

meet an adequate level statewide to meet its educational responsibilities and for New Mexico's students to have the opportunity to achieve success. By including NMII as a *constitutional special school* in the Act, NMII would be afforded the ability to seek funding from the Public School Capital Outlay Fund (the "Fund") as any other school district in New Mexico. However, to be eligible for grants from the Fund, NMII would have to follow the procedures, mechanisms and requirements that all New Mexico school districts and the constitutional schools must follow in order to apply for and receive capital outlay funding from the PSCOC.

These requirements as part of the application process include the methodology for prioritization, state and local funding commitments, and the statewide adequacy of school facilities.

Statewide Adequacy Standards

The Statewide Adequacy Standards (Rule 5.27.30 NMAC) "establish the acceptable levels for the physical condition and capacity of school buildings, the educational suitability of those facilities and the need for technological infrastructure at those facilities." The scope of the standards states that "the application of these standards shall be limited to space and attributes needed to support educational programs and curricula, defined and justified as required by public education department standards and benchmarks, and that is sustainable within the operational budget for staffing, maintenance, and full utilizations of the facilities." The standards set the minimum requirements for public schools, in terms of building condition, build systems, school site, outdoor recreation, occupiable space, security, general classrooms, special education specialty classrooms, physical education, libraries, food service, administration, student health, and other school spaces. These standard minimums are used to measure all existing public schools within the state, to determine building system condition and educational space deficiencies. The deficiencies are identified and used to prioritize potential PSCOC funding, through the standards-based and system-based funding.

The Special Purpose Schools Educational Facility Adequacy Standards (Rule 6.27.31 NMAC) establishes the standards for the New Mexico school for the deaf (NMSD) and the New Mexico school for the blind and visually impaired (NMSBVI). The standards set the minimum requirements for the two schools, as needed to provide adequate educational facilities and spaces for students with disabilities, attending the two special schools. Many of the standards have specific and differing requirements for the school specific population (auditory or visual impairments).

As a private educational institution, NMMI does not currently follow the New Mexico Statewide Adequacy Standards or the Special Purpose Schools Educational Facility Adequacy Standards. In order to fit within the parameters of eligibility for PSCOC funding, the PSFA would need to assess and measure the school facility to align with adequacy standards. It is unclear which adequacy rule would apply to NMMI, given that although SB280 defines the school as a constitutional school. However, it does not serve special needs students with auditory or visual impairments. The special schools adequacy standards does include a section on residential housing, which could apply to NMMI. The adequacy standards for all other schools, indicates that the scope of the requirement shall be limited to the spaces and attributes supporting "educational programs and curricula, defined and justified as required by public education department standards and benchmarks," which it is assumed NMMI does not follow. Therefore, new specific standards may need to be developed for NMMI.

Ranking

Both the PSCOC standards-based and systems-based funding programs use the annual statewide

ranking of all NM schools, developed by PSFA, to prioritize schools for funding. The annual statewide ranking of all NM school facilities is based on the results of PSFA assessments that document the facility condition and adequacy of all school buildings statewide. Through these facility assessments, PSFA gathers and manages facility information for every school in the state and uses the information to generate the numerical score for each school that is the basis of the statewide ranking. The weighted New Mexico Condition Index (wNMCI) score calculates the ratio of potential costs to correct facility condition deficiencies and educational adequacy deficiencies at a school, to the potential cost to replace the school. If a school is determined to have an age or condition based deficiency of a particular system, the wNMCI score reflects the costs to correct the issue using assigned unit costs for each building system. The statewide ranking lists schools in order of the wNMCI scores, to prioritize schools with the most needs for potential state funding through PSCOC funding programs.

All schools recognized by the Public Education Department (PED), with a school specific identification number, are included in the PSFA facility assessment database (FAD) and ranking. As NMMI is not recognized by PED, it is not currently included in the database or ranking. PSFA does not have any data on the NMMI school facility. If SB280 were to pass, a methodology would need to be determined on how to introduce the school to the systems (PED recognition and adequacy standards). PSFA would need to assess the NMMI school campus in its entirety and collect data on each individual building and building system (age and condition). Once data is collected and entered into the FAD, the weighted New Mexico Condition Index score could be calculated, and the school's ranking could be determined. The ranking would then determine eligibility for PSCOC standards-based or systems-based funding programs.

Maximum Allowable Square Footage

The PSCOC has established the maximum allowable square foot guidelines for entire facilities, based on the type of school and number of students. The maximum allowable square footage for new and existing schools is calculated using a formula that accounts for all required spaces and square footages for a school, to meet the needs of the projected enrollment, as determined by the adequacy standards. If a school facility is granted a PSCOC standards-based award, this is the maximum value the PSCOC will participate in.

Due to the fact that the PSFA does not have any data on NMMI, the facility's gross square footage is unknown. Therefore it cannot be determined if the existing facility is smaller or larger than the calculated maximum allowable square footage would provide.

