

**MINUTES
of the
SIXTY-FOURTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**December 1, 2017
State Capitol, Room 307
Santa Fe**

The sixty-fourth meeting of the Public School Capital Outlay Oversight Task Force (PSCOOTF) was called to order by Representative Stephanie Garcia Richard, chair, on December 1, 2017 at 8:48 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Stephanie Garcia Richard, Chair
Sen. William P. Soules, Vice Chair
Rep. Eliseo Lee Alcon, designee for Speaker
of the House of Representatives
Brian Egolf
Dr. Carl Foster
Sen. Stuart Ingle
Rep. Patricia A. Lundstrom
Antonio Ortiz, designee for Secretary of
Public Education
T.J. Parks
Mike Phipps
Rep. Dennis J. Roch
Secretary Duffy Rodriguez, Department of
Finance and Administration
Rep. G. Andrés Romero
Rep. James E. Smith
Sen. Mimi Stewart, designee for President
Pro Tempore Mary Kay Papen
Xochitl Torres-Small

Advisory Members

Sen. Gay G. Kernan
Sen. Howie C. Morales

Absent

Sen. Craig W. Brandt
Dr. Greg Ewing
Rep. Brian Egolf
Kirk Hartom
Sen. Mary Kay Papen
Richard A. Perea
Stan Rounds
Dr. Eugene Schmidt
Sen. Benny Shendo, Jr.
Sen. John Arthur Smith
Sen. Bill Tallman
Alan Webber

Rep. Harry Garcia
Sen. Daniel A. Ivey-Soto
Rep. D. Wonda Johnson
Sen. Cliff R. Pirtle
Sen. Sander Rue
Sen. Pat Woods

Minutes Approval

Because the task force will not meet again this year, the minutes for this meeting have not been officially approved by the task force.

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Sharon Ball, Researcher, LCS
Michelle Jaschke, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of handouts are in the meeting file.

Friday, December 1

Welcome and Introductions

Representative Garcia Richard welcomed members and guests and asked members to introduce themselves.

Approval of Minutes

On a motion duly made and seconded, the minutes of the meeting of October 20, 2017 were approved with a correction to the attendance list to show that Representative Romero was in attendance.

Consideration of Bills for PSCOOTF Endorsement

Senator Stewart summarized the intent of the proposed legislation that she will sponsor again this year to change the formula for determining the ratio of state and local match percentages for capital outlay funding. The bill addresses inequities arising from the high cost of building in rural areas and the inability to build above adequacy standards in areas of the state that lack a sufficient tax base. She reported that the existing programs with the Public School Facilities Authority (PSFA) for new construction under the needs-based system and current adequacy standards, as well as the building systems program and the local match waiver program, will remain in place. Senator Stewart stated that the focus of the PSFA is now on the building systems program as a result of limited funding and the need to maintain the facilities that have been constructed over the past 15 years. The proposed legislation includes a mechanism for averaging a school district's land valuations over a five-year period to prevent dramatic fluctuations from one year to the next and is designed to adjust the formula for all districts. Changes to state and local match requirements would be phased in over a five-year period.

Members raised concerns for those school districts whose local match would increase significantly. Mr. Parks reported that his district has already tapped around 70 percent of its bonding capacity. He reported rapidly increasing enrollment and observed that, by the time the district has rebuilt its bonding capacity, the state match for the district will have largely disappeared under the proposed legislation. Senator Kernan agreed and pointed out that the southeastern part of the state has suffered the negative effects of extractive industries in that area to the benefit of the state as a whole. She remarked that the proposed legislation does not seem to fairly compensate the southeastern part of the state in that respect. Members discussed the impact of shrinking rural area school enrollment and how census and enrollment figures will factor into the new formula. It was noted that the proposed legislation does not represent a change for charter school rules.

In response to a member's question regarding where the savings from the proposed change to the funding formula will go, Representative Garcia Richard noted that the proposed legislation essentially shifts a funding burden from the state to local school districts rather than producing any savings. Senator Soules moved to endorse the proposed legislation, and the motion was seconded by Dr. Foster. The members voted to endorse the proposed legislation, with three members — Mr. Parks, Mr. Phipps and Senator Ingle — registering objections.

Representative Smith presented proposed legislation to amend the Public School Code to clarify final ownership of charter school facilities purchased under lease-purchase agreements by foundations established to secure facilities for those charter schools. The legislation further clarifies that a foundation is responsible for meeting adequacy standards in the facility in question until such time as the purchase is complete, at which time ownership accrues to the charter school itself. On a motion duly made and seconded, the task force voted without objection to endorse the proposed legislation.

Representative Roch provided an overview of proposed legislation to amend the Public School Capital Improvements Act to require that the Public Education Department (PED) use prior year data to determine distribution amounts to school districts for capital improvement projects. He reported that using prior year data will facilitate the budgeting process for school districts and improve accuracy in assessing and addressing district needs. On a motion duly made and seconded, the task force voted without objection to endorse the proposed legislation.

Representative Roch also presented proposed legislation to increase the length of the replacement cycle for school buses from 12 to 15 years. He reported that the proposed legislation adds a provision to replace buses regardless of their age once the odometer reading exceeds 300,000 miles. Representative Roch reported on the length of bus replacement cycles in neighboring states, noting that in some instances cycles are as long as 20 years. According to Representative Roch, bus safety has improved considerably since the 12-year replacement cycle was instituted in 1967. He observed that, for the past few years, funding from the Public School Capital Outlay Fund (PSCOF) has been used to purchase school buses and that savings realized under an extended replacement cycle would thus accrue to the PSCOF.

