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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 2nd Session, 2018

Bill Number	<u>SB239/aSEC</u>	Sponsor	<u>Munoz</u>
Tracking Number	<u>.210051.2</u>	Committee Referrals	<u>SCC/SEC/SFC</u>
Short Title	<u>School Capital Outlay for Security</u>		
Analyst	<u>Rogne</u>	Original Date	<u>2/2/18</u>
		Last Updated	<u>2/7/18</u>

BILL SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to SB239 (SB239/aSEC) adds language which allows for the installation of new security system “projects” instead of school security system “repair, renovation, or replacement” projects.

Synopsis of Original Bill

Senate Bill 239 (SB239) adds a new section to the Public School Capital Outlay Act to develop guidelines for public school security system repair, renovation, or replacement projects. The Public School Facilities Authority (PSFA) would develop program guidelines, verify the school district assessments and applications, and rank all applications it receives according to the methodology adopted by the Public School Capital Outlay Council (PSCOC). All projects would be subject to the act’s state and local match formula. PSCOC would make school security system awards based on the applicants’ ranking and their ability to meet the local match requirement.

SB239 allows up to \$10 million of the public school capital outlay fund annually for awards for school system repair, renovation, or replacement in FY19 through FY22.

FISCAL IMPACT

SB239/aSEC does not contain an appropriation.

This bill would allow up to \$10 million of the public school capital outlay fund for awards for school system projects annually between FY19 and FY22. Money not spent within three years of grant allocation would revert to the public school capital outlay fund.

Available funding for current programs under the Public School Capital Outlay Act may be decreased by up to \$10 million each year in FY19 through FY22. The PSCOC would determine which programs would be impacted if the bill were enacted.

The table below depicts the PSCOC’s estimated financial plan for FY18 through FY21, with figures shown in millions of dollars:

PSCOC Financial Plan, as of January 19, 2018
(in millions)

Program/Use	FY18	FY19	FY20	FY21
Capital Improvements Act (SB-9)	\$18.4	\$18.4	\$18.4	\$18.4
SB4 (Instructional Materials/Transportation Distribution)	\$25.0	\$25.0	\$25.0	\$25.0
Lease Payment Assistance Awards	\$15.4	\$12.0	\$12.0	\$12.0
Master Plan Assistance Awards	\$0.5	\$0.4	\$0.4	\$0.4
BDCP (SB159)	\$2.5	\$7.0	\$0.0	\$0.0
BDCP Awards YTD	\$1.0	\$0.0	\$0.0	\$0.0
PED Pre-K (SB1/HB219)	\$2.0	\$3.0	\$0.0	\$0.0
PSFA Operating Budget	\$5.6	\$5.1	\$5.0	\$5.0
CID / OSFM Inspections	\$0.3	\$0.3	\$0.3	\$0.3
Emergency Reserve for Contingencies	\$0.7	\$1.0	\$1.0	\$1.0
PSCOC Awards	\$84.8	\$97.8	\$71.2	\$83.8
	\$156.20	\$170.00	\$133.30	\$145.90

Source: PSFA

SUBSTANTIVE ISSUES

SB239/aSEC adds guidelines for public school security system projects to the Public School Capital Outlay Act, allowing the allocation of up to \$10 million from the public school capital outlay fund annually in FY19 through FY22 for this program. The public school capital outlay fund is the source of funding for the standards-based and systems-based capital outlay programs, as well as the state match for the Public School Capital Improvements Act (also known as SB9), the lease assistance program, master plan assistance, education technology infrastructure deficiency corrections initiative, and other programs under the Public School Capital Outlay Act. The up to \$10 million for public school security system awards would decrease available funding for current programs under the Public School Capital Outlay Act. Over the last four years, standards-based awards, which fulfill the constitutional mission of PSCOC to ensure educational adequacy of facilities, have decreased by 15.7 percent and the total amount of revenue available for awards has decreased by 10.8 percent.

