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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
54th Legislature, 2nd Session, 2020

Bill Number	<u>SB159/aSEC</u>	Sponsor	<u>Stewart</u>
Tracking Number	<u>.216626.3</u>	Committee Referrals	<u>SEC/SFC;HEC/HTRC</u>
Short Title	<u>Distributions to School Districts</u>		
Analyst	<u>Andrews</u>	Original Date	<u>2/3/2020</u>
		Last Updated	<u>2/14/2020</u>

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

BILL SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 159 (SB159/aSEC) makes technical changes. SB159/aSEC removes the term “per program unit” to ensure the calculation of the Public School Capital Improvements Act program guarantee is accurate. SB159/aSEC also defines tax rate as the rate “approved by the qualified electors in the most recent election on the question of imposing a tax pursuant to the Public School Capital Improvements Act” which aligns with current statutory language.

Synopsis of Original Bill

Senate Bill 159 (SB159) amends the Public School Capital Improvements Act, commonly known as “SB9,” state funding calculation to increase capital outlay funding for all school districts. SB159 maintains the current Public School Capital Improvements statutory structure, in that the state funding calculation is based on a program guarantee, and school districts either get a minimum or maximum guarantee adjustment depending on the funds school districts generate from a local two-mill levy. SB159 adjusts the amounts included through the minimum and maximum guarantee adjustment, as well as the types of program units included in the calculation. SB159 also adds an additional factor to the state funding calculation so all school districts also receive an additional distribution adjusted by their Public School Capital Outlay Act phase two state match percentages.

FISCAL IMPACT

SB159/aSEC does not contain an appropriation.

SB159/aSEC would double state funding through the Public School Capital Outlay Act. In FY20, the state provided “matching” funds of \$17.3 million. See **Attachment 1, Public School Capital Improvements Act (SB-9) FY20 Final Calculation of Entitlement**. SB159/aSEC would increase state funding to \$34.9 million. See **Attachment 2, Comparison Between Current Public**

School Capital Improvements Act Funding and SB159/aSEC. Attachment 2 assumes the maximum impact of SB159/aSEC and assumes all school districts will impose a full two-mill levy; school districts that do not currently receive Public School Capital Improvements Act funding are highlighted on Attachment 2 in yellow.

The current Public School Capital Outlay (PSCOC) financial plan anticipates a potential increase in uses for the increase in Public School Capital Improvements Act state funding provided by SB159/aSEC. The table below shows the anticipated state match increase in the PSCOC financial plan.

**Public School Capital Improvements Act Funding
in the PSCOC Financial Plan
(in millions)**

FY20	FY21	FY22	FY23	FY24
\$17.3	\$35.9	\$35.9	\$35.9	\$35.9

Source: PSFA

SB159/aSEC uses the PSCOC phase two state match calculation to target additional dollars to school districts with low property tax bases. All school districts would receive more funding under SB159/aSEC, with school districts with a lower state match receiving smaller increases than school districts with higher state matches pursuant to the Public School Capital Outlay Act. The PSCOC phase two calculation for determining the state and local share of public school capital outlay, enacted in 2018, is based on the net taxable value for a school district for the prior five years, the maximum allowable gross square footage per student pursuant to the adequacy planning guide, the cost per square foot of replacement facilities, and each school district’s population density.

During the 2019 interim, some PSCOC members suggested eliminating systems-based awards and reallocating these funds to a better designed Public School Capital Improvements Act state funding calculation; SB159/aSEC is a result of these conversations. Demand for systems-based awards decreased in FY20. While PSCOC funded 24 systems-based awards in FY19, PSCOC only funded 10 systems-based projects in FY20. Systems-based projects are administratively burdensome which decreases the capacity of the Public School Facilities Authority (PSFA), staff to PSCOC, to administer other programs. For example, PSFA has had to ensure systems-based projects do not include above-adequacy spaces, which can be tricky if, for example, the systems-based request is to replace the roof of a school that includes above adequacy spaces.

PSFA notes in their analysis that the current financial plan of PSCOC anticipates a potential decrease in awards for the systems-based program, assuming an increase in Public School Capital Improvements Act funding to school districts, beginning in FY21. The table below shows the anticipated changes to the systems-based award scenario in the PSCOC financial plan.

**Systems-Based Award Funding in the PSCOC Financial
Plan
(in millions)**

FY20	FY21	FY22	FY23	FY24
\$20	\$10	\$10	\$0	\$0

Source: PSFA

Proposed Calculation in SB159/aSEC. The proposed calculation in SB159/aSEC maintains a program guarantee calculation and a minimum guarantee, similar to the current formula, but changes the program units that are included in the calculation and the dollar amounts of each program unit in the calculation. See **Attachment 3, Current Calculation Compared with Proposed Calculation.** Additionally, it adds a new factor. SB159/aSEC would include only final funded units from the prior year from the following factors: early childhood education, basic education, special education, size adjustment, enrollment growth, at-risk, and the staffing cost multiplier. The dollar amount for the program guarantee would be increased to \$89.25 per program unit; the dollar amount for the minimum guarantee would be decreased to \$5 per program unit. As with current law, these will automatically adjust each year per the consumer price index.

The state funding calculation in SB159/aSEC would provide for a school district to receive either a maximum program guarantee or a minimum guarantee, plus an additional match. School districts would receive the greater of the following two calculations: 1) the difference between the program guarantee, which is calculated by multiplying \$89.25 per program unit multiplied by the mill levy rate and the school district's estimated tax revenue, or 2) the minimum guarantee, which is calculated by multiplying \$5 per program unit multiplied by the mill levy rate. All school districts would receive an additional match, which is calculated by multiplying \$53 per program unit multiplied by the mill levy rate multiplied by the state match percentage calculated pursuant to the phase two formula of the Public School Capital Outlay Act.

SUBSTANTIVE ISSUES

SB159/aSEC would change the Public School Capital Improvements Act state funding currently in statute to give all school districts more capital outlay funds and target additional dollars to school districts with the greatest reliance on state funding for their capital needs. The bill would change the state funding calculation to include only specified program units, specifically, program units for early childhood education, basic education, special education, size adjustment, enrollment growth, at-risk, and the staffing cost multiplier. Including only nondiscretionary program units provides for stability of funding and the ability for school districts and PED to predict revenues. Pursuant to 22-25-2 NMSA 1978, Public School Capital Improvements Act funds can be used for maintenance, capital improvements, building and remodeling, improving public school grounds, activity vehicles, education technology, software, and network tools and improvements.

