



NEW MEXICO LEGISLATURE

**PUBLIC SCHOOL
CAPITAL OUTLAY
OVERSIGHT TASK FORCE**

2022 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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TABLE OF CONTENTS

INTERIM SUMMARY

WORK PLAN AND MEETING SCHEDULE

AGENDAS AND MINUTES

ENDORSED LEGISLATION

INTERIM SUMMARY

Public School Capital Outlay Oversight Task Force 2022 Interim Summary

State statute allows the Public School Capital Outlay Oversight Task Force (PSCOOTF) to hold a maximum of four meetings during each interim, in addition to one organizational meeting. In 2022, the PSCOOTF meetings were held at the State Capitol in Santa Fe on June 21, July 15, September 20, October 31 and December 9, with Representative G. Andrés Romero as chair and Senator William P. Soules as vice chair. The task force began each meeting with a general update from the Public School Facilities Authority (PSFA) that provided an overview of the public school capital funding process and reviewed recent actions and decisions of the Public School Capital Outlay Council, including current awards and projects.

During the July meeting, the task force reviewed the *Zuni* lawsuit and the state's response to the ruling that declared the Public School Capital Outlay Act and Public School Capital Improvements Act unconstitutional. Additionally, the meeting covered the history of the state-local match funding structure and identified problematic factors, improvements implemented by the PSFA, determinants of the PSFA budget and the economic impact of construction, including cost escalation and supply chain interruption factors.

The September meeting examined the rankings of rural and urban public schools based on the New Mexico Condition Index and legislative scenarios related to local match waivers and the phase two state-local match funding formula. The meeting also addressed student population trends and forecasts, the impact of House Bill 43 (2022) on charter schools, the severance tax bond funding of public school capital and the challenges faced by local school districts in funding capital projects due to offsets and state-local match requirements. The meeting ended with a discussion of the limitations of adequacy standards for funding capital projects in local school districts and challenges of the waiver criteria.

In October, the task force heard about difficulties encountered by school districts with high state-local match percentages and was presented various options for adjusting the state-local match formula. An overview of the Office of Broadband Access and Expansion and the Connect New Mexico Council was heard. Additionally, the task force heard about the current implementation and future needs of infrastructure for career technical education programs and school security and safety.

The task force ended its work for the interim by endorsing draft legislation planned to be introduced in the 2023 legislative session. During the December meeting, the task force received an update on the facilities master plan assistance awards, broadband category 2 awards and out-of-cycle awards. They discussed the Statewide Education Network connectivity guidelines for teachers and students. They also reviewed the Connect New Mexico Pilot Program and the application process for grant awards. The task force heard about the need to expand facilities for pre-kindergarten programming in public schools and tribal communities and potential revenue sources for investment in school buildings. The task force then considered proposed legislation that would reduce the local match by one-third for some school districts and by one-half for some small school districts and pre-kindergarten projects and eliminate the federal impact aid credits and offsets for charter schools. The task force unanimously endorsed the proposed legislation.

WORK PLAN AND MEETING SCHEDULE

**2022 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

Members

Rep. G. Andrés Romero, Chair
Sen. William P. Soules, Vice Chair
Sondra Adams
Rep. Eliseo Lee Alcon
Johnny Benavidez
Rep. Jack Chatfield
Rep. Brian Egolf
Scott Elder
Carl Foster
Rep. Susan K. Herrera (Designee for Rep.
Brian Egolf)
Sen. Stuart Ingle
Ashley Leach (Department of Finance and
Administration Designee)
Rep. Patricia A. Lundstrom

Cindy Montoya
Sen. George K. Munoz
Brandy Murphy
Antonio Ortiz (Public Education
Department Designee)
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Amber L. Romero
Debbie Romero
Stan Rounds
Sen. Joshua A. Sanchez
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Kurt Steinhaus
Sen. Mimi Stewart

Advisory Members

Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Background

Created by statute (Sections 22-24-7 and 22-24-8 NMSA 1978), the Public School Capital Outlay Oversight Task Force oversees the work of the Public School Capital Outlay Council (PSCOC) and the Public School Facilities Authority (PSFA) as they carry out the state's public school capital outlay program and other programs pursuant to the Public School Capital Outlay Act (PSCOA). Task force membership consists of 25 members (or their respective designees), with both legislative and public members determined by statute.

Work Plan

The task force will address the following statutory requirements during the 2022 interim:

1. oversee the work of the PSCOC and the PSFA as they perform functions pursuant to the PSCOA, particularly as the agencies implement the statewide process for making grant awards;
2. monitor the existing permanent revenue streams to ensure that they remain adequate long-term funding sources for public school capital outlay projects;
3. monitor the overall progress of bringing all public school facilities up to the statewide adequacy standards developed pursuant to provisions in the PSCOA; and

4. monitor the progress and effectiveness of programs administered pursuant to the PSCOA and the Public School Capital Improvements Act.

In addition, as time permits, the task force will:

5. review the history of and receive an update on current developments in the *Zuni* lawsuit;

6. examine the impact of recent inflation on school construction and maintenance costs and the ability of the current funding framework to respond to rapidly changing costs;

7. review the process improvements undertaken by the PSFA;

8. examine the possibility of the need to adjust statutes governing the PSFA's budget, given substantial swings in funding overseen and the proliferation of additional separate programs that the PSFA is tasked with administering;

9. review the levels and determinates of state match funding;

10. consider the increase in requests for waivers and the criteria used by the PSCOC for granting waivers;

11. review the impact of nonoperating direct appropriations to schools and how those appropriations impact subsequent funding;

12. review the implementation and impact to the capital outlay funding process and options for charter schools enacted by Laws 2022, Chapter 19 (House Bill 43 (2022), Charter School Facility Improvements);

13. receive the updated forecast of supplemental severance tax bond proceeds and review the long-term trends in severance tax revenue along with the range of upside and downside risks;

14. consider the scope of needs and structure of funding for teacher housing;

15. review how implementation of early childhood education programs in public schools have impacted facility space needs and how those programs in public schools are expected to impact needs in the future;

16. review the expenditure of federal funds and possible additional federal funding opportunities;

17. provide input to the PSCOC for its establishment of rules defining "unrestricted revenue used for capital expenditures", as directed by Laws 2021, Chapter 52 (House Bill 6 (2021), State Equalization Guarantee Distributions); and

18. receive a progress update on broadband connectivity provided through the establishment of a statewide education technology infrastructure network.

**Public School Capital Outlay Oversight Task Force
2022 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 21	Santa Fe
July 15	Santa Fe
September 20	Santa Fe
October 31	Santa Fe
December 9	Santa Fe

AGENDAS AND MINUTES

**TENTATIVE AGENDA
for the
EIGHTY-SECOND MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**June 21, 2022
State Capitol, House Chamber
Santa Fe**

Tuesday, June 21

- 10:00 a.m. **Call to Order and Approval of Minutes**
—Representative G. Andrés Romero, Chair
—Senator William P. Soules, Vice Chair
- 10:15 a.m. (1) **[Public School Facilities Authority \(PSFA\) Overview](#)**
—Martica Casias, Executive Director, PSFA
- 10:45 a.m. (2) **[Proposed Interim Work Plan and Meeting Schedule](#)**
—Public School Capital Outlay Oversight Task Force Members and Staff
- 12:15 p.m. **Adjourn**

MINUTES
of the
EIGHTY-SECOND MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

June 21, 2022
State Capitol, House Chamber
Santa Fe

The eighty-second meeting of the Public School Capital Outlay Oversight Task Force was called to order by Representative G. Andrés Romero, chair, on Tuesday, June 21, 2022, at 10:05 a.m. in the House Chamber of the State Capitol in Santa Fe.

Present

Rep. G. Andrés Romero, Chair
Sen. William P. Soules, Vice Chair
Sondra Adams
Rep. Jack Chatfield
Scott Elder
Carl Foster
Sen. Stuart Ingle
Rep. Patricia A. Lundstrom
Cinthia Martinez, Designee for Secretary of
Finance and Administration Debbie
Romero
Antonio Ortiz, Designee for Secretary of
Public Education Kurt Steinhaus
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Stan Rounds
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Sen. Mimi Stewart

Advisory Members

Sen. Michael Padilla

Guest Legislators

Rep. T. Ryan Lane
Rep. Candie G. Sweetser

Absent

Rep. Eliseo Lee Alcon
Johnny Benavidez
Rep. Brian Egolf
Cindy Montoya
Sen. George K. Munoz
Brandy Murphy
Amber L. Romero
Sen. Joshua A. Sanchez

Sen. Leo Jaramillo
Sen. Cliff R. Pirtle

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)

Clinton Turner, Research and Fiscal Policy Analyst, LCS

Sheila Keleher, Research Assistant, LCS

Lenaya Montoya, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Tuesday, June 21

Welcome and Introductions (10:05 a.m.)

Representative Romero welcomed task force members and guest legislators. Task force members, staff and guests introduced themselves.

Public School Capital Outlay Council (PSCOC) and Public School Facilities Authority (PSFA) Overview (10:12 a.m.)

Martica Casias, executive director, PSFA, and Ryan Parks, deputy director, PSFA, presented an overview of the PSCOC and the PSFA. The public school project process and various funding sources were also reviewed. The presentation can be found here:

www.nmlegis.gov/handouts/PSCO%20062122%20Item%201%20PSFA-PSCOC%20Overview.pdf.

Proposed Interim Work Plan and Meeting Schedule (11:19 a.m.)

Mr. Turner presented the 2022 proposed work plan and meeting schedule. Task force members discussed the proposed work plan and made suggestions on the content and language of particular items. The proposed work plan can be found here:

www.nmlegis.gov/handouts/PSCO%20062122%20Item%202%20PSCOproposed%20work%20plan.22.pdf.

Upon a motion made by Senator Stewart and seconded by Senator Pinto, the task force voted to approve the 2022 proposed work plan and meeting schedule.

Adjournment

There being no further business before the task force, the meeting adjourned at 11:32 a.m.

Revised: July 14, 2022

**TENTATIVE AGENDA
for the
EIGHTY-THIRD MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**July 15, 2022
State Capitol, House Chamber
Santa Fe**

Friday, July 15

- 9:00 a.m. **Call to Order and Approval of Minutes**
—Representative G. Andrés Romero, Chair
—Senator William P. Soules, Vice Chair
- 9:15 a.m. (1) **Public School Facilities Authority (PSFA) Update and Responses**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
- 10:00 a.m. (2) **Zuni Lawsuit Update**
—Martica Casias, Executive Director, PSFA
—Cholla Khoury, Chief Deputy Attorney General, Civil Affairs, Office of
the Attorney General (OAG)
—Nicholas Sydow, Solicitor General, OAG
—Erin Lecocq, Assistant Attorney General, OAG
- 11:15 a.m. (3) **Review of the State-Local Match Funding Structure and Level Shifts**
—Martica Casias, Executive Director, PSFA
- 12:00 noon **Lunch**
- 1:00 p.m. (4) **Determinates of PSFA Budget**
—Martica Casias, Executive Director, PSFA
—Brad Mathews, Chief Financial Officer, PSFA
- 2:00 p.m. (5) **Administrative Process Improvements Undertaken by the PSFA**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
- 2:30 p.m. (6) **School Construction Cost Inflation**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Benjamin Gardner, Chief Executive Officer, Principal and Architect,
Dekker/Perich/Sabatini Commercial Group
—Lawrence Peterson, Executive Vice President, Bradbury Stamm
Construction

4:30 p.m. **Public Comment***

5:00 p.m. **Adjourn**

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Public School Capital Outlay Oversight Task Force [web page](#) and following instructions under the "Extra Information" section.

