



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE



Public School Capital Outlay Oversight Task Force

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Changes to Waiver Criteria and SB131 Extension

Cally Carswell

Principal Analyst

Legislative Finance Committee

Mark A. Montoya

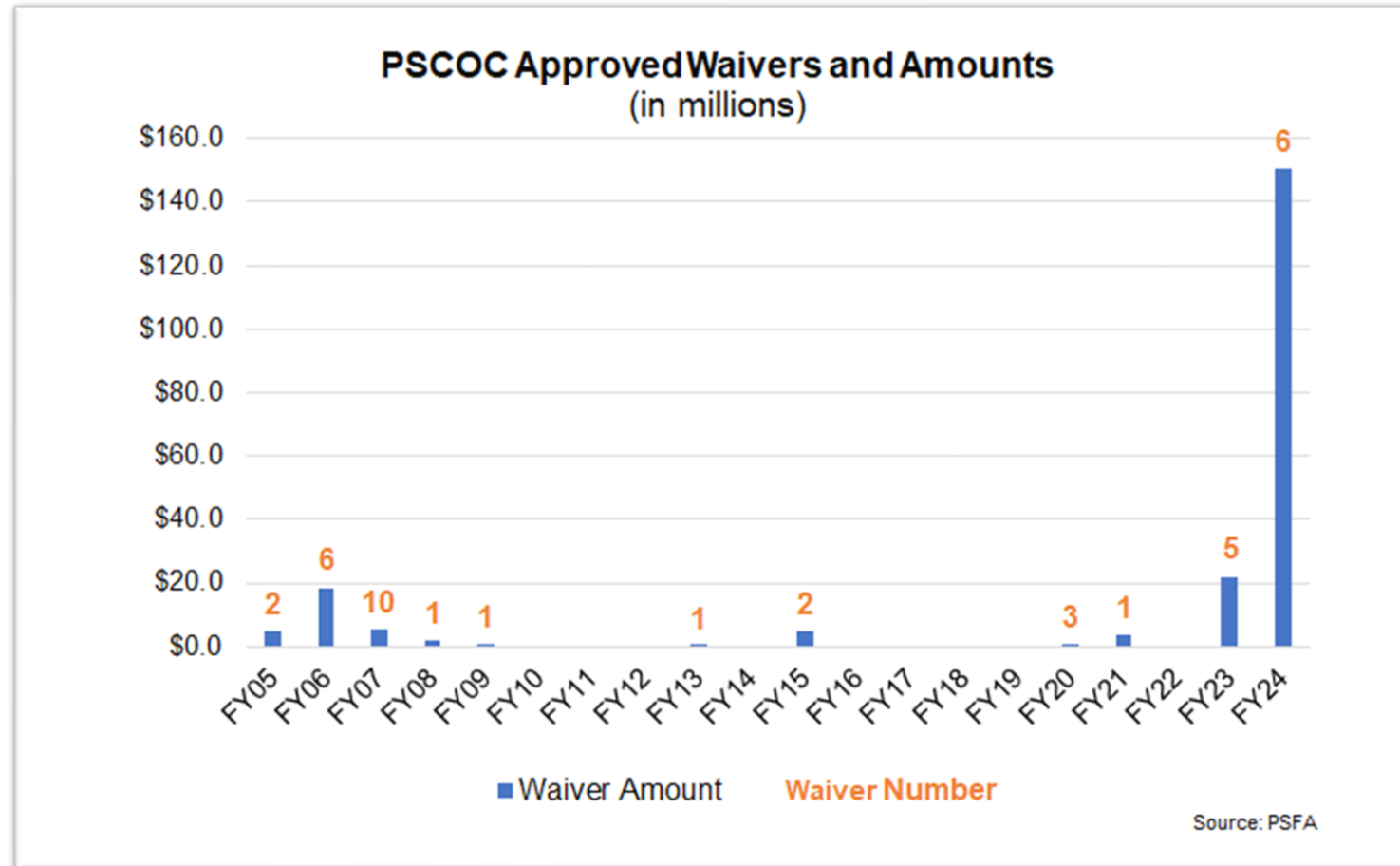
Senior Policy Analyst II

Legislative Education Study Committee

Problem Statements

- **Affordability:** Dramatic increases in construction costs have made it more difficult for districts to afford their local share of capital projects, despite efforts to shift the cost burden to the state.
- **Waivers:** The Public School Capital Outlay Council is considering and granting an increasing number of waivers, or reductions of the local match – an indication the state-local match formula is not working as intended.