PSFA notes in their analysis that the increased state match proposed in SB159/aSEC would result in additional funding to school districts that qualify for state matching funds. This increase would benefit school districts for the purposes stated in Section 22-25-9 NMSA 1978 and will especially assist school districts with preventive maintenance projects that will increase the life of a facility.

Public School Capital Outlay Funding. Public school capital outlay funding, used to purchase capital assets like buildings, is both a local and state responsibility in New Mexico. 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 the Zuni Public Schools and later joined by the Gallup-McKinley County Public Schools and the Grants-Cibola County Public Schools. The state district court found that through its public school capital outlay funding system the state was violating that portion of the state constitution that guarantees establishment and maintenance of a “uniform system of free public schools sufficient for the education of, and open to, all children of school age” in the state. The court ordered the state to “establish and implement a uniform funding system for capital improvements... and for correcting past inequities” and set a deadline

at the end of the 2001 legislative session. The court appointed a special master to review the state's progress.

Although the quality of school facilities has improved significantly since the lawsuit, litigant school districts are still concerned the system is inequitable. These alleged ongoing disparities led Gallup-McKinley County Schools (GMCS) to reopen the *Zuni* lawsuit – which had never been closed – and seek judicial intervention to cure what the school district characterizes as ongoing disparities in the current public school capital outlay funding system. For example, GMCS is concerned that property-wealthy school districts are able to build public school facilities significantly above adequacy without taxing themselves to the same extent that voters in the GMCS school district tax themselves.

OTHER SIGNIFICANT ISSUES

Public School Maintenance. Current analysis from PSFA indicates a broad range of school district maintenance and operations spending per square foot from as low as \$2.59 to as high as \$12.28, with a mid-range average spend of \$6.39 per square foot. A spending range of \$5.50 to \$8.00 per square foot is recommended to support a quality maintenance program.

On January 23, 2020, the Department of Finance and Administration (DFA) sent a letter to PED indicating that Public School Capital Improvements Act funds no longer have to be distributed by PED on a reimbursement basis. See **Attachment 4, Exception to 2.61.6.9(A)(1)(b) NMAC for Public Education Department**. DFA notes the reason for this change is PED and PSFA comments that the distribution of Public School Capital Improvements Act funds, on a reimbursement basis, is particularly cumbersome because such expenditures are often small and numerous.

RELATED BILLS

Related to HB131, Distribution to Taxing School Districts, which would increase the program guarantee in the Public School Capital Improvements Act.

Duplicates HB254, Distributions to School Districts.

SOURCES OF INFORMATION

- LESC Files
- Public School Facilities Authority (PSFA)

MCA/tb/mc/my/sgs

FY20 Final Calculation of Entitlement

(Using 2018 Final Valuations, \$86.04 per mill/actual election, \$6.68 Min.)

