

Update on New PSFA Programs: Operational and Budgetary Considerations

Public School Capital Outlay Oversight Task Force

October 10, 2025

STATE OF NEW MEXICO  PUBLIC SCHOOL FACILITIES AUTHORITY

Partnering with New Mexico's communities to provide quality, sustainable school facilities for our students and educators.



Agenda

- Funding Overview
- Programs/Grant Assistance
- Legislative Appropriations
- New Programs: Community Benefit Fund Overview
 - Round 1 Summary
 - Lessons Learned
 - Round 2 Plan/Improvements



Funding Overview

- The Public School Facilities Authority (PSFA) primarily funds its capital projects and operational expenses through Supplemental Severance Tax Bonds (SSTBs).
- SSTBs are backed by severance tax revenues generated from the extraction of natural resources such as oil and gas. These bonds are issued and sold by the State Board of Finance.
- The Public School Capital Outlay Council (PSCOC) certifies funding needs through formal resolutions based on demonstrated necessity.
- Additional funding sources, including legislative appropriations and other state programs, must also be considered, such as those provided through House Bill 2 (HB2) or the annual Capital Outlay Bill passed during legislative sessions.

Programs / Grant Assistance

- **Standards-Based:** Supports the replacement, renovation, or expansion of school buildings to meet educational adequacy standards.
- **Systems-Based:** Funds the replacement or upgrade of critical building systems such as roofing, HVAC, electrical, and plumbing to ensure safe and functional learning environments.
- **Pre-Kindergarten:** Provides resources for the renovation or addition of pre-kindergarten classrooms and facilities to support early childhood education.
- **Pilot Teacher Housing:** Offers housing solutions for educators in rural and tribal communities where rental or purchase options are unavailable.
- **Lease Assistance:** Reimburses lease payments for eligible charter and district schools to alleviate facility-related financial burdens.
- **Facilities Master Planning:** Enables districts and charter schools to contract professional services for the development or update of comprehensive five-year facilities master plans.

Programs / Grant Assistance continued

- Funds are allocated through a structured application process.
- Project prioritization is determined using one or more of the following methods:
 - Weighted Condition Index: Evaluates facility needs based on objective condition assessments.
 - Renewal/Update Schedule: Considers timing for planned updates or schedules, like facility master plans.
 - Evaluation: Applies multiple data points to assess project feasibility and need.
- Final funding decisions and awards are subject to approval by the PSCOC.

Legislative Appropriations

- Each year during the New Mexico legislative session, funding from the Public School Capital Outlay Fund is appropriated for various purposes beyond the standard PSCOC award process.
- These include allocations for the Public Education Department's SB-9, projects approved through the Capital Outlay Bill, and distributions managed by the PSFA.
- In some cases, schools receive direct appropriations through these channels, effectively bypassing the PSCOC's ranking-based application process.
 - As a result, funding may be awarded without consideration of the school's position in the statewide weighted condition index, potentially undermining the equity and prioritization intended by the PSCOC framework.
- In 2023, offsets for these appropriations were discontinued.

Legislative Appropriations – SB-9

- Originally enacted in 2003, SB-9 is now incorporated into the Public School Capital Outlay Act.
- It empowers school districts to:
 - Levy a property tax (up to 2 mills) for capital improvements.
 - Receive matching funds from the state through the PSCOA.
 - Use funds for maintenance, repairs, and upgrades to school facilities, not for operational costs like salaries or supplies.
- For Fiscal Year 2026, the PSCOC certified \$50 million for SB-9.

Legislative Appropriations – HB-450

- **SECTION 49. HIGHER EDUCATION DEPARTMENT PROJECT--APPROPRIATION FROM THE PUBLIC SCHOOL CAPITAL OUTLAY FUND.--Twenty million dollars (\$20,000,000)** is appropriated from the public school capital outlay fund to the higher education department to plan, design, construct, furnish and equip a science, technology, engineering and mathematics institute in Albuquerque in Bernalillo county.
- **SECTION 50. PUBLIC EDUCATION DEPARTMENT PROJECT-- APPROPRIATION FROM THE PUBLIC SCHOOL CAPITAL OUTLAY FUND.--One million five hundred thousand dollars (\$1,500,000)** is appropriated from the public school capital outlay fund to the public education department to provide infrastructure for fueling and charging stations for alternatively fueled school buses statewide.

Legislative Appropriations – HB-450

- **SECTION 51. INDIAN AFFAIRS DEPARTMENT PROJECTS-- APPROPRIATION FROM THE PUBLIC SCHOOL CAPITAL OUTLAY FUND.--** The following amounts are appropriated from the public school capital outlay fund to the Indian affairs department for the following purposes:
 1. **three million dollars (\$3,000,000)** to plan, design, construct, renovate, repair, furnish and equip improvements at Navajo preparatory school in Farmington in San Juan county; and
 2. **three million dollars (\$3,000,000)** to plan, design, construct, repair, renovate and equip the Paolo Soleri amphitheater at the Santa Fe Indian school in Santa Fe in Santa Fe county.