Facility Master Plan

A requirement for PSCOC funding eligibility, is that a school district or constitutional school have a current five-year facilities master plan. The PSCOC assists in funding up to the state share. The school can then use the funding assistance to hire an educational planning consultant to manage the planning process and prepare the master plan document that identifies capital and systems improvement needs. Currently, the state pays 50% of the cost of a facilities master plan for Constitutional Schools. The total cost is based on gross square footage (GSF) of the campus multiplied by a fixed amount depending on the gross square feet total. The master plan funding formula is:

- 800,000 GSF and over - \$0.13/SF
- 300,000-799,999 GSF - \$0.17/SF
- 120,000-299,999 GSF - \$0.28/SF
- 119,999 and below - \$0.50/SF

PSFA does not have the total GSF of the NMMI campus at this time. The two other Constitutional Schools in the State, the New Mexico School for the Blind and Visually Impaired (NMSBVI) and the New Mexico School for the Deaf (NMSD) are currently preparing their new master plans. Their FMP costs for these schools breaks down as:

School	Campus GSF	Cost per GSF	Total Not-to-Exceed Cost	State Match	Local Match
NMSBVI	209,507	\$0.28	\$58,662	\$29,330.98	\$29,330.98
NMSD	174,390	\$0.28	\$48,829	\$24,414.60	\$24,414.60

Typically, master plan square footage costs will only apply to the middle school and high school buildings and spaces if separate from the Junior College spaces.

State/Local Match – Funding Formula

Per Section 22-24-5.7, districts receiving PSCOC funding for capital projects, must fund the local match (a calculated percentage) of the total project cost; the state funds the state match (the remaining percentage). The formula was developed and implemented as a response to the 1998 lawsuit filed in state district court by Zuni Public Schools and later joined by Gallup-McKinley County Public Schools and Grants-Cibola County Public Schools.

All New Mexico school districts’ state/local matches are calculated annually. The Phase 2 local matches across the state range between 0% and 94%.

Operation of the Current State / Local Match Formula (Phase 2)

The local match formula includes the following data points:

- Three parameters, which are the same for each district:
 - Amortization Period (45 years)
 - Bonding Multiplier (0.0009)
 - Cost per Square Foot (\$307.47)
- Two district specific variables:
 - District Property Valuation
 - Total Maximum Allowable Gross Square Footage (TMAGSF)

$$\text{Unweighted Local Match} = \frac{\text{District Property Valuation} \times \text{Bonding Multiplier} \times \text{Amortization Period}}{\text{TMAGSF} \times \text{cost per Square Foot}}$$

After the Unweighted Local Match percentages are calculated, logical rules are applied to ensure that the maximum local match percentage that is applied is no greater than 94% and that some medium and low population density districts have reduced local match percentages. Per Section 22-24-5 B(6), “in no case shall the state share be less than six percent.”

Section 22-25-5 B (10) stipulates that “the local match for the constitutional special schools shall be set at fifty percent for projects that qualify under the educational adequacy category and one hundred percent for projects that qualify in the support spaces category; provided that the council may adjust or waive the amount of any direct appropriation offset to or local share required for the constitutional special schools if an applicant constitutional special school has insufficient or no local resources available.” The two existing constitutional schools, NMSD and NMSBVI, receive their 50% local match from the Higher Education Department (HED), due to the inability for the schools to bond or collect revenue to support their local match.

NMMI's unique situation as a private educational institution that cannot bond and charges tuition, does not lend itself to the state/local match funding calculation and mechanism. Given that NMMI does not have district property valuation, the Phase 2 formula would be impossible to calculate. Additionally, the school does not have the ability to go out for a GO bond for funding. However, the school does charge tuition as a source of revenue, which none of the NM school districts or constitutional schools have.

PERFORMANCE IMPLICATIONS

As detailed in significant issues, in order to apply equitability in PSCOC funding, NMMI would need to adhere to requirements defined in the PSCOA. PSFA cannot recognize or evaluate potential eligibility for NMMI without:

- PED recognition
- Determination on how to apply the statewide adequacy standards to this specific and non-traditional private school
- Determination on how to calculate the local match

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

- SB280 does not sufficiently address how to treat NMMI as a constitutional school, in all other aspects other than definition, in the PSCOA.
- The PSCOA grants the PSCOC the authority to allocate funding to school districts for Pre-K and secondary education through its application process. However, it is important to note that the PSCOA does not extend funding to higher education institutions. Consequently, any financial support received by NMMI from the Fund must be exclusively designated for the secondary segment of NMMI's capital projects, which presents a challenging, if not impossible, task of isolating and monitoring the funding specifically for the secondary facilities.
- The PSCOA was enacted to establish and ensure the equitable funding for capital funding for New Mexico school districts. However, the objectives of the PSCOA and NMMI may not align appropriately, as New Mexico school districts are constitutionally obligated to provide free education to all school-age children in the state. In contrast, NMMI has an admissions process and charges tuition fees for attendance, despite providing a significant number of scholarships to its cadets.

OTHER SUBSTANTIVE ISSUES

The passage of this bill could create a precedent for other private educational institutions to be considered in the Public School Capital Outlay Act, in an effort to become eligible for PSCOC funding to improve or replace school facilities.

ALTERNATIVES

It may be better suited for NMMI to seek capital funding through a direct appropriation. This funding mechanism does not require the same mandates as the PSCOA.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMMI will not be considered a “constitutional special school” under the PSCOA and will therefore remain ineligible to apply or receive PSCOC funding.

AMENDMENTS

N/A