DISTRICTS	2018 FINAL TOTAL ASSESSED LAND VALUATIONS	2018-2019 AVG 80th/120th DAY PROGRAM UNITS	2018 LOCAL TAX RATES			PROJECTED LOCAL TAX	PROJECTED PROGRAM GUARANTEE @ \$86.04	PROGRAM MINIMUM GUARANTEE @ \$6.68	STATE MATCH (SB9)	*STATE MATCH OR \$6.68 MINIMUM
			RES. RATE	NON-RES. RATE.	O/G/C RATE					
ALAMOGORDO	\$ 832,400,803	9,758,460	2.000	2.000	0.000	\$ 1,564,801	\$ 1,679,236	\$ 130,373	\$ 14,435	\$ 130,373
ALBUQUERQUE	\$ 16,888,932,115	180,537,140	2.000	2.000	0.000	\$ 33,777,864	\$ 31,066,831	\$ 2,411,976	\$ -	\$ 2,411,976
ANIMAS	\$ 37,736,524	506,390	1.975	2.000	0.000	\$ 75,288	\$ 87,140	\$ 6,765	\$ 11,851	\$ 11,851
ARTESIA	\$ 1,601,471,251	6,529,190	2.000	2.000	2.000	\$ 3,202,943	\$ 1,123,543	\$ 87,230	\$ -	\$ 87,230
ARTZEC	\$ 650,623,446	5,096,230	1.886	1.886	1.886	\$ 1,227,076	\$ 826,973	\$ 64,205	\$ -	\$ 64,205
BELEN	\$ 631,805,059	7,075,990	2.000	2.000	0.000	\$ 1,263,610	\$ 1,217,636	\$ 94,535	\$ -	\$ 94,535
BERNALILLO	\$ 641,591,556	5,719,960	2.000	2.000	0.000	\$ 1,283,183	\$ 984,291	\$ 76,419	\$ -	\$ 76,419
BLOOMFIELD	\$ 761,756,313	4,758,380	2.000	2.000	2.000	\$ 1,523,513	\$ 818,822	\$ 63,572	\$ -	\$ 63,572
CAPTAN	\$ 426,379,323	1,113,460	2.000	2.000	0.000	\$ 852,759	\$ 191,604	\$ 14,876	\$ -	\$ 14,876
CARLSBAD	\$ 2,726,528,622	14,556,470	2.000	2.000	2.000	\$ 5,453,057	\$ 2,504,877	\$ 194,474	\$ -	\$ 194,474
CARRIZO	\$ 69,553,037	508,320	2.000	2.000	0.000	\$ 139,106	\$ 87,472	\$ 6,791	\$ -	\$ 6,791
CENTRAL	\$ 746,492,355	10,684,100	2.000	2.000	2.000	\$ 1,492,985	\$ 1,838,520	\$ 142,740	\$ 345,535	\$ 345,535
CHAMA	\$ 148,131,253	1,072,240	2.000	1.938	0.000	\$ 292,962	\$ 184,511	\$ 14,325	\$ -	\$ 14,325
CHARRON	\$ 431,302,760	1,141,010	2.000	2.000	2.000	\$ 862,606	\$ 196,345	\$ 15,244	\$ -	\$ 15,244
CLAYTON	\$ 136,370,433	1,110,650	2.000	2.000	2.000	\$ 272,741	\$ 191,121	\$ 14,838	\$ -	\$ 14,838
CLOUDCROFT	\$ 206,999,100	977,890	2.000	2.000	0.000	\$ 413,998	\$ 168,275	\$ 13,065	\$ -	\$ 13,065
CLOVIS	\$ 840,279,849	13,787,270	2.000	2.000	0.000	\$ 1,680,560	\$ 2,372,513	\$ 184,198	\$ 691,954	\$ 691,954
COBRE	\$ 262,808,255	2,765,960	2.000	2.000	2.000	\$ 525,617	\$ 475,966	\$ 36,953	\$ -	\$ 36,953
CORONA	\$ 64,374,328	337,290	2.000	2.000	0.000	\$ 128,749	\$ 58,041	\$ 4,506	\$ -	\$ 4,506
CUBA	\$ 142,434,773	1,504,280	2.000	2.000	2.000	\$ 284,870	\$ 258,857	\$ 20,097	\$ -	\$ 20,097
DEMING	\$ 597,347,597	9,929,500	2.000	2.000	0.000	\$ 1,194,695	\$ 1,708,668	\$ 132,658	\$ 513,973	\$ 513,973
DES MOINES	\$ 38,480,687	372,590	2.000	2.000	0.000	\$ 76,961	\$ 64,115	\$ 4,978	\$ -	\$ 4,978
DEXTER	\$ 84,430,587	1,830,330	1.987	2.000	2.000	\$ 168,503	\$ 314,963	\$ 24,453	\$ 146,461	\$ 146,461
DORA	\$ 27,624,228	626,640	1.977	2.000	2.000	\$ 55,132	\$ 107,832	\$ 8,372	\$ 52,700	\$ 52,700
DULCE	\$ 300,482,803	1,457,580	2.000	2.000	2.000	\$ 600,966	\$ 250,820	\$ 19,473	\$ -	\$ 19,473
ELIDA	\$ 28,322,601	503,880	1.778	2.000	2.000	\$ 55,758	\$ 86,708	\$ 6,732	\$ 30,949	\$ 30,949
ESPAÑOLA	\$ 592,341,846	7,654,480	2.000	2.000	0.000	\$ 1,184,684	\$ 1,317,183	\$ 102,264	\$ 132,499	\$ 132,499
ESTANCIA	\$ 118,639,976	1,543,670	2.000	2.000	0.000	\$ 237,280	\$ 265,635	\$ 20,623	\$ 28,355	\$ 28,355
EUNICE	\$ 722,325,841	1,683,510	2.000	2.000	2.000	\$ 1,444,652	\$ 289,698	\$ 22,492	\$ -	\$ 22,492
FARMINGTON	\$ 1,528,648,095	18,647,000	2.000	2.000	2.000	\$ 3,057,296	\$ 3,208,776	\$ 249,124	\$ 151,480	\$ 249,124
FLOYD	\$ 14,963,466	617,410	1.950	2.000	2.000	\$ 29,720	\$ 106,244	\$ 8,249	\$ 76,524	\$ 76,524
FT. SUMNER	\$ 91,348,468	715,320	2.000	2.000	0.000	\$ 182,697	\$ 123,092	\$ 9,557	\$ -	\$ 9,557
GADSDEN	\$ 982,524,160	24,493,040	2.000	2.000	0.000	\$ 1,965,048	\$ 4,214,762	\$ 327,227	\$ 2,249,714	\$ 2,249,714
GALLUP	\$ 854,112,235	21,504,360	2.000	2.000	2.000	\$ 1,708,224	\$ 3,700,470	\$ 287,298	\$ 1,992,246	\$ 1,992,246
GRADY	\$ 10,071,218	462,020	2.000	2.000	0.000	\$ 20,142	\$ 79,504	\$ 6,173	\$ 59,362	\$ 59,362
GRANTS	\$ 341,889,411	6,508,960	1.827	2.000	0.000	\$ 661,916	\$ 1,120,062	\$ 86,960	\$ 458,146	\$ 458,146
HAGERMAN	\$ 39,490,188	1,088,250	2.000	2.000	2.000	\$ 78,980	\$ 187,266	\$ 14,539	\$ 108,286	\$ 108,286
HATCH	\$ 85,173,713	2,257,550	2.000	2.000	0.000	\$ 170,347	\$ 388,479	\$ 30,161	\$ 218,132	\$ 218,132
HOBBES	\$ 1,585,161,126	17,492,870	2.000	2.000	2.000	\$ 3,170,322	\$ 3,010,173	\$ 233,705	\$ -	\$ 233,705
HONDO	\$ 37,538,030	503,230	1.992	2.000	0.000	\$ 74,921	\$ 86,596	\$ 6,723	\$ 11,675	\$ 11,675
HOUSE	\$ 15,874,270	336,550	2.000	1.999	0.000	\$ 31,735	\$ 57,914	\$ 4,496	\$ 26,178	\$ 26,178
JAL	\$ 1,768,713,594	1,069,510	1.978	2.000	2.000	\$ 3,537,163	\$ 184,041	\$ 14,289	\$ -	\$ 14,289
JEMEZ MTN.	\$ 318,906,816	629,530	2.000	2.000	2.000	\$ 637,814	\$ 108,330	\$ 8,411	\$ -	\$ 8,411
JEMEZ VALLEY	\$ 109,828,659	1,058,900	2.000	2.000	0.000	\$ 219,657	\$ 182,216	\$ 14,147	\$ -	\$ 14,147
LAKE ARTHUR	\$ 48,773,038	399,100	1.986	2.000	2.000	\$ 97,449	\$ 68,677	\$ 5,332	\$ -	\$ 5,332
LAS CRUCES	\$ 3,436,888,733	45,003,220	2.000	2.000	0.000	\$ 6,873,777	\$ 7,744,154	\$ 601,243	\$ 870,377	\$ 870,377
LAS VEGAS CITY	\$ 282,844,758	3,019,110	2.000	2.000	0.000	\$ 565,690	\$ 519,528	\$ 40,335	\$ -	\$ 40,335