MINUTES
of the
EIGHTY-THIRD MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

July 15, 2022
State Capitol, House Chamber
Santa Fe

The eighty-third meeting of the Public School Capital Outlay Oversight Task Force was called to order by Representative G. Andrés Romero, chair, on Friday, July 15, 2022, at 9:07 a.m. in the House Chamber of the State Capitol in Santa Fe.

Present

Rep. G. Andrés Romero, Chair
Rep. Eliseo Lee Alcon
Johnny Benavidez
Sen. Stuart Ingle
Ashley Leach, Designee for Secretary
of Finance and Administration
Debbie Romero
Rep. Patricia A. Lundstrom
Sen. George K. Munoz
Brandy Murphy
Antonio Ortiz, Designee for Secretary of
Public Education Kurt Steinhaus
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Amber L. Romero
Sen. Joshua A. Sanchez
Sen. Benny Shendo, Jr.
Sen. Mimi Stewart

Absent

Sen. William P. Soules, Vice Chair
Sondra Adams
Rep. Jack Chatfield
Rep. Brian Egolf
Scott Elder
Carl Foster
Cindy Montoya
Stan Rounds
Karen Sanchez-Griego

Advisory Members

Sen. Cliff R. Pirtle
Sen. Leo Jaramillo
Sen. Michael Padilla

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Clinton Turner, Research and Fiscal Policy Analyst, LCS
Sheila Keleher, Research Assistant, LCS
Lenaya Montoya, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

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Friday, July 15

Welcome (9:07 a.m.)

Representative Romero welcomed task force members and guests.

Public School Capital Outlay Council (PSCOC) and Public School Facilities Authority (PSFA) Update and Responses (9:12 a.m.)

Martica Casias, executive director, PSFA; Ryan Parks, deputy director, PSFA; and Brad Mathews, chief financial officer, PSFA, addressed questions from the previous meeting and presented an update on the PSCOC school construction projects and the financial plan. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=7/15/2022&ItemNumber=1>.

Zuni Lawsuit Update (9:43 a.m.)

Ms. Casias presented an overview of the State of New Mexico's response to the *Zuni* lawsuit and the standards-based capital funding program. Cholla Khoury, chief deputy attorney general, Civil Affairs, Office of the Attorney General (OAG); Nicholas Sydow, solicitor general, OAG; and Erin Lecocq, assistant attorney general, OAG, reviewed the district court's December 2020 ruling, which held that the Public School Capital Outlay Act and the Public School Capital Improvements Act are unconstitutional. The panel also reviewed the state's motion for post-judgment relief, which was denied in 2021, as well as the current status of the state's appeal of the 2020 ruling. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=7/15/2022&ItemNumber=2>.

Review of the State-Local Match Funding Structure and Level Shifts (10:07 a.m.)

Ms. Casias reviewed the history of the state-local funding formula, including the problematic factors that were identified by the 2015 assessment by the Bureau of Business and Economic Research at the University of New Mexico. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%203%20State-Local%20Match.pdf>.

Approval of Minutes (10:30 a.m.)

Upon a motion duly made and seconded, and without any objections, the task force approved the minutes of the June 21, 2022 meeting.

Administrative Process Improvements Undertaken by the PSFA (10:32 a.m.)

Ms. Casias and Mr. Parks explained the PSFA's improvement strategies, including simplifying the awards application process and implementing quarterly partnership meetings. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%206%20Process%20Improvement%20%20July%2015,%202022.pdf>.

Determinants of PSFA Budget (10:49 a.m.)

Ms. Casias and Mr. Mathews reviewed the PSCOC annual grant assistance. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%204%20Determinants%20of%20PSFA%20Budget.pdf>.

School Construction Cost Inflation (1:04 p.m.)

Ms. Casias; Mr. Parks; Dennis Towne, president, Bradbury Stamm Construction; and Lawrence Peterson, executive vice president, Bradbury Stamm Construction, gave an overview of the economic impact of construction, including cost escalation and supply chain interruption factors. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%205%20School%20Construction%20Cost%20Inflation%20PSCOOTF%2007152022.pdf>.

Public Comment (1:47 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the task force, the meeting adjourned at 1:51 p.m.

- 1:30 p.m. (7) **Direct Legislative Appropriations (Offsets)**
—Martica Casias, Executive Director, PSFA
—Kim Mizell, Superintendent, Bloomfield School District
—Scott Elder, Superintendent, Albuquerque Public School District
—V. Sue Cleveland, Superintendent, Rio Rancho Public School District
—Travis Lightfoot, Superintendent, Corona Public School District
- 3:00 p.m. (8) **Waivers and Waiver Criteria**
—Martica Casias, Executive Director, PSFA
—Kodi Sumpter, Superintendent, Des Moines Municipal School District
—Cody Diehl, Superintendent, Farmington Municipal School District
—Cody Patterson, Superintendent, Carrizozo Municipal School District
—David Lackey, Superintendent, Quemado Independent School District
- 4:30 p.m. **Public Comment***
- 5:00 p.m. **Adjourn**

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Public School Capital Outlay Oversight Task Force [web page](#) and following instructions under the "Extra Information" section.

MINUTES
of the
EIGHTY-FOURTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

September 20, 2022
State Capitol, House Chamber
Santa Fe

The eighty-fourth meeting of the Public School Capital Outlay Oversight Task Force was called to order by Representative G. Andrés Romero, chair, on Tuesday, September 20, 2022, at 8:44 a.m. in the House Chamber of the State Capitol in Santa Fe.

Present

Rep. G. Andrés Romero, Chair
Rep. Eliseo Lee Alcon
Scott Elder
Carl Foster
Ashley Leach, Designee for Secretary of
Finance and Administration Debbie
Romero
Julie Lucero
Rep. Patricia A. Lundstrom
Cindy Montoya
Sen. George K. Munoz
Antonio Ortiz, Designee for Secretary of
Public Education Kurt Steinhaus
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Amber L. Romero
Stan Rounds
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Sen. Mimi Stewart

Absent

Sen. William P. Soules, Vice Chair
Sondra Adams
Johnny Benavidez
Rep. Jack Chatfield
Rep. Brian Egolf
Sen. Stuart Ingle
Brandy Murphy
Sen. Joshua A. Sanchez

Advisory Members

Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Staff

Clinton Turner, Research and Fiscal Policy Analyst, Legislative Council Service (LCS)
Sheila Keleher, Research Assistant, LCS
Lenaya Montoya, Staff Attorney, LCS
Joanne Vandestreek, Senior Legislative Librarian, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Tuesday, September 20

Welcome (8:44 a.m.)

Representative Romero welcomed task force members and guests.

Public School Capital Outlay Council (PSCOC) Overview (8:46 a.m.)

Joe Guillen, chair, PSCOC; David Abbey, chair, Awards Subcommittee, PSCOC; and David Robbins, chair, Administration, Maintenance and Standards Subcommittee, PSCOC, reviewed the council's financial plan, the 2022-2023 standards-based capital funding awards cycle, Senate Bill 212 (2022) appropriations and project status reports. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=9/20/2022&ItemNumber=1>.

Public School Facilities Authority (PSFA) Update and Responses (10:04 a.m.)

Martica Casias, executive director, PSFA; Ryan Parks, deputy director, PSFA; and Brad Mathews, chief financial officer, PSFA, addressed the authority's total budget based on total bonds sold, using a three-year versus five-year comparison. The panel also reviewed the 2022-2023 weighted New Mexico Condition Index and compared the index's rankings of rural and urban public schools. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=9/20/2022&ItemNumber=2>.

Approval of Minutes (10:34 a.m.)

Upon a motion duly made by Senator Stewart and seconded by Mr. Rounds, and without any objections, the task force approved the minutes of the July 15, 2022 meeting.

2023 Legislative Scenarios (10:34 a.m.)

David Abbey, director, Legislative Finance Committee; Gwen Perea Warniment, director, Legislative Education Study Committee (LESC); Sunny Liu, senior fiscal analyst, Legislative Finance Committee; and Tim Bedeaux, senior policy analyst, LESC, addressed the local match waivers, the phase two local-state match formula and legislative offset scenarios. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092022%20Item%203%202023%20LFC%20LESC%20Proposals%20.pdf>.

Student Population Trends and Forecasts (11:33 a.m.)

John M. Valdez, facilities master planner, PSFA, presented an overview of New Mexico public school enrollment trends and projections, along with related demographic data. Robert Rhatigan, director, University of New Mexico (UNM) Geospatial and Population Studies (GPS); and Jacqueline A. Miller, senior research scientist, UNM GPS, reviewed the factors behind New Mexico's flat population growth and the impact on public school enrollment. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=9/20/2022&ItemNumber=4>.

House Bill 43 (2022), Charter School Facility Improvements, Implementation (12:21 p.m.)

Matthew Pahl, executive director, Public Charter Schools of New Mexico, and Marquita Russel, chief executive officer, New Mexico Finance Authority, presented an overview of New Mexico charter schools and the impacts of House Bill 43 (2022), including the establishment of the Public Project Revolving Fund for public charter school lending. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092022%20Item%205%20HB%2043%20Charter%20Schools%20of%20NM.pdf>.

Supplemental Severance Tax Bonding Capacity Update (1:45 p.m.)

Ashley Leach, director, State Board of Finance, reviewed the severance tax bond funding of public school capital, along with the historical supplemental bond and note issues, expenditures and projected bond capacity. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092022%20Item%206%20DFA%20SSTB%20Capacity%20Update%20.pdf>.

Direct Legislative Appropriations (Offsets) (2:06 p.m.)

Scott Elder, superintendent, Albuquerque Public School District; V. Sue Cleveland, superintendent, Rio Rancho Public School District; and James Olivas, director of data and operations, Bloomfield School District, addressed the challenges that the offsets and the state-

local match requirements pose for funding capital projects in their local school districts. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=9/20/2022&ItemNumber=7>.

Waivers and Waiver Criteria (2:59 p.m.)

Kodi Sumpter, superintendent, Des Moines Municipal School District; Cody Diehl, superintendent, Farmington Municipal School District; Ted Lasiewicz, chief of operations, Farmington Municipal School District; Cody Patterson, superintendent, Carrizozo Municipal School District; Regina Gaysina, director, Municipal Finance, RBC Capital Markets; and David Lackey, superintendent, Quemado Independent School District, discussed the challenges of the waiver criteria and the limitations of the adequacy standards for funding capital projects in their local school districts. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092022%20Item%208%20Des%20Moines%20Municipal%20School%20District.pdf>.

Public Comment (3:39 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the task force, the meeting adjourned at 3:46 p.m.