Legislative Appropriations – HB-450

- SECTION 52. PUBLIC SCHOOL FACILITIES AUTHORITY PROJECT--APPROPRIATION FROM THE PUBLIC SCHOOL CAPITAL OUTLAY FUND.--Fifty million dollars (\$50,000,000) is appropriated from the public school capital outlay fund to the public school facilities authority to make a distribution to each school district in fiscal year 2026 for school security improvements, career-technical education facilities or for the maintenance and repair of public school buildings for expenditure in fiscal year 2026 and subsequent fiscal years. The public school facilities authority shall make the distribution to each school district in a manner such that each school district receives the greater of one hundred thousand dollars (\$100,000) or a percentage of the total appropriation equal to the percentage attributable to that school district from the total distributions made to school districts for fiscal year 2026 pursuant to the Public School Capital Improvements Act. A distribution provided to a school district pursuant to the appropriation made in this section is not subject to any local match or offset otherwise required pursuant to the Public School Capital Outlay Act.

Community Benefit Fund (CBF)

- Created in 2025 via Senate Bill 48
- Effective Date: July 1, 2025
- Goal: reduce a greenhouse gas, increase electric grid capacity, resilience or reliability through grid modernization, increase electricity from renewable energy resources and the efficiency of electricity from energy efficiency projects, reduce the use of combustion engine vehicles through transportation projects, including projects that increase electric vehicle infrastructure or bicycle and pedestrian infrastructure, assess or reduce the effects of climate change on the natural environment, agricultural production, land and natural resources and human health, assist public entities in the purchase of electric vehicles and related charging infrastructure to reduce the use of combustion engine vehicles, establish or expand economic development needed to address the economic implications of climate change, develop economic opportunities to optimize resources to lower consumption, promote the reuse and recycling of materials in a sustainable manner and transition New Mexico away from dependence on the fossil fuel industry as a revenue resource; establish or expand worker training activities to provide workers for industries that assist in achieving the objectives.

CBF & PSFA

- PSFA is included in the CBF via an appropriation detailed in HB-2 (HAFC/H 2 AND 3, aa - Page 230).
- **(271) PUBLIC SCHOOL FACILITIES AUTHORITY - \$60,000,000**
 - For electric vehicle charging infrastructure for school districts, including the cost of upgrading from diesel-fueled school buses to electric school buses for expenditure in fiscal years 2026 through 2028, contingent on the passage of Senate Bill 48 or similar legislation of the first session of the fifty seventh legislature creating the community benefit fund. The other state funds appropriation is from the community benefit fund.

CBF - Round 1 Opening

- **Team Assigned:**

- PSFA Executive Director
- PSFA Chief Financial Officer
- PED Manager of Transportation and Capital Outlay

- **Application Process:**

- School districts and charter schools can apply for funding on a first-come, first-served basis. If demand exceeds expectations, a scoring mechanism will be used to prioritize applications.
- Applications were accepted from July 15 to August 31, 2025, with distributions initially scheduled for September 15, 2025.
- A second round was anticipated to start from September 1 to October 15, with funds distributed by November 1, 2025.

CBF - Round 1 Summary

Applicants	Initial Quote(s) Total	
Albuquerque Public Schools	\$	4,614,716.00
Kinteel Residential Campus (Aztec)	\$	407,100.00
Las Cruces Public Schools	\$	422,995.39
Rio Rancho Public Schools	\$	856,771.26
Total		\$ 6,301,582.65

CBF - Round 1 Current Status & Challenges

- **Funding Status**

- Funds from the initial round of applications have not yet been awarded.
- PSFA staff will coordinate with applicants in the coming weeks to schedule meetings, finalize documentation, and initiate disbursement before the end of October 2025.

- **Operational Challenges**

- PSFA currently lacks access to transportation data and does not maintain records related to school vehicles.
- Staffing shortages have impacted responsiveness; notably, the Programs Manager position has remained vacant since March 2025, and the Executive Director as of end of August 2025.
- Multiple submission channels have also complicated communication and hindered centralized tracking of questions and applications.
- Inconsistencies between submitted quotes and application materials have required additional review time.
- Infrastructure-related items with long lead times may result in delays, with uncertainty of final amounts.

CBF - Round 1 Additional Considerations

A significant volume of inquiries were received from applicants and stakeholders, primarily focused on the following areas:

- Program Scope and Eligibility
 - Clarification on allowable uses of funds
 - Interpretation and application of cooperative agreements
 - Guidance on quote separation and procurement procedures
 - Determination of funding caps (per district, per school, per bus)
- Operational and Financial Implications
 - Long-term maintenance responsibilities and associated costs
 - Impact on operating budgets, including utility expenses
 - Power and infrastructure requirements for charging stations
 - Coordination with utility providers for implementation and upgrades
- Training and Workforce Readiness
 - Requirements and resources for staff training in vehicle operation and maintenance
- Asset Management and Compliance
 - Mandate to decommission or scrap existing vehicles in exchange for new replacements
 - Expectations for post-award reporting and performance tracking

CBF - Round 2 Improvements

- **Expand Project Staffing:** Increase the number of personnel dedicated to the project to enhance capacity and ensure timely execution and responsiveness.
- **Strengthen Stakeholder Engagement:** Facilitate virtual roundtable meetings and Q&A sessions with key stakeholders, including school districts, charter schools, vendors, and nonprofit organizations, to foster collaboration, clarify requirements, gather feedback, and address any concerns.
- **Develop Clear Guidance Materials:** Create fact sheets and FAQs to provide transparent, accessible information about funding processes, eligibility, and expectations.
- **Enhance Funding Visibility:** Increasing advertising campaign to raise awareness of available funding opportunities across relevant networks and platforms.



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