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			RES. RATE	NON-RES RATE	O/G/C RATE					
LAS VEGAS WEST	\$ 196,875,012	3,314,040	2.000	2.000	0.000	\$ 393,750	\$ 570,280	\$ 44,276	\$ 176,530	\$ 17,338,659
LOGAN	\$ 68,777,367	787,350	1.965	2.000	2.000	\$ 136,414	\$ 135,487	\$ 10,519	\$ -	\$ 10,519
LORDSBURG	\$ 133,777,204	1,124,490	2.000	2.000	0.000	\$ 267,554	\$ 193,502	\$ 15,023	\$ -	\$ 15,023
LOS ALAMOS	\$ 753,625,320	6,764,750	2.000	2.000	0.000	\$ 1,799,724	\$ 2,647,408	\$ 205,540	\$ 847,684	\$ 847,684
LOS LUNAS	\$ 899,862,078	15,384,750	2.000	2.000	2.000	\$ 474,151	\$ 224,909	\$ 17,462	\$ -	\$ 17,462
LOVING	\$ 237,075,703	1,307,000	2.000	2.000	2.000	\$ 1,389,286	\$ 1,263,850	\$ 98,123	\$ -	\$ 98,123
MAGDALENA	\$ 694,643,058	7,344,550	2.000	2.000	0.000	\$ 60,964	\$ 154,363	\$ 11,984	\$ 93,399	\$ 93,399
MAXWELL	\$ 30,481,819	897,040	2.000	2.000	0.000	\$ 43,275	\$ 76,412	\$ 5,933	\$ 33,137	\$ 33,137
MELROSE	\$ 34,438,927	613,140	2.000	1.996	0.000	\$ 68,781	\$ 105,509	\$ 8,192	\$ 36,728	\$ 36,728
MESA VISTA	\$ 83,006,292	747,220	2.000	2.000	0.000	\$ 166,013	\$ 128,582	\$ 9,983	\$ -	\$ 9,983
MORA	\$ 102,641,530	1,014,770	2.000	0.000	0.000	Failed	Failed	Failed	Failed	Failed
MORIARTY	\$ 568,961,677	5,119,320	2.000	2.000	0.000	\$ 1,137,923	\$ 880,933	\$ 68,394	\$ -	\$ 68,394
MOSQUERO	\$ 73,416,561	292,330	1.857	2.000	2.000	\$ 146,525	\$ 50,304	\$ 3,906	\$ -	\$ 3,906
MOUNTAINAIR	\$ 72,810,647	679,410	2.000	2.000	0.000	\$ 145,621	\$ 116,913	\$ 9,077	\$ -	\$ 9,077
MENASCO	\$ 140,314,380	1,291,060	2.000	2.000	0.000	\$ 280,629	\$ 222,166	\$ 17,249	\$ -	\$ 17,249
PEÑASCO	\$ 56,293,544	885,030	2.000	2.000	0.000	\$ 112,587	\$ 152,296	\$ 11,824	\$ 39,709	\$ 39,709
POJOAQUE	\$ 174,551,621	3,375,010	2.000	2.000	0.000	\$ 349,103	\$ 580,772	\$ 45,090	\$ 231,668	\$ 231,668
PORTALES	\$ 289,321,445	5,123,200	1.990	2.000	0.000	\$ 577,030	\$ 881,600	\$ 68,446	\$ 304,570	\$ 304,570
QUEMADO	\$ 91,797,289	523,600	2.000	2.000	0.000	\$ 183,595	\$ 90,101	\$ 6,995	\$ -	\$ 6,995
QUESTA	\$ 197,386,011	1,247,620	2.000	0.000	0.000	Failed	Failed	Failed	Failed	Failed
RATON	\$ 155,445,065	1,757,600	2.000	1.982	2.000	\$ 309,709	\$ 302,448	\$ 23,482	\$ -	\$ 23,482
RESERVE	\$ 46,582,287	500,410	0.000	0.000	0.000	Failed	Failed	Failed	Failed	Failed
RIO RANCHO	\$ 2,314,565,227	31,965,450	2.000	2.000	0.000	\$ 4,629,130	\$ 5,500,615	\$ 427,058	\$ 871,484	\$ 871,484
ROSWELL	\$ 1,081,823,634	17,865,380	2.000	2.000	2.000	\$ 2,163,647	\$ 3,074,275	\$ 238,681	\$ 910,627	\$ 910,627
ROY	\$ 8,644,152	293,340	1.892	1.621	2.000	\$ 14,988	\$ 50,478	\$ 3,919	\$ 35,490	\$ 35,490
RUIDOSO	\$ 713,022,735	3,498,070	2.000	2.000	0.000	\$ 1,426,045	\$ 601,948	\$ 46,734	\$ -	\$ 46,734
SAN JON	\$ 15,506,410	457,320	2.000	2.000	0.000	\$ 31,013	\$ 78,696	\$ 6,110	\$ 47,683	\$ 47,683
SANTA FE	\$ 6,592,643,058	28,537,100	1.985	2.000	0.000	\$ 13,108,118	\$ 4,910,664	\$ 381,256	\$ -	\$ 381,256
SANTA ROSA	\$ 113,207,815	1,459,800	2.000	2.000	0.000	\$ 226,416	\$ 251,202	\$ 19,503	\$ 24,787	\$ 24,787
SILVER CITY	\$ 575,217,581	5,253,100	2.000	2.000	2.000	\$ 1,150,435	\$ 903,953	\$ 70,181	\$ -	\$ 70,181
SOCORRO	\$ 187,545,832	3,093,530	2.000	2.000	0.000	\$ 375,092	\$ 532,335	\$ 41,330	\$ 157,243	\$ 157,243
SPRINGER	\$ 41,284,592	463,830	2.000	1.891	0.000	\$ 79,863	\$ 79,816	\$ 6,197	\$ -	\$ 6,197
TAOS	\$ 1,193,694,193	6,125,390	2.000	2.000	0.000	\$ 2,387,388	\$ 1,054,057	\$ 81,835	\$ -	\$ 81,835
TATUM	\$ 97,140,779	844,100	2.000	2.000	2.000	\$ 194,282	\$ 145,253	\$ 11,277	\$ -	\$ 11,277
TEXICO	\$ 86,301,881	1,212,290	2.000	2.000	0.000	\$ 172,604	\$ 208,611	\$ 16,196	\$ 36,007	\$ 36,007
T OR C	\$ 320,679,117	2,485,920	2.000	2.000	0.000	\$ 641,358	\$ 427,777	\$ 33,212	\$ -	\$ 33,212
TULUMCARI	\$ 118,943,743	1,949,140	2.000	2.000	0.000	\$ 237,887	\$ 335,408	\$ 26,041	\$ 97,521	\$ 97,521
TULAROSA	\$ 100,821,481	1,925,240	1.986	2.000	0.000	\$ 200,889	\$ 331,295	\$ 25,721	\$ 130,406	\$ 130,406
VAUGHN	\$ 95,967,342	375,400	2.000	2.000	0.000	\$ 191,935	\$ 64,599	\$ 5,015	\$ -	\$ 5,015
WAGON MOUND	\$ 32,767,938	324,610	2.000	2.000	0.000	\$ 65,536	\$ 55,859	\$ 4,337	\$ -	\$ 4,337
ZUNI	\$ 2,240,433	2,545,170	2.000	2.000	0.000	\$ 4,481	\$ 437,973	\$ 34,003	\$ 433,492	\$ 433,492
TOTAL/AVERAGE	\$ 61,126,457,197	612,160,710	1.899	1.902	0.695	\$ 119,863,604	\$ 103,651,127	\$ 8,047,298	\$ 12,698,995	\$ 17,338,659