Revised: October 28, 2022

**TENTATIVE AGENDA
for the
EIGHTY-FIFTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**October 31, 2022
State Capitol, House Chamber
Santa Fe**

Monday, October 31

- 9:00 a.m. (1) **Public School Capital Outlay Council (PSCOC) Update**
—Joe Guillen, Chair, PSCOC
—David Abbey, Chair, Awards Subcommittee, PSCOC
—David Robbins, Chair, Administration, Maintenance and Standards Subcommittee, PSCOC
- 9:30 a.m. (2) **Public School Facilities Authority (PSFA) Briefing and Responses**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Brad Mathews, Chief Financial Officer, PSFA
- 10:00 a.m. (3) **Initial Results of the State-Local Match Funding Formula Study**
—Michael O'Donnell, Director, Bureau of Business and Economic Research, University of New Mexico
—Martica Casias, Executive Director, PSFA
- 11:00 a.m. (4) **Broadband Update, Progress on Statewide Education Network**
—Martica Casias, Executive Director, PSFA
—Kelly Schlegel, Director, Office of Broadband Access and Expansion, Department of Information Technology
- 12:00 noon **Lunch**
- 1:30 p.m. (5) **PSFA Meetings With School Districts on Adequacy Standards**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
- 2:00 p.m. (6) **Career Technical Education Infrastructure Needs**
—Martica Casias, Executive Director, PSFA
—Kevin Summers, Superintendent, Aztec Municipal School District
—Gene Strickland, Superintendent, Hobbs Municipal School District

- 3:00 p.m. (7) **School Security Infrastructure Considerations**
—Martica Casias, Executive Director, PSFA
—Kevin Summers, Superintendent, Aztec Municipal School District
—Dawn Apodaca, Superintendent, Mountainair Public School District
—Jay Brady, Deputy Superintendent of Operations, Technology and
Athletics, Clovis Municipal School District
—Loran Hill, Senior Director of Operations, Clovis Municipal School
District
—Curtis Clough, Superintendent, Hagerman Municipal School District

4:00 p.m. **Public Comment***

4:30 p.m. **Adjourn**

*Members of the public may make comments during the public comment portion of the meeting by clicking the video icon beneath the meeting agenda on the Public School Capital Outlay Oversight Task Force [web page](#) and following instructions under the "Extra Information" section.

MINUTES
of the
EIGHTY-FIFTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

October 31, 2022
State Capitol, House Chamber
Santa Fe

The eighty-fifth meeting of the Public School Capitol Outlay Oversight Task Force was called to order by Representative G. Andrés Romero, chair, on Monday, October 31, 2022, at 9:08 a.m. in the House Chamber of the State Capitol in Santa Fe.

Present

Rep. G. Andrés Romero, Chair
Sen. William P. Soules, Vice Chair
Sondra Adams
Rep. Eliseo Lee Alcon
Rep. Jack Chatfield
Scott Elder
Carl Foster
Sen. Stuart Ingle
Ashley Leach, Designee for Secretary of
Finance and Administration Debbie
Romero
Rep. Patricia A. Lundstrom
Cindy Montoya
Antonio Ortiz, Designee for Secretary of
Public Education Kurt Steinhaus
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Stan Rounds
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Sen. Mimi Stewart

Advisory Members

Sen. Michael Padilla

Absent

Johnny Benavidez
Rep. Brian Egolf
Julie Lucero
Sen. George K. Munoz
Brandy Murphy
Amber L. Romero
Sen. Joshua A. Sanchez

Sen. Leo Jaramillo
Sen. Cliff R. Pirtle

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Clinton Turner, Research and Fiscal Policy Analyst, LCS
Sheila Keleher, Research Assistant, LCS
Lenaya Montoya, Staff Attorney, LCS
Joanne Vandestreek, Senior Legislative Librarian, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, October 31**Welcome (9:08 a.m.)**

Representative Romero welcomed task force members and guests.

Public School Capital Outlay Council (PSCOC) Update (9:09 a.m.)

Joe Guillen, chair, PSCOC; David Abbey, chair, Awards Subcommittee, PSCOC; David Robbins, chair, Administration, Maintenance and Standards Subcommittee, PSCOC; Martica Casias, executive director, Public School Facilities Authority (PSFA); and Gwen Perea-Warniment, director, Legislative Education Study Committee, presented an update on the PSCOC programs, including systems-based capital outlay awards, out-of-cycle awards and standards-based awards. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20103122%20Item%201%20%20PSCOC%20Update.pdf>.

Approval of Minutes (9:43 a.m.)

Upon a motion made and seconded, and without any objections, the task force approved the minutes of the September 20, 2022 meeting.

PSFA Briefing and Responses (9:44 a.m.)

Ms. Casias reviewed the three-year versus five-year average award allocations, as well as the salaries of PSFA regional project managers. The presentation materials can be found here:

<http://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=10/31/2022&ItemNumber=2>.

Initial Results of the State-Local Match Funding Formula Study (9:52 a.m.)

Michael O'Donnell, director, Bureau of Business and Economic Research, University of New Mexico, and Ms. Casias addressed the issue of school districts that have state-local match

percentages that are too high, thereby making it difficult for them to participate in the program. Mr. O'Donnell presented various options for adjusting the state-local match formula. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20103122%20Item%203%20%20UNM%20BBER%20-%20State-Local%20Match.pdf>.

Broadband Update, Progress on Statewide Education Network (10:55 a.m.)

Kelly Schlegel, director, Office of Broadband Access and Expansion (OBAE), Department of Information Technology (DoIT); Dianne Lindstrom, deputy director, OBAE, DoIT; and Ms. Casias presented an overview of the OBAE and the Connect New Mexico Council, which were established in 2021 by House Bill 10, Senate Bill 93 and Senate Bill 377. Ms. Schlegel noted that the *Yazzie/Martinez* lawsuit was instrumental in the creation of the OBAE, given the court's findings that the state of New Mexico must establish equity for all students in accessing broadband connectivity. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20103122%20Item%204%20%20Office%20of%20Broadband.pdf>.

PSFA Meetings With School Districts on Adequacy Standards (1:35 p.m.)

Ms. Casias and Ryan Parks, deputy director, PSFA, reviewed the history of the statewide adequacy standards, which were developed in response to the 1999 *Zuni* lawsuit. Updates to the adequacy standards and the adequacy planning guide were also discussed. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=10/31/2022&ItemNumber=5>.

Career Technical Education Infrastructure Needs (1:56 p.m.)

Ms. Casias; Kevin Summers, superintendent, Aztec Municipal School District; Curtis Clough, superintendent, Hagerman Municipal School District; and Gene Strickland, superintendent, Hobbs Municipal School District, addressed the importance of career technical education programs and infrastructure needs within local districts to make those programs successful. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20103122%20Item%206%20Aztec%20Municipal%20School%20District%20.pdf>.

School Security Infrastructure Considerations (3:17 p.m.)

Ms. Casias; Jay Brady, deputy superintendent, Operations, Technology and Athletics, Clovis Municipal School District; Dawn Apodaca, superintendent, Mountainair Public School District; Loran Hill, senior director of operations, Clovis Municipal School District; Mr.

Summers; and Mr. Clough addressed security and safety issues in their respective school districts. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20103122%20Item%207%20school%20district.pdf>.

Public Comment

There was no public comment.

Adjournment

There being no further business before the task force, the meeting adjourned at 4:16 p.m.

**MINUTES
of the
EIGHTY-SIXTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**December 9, 2022
State Capitol, House Chamber
Santa Fe**

The eighty-sixth meeting of the Public School Capital Outlay Oversight Task Force was called to order by Representative G. Andrés Romero, chair, on Friday, December 9, 2022, at 9:07 a.m. in the House Chamber of the State Capitol in Santa Fe.

Present

Rep. G. Andrés Romero, Chair
Sondra Adams
Rep. Eliseo Lee Alcon
Johnny Benavidez
Rep. Jack Chatfield
Sen. Stuart Ingle
Ashley Leach, Designee for Secretary of
Finance and Administration Debbie
Romero
Julie Lucero
Antonio Ortiz, Designee for Secretary of
Public Education Kurt Steinhaus
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Amber L. Romero
Stan Rounds
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Sen. Mimi Stewart

Advisory Members

Absent

Sen. William P. Soules, Vice Chair
Rep. Brian Egolf
Scott Elder
Carl Foster
Rep. Patricia A. Lundstrom
Cindy Montoya
Sen. George K. Munoz
Brandy Murphy
Sen. Joshua A. Sanchez

Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Guest Legislator

Rep. Tara L. Lujan

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Clinton Turner, Research and Fiscal Policy Analyst, LCS

Sheila Keleher, Research Assistant, LCS
Lenaya Montoya, Staff Attorney, LCS
Joanne Vandestreek, Senior Legislative Librarian, LCS

Minutes Approval

Because the task force will not meet again this year, the minutes for this meeting have not been officially approved by the task force.

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, December 9

Welcome (9:07 a.m.)

Representative Romero welcomed task force members, staff and guests.

Public School Capital Outlay Council (PSCOC) Update (9:08 a.m.)

Raúl E. Burciaga, vice chair, PSCOC; David Abbey, chair, Awards Subcommittee, PSCOC; David Robbins, chair, Administration, Maintenance and Standards Subcommittee, PSCOC; and Martica Casias, executive director, Public School Facilities Authority (PSFA), presented an update on the facilities master plan assistance awards, broadband category 2 awards and out-of-cycle awards. Mr. Burciaga reviewed the recertification of supplemental severance tax bonds, the Statewide Education Network connectivity guidelines for teachers and students and the Ben Lujan Maintenance Achievement Awards. Mr. Abbey discussed the potential standards-based awards for the Estancia Municipal School District and the Pojoaque Valley Public School District. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=12/9/2022&ItemNumber=1>.

PSFA Briefing and Responses (9:42 a.m.)

Ms. Casias and Dianne Lindstrom, deputy director, Office of Broadband Access and Expansion, Department of Information Technology, reviewed the Connect New Mexico Pilot Program and the application process for grant awards. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20120922%20Item%202%20%20PSFA%20Briefing%20and%20Responses%20-%20Proposed%20State-Local%20Match,%20Offsets.pdf>.

Early Childhood Capital Needs and Implementation of Constitutional Amendment for Early Childhood Education (10:00 a.m.)

Elizabeth Groginsky, secretary, Early Childhood Education and Care Department (ECECD), discussed the need for expanding facilities for pre-kindergarten programming in public schools and tribal communities. Secretary Groginsky noted that the ECECD will continue to look at the Land Grant Permanent Fund and the Early Childhood Education and Care Fund as revenue sources for opportunities to invest in school buildings.

Consideration of Legislation for Endorsement (10:46 a.m.)

Mr. Turner discussed proposed legislation which would allow the PSFA to base its budget on a five-year average and reduce the local match by one-third for some school districts and by one-half for small school districts. In addition, Mr. Turner discussed the proposal to eliminate the federal impact aid credits, eliminate offsets for charter schools and reduce the local match for pre-kindergarten projects by 50 percent. Tim Bedeaux, senior policy analyst, Legislative Education Study Committee; Sunny Liu, fiscal analyst, Legislative Finance Committee; and Ms. Casias elaborated on the local match reduction and the elimination of both the offset provision and the federal impact aid credits. Ms. Casias discussed the removal of direct legislative appropriations, the proposed year-round award cycle for all PSCOC-funded programs and the simplified application process. Upon a motion made by Mr. Rounds, seconded by Senator Stewart and without objection, the task force moved to endorse the proposed legislation. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=12/9/2022&ItemNumber=4>.

Approval of Minutes (11:17 a.m.)

Upon a motion made and seconded, and without any objections, the task force approved the minutes of the October 31, 2022 meeting.

Adjournment

There being no further business before the task force, the meeting adjourned at 11:18 a.m.

