SENATE BILL 211

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Joseph J. Carraro

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AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING FOR ALLOCATIONS FROM THE PUBLIC SCHOOL CAPITAL OUTLAY FUND FOR MAINTENANCE OF SCHOOL DISTRICT FACILITIES; ENACTING A NEW SECTION OF THE PUBLIC SCHOOL CAPITAL OUTLAY ACT TO CREATE A PROGRAM FOR BUILDING SCHOOL FACILITIES IN HIGH-GROWTH AREAS OF THE STATE; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

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. FUND CREATED--USE.--

- A. There is created the "public school capital outlay fund". Balances remaining in the fund at the end of each fiscal year shall not revert.
- B. Except as provided in Subsections G through K of .159446.2

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this section, money in the fund may be used only for capital expenditures deemed by the council necessary for an adequate educational program.

The council may authorize the purchase by the public school facilities authority of portable classrooms to be loaned to school districts to meet a temporary requirement. Payment for these purchases shall be made from the fund. and custody to the portable classrooms shall rest in the public school facilities authority. The council shall authorize the lending of the portable classrooms to school districts upon request and upon finding that sufficient need exists. Application for use or return of state-owned portable classroom buildings shall be submitted by school districts to the council. Expenses of maintenance of the portable classrooms while in the custody of the public school facilities authority shall be paid from the fund; expenses of maintenance and insurance of the portable classrooms while in the custody of a school district shall be the responsibility of the school district. The council may authorize the permanent disposition of the portable classrooms by the public school facilities authority with prior approval of the state board of finance.

Applications for assistance from the fund shall be made by school districts to the council in accordance with requirements of the council. The council shall require as a condition of application that a school district have a current

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five-year facilities plan, which shall include a current preventive maintenance plan to which the school adheres for each public school in the school district.

- The council shall review all requests for assistance from the fund and shall allocate funds only for those capital outlay projects that meet the criteria of the Public School Capital Outlay Act.
- Money in the fund shall be disbursed by warrant of the department of finance and administration on vouchers signed by the secretary of finance and administration following certification by the council that an application has been approved or an expenditure has been ordered by a court pursuant to Section 22-24-5.4 NMSA 1978. At the discretion of the council, money for a project shall be distributed as follows:
- (1) up to ten percent of the portion of the project cost funded with distributions from the fund or five percent of the total project cost, whichever is greater, may be paid to the school district before work commences with the balance of the grant award made on a cost-reimbursement basis; or
- the council may authorize payments (2) directly to the contractor.
- Balances in the fund may be annually appropriated for the core administrative functions of the public school facilities authority pursuant to the Public .159446.2

School Capital Outlay Act and, in addition, balances in the fund may be expended by the public school facilities authority, upon approval of the council, for project management expenses; provided that:

- (1) the total annual expenditures from the fund pursuant to this subsection shall not exceed five percent of the average annual grant assistance authorized from the fund during the three previous fiscal years; and
- (2) any unexpended or unencumbered balance remaining at the end of a fiscal year from the expenditures authorized in this subsection shall revert to the fund.

[H. Up to one million two hundred fifty thousand dollars (\$1,250,000) of the balances of the fund may be expended in fiscal years 2003 and 2004 by the council for the purpose of updating and refining the statewide assessment study required by Section 22-24-5 NMSA 1978 and for the training of state and local officials on the use of the database and other data-management-related issues identified by the council.]

H. To the extent money is available in the fund for such purposes, upon application by a school district, the council may make an allocation from the fund to the school district for maintenance of school district facilities pursuant to the following criteria:

(1) all school districts are eligible to apply
for the allocations;

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1	(2) no local match is required; and				
2	(3) the council shall develop rules that:				
3	(a) specify application requirements;				
4	(b) specify how applications will be				
5	prioritized;				
6	(c) ensure that applications and				
7	subsequent use of the money allocated are consistent with the				
8	school district's preventive maintenance plan; and				
9	(d) ensure that the money is expended in				
10	the most prudent manner possible.				
11	I. Up to thirty million dollars (\$30,000,000) of				
12	the fund may be allocated annually by the council in fiscal				
13	years 2006 and 2007 for a roof repair and replacement				
14	initiative with projects to be identified by the council				
15	pursuant to Section 22-24-4.3 NMSA 1978; provided that all				
16	money allocated pursuant to this subsection shall be expended				
17	prior to September 1, 2008.				
18	J. Up to four million dollars (\$4,000,000) from the				
19	fund may be expended annually by the council in fiscal years				
20	2005 through 2009 for grants to school districts for the				
21	purpose of making lease payments for classroom facilities,				
22	including facilities leased by charter schools. The grants				
23	shall be made upon application by the school districts and				
24	pursuant to rules adopted by the council; provided that, an				
25	application on behalf of a charter school shall be made by the				
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school district but, if the school district fails to make an
application on behalf of a charter school, the charter school
may submit its own application. The following criteria shall
apply to the grants:

- (1) the amount of a grant to a school district shall not exceed:
- the actual annual lease payments (a) owed for leasing classroom space for schools, including charter schools, in the district; or
- [three hundred dollars (\$300) for (b) fiscal year 2005 and six hundred dollars (\$600) [for fiscal years 2006 through 2009] multiplied by the number of MEM using the leased classroom facilities; provided that, if the total grants awarded pursuant to this paragraph would exceed the total annual amount available, the rate specified in this subparagraph shall be reduced proportionately;
- a grant received for the lease payments of a charter school may be used by that charter school as a state match necessary to obtain federal grants pursuant to the federal No Child Left Behind Act of 2001;
- at the end of each fiscal year, any (3) unexpended or unencumbered balance of the appropriation shall revert to the fund; and
 - as used in this subsection, "MEM" means:
 - the average full-time-equivalent

enrollment using leased classroom facilities on the fortieth, eightieth and one hundred twentieth days of the prior school year; or

(b) in the case of an approved charter school that has not commenced classroom instruction, the estimated full-time-equivalent enrollment that will use leased classroom facilities in the first year of instruction, as shown in the approved charter school application; provided that, after the fortieth day of the school year, the MEM shall be adjusted to reflect the full-time-equivalent enrollment on that date.

K. In addition to other authorized expenditures from the fund, up to one percent of the average grant assistance authorized from the fund during the three previous fiscal years may be expended in each fiscal year by the public school facilities authority to reimburse the state fire marshal, the construction industries division of the regulation and licensing department and local jurisdictions having authority from the state to permit and inspect projects for expenditures made to permit and inspect projects funded in whole or in part under the Public School Capital Outlay Act. The authority shall enter into contracts with the state fire marshal, the construction industries division or the appropriate local authorities to carry out the provisions of this subsection."

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Section 2. Section 22-24-5 NMSA 1978 (being Laws 1975, Chapter 235, Section 5, as amended) is amended to read:

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

Applications for grant assistance, the approval of applications, the prioritization of projects and grant awards shall be conducted pursuant to the provisions of this section [provided, however, that the order of priority in the two years beginning July 1, 2004 shall first reflect those specific projects that were partially funded by the council in September 2003 but are not as yet completed, excluding any expansion of the scope of those projects and contingent upon maintenance of the required local support. In that transition period, such projects shall be funded regardless of any deviation from the statewide adequacy standards; provided that the amount of the award received shall not exceed the amount necessary to meet the statewide adequacy standards, including projected enrollment growth].

- Except as provided [in Subsection A of this section and in Sections 22-24-4.3 [and], 22-24-5.4 and 22-24-5.7 NMSA 1978, the following provisions govern grant assistance from the fund for a public school capital outlay project not wholly funded pursuant to Section 22-24-4.1 NMSA 1978:
- all school districts are eligible to apply .159446.2

for funding from the fund, regardless of percentage of indebtedness:

- (2) priorities for funding shall be determined by using the statewide adequacy standards developed pursuant to Subsection C of this section; provided that:
- (a) the council shall apply the standards to charter schools to the same extent that they are applied to other public schools; and
- (b) in an emergency in which the health or safety of students or school personnel is at immediate risk or in which there is a threat of significant property damage, the council may award grant assistance for a project using criteria other than the statewide adequacy standards;
- (3) the council shall establish criteria to be used in public school capital outlay projects that receive grant assistance pursuant to the Public School Capital Outlay Act. In establishing the criteria, the council shall consider:
- (a) the feasibility of using design, build and finance arrangements for public school capital outlay projects;
- (b) the potential use of more durable construction materials that may reduce long-term operating costs; and
- (c) any other financing or construction concept that may maximize the dollar effect of the state grant .159446.2

assistance;

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- (4) no more than ten percent of the combined total of grants in a funding cycle shall be used for retrofitting existing facilities for technology infrastructure;
- except as provided in Paragraph (6) or (8) of this subsection, the state share of a project approved and ranked by the council shall be funded within available resources pursuant to the provisions of this paragraph. later than May 1 of each calendar year, a value shall be calculated for each school district in accordance with the following procedure:
- the final prior year net taxable value for a school district divided by the MEM for that school district is calculated for each school district;
- (b) the final prior year net taxable value for the whole state divided by the MEM for the state is calculated;
- excluding any school district for which the result calculated pursuant to Subparagraph (a) of this paragraph is more than twice the result calculated pursuant to Subparagraph (b) of this paragraph, the results calculated pursuant to Subparagraph (a) of this paragraph are listed from highest to lowest;
- (d) the lowest value listed pursuant to Subparagraph (c) of this paragraph is subtracted from the .159446.2