TOTAL DISTRICTS WITH SB-9	85
TOTAL DISTRICTS UTILIZING STATE MATCH	38
TOTAL DISTRICTS UTILIZING \$6.67 MINIMUM	49
CALCULATION OF ADDITIONAL STATE STATE FUNDING NECESSARY TO FUND A \$6.67 MINIMUM	\$4,639,663

Note: program units do not include K-5 Plus or Extended Learning and also uses FY19 cost differential for generating at risk units due to the fact that these programs are projected units in the preliminary funded run.

Comparison Between Current Public School Capital Improvements Act Funding and SB159/aSEC

A	B	C				D				E				F				G				H				I				J									
		CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT	
School District	FY20 Program Units Per PED ¹	Estimated FY20 Local 2 Mill Levy Proceeds ²	Estimated FY20 State Funding ³	Estimated FY20 Total Proceeds (C + D)	FY19 Final Program Units Minus Discretionary Units ⁴	Estimated PSCOC Phase Two State Match Percentage	SB159/aSEC Proposed State Funding	Difference Between SB159/aSEC Proposal and Current State Funding (H - D)	Percent Change in State Funds (I / D)																														
1 ALAMOGORDO	9,758	\$1,664,801	\$130,373	\$1,795,174.00	10,421	49%	\$736,644.66	\$606,271.66	465%																														
2 ALBUQUERQUE	180,537	\$33,777,864	\$2,411,976	\$36,189,840.00	179,382	8%	\$3,314,970.90	\$902,994.90	37%																														
3 ANIMAS	506	\$75,288	\$11,851	\$87,139.00	523	56%	\$49,099.70	\$37,248.70	314%																														
4 ARTESIA	6,529	\$3,202,943	\$87,230	\$3,290,173.00	6,519	6%	\$106,648.57	\$19,418.57	22%																														
5 AZTEC	5,096	\$1,227,076	\$64,205	\$1,291,281.00	5,279	6%	\$86,362.31	\$22,157.31	35%																														
6 BELEN	7,076	\$1,263,610	\$94,535	\$1,358,145.00	6,997	33%	\$314,706.08	\$220,171.08	233%																														
7 BERNALILLO	5,720	\$1,283,183	\$76,419	\$1,359,602.00	5,354	6%	\$87,590.16	\$11,171.16	15%																														
8 BLOOMFIELD	4,758	\$1,523,513	\$63,572	\$1,587,085.00	5,123	6%	\$83,810.99	\$20,238.99	32%																														
9 CAPITAN	1,113	\$852,759	\$14,876	\$867,635.00	1,123	6%	\$18,365.47	\$3,489.47	23%																														
10 CARLSBAD	14,556	\$5,453,057	\$194,474	\$5,647,531.00	15,087	6%	\$246,828.23	\$52,354.23	27%																														
11 CARRIZO	508	\$139,106	\$6,791	\$145,897.00	478	6%	\$7,817.50	\$1,026.50	15%																														
12 CENTRAL	10,684	\$1,492,985	\$345,535	\$1,838,520.00	10,198	52%	\$889,436.95	\$543,901.95	157%																														
13 CHAMA	1,072	\$292,962	\$14,325	\$307,287.00	951	6%	\$15,560.75	\$1,235.75	9%																														
14 CIMARRON	1,141	\$862,606	\$15,244	\$877,850.00	1,171	6%	\$19,164.27	\$3,920.27	26%																														
15 CLAYTON	1,111	\$272,741	\$14,838	\$287,579.00	1,128	6%	\$18,446.88	\$3,608.88	24%																														
16 CLOUDCROFT	978	\$413,998	\$13,065	\$427,063.00	948	6%	\$15,509.44	\$2,444.44	19%																														
17 CLOVIS	13,787	\$1,680,560	\$691,954	\$2,372,514.00	13,726	51%	\$1,513,943.82	\$821,989.82	119%																														
18 COBRE	2,766	\$525,617	\$36,953	\$562,570.00	2,699	27%	\$103,432.73	\$66,479.73	180%																														
19 CORONA	337	\$128,749	\$4,506	\$133,255.00	344	6%	\$5,621.53	\$1,115.53	25%																														
20 CUBA	1,504	\$284,870	\$20,097	\$304,967.00	1,452	26%	\$55,028.34	\$34,931.34	174%																														
21 DEMING	9,930	\$1,194,695	\$513,973	\$1,708,668.00	9,324	57%	\$1,034,078.54	\$520,105.54	101%																														
22 DES MOINES	373	\$76,961	\$4,978	\$81,939.00	370	28%	\$14,515.21	\$9,537.21	192%																														
23 DEXTER	1,830	\$168,503	\$146,461	\$314,964.00	1,872	73%	\$310,814.84	\$164,353.84	112%																														
24 DORA	627	\$55,132	\$52,700	\$107,832.00	628	72%	\$104,818.54	\$52,118.54	99%																														
25 DULCE	1,458	\$600,966	\$19,473	\$620,439.00	1,563	6%	\$25,573.76	\$6,100.76	31%																														
26 ELIDA	504	\$55,758	\$30,949	\$86,707.00	453	71%	\$59,197.95	\$28,248.95	91%																														
27 ESPANOLA	7,654	\$1,184,684	\$132,499	\$1,317,183.00	7,935	23%	\$423,721.92	\$291,222.92	220%																														
28 ESTANCIA	1,544	\$237,280	\$28,355	\$265,635.00	1,546	38%	\$100,803.31	\$72,448.31	256%																														
29 EUNICE	1,684	\$1,444,652	\$22,492	\$1,467,144.00	1,715	6%	\$28,054.49	\$5,562.49	25%																														
30 FARMINGTON	18,647	\$3,057,296	\$249,124	\$3,306,420.00	19,164	30%	\$969,798.50	\$720,674.50	289%																														
31 FLOYD	617	\$29,720	\$76,524	\$106,244.00	582	86%	\$127,579.52	\$51,055.52	67%																														
32 FORT SUMNER	715	\$182,697	\$9,557	\$192,254.00	748	8%	\$13,807.36	\$4,250.36	44%																														
33 GADSDEN	24,493	\$1,965,048	\$2,249,714	\$4,214,762.00	23,382	70%	\$3,937,682.35	\$1,687,968.35	75%																														
34 GALLUP	21,504	\$1,708,224	\$1,992,246	\$3,700,470.00	22,495	79%	\$4,182,257.28	\$2,190,011.28	110%																														
35 GRADY	462	\$20,142	\$59,362	\$79,504.00	466	94%	\$109,313.89	\$49,951.89	84%																														
36 GRANTS	6,509	\$661,916	\$458,146	\$1,120,062.00	6,619	70%	\$1,007,668.25	\$549,522.25	120%																														
37 HAGERMAN	1,088	\$78,980	\$108,286	\$187,266.00	1,053	80%	\$198,272.64	\$89,986.64	83%																														
38 HATCH	2,258	\$170,347	\$218,132	\$388,479.00	2,204	83%	\$418,104.35	\$199,972.35	92%																														
39 HOBBS	17,493	\$3,170,322	\$233,705	\$3,404,027.00	16,765	16%	\$455,467.10	\$221,762.10	95%																														
40 HONDO	503	\$74,921	\$11,675	\$86,596.00	500	41%	\$36,108.00	\$24,433.00	209%																														