ENDORSED LEGISLATION

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SENATE BILL

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

INTRODUCED BY

FOR THE PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE
AND THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO PUBLIC SCHOOL CAPITAL OUTLAY; ALLOWING THE PUBLIC SCHOOL FACILITIES AUTHORITY BUDGET TO BE BASED ON A FIVE-YEAR AVERAGE; ELIMINATING OFFSETS FOR SCHOOL DISTRICTS; REDUCING THE LOCAL MATCH BY ONE-THIRD FOR SOME SCHOOL DISTRICTS; REDUCING THE LOCAL MATCH BY ONE-HALF FOR CERTAIN SMALL SCHOOL DISTRICTS; ELIMINATING THE IMPACT AID CREDIT; ELIMINATING OFFSETS FOR CHARTER SCHOOLS; REDUCING THE LOCAL MATCH FOR PRE-KINDERGARTEN PROJECTS BY FIFTY PERCENT; PROVIDING TECHNICAL CLEANUP; MAKING APPROPRIATIONS.

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

SECTION 1. Section 22-24-4 NMSA 1978 (being Laws 1975, Chapter 235, Section 4, as amended) is amended to read:

"22-24-4. PUBLIC SCHOOL CAPITAL OUTLAY FUND CREATED--
USE.--

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1 A. The "public school capital outlay fund" is
2 created. Balances remaining in the fund at the end of each
3 fiscal year shall not revert.

4 B. Except as provided in Subsections G and I
5 through [Q] Q of this section, money in the fund may be used
6 only for capital expenditures deemed necessary by the council
7 for an adequate educational program.

8 C. The council may authorize the purchase by the
9 authority of portable classrooms to be loaned to school
10 districts to meet a temporary requirement. Payment for these
11 purchases shall be made from the fund. Title to and custody of
12 the portable classrooms shall rest in the authority. The
13 council shall authorize the lending of the portable classrooms
14 to school districts upon request and upon finding that
15 sufficient need exists. Application for use or return of
16 state-owned portable classroom buildings shall be submitted by
17 school districts to the council. Expenses of maintenance of
18 the portable classrooms while in the custody of the authority
19 shall be paid from the fund; expenses of maintenance and
20 insurance of the portable classrooms while in the custody of a
21 school district shall be the responsibility of the school
22 district. The council may authorize the permanent disposition
23 of the portable classrooms by the authority with prior approval
24 of the state board of finance.

25 D. Applications for assistance from the fund shall

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1 be made by school districts to the council in accordance with
2 requirements of the council. Except as provided in Subsection
3 K of this section, the council shall require as a condition of
4 application that a school district have a current five-year
5 facilities plan that shall include a current preventive
6 maintenance plan to which the school adheres for each public
7 school in the school district.

8 E. The council shall review all requests for
9 assistance from the fund and shall allocate funds only for
10 those capital outlay projects that meet the criteria of the
11 Public School Capital Outlay Act.

12 F. Money in the fund shall be disbursed by warrant
13 of the department of finance and administration on vouchers
14 signed by the secretary of finance and administration following
15 certification by the council that an application has been
16 approved or an expenditure has been ordered by a court pursuant
17 to Section 22-24-5.4 NMSA 1978. At the discretion of the
18 council, money for a project shall be distributed as follows:

19 (1) up to ten percent of the portion of the
20 project cost funded with distributions from the fund or five
21 percent of the total project cost, whichever is greater, may be
22 paid to the school district before work commences with the
23 balance of the grant award made on a cost-reimbursement basis;
24 or

25 (2) the council may authorize payments

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1 directly to the contractor.

2 G. Balances in the fund may be annually
3 appropriated for the core administrative functions of the
4 authority pursuant to the Public School Capital Outlay Act,
5 and, in addition, balances in the fund may be expended by the
6 authority, upon approval of the council, for project management
7 expenses; provided that:

8 (1) the total annual expenditures from the
9 fund for the core administrative functions pursuant to this
10 subsection shall not exceed five percent of the average annual
11 grant assistance authorized from the fund during the [~~three~~
12 five previous fiscal years; and

13 (2) any unexpended or unencumbered balance
14 remaining at the end of a fiscal year from the expenditures
15 authorized in this subsection shall revert to the fund.

16 H. The fund may be expended by the council for
17 building system repair, renovation or replacement initiatives
18 with projects to be identified by the council pursuant to
19 Section 22-24-4.6 NMSA 1978; provided that money allocated
20 pursuant to this subsection shall be expended within three
21 years of the allocation.

22 I. The fund may be expended annually by the council
23 for grants to school districts for the purpose of making lease
24 payments for facilities, including facilities leased by charter
25 schools. The grants shall be made upon application by the

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1 school districts and pursuant to rules adopted by the council;
2 provided that an application on behalf of a charter school
3 shall be made by the school district, but, if the school
4 district fails to make an application on behalf of a charter
5 school, the charter school may submit its own application. The
6 following criteria shall apply to the grants:

7 (1) the amount of a grant to a school district
8 or charter school shall not exceed:

9 (a) the actual annual lease payments
10 owed for leasing a facility; or

11 (b) seven hundred dollars (\$700)
12 multiplied by the MEM using the leased facilities; provided
13 that in fiscal year 2009 and in each subsequent fiscal year,
14 this amount shall be adjusted by the percentage change between
15 the penultimate calendar year and the immediately preceding
16 calendar year of the consumer price index for the United
17 States, all items, as published by the United States department
18 of labor;

19 (2) a grant received for the lease payments of
20 a charter school may be used by that charter school as a state
21 match necessary to obtain federal grants pursuant to the
22 federal Every Student Succeeds Act;

23 (3) at the end of each fiscal year, any
24 unexpended or unencumbered balance of the grant shall revert to
25 the fund;

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1 (4) no grant shall be made for lease payments
2 due pursuant to a financing agreement under which the
3 facilities may be purchased for a price that is reduced
4 according to the lease payments made unless:

5 (a) the agreement has been approved
6 pursuant to the provisions of the Public School Lease Purchase
7 Act; and

8 (b) the facilities are leased by a
9 charter school;

10 (5) if the lease payments are made pursuant to
11 a financing agreement under which the facilities may be
12 purchased for a price that is reduced according to the lease
13 payments made, neither a grant nor any provision of the Public
14 School Capital Outlay Act creates a legal obligation for the
15 school district or charter school to continue the lease from
16 year to year or to purchase the facilities nor does it create a
17 legal obligation for the state to make subsequent grants
18 pursuant to the provisions of this subsection; and

19 (6) as used in this subsection:

20 (a) "MEM" means: 1) the average full-
21 time-equivalent enrollment using leased facilities on the
22 second and third reporting dates of the prior school year; or
23 2) in the case of an approved charter school that has not
24 commenced classroom instruction, the estimated full-time-
25 equivalent enrollment that will use leased facilities in the

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1 first year of instruction, as shown in the approved charter
2 school application; provided that, after the second reporting
3 date of the current school year, the MEM shall be adjusted to
4 reflect the full-time-equivalent enrollment on that date; and

5 (b) "facilities" includes the space
6 needed for school activities.

7 J. In addition to other authorized expenditures
8 from the fund, up to one percent of the average grant
9 assistance authorized from the fund during the three previous
10 fiscal years may be expended in each fiscal year by the
11 authority to pay the state fire marshal, the construction
12 industries division of the regulation and licensing department
13 and local jurisdictions having authority from the state to
14 permit and inspect projects for expenditures made to permit and
15 inspect projects funded in whole or in part under the Public
16 School Capital Outlay Act. The authority may enter into
17 contracts with the state fire marshal, the construction
18 industries division or the appropriate local authorities to
19 carry out the provisions of this subsection. Such a contract
20 may provide for initial estimated payments from the fund prior
21 to the expenditures if the contract also provides for
22 additional payments from the fund if the actual expenditures
23 exceed the initial payments and for repayments back to the fund
24 if the initial payments exceed the actual expenditures. Money
25 distributed from the fund to the state fire marshal or the

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1 construction industries division pursuant to this subsection
2 shall be used to supplement, rather than supplant,
3 appropriations to those entities.

4 K. Pursuant to guidelines established by the
5 council, allocations from the fund may be made to assist school
6 districts in developing and updating five-year facilities plans
7 required by the Public School Capital Outlay Act; provided
8 that:

9 (1) no allocation shall be made unless the
10 council determines that the school district is willing and able
11 to pay the portion of the total cost of developing or updating
12 the plan that is not funded with the allocation from the fund.
13 Except as provided in Paragraph (2) of this subsection, the
14 portion of the total cost to be paid with the allocation from
15 the fund shall be determined pursuant to the methodology in
16 Subsection B of Section 22-24-5 NMSA 1978; or

17 (2) the allocation from the fund may be used
18 to pay the total cost of developing or updating the plan if:

19 (a) the school district has fewer than
20 an average of six hundred full-time-equivalent students on the
21 second and third reporting dates of the prior school year; or

22 (b) the school district meets all of the
23 following requirements: 1) the school district has fewer than
24 an average of one thousand full-time-equivalent students on the
25 second and third reporting dates of the prior school year; 2)

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1 the school district has at least seventy percent of its
2 students eligible for free or reduced-fee lunch; 3) the state
3 share of the total cost, if calculated pursuant to the
4 methodology in Subsection B of Section 22-24-5 NMSA 1978, would
5 be less than fifty percent; and 4) for all educational
6 purposes, the school district has a residential property tax
7 rate of at least seven dollars (\$7.00) on each one thousand
8 dollars (\$1,000) of taxable value, as measured by the sum of
9 all rates imposed by resolution of the local school board plus
10 rates set to pay interest and principal on outstanding school
11 district general obligation bonds.

12 L. Upon application by a school district,
13 allocations from the fund may be made by the council for the
14 purpose of demolishing abandoned school district facilities;
15 provided that:

16 (1) the costs of continuing to insure an
17 abandoned facility outweigh any potential benefit when and if a
18 new facility is needed by the school district;

19 (2) there is no practical use for the
20 abandoned facility without the expenditure of substantial
21 renovation costs; and

22 (3) the council may enter into an agreement
23 with the school district to fully fund the demolition of the
24 abandoned school district facility if Paragraphs (1) and (2) of
25 this subsection are satisfied.

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1 M. Up to ten million dollars (\$10,000,000) of the
2 fund may be expended each year for an education technology
3 infrastructure deficiency corrections initiative pursuant to
4 Section 22-24-4.5 NMSA 1978; provided that funding allocated
5 pursuant to this section shall be expended within three years
6 of its allocation.

7 ~~[N. For each fiscal year from 2018 through 2022,~~
8 ~~twenty-five million dollars (\$25,000,000) of the fund is~~
9 ~~reserved for appropriation by the legislature to the~~
10 ~~instructional material fund or to the transportation~~
11 ~~distribution of the public school fund. The secretary shall~~
12 ~~certify the need for the issuance of supplemental severance tax~~
13 ~~bonds to meet an appropriation from the public school capital~~
14 ~~outlay fund to the instructional material fund or to the~~
15 ~~transportation distribution of the public school fund. Any~~
16 ~~portion of an amount of the public school capital outlay fund~~
17 ~~that is reserved for appropriation by the legislature for a~~
18 ~~fiscal year, but that is not appropriated before the first day~~
19 ~~of that fiscal year, may be expended by the council as provided~~
20 ~~in this section.~~

21 ~~O. Up to ten million dollars (\$10,000,000) of the~~
22 ~~fund may be expended in each of fiscal years 2019 through 2022~~
23 ~~for school security system project grants made in accordance~~
24 ~~with Section 22-24-4.7 NMSA 1978.~~

25 P.] N. The fund may be expended in each of fiscal

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1 years 2020 through 2024 for a pre-kindergarten classroom
2 facilities initiative project in accordance with Section
3 22-24-12 NMSA 1978.