Waiver Trends



Options to Address State-Local Match Formula Deficiencies Reviewed by PSCOOTF

- **Option 1:** Do nothing
- **Option 2:** Adjust select formula factors and continue to study others
- **Option 3:** Adjust waiver eligibility criteria, extend SB131, and direct LFC, LESC and PSFA staff to continue evaluation of potential formula changes

Option Selected for Legislative Action

- **Option 1:** Do nothing
- **Option 2:** Adjust select formula factors and continue to study others
- **Option 3:** Adjust waiver eligibility criteria, extend SB131, and direct LFC, LESC and PSFA staff to continue evaluation of potential formula changes

Option 3: Clean up Waiver Criteria and Extend SB 131

Rationale:

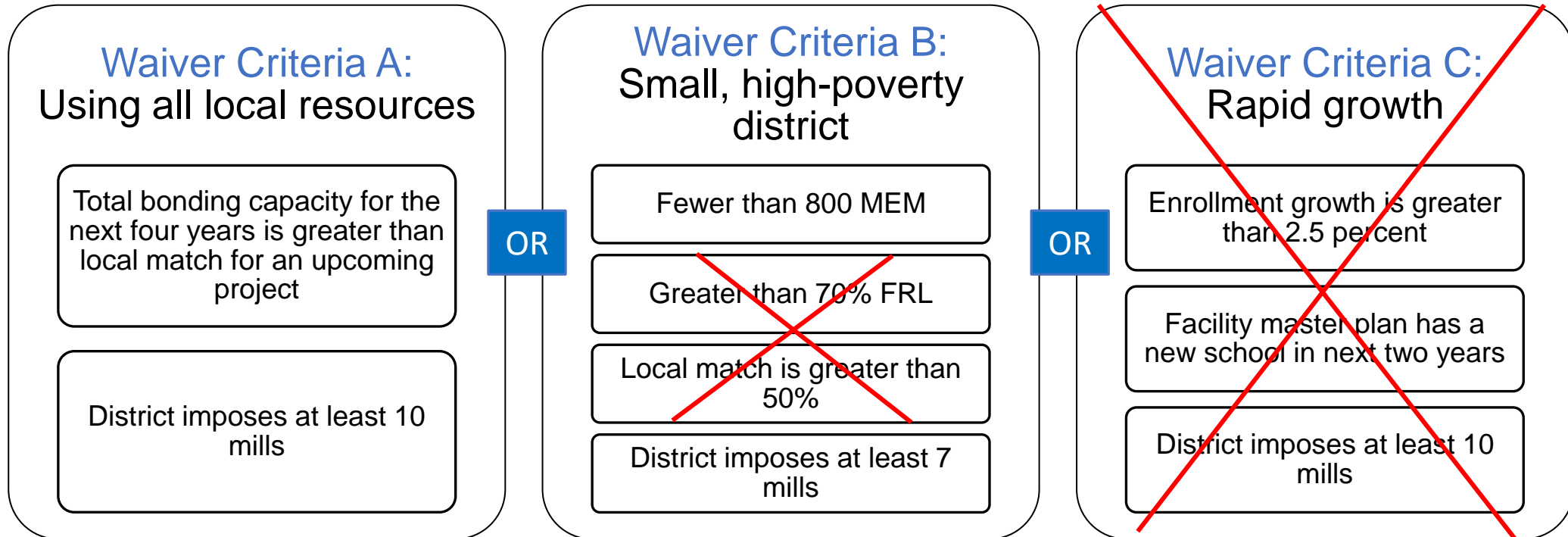
- The status-quo-but-better option.
- PSCOC has shown willingness to grant waivers after careful and thorough consideration of the district's finances and the cost and specifications of projects.
- Cleaning up waiver criteria allows districts that put in a good-faith effort to raise local funds for projects and have a demonstrable need for school improvements to move forward with projects on a case-by-case basis.
- Extending SB131 would provide continued relief for all districts while providing staff with additional time to develop solutions to the formula's deficiencies – including a potential overhaul of the state-local match formula.

Downsides:

- Delays implementation of a real solution to the 2027 60-day session.

Changes to Waiver Criteria

The draft bill for PSCOOTF endorsement makes the following changes to waiver criteria, intended to improve the tools PSCOC already has to address affordability challenges.



SB 131 Extension in Draft Bill

Across the board reductions would be extended for one year – **through fiscal year 2027.**

School Districts with 800 or more MEM

1/3 reduction of local match

School Districts with fewer than 800
MEM

1/2 reduction of local match

Q & A

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