Comparison Between Current Public School Capital Improvements Act Funding and SB159/aSEC

A	B	C				D				E				F				G				H				I				J
		CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				CURRENT				
School District	FY20 Program Units Per PED ¹	Estimated FY20 Local 2 Mill Levy Proceeds ²	Estimated FY20 State Funding ³	Estimated FY20 Total Proceeds (C + D)	FY19 Final Program Units Minus Discretionary Units ⁴	Estimated PSCOC Phase Two State Match Percentage	SB159/aSEC Proposed State Funding	Difference Between SB159/aSEC Proposal and Current State Funding (H - D)	Percent Change in State Funds (I / D)																					
41	HOUSE	337	\$31,735	\$26,178	\$57,913.00	366	\$61,182.35	\$35,004.35	134%																					
42	JAL	1,070	\$3,537,163	\$14,289	\$3,551,452.00	1,075	\$17,579.75	\$3,290.75	23%																					
43	JEMEZ MOUNTAIN	630	\$637,814	\$8,411	\$646,225.00	624	\$10,210.44	\$1,799.44	21%																					
44	JEMEZ VALLEY	1,059	\$219,657	\$14,147	\$233,804.00	1,106	\$61,464.36	\$47,317.36	334%																					
45	LAKE ARTHUR	399	\$97,494	\$5,332	\$102,826.00	420	\$6,867.75	\$1,535.75	29%																					
46	LAS CRUCES	45,003	\$6,873,777	\$870,377	\$7,744,154.00	44,849	\$2,505,477.29	\$1,635,100.29	188%																					
47	LAS VEGAS CITY	3,019	\$565,690	\$40,335	\$606,025.00	3,034	\$125,868.11	\$85,533.11	212%																					
48	LAS VEGAS WEST	3,314	\$393,750	\$176,530	\$570,280.00	2,958	\$348,881.01	\$172,351.01	98%																					
49	LOGAN	787	\$136,414	\$10,519	\$146,933.00	873	\$49,301.30	\$38,782.30	369%																					
50	LORDSBURG	1,124	\$267,554	\$15,023	\$282,577.00	1,067	\$39,612.51	\$24,589.51	164%																					
51	LOS ALAMOS	6,765	\$1,507,251	\$90,377	\$1,597,627.70	6,833	\$125,388.09	\$35,011.03	39%																					
52	LOS LUNAS	15,385	\$1,799,724	\$847,684	\$2,647,408.00	15,009	\$1,675,312.99	\$827,628.99	98%																					
53	LOVING	1,307	\$474,151	\$17,462	\$491,613.00	1,274	\$20,838.12	\$3,376.12	19%																					
54	LOVINGTON	7,345	\$1,389,286	\$98,123	\$1,487,409.00	7,496	\$122,637.95	\$24,514.95	25%																					
55	MAGDALENA	897	\$60,964	\$93,399	\$154,363.00	854	\$162,352.72	\$68,953.72	74%																					
56	MAXWELL	444	\$43,275	\$33,137	\$76,412.00	433	\$67,578.57	\$34,441.57	104%																					
57	MELROSE	613	\$68,781	\$36,728	\$105,509.00	608	\$85,352.70	\$48,624.70	132%																					
58	MESA VISTA	747	\$166,013	\$9,983	\$175,996.00	658	\$24,384.77	\$14,401.77	144%																					
59	MORA	1,015	\$205,283	\$13,557	\$218,840.39	1,005	\$44,047.86	\$30,490.54	225%																					
60	MORIARTY	5,119	\$1,137,923	\$68,394	\$1,206,317.00	5,050	\$82,623.87	\$14,229.87	21%																					
61	MOSQUERO	292	\$146,525	\$3,906	\$150,431.00	281	\$4,603.85	\$697.85	18%																					
62	MOUNTAINAIR	679	\$145,621	\$9,077	\$154,698.00	679	\$22,909.76	\$13,832.76	152%																					
63	PECOS	1,291	\$280,629	\$17,249	\$297,878.00	1,304	\$26,731.37	\$9,482.37	55%																					
64	PENASCO	885	\$112,587	\$39,709	\$152,296.00	849	\$98,821.90	\$59,112.90	149%																					
65	POJOAQUE	3,375	\$349,103	\$231,668	\$580,771.00	3,339	\$480,122.50	\$248,454.50	107%																					
66	PORTALES	5,123	\$577,030	\$304,570	\$881,600.00	4,984	\$613,446.44	\$308,876.44	101%																					
67	QUEMADO	524	\$183,595	\$6,995	\$190,590.00	512	\$8,381.31	\$1,386.31	20%																					
68	QUESTA	1,248	\$394,772	\$15,023	\$409,795.21	1,287	\$21,052.39	\$6,029.21	40%																					
69	RATON	1,758	\$309,709	\$23,482	\$333,191.00	1,768	\$95,834.44	\$72,352.44	308%																					
70	RESERVE	500	\$93,165	\$6,685	\$99,850.05	492	\$8,816.15	\$2,130.67	32%																					
71	RIO RANCHO	31,965	\$4,629,130	\$871,484	\$5,500,614.00	31,828	\$1,855,629.81	\$984,145.81	113%																					
72	ROSWELL	17,865	\$2,163,647	\$910,627	\$3,074,274.00	17,066	\$1,910,740.60	\$1,000,113.60	110%																					
73	ROY	293	\$14,988	\$35,490	\$50,478.00	285	\$61,885.37	\$26,395.37	74%																					
74	RUIDOSO	3,498	\$1,426,045	\$46,734	\$1,472,779.00	3,535	\$57,839.39	\$11,105.39	24%																					
75	SAN JON	457	\$31,013	\$47,683	\$78,696.00	460	\$90,265.78	\$42,582.78	89%																					
76	SANTA FE	28,537	\$13,108,118	\$381,256	\$13,489,374.00	29,625	\$484,660.12	\$103,404.12	27%																					
77	SANTA ROSA	1,460	\$226,416	\$24,787	\$251,203.00	1,378	\$103,198.09	\$78,411.09	316%																					
78	SILVER CITY	5,253	\$1,150,435	\$70,181	\$1,220,616.00	5,498	\$89,945.40	\$19,764.40	28%																					
79	SOCORRO	3,094	\$375,092	\$157,243	\$532,335.00	3,089	\$410,073.62	\$252,830.62	161%																					
80	SPRINGER	464	\$79,863	\$6,197	\$86,060.00	472	\$28,266.82	\$22,069.82	356%																					