4 [Q-] O. The council may fund pre-kindergarten
5 classrooms with a qualifying, awarded standards-based project;
6 provided that pre-kindergarten classroom space shall not be
7 included in the project prioritization calculation adopted by
8 the council pursuant to Section 22-24-5 NMSA 1978. The council
9 shall develop pre-kindergarten classroom standards to use when
10 funding pre-kindergarten space."

11 **SECTION 2.** Section 22-24-4.5 NMSA 1978 (being Laws 2014,
12 Chapter 28, Section 4, as amended) is amended to read:

13 "22-24-4.5. EDUCATION TECHNOLOGY INFRASTRUCTURE
14 DEFICIENCY CORRECTIONS.--

15 A. No later than September 1, 2014, the council,
16 with the advice of the department and the department of
17 information technology, shall define and develop:

18 (1) minimum adequacy standards for an
19 education technology infrastructure deficiency corrections
20 initiative to identify and determine reasonable costs for
21 correcting education technology infrastructure deficiencies in
22 or affecting school districts;

23 (2) a methodology for prioritizing projects to
24 correct education technology infrastructure deficiencies in or
25 affecting school districts; and

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1 (3) a methodology for determining a school
2 district's share of the project costs.

3 B. The council shall develop guidelines for a
4 statewide education technology infrastructure network that
5 integrates regional hub locations for network services and the
6 installation and maintenance of equipment. The council may
7 fund education technology infrastructure projects or items that
8 the council determines are in accord with the guidelines and
9 necessary to education for:

- 10 (1) students;
- 11 (2) school buses;
- 12 (3) internet connectivity within a school
13 district;
- 14 (4) a multi-district regional education
15 network; and
- 16 (5) a statewide education network.

17 C. The council may approve allocations from the
18 fund pursuant to Subsection M of Section 22-24-4 NMSA 1978 and
19 this section for projects in or affecting a school district
20 committing to pay its share of the project costs. The council
21 may adjust the school district's share of the project costs in
22 accordance with Paragraph [~~(11)~~] (9) of Subsection B of Section
23 22-24-5 NMSA 1978 or the methodology for determining the school
24 district's share of the project costs."

25 **SECTION 3.** Section 22-24-5 NMSA 1978 (being Laws 1975,
.223539.2

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1 Chapter 235, Section 5, as amended) is amended to read:

2 "22-24-5. PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS--
3 APPLICATION--GRANT ASSISTANCE.--

4 A. Applications for grant assistance, approval of
5 applications, prioritization of projects and grant awards shall
6 be conducted pursuant to the provisions of this section.

7 B. Except as provided in Sections 22-24-4.3,
8 22-24-5.4 and 22-24-5.6 NMSA 1978, the following provisions
9 govern grant assistance from the fund for a public school
10 capital outlay project not wholly funded pursuant to Section
11 22-24-4.1 NMSA 1978:

12 (1) all school districts are eligible to apply
13 for funding from the fund, regardless of percentage of
14 indebtedness;

15 (2) priorities for funding shall be determined
16 by using the statewide adequacy standards developed pursuant to
17 Subsection C of this section; provided that:

18 (a) the council shall apply the
19 standards to charter schools to the same extent that they are
20 applied to other public schools;

21 (b) the council may award grants
22 annually to school districts for the purpose of repairing,
23 renovating or replacing public school building systems in
24 existing buildings as identified in Section 22-24-4.6 NMSA
25 1978;

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1 (c) the council shall adopt and apply
2 adequacy standards appropriate to the unique needs of the
3 constitutional special schools; and

4 [~~(d) the council may award school~~
5 ~~security system project grants to school districts pursuant to~~
6 ~~the provisions of Section 22-24-4.7 NMSA 1978; and~~

7 ~~(e)]~~ (d) in an emergency in which the
8 health or safety of students or school personnel is at
9 immediate risk or in which there is a threat of significant
10 property damage, the council may award grant assistance for a
11 project using criteria other than the statewide adequacy
12 standards;

13 (3) the council shall establish criteria to be
14 used in public school capital outlay projects that receive
15 grant assistance pursuant to the Public School Capital Outlay
16 Act. In establishing the criteria, the council shall consider:

17 (a) the feasibility of using design,
18 build and finance arrangements for public school capital outlay
19 projects;

20 (b) the potential use of more durable
21 construction materials that may reduce long-term operating
22 costs;

23 (c) concepts that promote efficient but
24 flexible utilization of space; and

25 (d) any other financing or construction

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1 concept that may maximize the dollar effect of the state grant
2 assistance;

3 (4) no more than ten percent of the combined
4 total of grants in a funding cycle shall be used for
5 retrofitting existing facilities for technology infrastructure;

6 ~~[(5) no later than May 1 of each calendar~~
7 ~~year, the phase one formula value shall be calculated for each~~
8 ~~school district in accordance with the following procedure:~~

9 (a) ~~the final prior year net taxable~~
10 ~~value for a school district divided by the MEM for that school~~
11 ~~district is calculated for each school district;~~

12 (b) ~~the final prior year net taxable~~
13 ~~value for the whole state divided by the MEM for the state is~~
14 ~~calculated;~~

15 (c) ~~excluding any school district for~~
16 ~~which the result calculated pursuant to Subparagraph (a) of~~
17 ~~this paragraph is more than twice the result calculated~~
18 ~~pursuant to Subparagraph (b) of this paragraph, the results~~
19 ~~calculated pursuant to Subparagraph (a) of this paragraph are~~
20 ~~listed from highest to lowest;~~

21 (d) ~~the lowest value listed pursuant to~~
22 ~~Subparagraph (c) of this paragraph is subtracted from the~~
23 ~~highest value listed pursuant to that subparagraph;~~

24 (e) ~~the value calculated pursuant to~~
25 ~~Subparagraph (a) of this paragraph for the subject school~~

.223539.2

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1 ~~district is subtracted from the highest value listed in~~
2 ~~Subparagraph (e) of this paragraph;~~

3 ~~(f) the result calculated pursuant to~~
4 ~~Subparagraph (e) of this paragraph is divided by the result~~
5 ~~calculated pursuant to Subparagraph (d) of this paragraph;~~

6 ~~(g) the sum of the property tax mill~~
7 ~~levies for the prior tax year imposed by each school district~~
8 ~~on residential property pursuant to Chapter 22, Article 18 NMSA~~
9 ~~1978, the Public School Capital Improvements Act, the Public~~
10 ~~School Buildings Act, the Education Technology Equipment Act~~
11 ~~and Paragraph (2) of Subsection B of Section 7-37-7 NMSA 1978~~
12 ~~is calculated for each school district;~~

13 ~~(h) the lowest value calculated pursuant~~
14 ~~to Subparagraph (g) of this paragraph is subtracted from the~~
15 ~~highest value calculated pursuant to that subparagraph;~~

16 ~~(i) the lowest value calculated pursuant~~
17 ~~to Subparagraph (g) of this paragraph is subtracted from the~~
18 ~~value calculated pursuant to that subparagraph for the subject~~
19 ~~school district;~~

20 ~~(j) the value calculated pursuant to~~
21 ~~Subparagraph (i) of this paragraph is divided by the value~~
22 ~~calculated pursuant to Subparagraph (h) of this paragraph;~~

23 ~~(k) if the value calculated for a~~
24 ~~subject school district pursuant to Subparagraph (j) of this~~
25 ~~paragraph is less than five-tenths, then, except as provided in~~

.223539.2

1 ~~Subparagraph (n) or (o) of this paragraph, the value for that~~
2 ~~school district equals the value calculated pursuant to~~
3 ~~Subparagraph (f) of this paragraph;~~

4 ~~(l) if the value calculated for a~~
5 ~~subject school district pursuant to Subparagraph (j) of this~~
6 ~~paragraph is five-tenths or greater, then that value is~~
7 ~~multiplied by five-hundredths;~~

8 ~~(m) if the value calculated for a~~
9 ~~subject school district pursuant to Subparagraph (j) of this~~
10 ~~paragraph is five-tenths or greater, then the value calculated~~
11 ~~pursuant to Subparagraph (l) of this paragraph is added to the~~
12 ~~value calculated pursuant to Subparagraph (f) of this~~
13 ~~paragraph. Except as provided in Subparagraph (n) or (o) of~~
14 ~~this paragraph, the sum equals the value for that school~~
15 ~~district;~~

16 ~~(n) in those instances in which the~~
17 ~~calculation pursuant to Subparagraph (k) or (m) of this~~
18 ~~paragraph yields a value less than one-tenth, one-tenth shall~~
19 ~~be used as the value for the subject school district;~~

20 ~~(o) in those instances in which the~~
21 ~~calculation pursuant to Subparagraph (k) or (m) of this~~
22 ~~paragraph yields a value greater than one, one shall be used as~~
23 ~~the value for the subject school district;~~

24 ~~(p) the phase one formula value shall~~
25 ~~equal a fraction the numerator of which is the value for the~~

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1 ~~subject school district in the current year plus the value for~~
2 ~~that school district in each of the two preceding years and the~~
3 ~~denominator of which is three; and~~

4 ~~(q) as used in this paragraph, "MEM"~~
5 ~~means the average full-time equivalent enrollment of students~~
6 ~~attending public school in a school district on the second and~~
7 ~~third reporting dates of the prior school year;~~

8 ~~(6)]~~ (5) no later than May 1 of each calendar
9 year, the phase two formula value shall be calculated for each
10 school district in accordance with the following procedure:

11 (a) the sum of the final prior five
12 years net taxable value for a school district multiplied by
13 nine ten-thousandths for that school district is calculated for
14 each school district;

15 ~~[(b) the value calculated pursuant to~~
16 ~~Subparagraph (a) of this paragraph is added to the average~~
17 ~~unrestricted revenue used for capital expenditures pursuant to~~
18 ~~Subsection K of this section;~~

19 ~~(e)]~~ (b) the maximum allowable gross
20 square foot per student multiplied by the replacement cost per
21 square foot divided by forty-five is calculated for each school
22 district;

23 ~~[(d) in fiscal years 2022 through 2024]~~

24 (c) the value calculated pursuant to Subparagraph (a) of this
25 paragraph divided by the value calculated pursuant to

.223539.2

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1 Subparagraph ~~[(e)]~~ (b) of this paragraph is calculated for each
2 school district; ~~[and in fiscal year 2025 and subsequent fiscal~~
3 ~~years, the value calculated pursuant to Subparagraph (b) of~~
4 ~~this paragraph divided by the value calculated pursuant to~~
5 ~~Subparagraph (c) of this paragraph is calculated for each~~
6 ~~school district;~~

7 ~~(e)]~~ (d) in those instances in which the
8 calculation pursuant to Subparagraph ~~[(d)]~~ (c) of this
9 paragraph yields a value equal to or greater than one, the
10 phase two formula value shall be zero for the subject school
11 district;

12 ~~[(f)]~~ (e) in those instances in which
13 the calculation pursuant to Subparagraph ~~[(d)]~~ (c) of this
14 paragraph yields a value of ninety-hundredths or more but less
15 than one, the phase two formula value shall be one minus the
16 value calculated in Subparagraph ~~[(d)]~~ (c) of this paragraph;
17 and

18 ~~[(g)]~~ (f) in those instances in which
19 the calculation pursuant to Subparagraph ~~[(d)]~~ (c) of this
20 paragraph yields a value less than ninety-hundredths, the phase
21 two formula value shall be one minus the value calculated in
22 Subparagraph ~~[(d)]~~ (c) of this paragraph plus the school
23 district population density factor;

24 ~~[(7)]~~ (6) the state share of a project
25 approved by the council shall be funded within available

