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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**56th Legislature, 1st Session, 2023**

<b>Bill Number</b>	<u>SB60/aSEC</u>	<b>Sponsor</b>	<u>Soules</u>
<b>Tracking Number</b>	<u>.223767.1</u>	<b>Committee Referrals</b>	<u>SEC/SFC</u>
<b>Short Title</b>	<u>Photovoltaic Systems in New Public Schools</u>		
<b>Analyst</b>	<u>Bedeaux</u>	<b>Original Date</b>	<u>1/24/23</u>
		<b>Last Updated</b>	<u>2/6/23</u>

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**BILL SUMMARY**

Synopsis of Senate Education Committee Amendment

The Senate Education Committee Amendment to Senate Bill 60 (SB60/aSEC) ensures the requirement for photovoltaic systems applies only to public schools awarded Public School Capital Outlay Council (PSCOC) funding after July 1, 2023, and that the photovoltaic system need only be sufficient for the majority of the energy needs of the school.

Synopsis of Original Bill

Senate Bill 60 (SB60) amends the standards- and systems-based awards processes in the Public School Capital Outlay Act to allow funding for “photovoltaic systems,” defined as grid-tied, off-grid, or grid-hybrid power systems designed to supply usable solar power to public school buildings and electric vehicle charging stations. The bill requires any new school constructed after July 1, 2023 with grant assistance from PSCOC to include a photovoltaic system sufficient to meet the energy needs of the public school.

**FISCAL IMPACT**

The bill does not contain an appropriation.

Photovoltaic systems are relatively expensive investments that can lead to long-term energy cost savings over their lifespans. Analysis by the Public School Facilities Authority (PSFA) estimates the cost of building a new school with a photovoltaic system would cost an additional \$550 thousand to \$2 million per school, depending on the size of the school and the amount of energy the school wishes to produce using solar panels. If every standards-based project funded during the 2022 awards cycle included photovoltaic systems, PSFA estimates the total cost to the state would have increased by approximately \$3.3 million.

Some of the initial investment in photovoltaic systems may be recovered by reductions to schools’ utility costs. PSFA explains schools with photovoltaic systems save money by producing electricity on-site. Grid-tied systems can also receive credits from local utilities by producing

excess energy and redistributing it to the grid. According to PSFA, school districts with photovoltaic systems typically recuperate the cost of installation in 10 to 15 years of annual credits and savings from lower monthly utility bills. School utility costs are funded through the public school funding formula; a reduction in utility costs could result in more operational funding directed to classrooms.

## **SUBSTANTIVE ISSUES**

SB60 would expand the PSCOC standards- and systems-based award programs to include funding for solar energy. Currently, the programs focus on providing adequate educational environments that are safe, functional, and durable. PSCOC awards funds based on a set of standards that are considered the minimum requirements a facility must meet to be considered adequate for the education of students. These adequacy standards have expanded over time to accommodate new technologies. If SB60 is enacted, PSFA and PSCOC would need to adopt new adequacy standards to account for photovoltaic systems.

Currently, photovoltaic systems are outside of the statewide adequacy standards; schools in Albuquerque, Las Cruces, Santa Fe, and Rio Rancho have explored photovoltaic systems using entirely local funds, but school districts with insufficient local revenue may currently be unable to afford the option. Covering the cost of solar energy through the systems-based award program could expand access to school districts without the ability to fund them using only local revenues. However, a number of recent awards made to school districts with low property wealth, including plaintiff school districts in the *Zuni* capital outlay lawsuit, Zuni Public Schools and Gallup-McKinley County Schools, have not included funding for solar energy. Raising the bar for “adequacy” to include solar energy beginning in FY24 would once again create facility non-uniformities in projects that are in-progress in the plaintiff school districts.

While they may be attractive for some school districts, photovoltaic systems may not be appropriate for all New Mexico public school facilities. According to analysis from PSFA, most photovoltaic systems cannot meet 100 percent of a school’s energy needs. Typically, schools should plan to meet 65 percent to 80 percent of their energy needs using solar power for two reasons: first, excess power generated by the system may overload the grid infrastructure of some utility companies, and second, the financial credits awarded by utilities for excess production are often soft-capped at 1 MW of power.

## **ADMINISTRATIVE IMPLICATIONS**

Analysis from PSFA notes many school districts and charter schools may not have the technical expertise or capacity to maintain photovoltaic systems, despite them being required on every new school. School districts and charter schools may require additional staff, additional training for current staff, or may need to contract with solar vendors.

## **OTHER SIGNIFICANT ISSUES**

The standards-based awards program, the core function of PSCOC, was created in response to the *Zuni* capital outlay lawsuit to improve the adequacy and uniformity of public school facilities statewide. The more recent systems-based awards program was created to address individual failing systems within a building, which may include roofing, heating, ventilation and air conditioning, or even electrical systems. PSCOC annually awards funds to applicants to the two programs. In 2022, PSCOC awarded standards-based awards to schools in the 150 worst-ranked

facilities in the state based on the weighted New Mexico condition index, and systems-based awards to the top 300 worst condition facilities. Since the creation of the award programs, the average condition of the state's public schools has improved substantially with a large number of targeted investments in school districts with poor facilities and an inability to raise local revenue to replace those facilities.

### **ALTERNATIVES**

The Legislature may wish to consider amending the bill to allow photovoltaic systems as an optional building system eligible for funding through the standards- and systems-based awards programs, rather than a requirement on new school buildings.

### **RELATED BILLS**

Related to SB131, Public School Funding Changes, which makes a number of changes to the Public School Capital Outlay Act to improve districts' access to PSCOC-funded projects and appropriates \$75 million for local infrastructure priorities.

### **SOURCES OF INFORMATION**

- LESC Files
- Public School Facilities Authority (PSFA)

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