Comparison Between Current Public School Capital Improvements Act Funding and SB159/aSEC

A	B	C	D	E	F	G	H	I	J
CURRENT					SB159/aSEC PROPOSAL				
School District	FY20 Program Units Per PED ¹	Estimated FY20 Local 2 Mill Levy Proceeds ²	Estimated FY20 State Funding ³	Estimated FY20 Total Proceeds (C + D)	FY19 Final Program Units Minus Discretionary Units ⁴	Estimated PSCOC Phase Two State Match Percentage	SB159/aSEC Proposed State Funding	Difference Between SB159/aSEC Proposal and Current State Funding (H - D)	Percent Change in State Funds (I / D)
TAOS	6,125	\$2,387,388	\$81,835	\$2,469,223.00	6,195	6%	\$101,344.08	\$19,509.08	24%
TATUM	844	\$194,282	\$11,277	\$205,559.00	884	6%	\$14,469.88	\$3,192.88	28%
TEXICO	1,212	\$172,604	\$36,007	\$208,611.00	1,224	54%	\$115,714.05	\$79,707.05	221%
TRUTH OR CONS.	2,486	\$641,358	\$33,212	\$674,570.00	2,490	6%	\$40,733.14	\$7,521.14	23%
TUCUMCARI	1,949	\$237,887	\$97,521	\$335,408.00	2,011	61%	\$251,065.72	\$153,544.72	157%
TULAROSA	1,925	\$200,889	\$130,406	\$331,295.00	1,853	62%	\$252,343.31	\$121,937.31	94%
VAUGHN	375	\$191,935	\$5,015	\$196,950.00	370	6%	\$6,054.90	\$1,039.90	21%
WAGON MOUND	325	\$65,536	\$4,337	\$69,873.00	344	25%	\$12,385.76	\$8,048.76	186%
ZUNI	2,545	\$4,481	\$433,492	\$437,973.00	2,536	100%	\$717,048.55	\$283,556.55	65%
TOTAL	612,161	\$122,064,073	\$17,464,304	\$139,528,377.35	610,521		\$34,867,974.09	\$17,403,670.04	100%

¹These program units are the 2018-2019 average 80th/120th day program units included in PED's FY20 calculation of Public School Capital Improvements Act funds.

²The chart assumes all school districts imposed a two mill levy in FY20 for the purpose of calculating the maximum potential impact of the bill; however, Los Alamos, Mora, Questa, and Reserve did not impose a two mill levy in FY20. These school districts are highlighted in yellow.

³In FY20, state matching funds totaled \$17.3 million; state matching funds total \$17.5 million on this spreadsheet as a result of assuming all school districts imposed a two mill levy in FY20.

⁴This calculation only includes program units for early childhood education, basic education, special education, enrollment growth, at-risk, and the staffing cost multiplier.

Current Calculation Compared with Proposed Calculation

Current Calculation

A school district gets the greater of the following two calculations:

1. The difference between 1) the program guarantee, which is calculated by multiplying the average 80/120 program units for the school district (including program units for charter schools geographically located within the school district) by \$86.04, further multiplied by the mill levy rate AND 2) the school district's estimated tax revenue.

OR

2. The minimum guarantee, which is calculated by multiplying the average 80/120 program units for the school district (including program units from charter schools geographically located within the school district) by \$6.68, by the mill levy rate.

Proposed Calculation

Maintains a program guarantee calculation and minimum guarantee, similar to the current formula, but changes the program units that are included in the calculation and the dollar amounts of each program unit in the calculation. Additionally, it adds a new factor.