.223539.2

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1 resources pursuant to the provisions of this paragraph. Except
2 as provided in Section 22-24-5.7 NMSA 1978 and except as
3 adjusted pursuant to Paragraph [~~(9), (10), (11) or (12)~~] (8),
4 (9) or (10) of this subsection, the amount to be distributed
5 from the fund for an approved project shall equal the total
6 project cost multiplied by the following percentage, except
7 that in no case shall the state share be less than six percent:

8 ~~[(a) for fiscal years prior to fiscal~~
9 ~~year 2020, the percentage shall be the phase one formula value;~~

10 ~~(b) for fiscal year 2020, the percentage~~
11 ~~shall be the sum of eight-tenths multiplied by the phase one~~
12 ~~formula value and two-tenths multiplied by the phase two~~
13 ~~formula value;~~

14 ~~(c) for fiscal year 2021, the percentage~~
15 ~~shall be the sum of six-tenths multiplied by the phase one~~
16 ~~formula value and four-tenths multiplied by the phase two~~
17 ~~formula value;~~

18 ~~(d) for fiscal year 2022, the percentage~~
19 ~~shall be the sum of four-tenths multiplied by the phase one~~
20 ~~formula value and six-tenths multiplied by the phase two~~
21 ~~formula value;~~

22 ~~(e) for fiscal year 2023, the percentage~~
23 ~~shall be the sum of two-tenths multiplied by the phase one~~
24 ~~formula value and eight-tenths multiplied by the phase two~~
25 ~~formula value; and~~

.223539.2

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1 ~~(f)~~ (a) for fiscal year 2024 [~~and~~
2 ~~thereafter~~] through fiscal year 2026, the percentage shall be
3 the phase two formula value plus a percentage equal to one-
4 third of the difference between one and the phase two formula
5 value; provided that, for school districts with fewer than 200
6 MEM, the percentage shall be the phase two formula value plus a
7 percentage equal to one-half of the difference between one and
8 the phase two formula; and

9 (b) for fiscal year 2027 and thereafter,
10 the percentage shall be the phase two formula value;

11 ~~(8)~~ (7) as used in this subsection:

12 (a) "governmental entity" includes an
13 Indian nation, tribe or pueblo;

14 ~~(b) "phase one formula value" for a~~
15 ~~state-chartered charter school means the phase one formula~~
16 ~~value calculated pursuant to Paragraph (5) of this subsection~~
17 ~~for the school district in which the state-chartered charter~~
18 ~~school is physically located;~~

19 ~~(e)~~ (b) "phase two formula value" for a
20 state-chartered charter school means the phase two formula
21 value calculated pursuant to Paragraph ~~(6)~~ (5) of this
22 subsection for the school district in which the state-chartered
23 charter school is physically located;

24 ~~(d)~~ (c) "subject school district"
25 means the school district that has submitted the application

.223539.2

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1 for funding and in which the approved public school capital
2 outlay project will be located; and

3 ~~[(e)]~~ (d) "total project cost" means the
4 total amount necessary to complete the public school capital
5 outlay project less any insurance reimbursement received by the
6 school district for the project;

7 ~~[(9) the amount to be distributed from the~~
8 ~~fund for an approved project pursuant to Paragraph (7) of this~~
9 ~~subsection shall be reduced by the following procedure:~~

10 ~~(a) the total of all legislative~~
11 ~~appropriations made after January 1, 2003 for nonoperating~~
12 ~~purposes either directly to the subject school district or to~~
13 ~~another governmental entity for the purpose of passing the~~
14 ~~money through directly to the subject school district, and not~~
15 ~~rejected by the subject school district, is calculated;~~
16 ~~provided that: 1) an appropriation made in a fiscal year shall~~
17 ~~be deemed to be accepted by a school district unless, prior to~~
18 ~~June 1 of that fiscal year, the school district notifies the~~
19 ~~department of finance and administration and the public~~
20 ~~education department that the school district is rejecting the~~
21 ~~appropriation; 2) the total shall exclude any education~~
22 ~~technology appropriation made prior to January 1, 2005 unless~~
23 ~~the appropriation was on or after January 1, 2003 and not~~
24 ~~previously used to offset distributions pursuant to the~~
25 ~~Technology for Education Act; 3) the total shall exclude any~~

.223539.2

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1 ~~appropriation previously made to the subject school district~~
2 ~~that is reauthorized for expenditure by another recipient; 4)~~
3 ~~the total shall exclude one-half of the amount of any~~
4 ~~appropriation made or reauthorized after January 1, 2007 if the~~
5 ~~purpose of the appropriation or reauthorization is to fund, in~~
6 ~~whole or in part, a capital outlay project that, when~~
7 ~~prioritized by the council pursuant to this section either in~~
8 ~~the immediately preceding funding cycle or in the current~~
9 ~~funding cycle, ranked in the top one hundred fifty projects~~
10 ~~statewide; 5) the total shall exclude the proportionate share~~
11 ~~of any appropriation made or reauthorized after January 1, 2008~~
12 ~~for a capital project that will be jointly used by a~~
13 ~~governmental entity other than the subject school district.~~
14 ~~Pursuant to criteria adopted by rule of the council and based~~
15 ~~upon the proposed use of the capital project, the council shall~~
16 ~~determine the proportionate share to be used by the~~
17 ~~governmental entity and excluded from the total; and 6) unless~~
18 ~~the grant award is made to the state-chartered charter school~~
19 ~~or unless the appropriation was previously used to calculate a~~
20 ~~reduction pursuant to this paragraph, the total shall exclude~~
21 ~~appropriations made after January 1, 2007 for nonoperating~~
22 ~~purposes of a specific state-chartered charter school,~~
23 ~~regardless of whether the charter school is a state-chartered~~
24 ~~charter school at the time of the appropriation or later opts~~
25 ~~to become a state-chartered charter school;~~

.223539.2

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1 ~~(b)~~ the percentage used for the subject
2 school district for the applicable fiscal year pursuant to
3 Paragraph ~~(7)~~ of this subsection is subtracted from one;

4 ~~(c)~~ the value calculated pursuant to
5 Subparagraph ~~(a)~~ of this paragraph for the subject school
6 district is multiplied by the amount calculated pursuant to
7 Subparagraph ~~(b)~~ of this paragraph for that school district;

8 ~~(d)~~ the total amount of reductions for
9 the subject school district previously made pursuant to
10 Subparagraph ~~(e)~~ of this paragraph for other approved public
11 school capital outlay projects is subtracted from the amount
12 calculated pursuant to Subparagraph ~~(c)~~ of this paragraph; and

13 ~~(e)~~ the amount to be distributed from
14 the fund pursuant to Paragraph ~~(7)~~ of this subsection shall be
15 reduced by the amount calculated pursuant to Subparagraph ~~(d)~~
16 of this paragraph;

17 ~~(10)~~ (8) the amount calculated pursuant to
18 Paragraph [~~(7)~~] (6) of this subsection [~~after any reduction~~
19 ~~pursuant to Paragraph (9) of this subsection]~~ may be increased
20 by an additional five percent if the council finds that the
21 subject school district has been exemplary in implementing and
22 maintaining a preventive maintenance program. The council
23 shall adopt such rules as are necessary to implement the
24 provisions of this paragraph;

25 ~~(11)~~ (9) the council may adjust the amount

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1 of local share otherwise required if it determines that a
2 school district has made a good-faith effort to use all of its
3 local resources. Before making any adjustment to the local
4 share, the council shall consider whether:

5 (a) the school district has insufficient
6 bonding capacity over the next four years to provide the local
7 match necessary to complete the project and, for all
8 educational purposes, has a residential property tax rate of at
9 least ten dollars (\$10.00) on each one thousand dollars
10 (\$1,000) of taxable value, as measured by the sum of all rates
11 imposed by resolution of the local school board plus rates set
12 to pay interest and principal on outstanding school district
13 general obligation bonds;

14 (b) the school district: 1) has fewer
15 than an average of eight hundred full-time-equivalent students
16 on the second and third reporting dates of the prior school
17 year; 2) has at least seventy percent of its students eligible
18 for free or reduced-fee lunch; 3) has a share of the total
19 project cost, as calculated pursuant to provisions of this
20 section, that would be greater than fifty percent; and 4) for
21 all educational purposes, has a residential property tax rate
22 of at least seven dollars (\$7.00) on each one thousand dollars
23 (\$1,000) of taxable value, as measured by the sum of all rates
24 imposed by resolution of the local school board plus rates set
25 to pay interest and principal on outstanding school district

.223539.2

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1 general obligation bonds; or

2 (c) the school district: 1) has an
3 enrollment growth rate over the previous school year of at
4 least two and one-half percent; 2) pursuant to its five-year
5 facilities plan, will be building a new school within the next
6 two years; and 3) for all educational purposes, has a
7 residential property tax rate of at least ten dollars (\$10.00)
8 on each one thousand dollars (\$1,000) of taxable value, as
9 measured by the sum of all rates imposed by resolution of the
10 local school board plus rates set to pay interest and principal
11 on outstanding school district general obligation bonds;

12 [~~(12)~~] (10) the local match for the
13 constitutional special schools shall be set at fifty percent
14 for projects that qualify under the educational adequacy
15 category and one hundred percent for projects that qualify in
16 the support spaces category; provided that the council may
17 adjust or waive the amount of any direct appropriation offset
18 to or local share required for the constitutional special
19 schools if an applicant constitutional special school has
20 insufficient or no local resources available; and

21 [~~(13)~~] (11) no application for grant
22 assistance from the fund shall be approved unless the council
23 determines that:

24 (a) the public school capital outlay
25 project is needed and included in the school district's five-

.223539.2

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1 year facilities plan among its top priorities;

2 (b) the school district has used its
3 capital resources in a prudent manner;

4 (c) the school district has provided
5 insurance for buildings of the school district in accordance
6 with the provisions of Section 13-5-3 NMSA 1978;

7 (d) the school district has submitted a
8 five-year facilities plan that includes: 1) enrollment
9 projections; 2) a current preventive maintenance plan that has
10 been approved by the council pursuant to Section 22-24-5.3 NMSA
11 1978 and that is followed by each public school in the
12 district; 3) the capital needs of charter schools located in
13 the school district; and 4) projections for the facilities
14 needed in order to maintain a full-day kindergarten program;

15 (e) the school district is willing and
16 able to pay any portion of the total cost of the public school
17 capital outlay project that, according to Paragraph [~~(7)~~, ~~(9)~~,
18 ~~(10)~~ or ~~(11)~~] (6), (8) or (9) of this subsection, is not funded
19 with grant assistance from the fund;

20 (f) the application includes the capital
21 needs of any charter school located in the school district or
22 the school district has shown that the facilities of the
23 charter school have a smaller deviation from the statewide
24 adequacy standards than other district facilities included in
25 the application; and

.223539.2

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1 (g) the school district has agreed, in
2 writing, to comply with any reporting requirements or
3 conditions imposed by the council pursuant to Section 22-24-5.1
4 NMSA 1978.

5 C. After consulting with the public school capital
6 outlay oversight task force and other experts, the council
7 shall regularly review and update statewide adequacy standards
8 applicable to all school districts. The standards shall
9 establish the acceptable level for the physical condition and
10 capacity of buildings, the educational suitability of
11 facilities, the need for career-technical education facilities
12 or classrooms and the need for education technology
13 infrastructure. Except as otherwise provided in the Public
14 School Capital Outlay Act, the amount of outstanding deviation
15 from the standards shall be used by the council in evaluating
16 and prioritizing public school capital outlay projects.