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(e) the value calculated pursuant to Subparagraph (a) of this paragraph for the subject school district is subtracted from the highest value listed in Subparagraph (c) of this paragraph;

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

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

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

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

(j) the value calculated pursuant to Subparagraph (i) of this paragraph is divided by the value calculated pursuant to Subparagraph (h) of this paragraph; .159446.2

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(k) if the value calculated for a subject school district pursuant to Subparagraph (j) of this paragraph is less than five-tenths, then, except as provided in Subparagraph (n) or (o) of this paragraph, the value for that school district equals the value calculated pursuant to Subparagraph (f) of this paragraph;

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

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

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

(o) in those instances in which the calculation pursuant to Subparagraph (k) or (m) of this paragraph yields a value greater than one, one shall be used as .159446.2

the value for the subject school district;

(p) except as reduced pursuant to
Paragraph (6) of this subsection, the amount to be distributed
from the fund for an approved project [1) in calendar year
2005, shall equal the total project cost multiplied by a
fraction the numerator of which is the value calculated for the
subject school district in 2005 plus the value calculated for
that district in 2004 and the denominator of which is two; and
2) in calendar year 2006 and each subsequent calendar year]
shall equal the total project cost multiplied by a fraction the
numerator of which is the value calculated for the subject
school district in the current year plus the value calculated
for that school district in each of the two preceding years and
the denominator of which is three; and

(q) as used in this paragraph: 1) "MEM" means the average full-time-equivalent enrollment of students attending public school in a school district on the fortieth, eightieth and one hundred twentieth days of the prior school year; and 2) "total project cost" means the total amount necessary to complete the public school capital outlay project less any insurance reimbursement received by the school district for the project;

(6) the amount calculated pursuant to Subparagraph (p) of Paragraph (5) of this subsection shall be reduced by the following procedure:

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(a) the total of all legislative					
appropriations made after January 1, 2003 for nonoperating					
purposes either directly to the subject school district or to					
another governmental entity for the purpose of passing the					
money through directly to the subject school district, and not					
rejected by the subject school district, but excluding					
educational technology appropriations made prior to January 1,					
2005 and reauthorizations of appropriations previously made to					
the subject school district, is calculated; provided that an					
appropriation made in a fiscal year shall be deemed to be					
accepted by a school district unless, prior to June 1 of that					
fiscal year, the school district notifies the department of					
finance and administration and the public education department					
that the district is rejecting the appropriation; provided					
further that the total shall be increased by an amount,					
certified to the council by the department, equal to the					
educational technology appropriations made to the subject					
school district on or after January 1, 2003 and prior to					
January 1, 2005 and not previously used to offset distributions					
nursuant to the Technology for Education Act:					

- (b) the applicable fraction used for the subject school district and the current calendar year for the calculation in Subparagraph (p) of Paragraph (5) of this subsection is subtracted from one;
 - (c) the value calculated pursuant to

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Subparagraph (a) of this paragraph for the subject school district is multiplied by the amount calculated pursuant to Subparagraph (b) of this paragraph for that school district;

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

(e) the amount calculated pursuant to Subparagraph (p) of Paragraph (5) of this subsection shall be reduced by the amount calculated pursuant to Subparagraph (d) of this paragraph;

- (7) as used in Paragraphs (5) and (6) of this subsection, "subject school district" means the school district that has submitted the application for funding and in which the approved public school capital outlay project will be located;
- (8) the council may adjust the amount of local share otherwise required if it determines that a school district has used all of its local resources. Before making any adjustment to the local share, the council shall consider whether:
- (a) the school district has insufficient bonding capacity over the next four years to provide the local match necessary to complete the project and, for all educational purposes, has a residential property tax rate of .159446.2

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at least ten dollars (\$10.00) on each one thousand dollars (\$1,000) of taxable value, as measured by the sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bonds;

(b) the school district: 1) has fewer than an average of eight hundred full-time-equivalent students on the fortieth, eightieth and one hundred twentieth days of the prior school year; 2) has at least seventy percent of its students eligible for free or reduced-fee lunch; 3) has a share of the total project cost, as calculated pursuant to provisions of this section, that would be greater than fifty percent; and 4) for all educational purposes, has a residential property tax rate of at least seven dollars (\$7.00) on each one thousand dollars (\$1,000) of taxable value, as measured by the sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bonds; or

(c) the school district has: 1) an enrollment growth rate over the previous school year of at least two and one-half percent; 2) pursuant to its five-year facilities plan, will be building a new school within the next two years; and 3) for all educational purposes, has a residential property tax rate of at least ten dollars (\$10.00) on each one thousand dollars (\$1,000) of taxable value, as .159446.2

measured by the sum of all rates imposed by resolution of the local school board plus rates set to pay interest and principal on outstanding school district general obligation bonds; and

