

Senate Bill 147, “School Capital Outlay State-Local Matches”, 2017 Session, Vetoed: Examination, Evaluation and Recommendations

**Presented to the
Public School Capital Outlay Oversight Task Force
August 14, 2017**

Presenters:

Senator Mimi Stewart, Chair, Legislative Education Study Committee

Jeff Eaton, Fiscal Analyst, Legislative Council Service

Katie McEuen, Research and Policy Analyst, PSFA

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



Phase 2 Funding Formula Overview

- PSCOOTF Funding Formula Subcommittee
- University of New Mexico Bureau of Business and Economic Research (BBER) Report Findings
- School District Changes in State and Local Share Determinations Staff Briefing Paper
- Development of the Phase 2 Formula
- Senate Bill 147

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



Phase 2 Funding Formula Change

1. The average of the district's prior five years of final valuation and bonding capacity was used to determine available year to year debt service revenue, if a district fully indebted themselves. This figure is used to determine what the financial capacity of each district is (Column B).
2. To create an annualized amortization schedule for each district, the Adequacy Planning Guide (APG) GSF footprint (Column C) was created using the Certified 40th day enrollment count from the Public Education Department.
3. The APG GSF was multiplied by \$320 per square foot replacement cost (Column D) and divided by 45 years to determine the annualized amortization (Column E).

APG GSF (Column C)	x \$320	=	Total Replacement Cost (Column D)	/45 Years	=	Annualized Amortization (Column E)
-----------------------	---------	---	--------------------------------------	-----------	---	--

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



Calculating New Local Share

The new local share was calculated by taking the Debt Service Revenue (Column B) and dividing it by the Annualized Amortization (Column E).

Debt Service Revenue (4.5 Mills)	/	Annualized Amortization (Expenses)	=	Percent of the expense that can be covered by Revenue (Proposed Local Share)
---	----------	---	----------	---



Modifying for Population Density (Column G)

To adjust for population density, if a district can not cover more than 90% of the Annualized Amortization (Column F) costs, then:

- An additional 12% is added to the state share for districts with a population density ranging from 0-15 people per square mile; or
- An additional 6% is added to the state share for districts with a population density ranging from 16 to 50 people per square mile.

There are 45 districts that will receive additional state share percentage points.

- 40 districts will receive an additional 12%
- 5 districts will receive an additional 6%

There are 44 districts that do not receive additional percentage points, because they can cover 90% or more of their Annualized Amortization costs or they have more than 50 people per square mile.

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



Under this proposed formula change, there are 25 districts that would see an increase in their state share amount:

District	2017-2018 Local Share "Old Share"	2017-2018 State Share "Old Share"	Proposed Local Share	Proposed State Share	Difference
ROY	53%	47%	29%	71%	24%
MAXWELL	47%	53%	28%	72%	19%
FORT SUMNER	74%	26%	56%	44%	18%
CUBA	64%	36%	47%	53%	17%
RESERVE	90%	10%	74%	26%	16%
HONDO	77%	23%	62%	38%	15%
MELROSE	41%	59%	27%	73%	14%

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



Under this proposed formula change, there are 61 districts whose state share would decrease:

District	2017-2018 Local Share "Old Share"	2017-2018 State Share "Old Share"	Proposed Local Share	Proposed State Share	Difference
ALBUQUERQUE	43%	57%	88%	12%	-45%
LOS ALAMOS	52%	48%	95%	5%	-43%
LOVINGTON	62%	38%	100%	0%	-38%
AZTEC	64%	36%	100%	0%	-36%
MORIARTY	49%	51%	83%	17%	-34%
FARMINGTON	36%	64%	70%	30%	-34%
BERNALILLO	58%	42%	91%	9%	-33%
HOBBS	47%	53%	79%	21%	-32%

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



Under this proposed formula change, there are 3 districts whose state/local share would stay the same.

District	2017-2018 Local Share "Old Share"	2017-2018 State Share "Old Share"	Proposed Local Share	Proposed State Share	Difference
SOCORRO	26%	74%	26%	74%	0%
GALLUP	19%	81%	19%	81%	0%
ZUNI	0%	100%	0%	100%	0%

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