17 D. The acquisition of a facility by a school
18 district or charter school pursuant to a financing agreement
19 that provides for lease payments with an option to purchase for
20 a price that is reduced according to lease payments made may be
21 considered a public school capital outlay project and eligible
22 for grant assistance under this section pursuant to the
23 following criteria:

24 (1) no grant shall be awarded unless the
25 council determines that, at the time of exercising the option

.223539.2

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1 to purchase the facility by the school district or charter
2 school, the facility will equal or exceed the statewide
3 adequacy standards and the building standards for public school
4 facilities;

5 (2) no grant shall be awarded unless the
6 school district and the need for the facility meet all of the
7 requirements for grant assistance pursuant to the Public School
8 Capital Outlay Act;

9 (3) the total project cost shall equal the
10 total payments that would be due under the agreement if the
11 school district or charter school would eventually acquire
12 title to the facility;

13 (4) the portion of the total project cost to
14 be paid from the fund may be awarded as one grant, but
15 disbursements from the fund shall be made from time to time as
16 lease payments become due;

17 (5) the portion of the total project cost to
18 be paid by the school district or charter school may be paid
19 from time to time as lease payments become due; and

20 (6) neither a grant award nor any provision of
21 the Public School Capital Outlay Act creates a legal obligation
22 for the school district or charter school to continue the lease
23 from year to year or to purchase the facility.

24 E. In order to encourage private capital investment
25 in the construction of public school facilities, the purchase

.223539.2

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1 of a privately owned school facility that is, at the time of
2 application, in use by a school district may be considered a
3 public school capital outlay project and eligible for grant
4 assistance pursuant to this section if the council finds that:

5 (1) at the time of the initial use by the
6 school district, the facility to be purchased equaled or
7 exceeded the statewide adequacy standards and the building
8 standards for public school facilities;

9 (2) at the time of application, attendance at
10 the facility to be purchased is at seventy-five percent or
11 greater of design capacity and the attendance at other schools
12 in the school district that the students at the facility would
13 otherwise attend is at eighty-five percent or greater of design
14 capacity; and

15 (3) the school district and the capital outlay
16 project meet all of the requirements for grant assistance
17 pursuant to the Public School Capital Outlay Act; provided
18 that, when determining the deviation from the statewide
19 adequacy standards for the purposes of evaluating and
20 prioritizing the project, the students using the facility shall
21 be deemed to be attending other schools in the school district.

22 F. It is the intent of the legislature that grant
23 assistance made pursuant to this section allows every school
24 district to meet the standards developed pursuant to Subsection
25 C of this section; provided, however, that nothing in the

.223539.2

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1 Public School Capital Outlay Act or the development of
2 standards pursuant to that act prohibits a school district from
3 using other funds available to the district to exceed the
4 statewide adequacy standards.

5 G. Upon request, the council shall work with, and
6 provide assistance and information to, the public school
7 capital outlay oversight task force.

8 H. The council may establish committees or task
9 forces, not necessarily consisting of council members, and may
10 use the committees or task forces, as well as existing agencies
11 or organizations, to conduct studies, conduct surveys, submit
12 recommendations or otherwise contribute expertise from the
13 public schools, programs, interest groups and segments of
14 society most concerned with a particular aspect of the
15 council's work.

16 I. Upon the recommendation of the authority, the
17 council shall develop building standards for public school
18 facilities and shall promulgate other such rules as are
19 necessary to carry out the provisions of the Public School
20 Capital Outlay Act.

21 J. No later than December 15 of each year, the
22 council shall prepare a report summarizing its activities
23 during the previous fiscal year. The report shall describe in
24 detail all projects funded, the progress of projects previously
25 funded but not completed, the criteria used to prioritize and

.223539.2

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1 fund projects and all other council actions. The report shall
2 be submitted to the public education commission, the governor,
3 the legislative finance committee, the legislative education
4 study committee and the legislature.

5 ~~[K. As used in this section, "unrestricted revenue~~
6 ~~used for capital expenditures" means the amount of revenue~~
7 ~~certified by the department that was not restricted for a~~
8 ~~particular purpose and used by a school district to make~~
9 ~~capital outlay expenditures, as defined by the council's rules.~~
10 ~~No later than July 1, 2024, the council shall adopt rules~~
11 ~~identifying the procedure for calculating unrestricted revenue~~
12 ~~used for capital expenditures after consulting with school~~
13 ~~districts, including school districts with limited bonding~~
14 ~~capacity for capital projects, the department, the public~~
15 ~~school capital outlay oversight task force, the legislative~~
16 ~~education study committee and the legislative finance~~
17 ~~committee; provided that the rules shall provide for the~~
18 ~~exclusion of revenue raised pursuant to the Public School~~
19 ~~Capital Improvements Act and the Public School Buildings Act~~
20 ~~and expenditures related to teacher housing. For the purposes~~
21 ~~of the phase two formula value pursuant to Paragraph (6) of~~
22 ~~Subsection B of this section, the average unrestricted revenue~~
23 ~~used for capital expenditures shall be calculated as follows:~~

24 ~~(1) in fiscal year 2025, the amount shall be~~
25 ~~equal to unrestricted revenue used for capital expenditures in~~

.223539.2

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1 ~~the most recent prior fiscal year for which data is available~~
2 ~~multiplied by 0.2;~~

3 ~~(2) in fiscal year 2026, the amount shall be~~
4 ~~equal to the average unrestricted revenue used for capital~~
5 ~~expenditures for the two most recent prior fiscal years for~~
6 ~~which data is available multiplied by 0.4;~~

7 ~~(3) in fiscal year 2027, the amount shall be~~
8 ~~equal to the average unrestricted revenue used for capital~~
9 ~~expenditures for the three most recent prior fiscal years for~~
10 ~~which data is available multiplied by 0.6;~~

11 ~~(4) in fiscal year 2028, the amount shall be~~
12 ~~equal to the average unrestricted revenue used for capital~~
13 ~~expenditures for the four most recent prior fiscal years for~~
14 ~~which data is available multiplied by 0.8; and~~

15 ~~(5) in fiscal year 2029 and subsequent fiscal~~
16 ~~years, the amount shall be equal to the average unrestricted~~
17 ~~revenue used for capital expenditures for the five most recent~~
18 ~~prior fiscal years for which data is available.]~~

19 K. For any school district that received a
20 standards- or systems-based award from the council in fiscal
21 year 2023, the state share for any future phase of the project
22 for which funding has not yet been awarded shall be the amount
23 calculated pursuant to Subsection B of this section for fiscal
24 year 2024, regardless of the state share at the time of the
25 initial award.

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1 L. As used in this section:

2 (1) "MEM" means membership; and

3 (2) "membership" means the total enrollment of
4 qualified students on the current roll of a class or school on
5 a specified day. The current roll is established by the
6 addition of original entries and reentries minus withdrawals.
7 Withdrawals of students, in addition to students formally
8 withdrawn from the public school, include students absent from
9 the public school for as many as ten consecutive school days;
10 provided that withdrawals do not include students in need of
11 early intervention and habitual truants the school district is
12 required to intervene with and keep in an educational setting."

13 SECTION 4. Section 22-24-5.4 NMSA 1978 (being Laws 2004,
14 Chapter 125, Section 10, as amended) is amended to read:

15 "22-24-5.4. RECALCITRANT SCHOOL DISTRICTS--COURT ACTION
16 TO ENFORCE CONSTITUTIONAL COMPLIANCE--IMPOSITION OF PROPERTY
17 TAX.--

18 A. The council may bring an action against a school
19 district pursuant to the provisions of this section if, based
20 upon information submitted to the council by the authority, the
21 council determines that:

22 (1) the physical condition of a public school
23 facility in the school district is so inadequate that the
24 facility or the education received by students attending the
25 facility is below the minimum required by the constitution of

.223539.2

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1 New Mexico;

2 (2) the school district is not taking the
3 necessary steps to bring the facility up to the
4 constitutionally required minimum; and

5 (3) either:

6 (a) the school district has not applied
7 for the grant assistance necessary to bring the facility up to
8 minimum constitutional standards; or

9 (b) the school district is unwilling to
10 meet all of the requirements for the approval of an application
11 for grant assistance pursuant to Paragraph [~~13~~] (11) of
12 Subsection B of Section 22-24-5 NMSA 1978.

13 B. An action brought pursuant to this section shall
14 be brought by the council in the name of the state against the
15 school district in the district court for Santa Fe county.

16 C. After a hearing and consideration of the
17 evidence, if the court finds that the council's determination
18 pursuant to Subsection A of this section was correct, the court
19 shall:

20 (1) order the council to expend sufficient
21 resources necessary to bring the facility up to the minimum
22 level required by the constitution of New Mexico;

23 (2) order the school district to comply with
24 Paragraph [~~13~~] (11) of Subsection B of Section 22-24-5 NMSA
25 1978 and to take all other actions necessary to facilitate the

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1 completion of the project ordered pursuant to Paragraph (1) of
2 this subsection; and

3 (3) enter a judgment against the school
4 district for court costs and attorney fees and the necessary
5 amount to satisfy the school district share, as determined by
6 the formula prescribed by Subsection B of Section 22-24-5 NMSA
7 1978, for the project ordered pursuant to Paragraph (1) of this
8 subsection.

9 D. The amount of a judgment entered against a
10 school district pursuant to Paragraph (3) of Subsection C of
11 this section is a public debt of the school district. If the
12 court finds that the debt cannot be satisfied with available
13 school district funds, other than funds needed for the
14 operation of the public schools and other existing obligations,
15 the court shall order the imposition of a property tax on all
16 taxable property allocated to the school district at a rate
17 sufficient to pay the judgment, with accrued interest, within a
18 reasonable time as determined by the court. After paying court
19 costs and attorney fees, amounts received pursuant to this
20 subsection shall be deposited by the council into the fund."

21 **SECTION 5.** Section 22-24-6.1 NMSA 1978 (being Laws 2007,
22 Chapter 214, Section 1, as amended) is amended to read:

23 "22-24-6.1. PROCEDURES FOR A STATE-CHARTERED CHARTER
24 SCHOOL.--All of the provisions of the Public School Capital
25 Outlay Act apply to an application by a state-chartered charter

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1 school for grant assistance for a capital project except [~~A.~~]
2 the portion of the cost of the project to be paid from the fund
3 shall be calculated pursuant to Subsection B of Section 22-24-5
4 NMSA 1978 using data from the school district in which the
5 state-chartered charter school is located [~~and~~

6 ~~B. in calculating a reduction pursuant to Paragraph~~
7 ~~(9) of Subsection B of Section 22-24-5 NMSA 1978, the amount to~~
8 ~~be used in Subparagraph (a) of that paragraph shall equal the~~
9 ~~total of all legislative appropriations made after January 1,~~
10 ~~2007 for nonoperating expenses either directly to the charter~~
11 ~~school or to another governmental entity for the purpose of~~
12 ~~passing the money through directly to the charter school,~~
13 ~~regardless of whether the charter school was a state-chartered~~
14 ~~charter school at the time of the appropriation or later opted~~
15 ~~to become a state-chartered charter school, except that the~~
16 ~~total shall not include any such appropriation if, before the~~
17 ~~charter school became a state-chartered charter school, the~~
18 ~~appropriation was previously used to calculate a reduction~~
19 ~~pursuant to Paragraph (9) of Subsection B of Section 22-24-5~~
20 ~~NMSA 1978]."~~

21 SECTION 6. Section 22-24-12 NMSA 1978 (being Laws 2019,
22 Chapter 179, Section 1) is amended to read:

23 "22-24-12. PRE-KINDERGARTEN CLASSROOM FACILITIES
24 INITIATIVE.--

25 A. The council shall develop guidelines for a pre-
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1 kindergarten classroom facilities initiative in accordance with
2 this section, including establishing and adopting pre-
3 kindergarten classroom standards.

