

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number: HB 264**

**51st Legislature, 1st Session, 2013**

**Tracking Number: .190438.4**

**Short Title: School District Building Systems Needs**

**Sponsor(s): Representative Roberto “Bobby” Gonzales and Others**

**Analyst: Sarah Amador-Guzman**

**Date: February 17, 2013**

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

**Bill Summary:**

HB 264 amends the *Public School Capital Outlay Act* (PSCOA) in the following ways:

- defines “building system” to include:
  - roofing;
  - electrical distribution;
  - electronic communication;
  - plumbing;
  - lighting;
  - mechanical;
  - fire prevention;
  - facility shell;
  - interior finishes; and
  - heating, ventilation and air conditioning systems.
- provides the Public School Capital Outlay Council (PSCOC) with flexibility over the items included in the definition of a “building system;”
- allows for the use of up to \$15.0 million in expenditures in FY 14 through FY 18 from the Public School Capital Outlay Fund (PSCOF) for:
  - building system repairs; and
  - renovations or replacement projects, as defined by the council, pursuant to a new section of law included in HB 264, and expended within two years of the allocation.
- adds a new section, “Building System Repair, Renovation or Replacement” that requires the:
  - PSCOC to develop guidelines around “building system” repairs, renovations, or replacements;
  - school districts to submit an application that demonstrates that the repair, renovation, or replacement would extend the useful life of the building itself;
  - PSCOC to adopt a methodology to be used for calculating a school districts contribution toward a “building system” project, and the ranking of the application by the Public School Facilities Authority (PSFA);

- PSFA to verify the assessment made by the school district;
  - PSCOC to hold a public hearing, and to the extent that money is available in the PSCOF, the council shall approve building system repair, renovation or replacement projects, provided that the school district is willing and able to contribute a portion of the total project cost using other state or local revenue sources; and
  - grant to be expended by the school district within two years of the allocation.
- removes references to and repeals Section 22-24-4.1, “Outstanding deficiencies; assessment; correction,” for grant assistance, and allows the council to make annual grant awards for “building systems”; and
  - removes certain responsibilities outlined for the PSFA in Section 22-24-9.

**Fiscal Impact:**

HB 264 does not contain an appropriation, but would allow for the use of up to \$15.0 million annually to be awarded by the PSCOC from the PSCOF for “building systems” in FY 14 through FY 18.

**Substantive Issues:**

According to the PSFA bill analysis, the PSCOF is the funding source for the:

- standards-based awards (including roof awards) to public schools statewide;
- *Public School Capital Improvements Act* (SB 9) state matching funds;
- Lease Assistance Program;
- Master Plan Assistance Program; and
- other programs under the PSCOA.

The primary revenue source for the PSCOF is supplemental severance tax bonds (STBs).

According to the PSFA bill analysis, HB 264:

- expands the use of PSCOF by adding a “building systems” program that would supplement the current standards based program;
- allows the PSCOC and districts more flexibility in project scoping and funding; and
- allows the PSCOC to develop guidelines for “building systems” projects, with an application, assessments, and ranking methodology.

The “building systems” program could provide an opportunity for districts to “right size” a project to their fiscal resources and address deficiencies that would have the greatest impact on a student’s learning environment.

According to PSFA “building systems” programs:

- can add 10-15 years to a school facility’s useful life; and
- will have a positive impact on deferred maintenance backlog.

According to the PSFA bill analysis, PSFA staff recommendations for the PSCOC to consider when funding “building systems” are that it may require the following:

- The completed school project would result in the school’s facilities condition to be equal to or better than the current (pre-project) wNMCI divided by 1.5.
- Consider the following scenarios – a school’s weighted New Mexico Condition Index (wNMCI) is currently 47 percent, the required post project wNMCI must be 33.33 percent or better (lower is a better condition); a school’s wNMCI is currently 68 percent, the required post project wNMCI must be 45.33 percent or better.
- Upon district application, PSFA would analyze projects for feasibility using on-site observation as well as analyzing specific current and post project anticipated systems deficiencies. Current systems deficiencies are available in the PSFA facilities assessment database (FAD).
- The cost of renewal is justified from a return on investment (ROI) standpoint, which considers both cost effectiveness as well as a positive effect on the educational environment. This is recognized as a greatly improved wNMCI score that is a measure that includes both brick-and-mortar facility condition, and the ability of a school to adequately support its educational programs.

PSFA has identified examples of high value system repairs that will generate the greatest impact on a school’s facility and learning environment, it includes:

- roofs;
- HVAC;
- classroom lighting and branch circuits;
- exterior doors and windows; and
- site drainage.

**Background:**

According to the PSFA bill analysis, an adequately funded “building systems” repairs, renovations, or replacements program, supplementing higher need whole campus renewals, will increase the effectiveness of the standards-based program by incrementally improving certain schools and thereby moving those schools need of whole campus replacement back many years.

Since the inception of the standards-based programs, the composition of New Mexico’s school facilities inventory has changed and a systems renewal program could maintain the effectiveness of capital spending. There are currently a large number of schools, that if certain high value systems are not renewed, they will soon worsen to a point of requiring full facility renewal or replacement. By correcting facility systems in a school that is “beyond expected life,” its progression to renewal or replacement can be slowed.

**Committee Referrals:**

HEC/HJC

**Related Bills:**

None as of February 17, 2013.