- Program units included in the calculation are changed to the final funded units from the prior year from only these factors: early childhood education, basic education, special education, size adjustment, enrollment growth, at-risk, and the staffing cost multiplier.
- The dollar amount for the program guarantee is increased to \$89.25 per program unit; the dollar amount for the minimum guarantee is decreased to \$5.00 per program unit. As with current law, these will automatically adjust each year per the CPI.
- The new factor, which every school district generates, is calculated by multiplying program units by \$53 per program unit, multiplied by the mill levy rate, multiplied by the state match percentage calculated pursuant to the phase 2 formula of the Public School Capital Outlay Act.

The new calculation, is then as follows:

1. The greater of the following two calculations:
 - a. The difference between 1) the program guarantee, which is calculated by multiplying the specific final funded program units for the school district from the prior year (including program units for charter schools geographically located within the school district) by \$89.25 per program unit, further multiplied by the mill levy rate AND 2) the school district's estimated tax revenue.
OR
 - b. The minimum guarantee, which is calculated by multiplying the specific final funded program units for the school district from the prior year (including program units for charter schools geographically located within the school district) by \$5.00 per program unit, further multiplied by the mill levy rate.

PLUS

- An additional match, calculated by multiplying the specific final funded program units for the school district from the prior year (including program units for charter schools geographically located within the school district) by \$53, multiplied by the mill levy rate,

multiplied by the state match percentage calculated pursuant to the phase 2 formula of the Public School Capital Outlay Act.



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 Department of Finance & Administration
 Board of Finance
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 President

Olivia Padilla-Jackson
 Executive Officer

Lt. Governor Howie Morales
 Board Member

Ashley Leach
 Director

January 23, 2020

BY EMAIL

New Mexico Public Education Department
 Attn: Ryan Stewart, Ed.L.D.,
 Secretary Designate of Education
 300 Don Gaspar – Room 109
 Santa Fe, NM 87501

Re: Exception to 2.61.6.9(A)(1)(b) NMAC for Public Education Department

Dear Dr. Stewart:

As you know, Title 2, Chapter 61, Part 6 of the New Mexico Administrative Code (the “Bond Project Disbursements Rule”) governs the methods by which state agencies, including the Public Education Department (“PED”), may request draw down of bond proceeds from severance tax bonds, supplemental severance tax bonds, or general obligation bonds and provides general guidance regarding the financial and legal requirements for draw down of bond proceeds. Specifically, 2.61.6.9(A)(1)(b) NMAC requires that agencies making draw requests (either on their own behalf or on behalf of a local government entity (including public school districts and state charter schools)) to the State Board of Finance (the “Board”) for bond proceeds provide proof of payment (notarized certification from an authorized signatory that expenditures are valid or actual receipts) as part of the documentation required to support such draw requests. The result of requiring such proof of payment is that public school districts and state charter schools (collectively referred to hereafter as “Public/Charter Schools”) to which bond proceeds have been appropriated may only receive such bond proceeds on a reimbursement basis.


PED and the Public School Facilities Authority have informed us that the distribution of supplemental severance tax bond proceeds to Public/Charter Schools for capital improvements expenditures authorized by the Public School Capital Improvements Act, NMSA 1978, Sections 22-25-1 to -11 (1975, as amended through 2019) (hereafter, “SB-9”) on a reimbursement basis is particularly cumbersome because such expenditures are often small and numerous. PED is only able to process reimbursement requests after analyzing receipts submitted by each of the Public/Charter Schools; receipts submitted are often voluminous and analysis of those receipts detracts PED staff from other more critical duties. Public/Charter Schools have also flagged the administrative burdens associated with reimbursement to legislative staff during regional meetings held to discuss equitable access to capital outlay funds, which include cash flow issues caused by requiring Public/Charter Schools to initially make expenditures for capital improvements from other funds before obtaining reimbursement from PED.

The Bond Project Disbursements Rule permits exceptions to its provisions in certain circumstances. 2.61.6.11 NMAC (“In the absence of specific legislative authority or board-issued guidance to the contrary, this rule governs the disbursement of all bond proceeds to agencies. Further, the executive director of the [B]oard, in consultation with bond and board counsel, may approve exceptions to the provisions herein when circumstances warrant.”) (emphasis added). We have consulted with the Board’s bond and board counsel, and in order to alleviate the burdens imposed on Public/Charter Schools by the application of 2.61.6.9(A)(1)(b) NMAC to PED for SB-9 capital improvements expenditures, we hereby approve an exception from the Bond Project Disbursements Rule’s requirement for submission of proof of payment subject to the following conditions:

1. Public/Charter Schools receiving bond proceeds from PED pursuant to SB-9 under this exception must establish a special fund in which bond proceeds are to be deposited so as to allow tracking of receipt and expenditures of bond proceeds; and
2. Public/Charter Schools receiving bond proceeds from PED pursuant to SB-9 under this exception shall alert their auditors of the Board's spending requirements and the limited purposes for expenditures of bond proceeds to ensure regular tracking and accountability; and
3. This exception applies only to SB-9 capital improvements expenditures and only when such expenditures are funded with proceeds from taxable, short-term supplemental severance tax bonds or notes issued on or after December 27, 2018; and
4. Bond proceeds distributed to Public/Charter Schools pursuant to this exception shall be expended in accordance with all requirements of SB-9; and
5. This exception to the Bond Projects Disbursement Rule for PED for SB-9 capital improvements expenditures shall expire on December 31, 2021; and
6. All other provisions, conditions and requirements of the Bond Projects Disbursements Rule, including, but not limited to, 2.61.6.9(A)(1)(a) and (c)-(e) NMAC, SB-9, and the Severance Tax Bonding Act, NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2019) remain applicable to PED and Public/Charter Schools receiving bond proceeds pursuant to this exception. This exception shall not override any statute, legislative authority or Board-issued guidance to the contrary.

Thank you for your attention. Please don't hesitate to contact us should you require additional information.

Sincerely,



Olivia Padilla-Jackson, Cabinet Secretary
Department of Finance and Administration/
Executive Officer, State Board of Finance



Ashley Leach, Director
State Board of Finance

cc: Sharon Romero, Financial Coordinator Supervisor, NM State Board of Finance
Jonathan Chamblin, Executive Director, NM Public School Finance Authority