- (9) no application for grant assistance from the fund shall be approved unless the council determines that:
- (a) the public school capital outlay project is needed and included in the school district's five-year facilities plan among its top priorities;
- (b) the school district has used its capital resources in a prudent manner;
- (c) the school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978;
- (d) the school district has submitted a five-year facilities plan that includes: 1) enrollment projections; 2) a current preventive maintenance plan that has been approved by the council pursuant to Section 22-24-5.3 NMSA 1978 and that is followed by each public school in the district; 3) the capital needs of charter schools located in the school district; and 4) projections for the facilities needed in order to maintain a full-day kindergarten program;
- (e) the school district is willing and able to pay any portion of the total cost of the public school capital outlay project that, according to Paragraph (5), (6) or (8) of this subsection, is not funded with grant assistance
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from the fund; provided that school district funds used for a project that was initiated after September 1, 2002 when the statewide adequacy standards were adopted, but before September 1, 2004 when the standards were first used as the basis for determining the state and school district share of a project, may be applied to the school district portion required for that project;

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

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

O. After consulting with the public school capital outlay oversight task force and other experts, the council shall regularly review and update statewide adequacy standards applicable to all school districts. The standards shall establish the acceptable level for the physical condition and capacity of buildings, the educational suitability of facilities and the need for technological infrastructure. Except as otherwise provided in the Public School Capital .159446.2

Outlay Act, the amount of outstanding deviation from the standards shall be used by the council in evaluating and prioritizing public school capital outlay projects.

- D. It is the intent of the legislature that grant assistance made pursuant to this section allows every school district to meet the standards developed pursuant to Subsection C of this section; provided, however, that nothing in the Public School Capital Outlay Act or the development of standards pursuant to that act prohibits a school district from using local funds to exceed the statewide adequacy standards.
- E. Upon request, the council shall work with, and provide assistance and information to, the public school capital outlay oversight task force.
- F. The council may establish committees or task forces, not necessarily consisting of council members, and may use the committees or task forces, as well as existing agencies or organizations, to conduct studies, conduct surveys, submit recommendations or otherwise contribute expertise from the public schools, programs, interest groups and segments of society most concerned with a particular aspect of the council's work.
- G. Upon the recommendation of the public school facilities authority, the council shall develop building standards for public school facilities and shall promulgate other such rules as are necessary to carry out the provisions .159446.2

of the Public School Capital Outlay Act.

H. No later than December 15 of each year, the council shall prepare a report summarizing its activities during the previous fiscal year. The report shall describe in detail all projects funded, the progress of projects previously funded but not completed, the criteria used to prioritize and fund projects and all other council actions. The report shall be submitted to the public education commission, the governor, the legislative finance committee, the legislative education study committee and the legislature."

Section 3. A new section of the Public School Capital Outlay Act, Section 22-24-5.7 NMSA 1978, is enacted to read:

"22-24-5.7. [NEW MATERIAL] NEW OR EXPANDED SCHOOL FACILITIES IN HIGH-GROWTH AREAS.--

- A. Pursuant to guidelines adopted by the council, the council shall identify high-growth areas of the state in which critical overcrowding of existing school facilities is adversely affecting the quality of education.
- B. The public school facilities authority shall assist school districts containing identified high-growth areas in developing plans for new or expanded school facilities that will alleviate the critical overcrowding.
- C. After developing criteria for prioritizing needed facilities and to the extent that money is available in the fund for such purposes, the council shall approve .159446.2

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allocations from the fund for the new or expanded school facilities and, working with the school district, enter into construction contracts for the facilities.

- Allocations from the fund for the construction of new or expanded school facilities pursuant to this section shall be made regardless of the local effort or percentage of indebtedness of the school district; provided that no such allocation from the fund shall be made unless the council determines that:
- (1) the school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978;
- the school district has submitted a (2) five-year facilities plan that includes:
 - enrollment projections; (a)
- a current preventive maintenance (b) plan that has been approved by the council pursuant to Section 22-24-5.3 NMSA 1978 and that is followed by each public school in the district;
- the capital needs of charter schools located in the school district; and
- (d) projections for the facilities needed in order to maintain a full-day kindergarten program; and
- the school district has agreed, in .159446.2

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writing, to comply with any reporting requirements or conditions imposed by the council pursuant to Section 22-24-5.1 NMSA 1978."

APPROPRIATIONS. --Section 4.

Four hundred million dollars (\$400,000,000) is appropriated from the general fund to the public school capital outlay fund for expenditure in fiscal years 2006 through 2009 for the purpose of funding new or expanded school facilities in high-growth areas of the state pursuant to the Section 22-24-5.7 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

Two hundred million dollars (\$200,000,000) is appropriated from the general fund to the public school capital outlay fund for expenditure in fiscal years 2006 through 2009 for the purpose of making allocations for maintenance of public school facilities pursuant to Subsection H of Section 22-24-4 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

Section 4. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

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