

**MINUTES
of the
SEVENTIETH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**May 30, 2019
State Capitol, Room 322
Santa Fe**

The seventieth meeting of the Public School Capital Outlay Oversight Task Force (PSCOOTF) was called to order by Senator William P. Soules, chair, on May 30, 2019 at 1:38 p.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. William P. Soules, Chair
Rep. Eliseo Lee Alcon
Martha "Marty" Braniff
Rep. Jack Chatfield
Carl Foster
Rep. David M. Gallegos
Mike Hyatt
Sen. Stuart Ingle
Antonio Ortiz
T.J. Parks
Stan Rounds
Eugene Schmidt

Advisory Members

Sen. Michael Padilla
Sen. Mimi Stewart
Rep. Christine Trujillo

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Jeff Eaton, Research and Fiscal Policy Analyst, LCS
Lenaya Montoya, Staff Attorney, LCS

Absent

Rep. G. Andrés Romero, Vice Chair
Sen. Craig W. Brandt
Rep. Brian Egolf
Greg Ewing
Kirk Hartom
Rep. Patricia A. Lundstrom
Cindy Montoya
Sen. Mary Kay Papen
Richard A. Perea
Mike Phipps
Sen. William E. Sharer
Sen. Benny Shendo, Jr.
Sen. John Arthur Smith

Rep. Harry Garcia
Sen. Daniel A. Ivey-Soto
Sen. Gay G. Kernan
Sen. George K. Munoz
Sen. Cliff R. Pirtle
Sen. Sander Rue
Rep. Linda M. Trujillo
Sen. Pat Woods

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Thursday, May 30

Welcome and Introductions

Senator Soules welcomed the task force members and asked members and staff to briefly introduce themselves.

Brief Review: PSCOOTF 2018 Interim and 2019 Session

Mr. Eaton acknowledged Public School Capital Outlay Council (PSCOC) members in attendance and presented a brief review of the PSCOOTF 2018 Interim Final Report. The two bills endorsed by the 2018 task force were introduced during the 2019 legislative session but did not pass: Senate Bill (SB) 624 — Ownership of Some Charter School Facilities; and SB 295 — School Facilities Authority Expenditures. SB 295 amended the maximum annual operating budget for the Public School Facilities Authority (PSFA). Because the bill did not pass, the fiscal year (FY) 2020 operating budget of the PSFA in the General Appropriation Act of 2019 was reduced by approximately \$700,000. In response to member questions, Jonathan Chamblin, executive director, PSFA, stated that the agency is leaving positions vacant and modifying operating expenditure schedules to minimize the impact to the agency of the necessary operating budget reduction. Mr. Chamblin reported that the agency will likely be requesting a supplemental appropriation during the 2020 legislative session.

Mr. Eaton described several appropriations made to the PSCOC and the PSFA. Senate Finance Committee Substitute for SB 280 (Chapter 277) authorized \$24 million from the General Fund to provide educational infrastructure improvements for school districts located in federal impact aid districts and \$10 million from the Public School Capital Outlay Fund to provide teacher housing for school districts located in federal impact aid districts. In both appropriations, the governor used her veto power to eliminate the requirement for local matching funds as well as the requirement that projects be approved by the PSCOC. A discussion followed among task force members and staff about the nature of the appropriations, federal impact aid districts and the program to be developed to distribute the appropriations. Staff was directed to continue to report to the task force as the programs are developed.

PSCOC and PSFA: Update of 2019 Awards Cycle and Programs

Joe Guillen, executive director, New Mexico School Boards Association, and chair, PSCOC, and Martica Casias, deputy director, PSFA, presented to the task force. Mr. Guillen noted that several years of declining revenues resulted in PSCOC standards-based awards reaching a low point in FY 2018 of \$37.6 million as indicated on slide 6 of the presentation. Rebounding revenue from improved oil and gas receipts increased the 2019 capacity for

standards-based awards to approximately \$136 million. Ms. Casias and Mr. Guillen alternated presenting in detail each of the other award programs of the PSCOC: systems-based (small projects), school security, broadband deficiencies correction, pre-kindergarten classroom facilities, facilities master plan, lease assistance and new programs under development (teacher housing and "outside of adequacy" awards). In the 2018-2019 award cycle, the PSCOC made 11 standards-based awards, 24 systems-based awards, 210 school security awards, nine facility master plan awards and 102 lease assistance awards for a total of 356 awards.

David Abbey, director, Legislative Finance Committee, and member, PSCOC, made closing remarks and offered that the task force may want to have presentations on the history and evolution of the standards over the course of the interim.

A member asked if vendors and contractors selected to complete the work on the awards made were predominantly in-state businesses or out-of-state businesses. Ms. Casias replied that vendors selected to complete work on the projects are predominantly in-state (local) vendors. Another member commented that it is important to hire local businesses when possible and stressed the importance of the Broadband Deficiencies Correction Program in that the federal match for information technology projects is nine-to-one and that the cost disparities for connectivity varied widely across school districts. Ovidiu Viorica, manager, Broadband and Technology Program, PSFA, replied by describing details of the Broadband Deficiencies Correction Program and the slow but steady rate of progress being made with the school districts.

In regard to the evolving facility standards, a member asked the presenters how newly included items in the adequacy standards would be funded. In response, Rachel Gudgel, director, Legislative Education Study Committee, suggested that consideration of newly included items, such as teacher housing, may initially be viewed as a new program of the PSCOC. The member suggested that the task force further investigate the policy question of prioritization of newly included items and other discrete items or programs. Citing the school security program as an example, more than 400 awards have been or will be made in the last two years in response to the high priority that school security was given in the aftermath of the school shooting at Aztec High School. The member suggested that other areas may be higher priorities at some point and that identifying the funding for new priorities and existing programs should be discussed by the task force. Another member commented that a subcommittee of the task force, formed during a previous interim to study the capital outlay formula, concluded that the formula was functioning as intended and that the addition of new appropriations for "outside of adequacy" changes the funding parameters and should be studied more closely during the 2019 interim. A discussion followed among members and staff about school capital outlay funding, and Mr. Abbey indicated that the Public Education Department was in the preliminary planning stages of forming a work group to study the issue.

Proposed 2019 Interim Work Plan and Meeting Schedule

Senator Soules asked members to review the interim work plan in their meeting folders. Several members expressed interest in prioritizing work plan items six and seven to be heard at

the meeting on July 29 and continuing discussion of those items at a subsequent meeting during the interim. Upon a motion for approval, the task force unanimously approved the amended work plan and meeting schedule.

Adjournment

There being no further business before the task force, the meeting adjourned at 3:30 p.m.