According to PSFA, amending the definition of a “building system” to include school security systems makes security systems eligible for funding under the building system repair, renovation, or replacement initiative, which is a permanent program under the Public School Capital Outlay Act. Under the building systems initiative, the application includes an assessment of the building system that, in the opinion of the school district, the repair, renovation, or replacement would extend the useful life of the building itself. This assessment must be verified by PSFA. Although a security system may improve the security of the school’s buildings, property, and occupants, there is no direct correlation that security system would extend the useful life of the building.

The public school capital outlay fund is primarily funded by supplemental severance tax bonds (SSTBs). Revenues available for SSTBs have decreased sharply in past years because they are closely tied to the oil industry, which saw a precipitous decline in 2014. While the Legislative Finance Committee forecast shows a stable bonding capacity for the next five years, revenues have also decreased because of legislative action that decreases available SSTB bonding capacity and revenue available for public school capital projects. Laws 2015, Chapter 63 (HB263) reduced the statutory limits of senior and SSTB capacity to increase the amount of revenue deposited into the severance tax permanent fund. Laws 2016 (2nd Special Session), Chapter 2 (SB4) authorized up to \$25 million to be used annually from FY18 through FY22 for school instructional materials and

student transportation; allowing for further reductions of available capacity for public school projects. In addition, Laws 2016 (2nd Special Session), Chapter 5 (SB8) appropriated \$12.4 million in FY17 to the general fund from project reversions from public school capital outlay capital projects. Additionally, the Legislature appropriated money from the fund for school bus purchases and prekindergarten classrooms. These actions taken by the Legislature reduce the amount of available funding for standards-based public school capital projects. The high water mark for standards-based awards was in FY13, when PSCOC awarded \$256.1 million to public schools, compared with FY17 PSCOC awards of \$90.5 million.

PSCOC anticipated a bond sale of \$67.9 million in December, but only \$32.3 million was available; Department of Finance and Administration (DFA) staff anticipate the \$35.6 million difference will be available in the June 2018 bond sale for projects budgeted in FY19, but PSCOC members have expressed concern the funds will not materialize. If the \$35.6 million is not available, the amount available for awards in FY19 would be further reduced.

The current standards-based public school capital outlay program was developed and established partially in response to a 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. As this lawsuit has never been closed, it is essential to fully fund the standards-based and systems-based award programs, which fulfill the core mission of PSCOC to ensure educational adequacy for facilities.

According to PSFA, improvements to a facility based on the outcome of a security systems project may improve the facility's weighted New Mexico Condition Index (wNMCI). This index enables the comparison of all public schools in the state to determine greatest need for funding the correction of school deficiencies. The wNMCI list is ultimately sorted so that a ranking can be generated identifying the greatest capital need. An improved wNMCI may affect eligibility for funding under the standards-based program or other funding programs which use the wNMCI as prioritization for awards.

SB239/aSEC could improve school safety and security at public schools in New Mexico that received a security system capital outlay award. This could potentially avert tragedies such as the shooting at Aztec High School in December 2017.

ADMINISTRATIVE IMPLICATIONS

PSCOC and PSFA will have to incorporate the security systems initiative into the public school capital outlay annual application process. According to PSFA, the PSCOC and PSFA will need to develop guidelines for the security systems initiative, including an application and ranking methodology. The application must include an assessment of the school's security system and a statement of opinion by the school district that the security system project sought would improve the security of the school's buildings, property, and occupants.

POSSIBLE QUESTIONS

Are there other ways to promote a safe learning environment at schools, such as curricular options or improving social services?

RELATED BILLS

Conflicts with HB130, Public School Capital Outlay for Security, which reserves \$5 million of the public school capital outlay fund annually for awards for school system repair, renovation, or replacement in FY19 through FY23.

Relates to SB30, Change Capital Outlay Funding Formula, which changes the formula for determining state and local matches for funding through the Public School Capital Outlay Act.

Relates to SB124, Public School Security Measures, which makes an appropriation to fund security measures in public schools.

SOURCES OF INFORMATION

- LESC Files
- Public School Facilities Authority

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