Representative Garcia Richard noted that many audience members were in attendance to comment on the school bus replacement cycle issue and requested that their testimony be heard prior to voting on endorsement of the proposed legislation. Billy Wyatt, Gallup-McKinley County School District, reported that the district's buses average 2.5 million miles a year, traveling over rough and unpaved roads that take a considerable toll on the vehicles. He stated that maintenance costs are very high on those buses at the end of 10 years in service, and at the end of a 12-year cycle, the district incurs more expenses in maintenance costs than it receives in state support to cover those expenses. John Laws, Aztec Municipal School District, reported that his district is working on a study regarding school bus maintenance costs and asserted that the state needs to subsidize those costs. He reported that covering these expenses already requires that the district take money out of funding that should go into classrooms.

Cristie Stuart, Boone Transportation, a contractor for the Gadsden Independent School District, voiced concerns about jeopardizing the safety of students by increasing the length of the school bus replacement cycle. She reported that, after 250,000 miles, school buses should be retired for safety reasons and problematic maintenance issues. Adam Greenwood, transportation manager, Albuquerque Public School District (APS), and former school bus inspector, PED, testified that, in his experience, school buses do not have a useful life of 12 years, particularly if traveling on dirt roads. He stated that reports detailing school bus inspections are available and can provide a look into the standards required for safety compliance. George Trujillo, also a school bus inspector for PED, stated that he inspects 200 to 400 buses each year, including those that are retired into "activity bus mode", which means that they can be used for up to 20 years, and elaborated on the serious safety and maintenance cost concerns he has for the use of those buses.

Royce Binns, senior director of transportation, APS, stated that he was previously employed for many years as a contractor for bus services. He asserted that the proposed bill should include funding to cover the increased maintenance costs resulting from a longer replacement cycle and cited the difficulty in meeting emissions standards established by the federal Environmental Protection Act as buses approach the end of the current 12-year cycle. Mr. Binns observed that, at the end of 12 years, many buses have problems related to transmission systems and frames, which are complicated and expensive systems to maintain or replace. He reported that APS currently has 60 buses at the end of the 12-year cycle that need replacement and that Type A buses are not addressed in the legislation. Type A buses will not last more than 12 years, according to Mr. Binns. He urged the task force to add funding for maintenance costs to the proposed legislation.

Glen Tillery, Tillery Bus Sales, stated that he shares the concerns already expressed by other audience members. He observed, however, that no one has yet mentioned the negative environmental impact of keeping the old buses on the road. He asserted that the diesel engines in the newest school buses are "infinitely" cleaner than those engines being considered for extension of service. Rose Blek, Follow the Sun transportation and touring company, stated that it is important to continue the 12-year cycle and noted that newer buses are more complex and require

more maintenance. She raised concerns for children's safety, including her own children, on school buses and stated that solid recordkeeping in the private sector over the past 16 years that she has worked in the transportation industry supports the need to maintain the 12-year cycle.

Lisa Montoya, assistant administrator, Los Alamos Public School District, reported that increasing the length of the school bus replacement cycle will take money from classrooms. She stated that the district already offsets bus maintenance costs at the rate of \$60,000 to \$80,000 annually from the district's classroom budget and that the district needs \$175,000 to meet current bus repair needs. Jesus Zavala, a School Transportation Division director for 22 years, observed that budget cuts have already taken a heavy toll on school district transportation and classroom budgets. With the extreme wear and tear on buses in rural areas, districts are struggling to meet maintenance needs. He noted that if a bus breaks down in one of these rural areas, children face long waits, and their safety may be compromised.

Representative Roch provided additional information on school bus safety and average mileage statistics collected at the national and regional levels, acknowledging that specific information regarding bus maintenance does not appear to be immediately available at the district or individual bus level for New Mexico. Members commented that it is important to ensure children's safety and to maintain local control over bus replacement and maintenance issues. It was noted that without sufficient data to assess the impact of the proposed replacement cycle change, school districts may well be subjected to a budgetary "double whammy" if the task force were to endorse this proposal on top of the funding formula change. In response to a member's question, Mr. Tillery reported that the cost of a new school bus is \$85,000 and that private bus operators pay gross receipts tax and are subject to a one-time federal excise tax when purchasing a vehicle but are not subject to state road taxes. Members discussed whether or not it is more cost-effective to purchase new vehicles than to continue to maintain older vehicles and concurred that more information is needed at the district and local levels to make that determination. Representative Roch indicated that he would ask the Legislative Education Study Committee (LESC) to compile information in that regard. Members deferred action on endorsing the proposed legislation.

Antonio Ortiz, designee for the secretary of public education, presented proposed legislation to require school districts to distribute certain shares of property tax revenues to charter schools and to require certification of the charter school shares in that regard. Members discussed whether or not this requires a statutory change, with some members stating that this should be accomplished administratively. Representative Smith agreed to sponsor the legislation, and, on a motion duly made and seconded, members voted without objection to endorse the proposed legislation. Mr. Ortiz also presented a proposal to repeal a requirement that the PED provide timely advice to charter schools on the validity of their proposed expenditures and reimbursement requests under both the Public School Capital Improvements Act and the Public School Buildings Act. The measure did not find sponsorship, and the task force deferred action on the proposal.

The chair noted that Ms. Ball, LCS researcher and drafter, plans to retire at the end of December 2017 after many years of service to the task force, the LESC, higher education and public education in New Mexico. Senator Stewart read a lengthy proclamation detailing Ms. Ball's many academic and professional achievements and accomplishments, observing that the proclamation will be published in the LESC newsletter. Ms. Ball received a standing ovation from task force members, audience and staff in recognition of her tremendous contributions to the task force and to educational development in the state.

Adjournment

There being no further business before the task force, the meeting was adjourned at 11:00 a.m.