process,  
15 particularly when a school district knows in advance that it  
16 will have to use its current- or next-year cash balances for a  
17 particular purpose; and

18           BE IT FURTHER RESOLVED that if the committee determines  
19 that cash balances should be severely limited, it should  
20 consider increases to emergency supplemental funding or another  
21 fund that school districts can apply to for planned or exigent  
22 needs; and

23           BE IT FURTHER RESOLVED that the legislative finance  
24 committee, the public education department, the state auditor's  
25 office, any other state agency or institution, the school

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1 districts and charter schools and the coalition of school  
2 administrators be requested to assist the legislative education  
3 study committee as required; and

4 BE IT FURTHER RESOLVED that copies of this memorial be  
5 transmitted to the chair and director of the legislative  
6 education study committee.

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