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SECRETARY OF EDUCATION

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GOVERNOR

April 6, 2020

**MEMORANDUM**

**TO:** School Business Officials, Superintendents, and Charter School Head Administrators

**FROM:** Adán Delgado, Deputy Secretary of Finance and Operations 

**RE:** **Required use of Program Codes in the UCOA for Fiscal Year 2020-2021 Operating Budgets**

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Legislation passed during the 2019 Regular Legislative Session (HB5/SB1 “Public Education Changes”, being Laws of 2019, Chapter 207) creates new reporting requirements for program unit generation under the public school funding formula. Specifically, elements of HB5/SB1 and existing law require a narrative in an educational plan that delineates how certain state equalization guarantee (SEG) funding related to the K-5 Plus Act, extended learning time programs, students with disabilities and at-risk programs are being used for services.

In order to facilitate Operating Budget reporting in FY21, the PED is updating Supplement 3 of the Public School Accounting and Budgeting Manual of Procedures (see attached) to require school districts and charter schools use of program codes. Previously optional, these program codes are now required for Operating Budget submittals and required financial reporting (actual revenue and expenditures quarterly reports) in order to facilitate comparisons to narratives in your Education Plan. Additional updates have been made to reflect the required use of location codes for school level per-pupil expenditure (PPE) reporting required under the federal *Every Student Succeeds Act*.

Currently, the PED has established the following program codes in the Universal Chart of Accounts relevant to the education plan and FY21 Operating Budget: 2000 Special Programs

(students with special need) and 4020 At-risk Programs. The PED has updated the description of at-risk program services to correspond to recent statutory changes, and has made the use of such expenditure tracking and reporting mandatory.

The PED also revised Supplement 3 to establish three new program codes:

- 4025 At-Risk Special Programs – Activities for students with special needs designed to improve their ability to learn, but funded from at-risk funding sources;
- 4030 K-5 Plus Programs - Activities for students enrolled in programs related to the *K-5 Plus Act* (22-13D-1 NMSA 1978).
- 4040 Extended Learning Time Programs - Activities for an extended learning time program, as described in the PED-approved Education Plan, to include expenditures for programs under 22-8-23.10 NMSA 1978

Please, also be advised that PED is looking to compare Operational sub fund expenditures tracked under the At-risk (4020) program codes to the narrative in the education plan to allow verification of expenditures for research-based or evidence-based social, emotional or academic interventions and services such as:

- (1) case management, tutoring, reading interventions and after-school programs that are delivered by social workers, counselors, teachers or other professional staff;
- (2) culturally relevant professional and curriculum development, including those necessary to support language acquisition, bilingual and multicultural education;
- (3) additional compensation strategies for high-need schools;
- (4) whole school interventions, including school-based health centers and community schools;
- (5) educational programming intended to improve career and college readiness of at-risk students, including dual or concurrent enrollment, career and technical education, guidance counseling services and coordination with post-secondary institutions; and
- (6) services to engage and support parents and families in the education of students.

Additionally, similar comparisons between budgeted Operational sub fund program codes and the Educational Plan will be made for special programs, K-5 Plus and Extended Learning Time programs. The use of program codes in budgeted FY21 expenditures are designed to facilitate extracts from OBMS to populate Education Plan documents.

If you have any comments, questions or concerns regarding the use of the new, or current optional program codes, please contact David Craig at [david.craig@state.nm.us](mailto:david.craig@state.nm.us) or at 505-827-6537.

cc: David Craig, Director, School Budget and Finance Analysis Bureau