4 B. The authority shall rank all applications it
5 receives for the pre-kindergarten classroom facilities
6 initiative according to the methodology adopted by the council
7 for that purpose.

8 C. After a public hearing, and to the extent that
9 money is available in the fund for that purpose, the council
10 may make pre-kindergarten classroom facilities initiative
11 grants to school districts that the council determines are
12 willing and able to pay for the portion of the total cost not
13 funded with grant assistance from the fund according to those
14 applicants' rankings.

15 D. The state share of the cost of an approved pre-
16 kindergarten classroom facilities initiative project shall be
17 calculated according to the methodology outlined in Subsection
18 B of Section 22-24-5 NMSA 1978; provided that, for fiscal years
19 2024 through 2026, the state share of an approved pre-
20 kindergarten classroom facilities initiative project shall be
21 the phase two formula value plus a percentage equal to one-half
22 of the difference between one and the phase two formula value.

23 E. A school district that receives a grant in
24 accordance with this section shall expend the money within
25 three years after the grant allocation, or the money shall

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1 revert to the fund."

2 SECTION 7. Section 22-25-9 NMSA 1978 (being Laws 1975
3 (S.S.), Chapter 5, Section 9, as amended) is amended to read:

4 "22-25-9. STATE DISTRIBUTION TO SCHOOL DISTRICT IMPOSING
5 TAX UNDER CERTAIN CIRCUMSTANCES.--

6 A. Except as provided in Subsection E of this
7 section, for each year that a capital improvements tax is
8 imposed by a school district, the secretary shall distribute
9 from the public school capital improvements fund to the school
10 district an amount equal to the greater of:

11 (1) the difference between:

12 (a) the product of: 1) the school
13 district's program units; 2) multiplied by the tax rate imposed
14 by the school district; and 3) multiplied further by the sum
15 calculated pursuant to Subsection B of this section; and

16 (b) the school district's estimated tax
17 revenue; or

18 (2) the product of:

19 (a) five dollars (\$5.00) for fiscal year
20 2023; and in each subsequent fiscal year, the amount for the
21 previous fiscal year adjusted by the percentage increase
22 between the next preceding calendar year and the preceding
23 calendar year of the consumer price index for the United
24 States, all items, as published by the United States department
25 of labor;

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1 (b) multiplied by the school district's
2 program units; and

3 (c) multiplied further by the tax rate
4 imposed by the school district.

5 B. The amount in Item 3) of Subparagraph (a) of
6 Paragraph (1) of Subsection A of this section shall be equal to
7 the sum of:

8 (1) for fiscal year 2023, eighty-nine dollars
9 twenty-five cents (\$89.25); and in each subsequent fiscal year,
10 the amount for the previous fiscal year adjusted by the
11 percentage increase between the next preceding calendar year
12 and the preceding calendar year of the consumer price index for
13 the United States, all items, as published by the United States
14 department of labor; plus

15 (2) an additional amount certified to the
16 secretary by the public school capital outlay council. No
17 later than June 1 of each year, the council shall determine the
18 amount needed in the next fiscal year for public school capital
19 outlay projects pursuant to the Public School Capital Outlay
20 Act and the amount of revenue, from all sources, available for
21 the projects. If, in the sole discretion of the council, the
22 amount available exceeds the amount needed, the council may
23 certify an additional amount pursuant to this paragraph;
24 provided that the sum of the amount calculated pursuant to this
25 paragraph plus the amount in Paragraph (1) of this subsection

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1 shall not result in a total statewide distribution that, in the
2 opinion of the council, exceeds one-half of the total revenue
3 estimated to be received from taxes imposed pursuant to the
4 Public School Capital Improvements Act.

5 C. If a distribution is made to a school district
6 pursuant to Subsection A of this section, the secretary shall
7 make an additional distribution from the public school capital
8 improvements fund to the school district in an amount equal to
9 the product of:

10 (1) fifty-three dollars (\$53.00);

11 (2) multiplied by the sum of the school
12 district's program units;

13 (3) multiplied further by the greater of six
14 percent or the percentage calculated pursuant to Paragraph
15 [~~(6)~~] (5) of Subsection B of Section 22-24-5 NMSA 1978; and

16 (4) multiplied further by the tax rate imposed
17 by the school district.

18 D. In expending distributions made pursuant to this
19 section, school districts and charter schools shall give
20 priority to maintenance projects, including payments under
21 contracts with regional education cooperatives for maintenance
22 support services. In addition, distributions made pursuant to
23 this section may be expended by school districts and charter
24 schools as follows, but no distribution from the public school
25 capital improvements fund may be used for capital improvements

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1 to any administration building of a school district:

2 (1) for the school district portion of the
3 total project cost for roof repair or replacement required by
4 Section 22-24-4.3 NMSA 1978; or

5 (2) for the school district portion of
6 payments made under a financing agreement entered into by a
7 school district or a charter school for the leasing of a
8 building or other real property with an option to purchase for
9 a price that is reduced according to the payments made, if the
10 school district has received a grant for the state share of the
11 payments pursuant to Subsection D of Section 22-24-5 NMSA 1978.

12 E. In the event that sufficient funds are not
13 available in the public school capital improvements fund to
14 make the distributions pursuant to this section, the dollar per
15 program unit figure shall be reduced as necessary.

16 F. A portion of each distribution made by the state
17 pursuant to this section shall be further distributed by the
18 school district to each locally chartered or state-chartered
19 charter school located within the school district. The amount
20 to be distributed to each charter school shall be in the same
21 proportion as the average full-time-equivalent enrollment of
22 the charter school on the second and third reporting dates of
23 the prior school year is to the total such enrollment in the
24 school district; provided that, in determining the school
25 district's total enrollment, charter school students located

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1 within the school district shall be included; and provided
2 further that no distribution shall be made to an approved
3 charter school that had not commenced classroom instruction in
4 the prior school year. Each year, the department shall certify
5 to the school district the amount to be distributed to each
6 charter school. Distributions received by a charter school
7 pursuant to this subsection shall be expended pursuant to the
8 provisions of the Public School Capital Improvements Act;
9 except that if capital improvements for the charter school were
10 not identified in a resolution approved by the electors, the
11 charter school may expend the distribution for any capital
12 improvements, including those specified in Subsection D of this
13 section.

14 G. In making distributions pursuant to this
15 section, the secretary shall include such reporting
16 requirements and conditions as are required by rule of the
17 public school capital outlay council. The council shall adopt
18 such requirements and conditions as are necessary to ensure
19 that the distributions are expended in the most prudent manner
20 possible and are consistent with the original purpose as
21 specified in the authorizing resolution. Copies of reports or
22 other information received by the secretary in response to the
23 requirements and conditions shall be forwarded to the council.

24 H. As used in this section:

25 (1) "capital improvements tax" means the tax

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1 authorized pursuant to the Public School Capital Improvements
2 Act;

3 (2) "estimated tax revenue" means the revenue
4 estimated to be received by a school district from the capital
5 improvements tax, using prior year valuations and assuming a
6 one hundred percent collection rate;

7 (3) "program units" means a school district's
8 final program units determined pursuant to Sections 22-8-19,
9 22-8-20 through 22-8-23.1 and 22-8-23.3 NMSA 1978 generated in
10 the previous fiscal year, including such program units
11 generated by a charter school located within the school
12 district; and

13 (4) "tax rate" means the rate approved by the
14 qualified electors in the most recent election on the question
15 of imposing a tax pursuant to the Public School Capital
16 Improvements Act."

17 **SECTION 8. TEMPORARY PROVISION--ELIMINATION OF CURRENT**
18 **OFFSETS.--**All current outstanding offsets held against school
19 districts or charter schools for a direct legislative
20 appropriation shall be eliminated on the effective date of this
21 act.

22 **SECTION 9. APPROPRIATION.--**

23 A. Twenty-five million dollars (\$25,000,000) is
24 appropriated from the public school capital outlay fund to the
25 public school facilities authority in accordance with any

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1 procedures established by the public school capital outlay
2 council for expenditure in fiscal years 2024 through 2027 for
3 distributions to school districts to improve school security
4 infrastructure. The public school facilities authority shall
5 disburse the funds to school districts in fiscal year 2024.
6 The school districts shall have until fiscal year 2027 to use
7 the funds. Any unexpended or unencumbered balance remaining at
8 the end of fiscal year 2027 shall revert to the public school
9 capital outlay fund.

10 B. School security infrastructure may include:

- 11 (1) school surveillance systems;
- 12 (2) fencing;
- 13 (3) secure vestibules; or
- 14 (4) other capital infrastructure directly

15 related to student safety.

16 C. The public school facilities authority shall

17 make a distribution to each school district in fiscal year 2024
18 in a manner in which each school district receives the greater
19 of fifty thousand dollars (\$50,000) or the percentage of the
20 total appropriation equal to the percentage attributable to
21 that school district from the total distributions made to
22 school districts for fiscal year 2024 pursuant to the Public
23 School Capital Improvements Act.

24 D. A distribution provided to a school district

25 pursuant to the appropriation provided in this section shall

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1 not be subject to any local match or offset.

2 SECTION 10. APPROPRIATION.--

3 A. Seventy-five million dollars (\$75,000,000) is
4 appropriated from the public school capital outlay fund to the
5 public school facilities authority in accordance with any
6 procedures established by the public school capital outlay
7 council for expenditure in fiscal years 2024 through 2027 to
8 make a distribution to each school district in fiscal year 2024
9 to construct, renovate and equip career-technical educational
10 facilities and pre-kindergarten facilities or to maintain and
11 repair public school buildings. Any unexpended or unencumbered
12 balance remaining at the end of fiscal year 2027 shall revert
13 to the public school capital outlay fund.

14 B. The public school facilities authority shall
15 make the distribution to each school district in a manner such
16 that each school district receives the greater of one hundred
17 thousand dollars (\$100,000) or the percentage of the total
18 appropriation equal to the percentage attributable to that
19 school district from the total distributions made to school
20 districts for fiscal year 2024 pursuant to the Public School
21 Capital Improvements Act.

22 C. A distribution provided to a school district
23 pursuant to the appropriation provided in this section shall
24 not be subject to any local match or offset.

25 SECTION 11. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2023.

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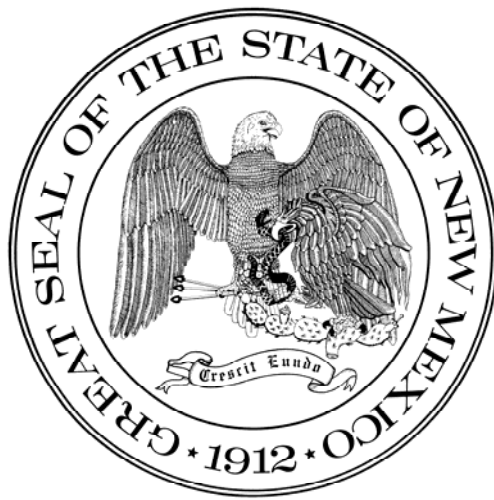
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LEGISLATIVE COUNCIL SERVICE
SANTA FE, NEW MEXICO