WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov (Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared:	January 24, 2025	Check all that apply:		
Bill Number:	SB13	Original	Correction	
		Amendment	Substitute	

Sponsor:	Benny Shendo, Jr.	Agency Name and Code Number:	d Code Imber: New Mexico Public School Facilities Authority 940	
Short	STATE-TRIBAL	Person Writin	g	Mona Martinez
Title:	EDUCATION COMPACT	Phone: 505-46	58-0271	Email mmartinez@nmpsfa.org

SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total				NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB13 proposes a new section of the Public School Code titled, the State-Tribal Education Compact Schools Act (the "Act"). Under this proposed Act, a "state-tribal education compact' shall mean a compact between the department (PED) and an Indian nation, tribe or pueblo located wholly or partially in New Mexico. PED shall be authorized to enter into state-tribal education compacts for language and culture-based schools by establishing an application and approval process, procedures and timelines for negotiations for the approval or disapproval and execution of state-tribal education compacts. State-tribal compact schools shall be required to report enrollment to PED as required by all school districts for the purpose of receiving state or federal funding allocated based on student enrollment and demographics. Funding for a state-tribal education compact school shall be determined by the public school funding formula. Money received by a state-tribal education compact school from any source that remains in the school's accounts shall remain the school's accounts for use in subsequent years. SB13 addresses

employment preferences and compliance with the Open Meetings Act. SB13 proposes to amend the Public School Capital Outlay Act's (PSCOA) (Section 22-24-3 NMSA 1978) at paragraph J to add "state-tribal education compact schools" to the definition of "school district" and adds a new definition at paragraph M, to define "state-tribal education compact schools" as schools established pursuant to the provisions of the State-Tribal Compact Schools Act.

The effective date of the provisions of the SB13 shall take effect on July 1, 2025.

FISCAL IMPLICATIONS

Adding "state-tribal education compact schools" to the PSCOA, would allow the Public School Capital Outlay Council (PSCOC) to fund facility projects for these schools. However, SB13 does not appropriate funds for the state-tribal education compact schools and the PSCOA requires a local match in order for the PSCOC to fund either a new school or to fund the replacement, renovation or addition to a public school facility. SB13 does not define a mechanism to determine the local share calculation for a state-tribal compact school. Assuming the potential state-tribal education compact schools will be located on tribal land, the schools would not have a definable taxable base. Therefore, the schools may potentially have a 0% local share and be fully financed by the state, much like the Zuni school district. However, State-chartered charter schools are assigned the local share of the school district in which the charter school is geographically located. The same rule that applies to state-chartered charter schools could apply to the state-tribal education compact schools. Further, the state-tribal education compact schools upply to the state-tribal education compact schools. Further, the state-tribal education compact schools would receive federal funding to operate and/or to fund construction projects, unlike public schools funded by the state. This creates an inequity and complication to determine a mechanism to calculate potential local and state funding for these schools

It is difficult to estimate the potential funding required for the State-tribal compact schools because the number of schools has not been identified. Based on current market conditions construction projects have escalated in cost and this cost escalation may be extremely burdensome on State-tribal compact schools.

SIGNIFICANT ISSUES

The New Mexico Legislature established the PSCOC and the PSFA to implement the PSCOA, as a result of the Zuni Lawsuit. In the Zuni Lawsuit, the litigants challenged the equity of the state capital outlay distribution. The Court ruled in favor of the litigants and held that public school capital outlay funding in New Mexico violated the State Constitution guarantee: establishment and maintenance of a "uniform system of free public schools sufficient for the education of all children of school age." As a result of this ruling, "the PSCOA was adopted to ensure that the "physical condition and capacity, educational suitability and technology infrastructure of all public school facilities in New Mexico meet an adequate level statewide and the design, construction and maintenance of school sites and facilities encourage, promote and minimize safe, functional and durable learning environments in order to for the state to meet its educational responsibilities" (Section 22-24-2 NMSA 1978). Consequently, a state-tribal education compact school would be subject to all of the school district funding requirements of the PSCOC to include requirements such as the Statewide Adequacy Standards (6.27.30 NMAC), which establish the minimum educational space and equipment needs for every school district in New Mexico.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

This bill would include another program for the Public School Facilities Authority to administer.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP $\rm N/A$

TECHNICAL ISSUES N/A

OTHER SUBSTANTIVE ISSUES N/A

ALTERNATIVES N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

State-Tribal Compact Schools will not be authorized.

AMENDMENTS N/A