



NEW MEXICO LEGISLATURE

**PUBLIC SCHOOL
CAPITAL OUTLAY
OVERSIGHT TASK FORCE**

2023 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Public School Capital Outlay Oversight Task Force 2023 Interim Summary

State statute allows the Public School Capital Outlay Oversight Task Force to hold a maximum of four meetings during each interim, in addition to one organizational meeting. In 2023, meetings were held at the State Capitol in Santa Fe on May 26, July 21, August 25, September 25, and November 3, with Senator William P. Soules as chair and Representative G. Andrés Romero as vice chair. The task force began each meeting with a general update from the Public School Facilities Authority (PSFA) that provided an overview of the public school capital funding process and reviewed recent actions and decisions of the Public School Capital Outlay Council, including current awards and projects.

During the July meeting, the task force reviewed the implementation of legislation impacting public school facilities from the 2023 legislative session, including Senate Bill 131 and House Bill 505. Additionally, the meeting covered facility needs for pre-kindergarten and other Early Childhood Education and Care Department programs. The task force heard presentations that examined trends in construction cost escalation, received data on the history of costs, reviewed economic and labor data and heard local industry perspectives on the spike in construction costs.

During the August meeting, the task force continued to examine the trends in construction cost escalation, including further in-depth New Mexico economic data and a national industry perspective from the chief economist of the Associated General Contractors of America. The meeting also included a review of the *Zuni* lawsuit and the state's response to the ruling that declared the Public School Capital Outlay Act and Public School Capital Improvements Act unconstitutional. The meeting ended with an update of the bonding capacity from the director of the State Board of Finance, who shared new estimates.

In September, the task force discussed capital funding waiver criteria with background information from the PSFA and specific examples from public school superintendents on the issues faced by their districts. The meeting included an appraisal of how the implementation of healthy universal school meals for all students impacted the need for kitchen infrastructure improvements. Additionally, the task force heard a proposal from the Public Education Department to fund technology with capital resources.

The task force ended its work for the interim in November with a wide-ranging discussion on the interplay of the current state-local match and waiver criteria, including the possible need for further study and reform. The task force also received an update on state and federal funding of heating, ventilation and air conditioning systems; was presented with an overview of the PSFA's budget request for fiscal year 2025; and reviewed a report on overall school transportation funding and a specific request for electric school buses.

WORK PLAN AND MEETING SCHEDULE

**2023 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

Members

Sen. William P. Soules, Chair
Rep. G. Andrés Romero, Vice Chair
Sondra Adams
Rep. Eliseo Lee Alcon
Johnny Benavidez
Rep. Jack Chatfield
Scott Elder
LeAnne Gandy
Sen. Stuart Ingle
Rep. Tara Jaramillo (Designee for Rep.
Javier Martínez)
Ashley Leach (Department of Finance and
Administration Designee)
Julie Lucero
Rep. Javier Martínez
Rep. Tanya Mirabal Moya

Cindy Montoya
Sen. George K. Muñoz
Brandy J. Murphy
Antonio Ortiz (Public Education
Department Designee)
Sen. Shannon D. Pinto
Wayne Propst
Amber L. Romero
Arsenio Romero
Stan Rounds
Sen. Joshua A. Sanchez
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Rep. Nathan P. Small
Sen. Mimi Stewart

Advisory Members

Rep. Brian G. Baca
Rep. Ambrose Castellano
Rep. Yanira Gurrola

Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Background

Created by statute (Sections 22-24-7 and 22-24-8 NMSA 1978), the Public School Capital Outlay Oversight Task Force oversees the work of the Public School Capital Outlay Council (PSCOC) and the Public School Facilities Authority (PSFA) as they carry out the state's public school capital outlay program and other programs pursuant to the Public School Capital Outlay Act (PSCOA). Task force membership consists of 25 members (or their respective designees), with both legislative and public members determined by statute.

Work Plan

The task force will address the following statutory requirements during the 2023 interim:

A. oversee the work of the PSCOC and the PSFA as they perform functions pursuant to the PSCOA, particularly as the agencies implement the statewide process for making grant awards;

B. monitor the existing permanent revenue streams to ensure that they remain adequate long-term funding sources for public school capital outlay projects;

C. monitor the overall progress of bringing all public school facilities up to the statewide adequacy standards developed pursuant to provisions in the PSCOA; and

D. monitor the progress and effectiveness of programs administered pursuant to the PSCOA and the Public School Capital Improvements Act.

In addition, as time permits, the task force will:

E. review the history of and receive an update on current developments in the *Zuni* lawsuit;

F. evaluate the effects of recent inflation on school construction and maintenance costs and assess the adequacy of the current funding framework to address the challenges posed by rapidly rising expenses;

G. receive the results of the Legislative Education Study Committee's analysis on school transportation funding, including possibilities for electric school bus funding;

H. receive the updated forecast of supplemental severance tax bond proceeds and review the long-term trends in severance tax revenue along with the range of upside and downside risks;

I. review the current development of teacher housing and consider the standards and criteria for allocating funds for future teacher housing needs;

J. consider the needs and funding structure for gender-neutral restrooms during remodels and in new construction;

K. review the expenditure of federal funds and possible additional federal funding opportunities;

L. examine the appropriateness, needs and requests for funding technology with capital sources;

M. evaluate the needs of cafeteria and kitchen facilities with the implementation of universal free and healthy school meals;

N. review the implementation and impacts of Senate Bill 131 (Laws 2023, Chapter 98), which temporarily reduces the required local match for project funding, forgives past offsets and eliminates future offsets for direct legislative appropriations and also makes appropriations for school security, career-technical education facilities and pre-kindergarten facilities;

O. examine how the statewide adequacy standards should incorporate the need for career-technical education facilities as required by Senate Bill 131 (Laws 2023, Chapter 98); and

P. as requested by House Joint Memorial 7 (2023), study public school heating, ventilation and air conditioning (HVAC) systems and consider sustainable funding mechanisms for the assessment, repair, adjustment and replacement of HVAC systems.

**Public School Capital Outlay Oversight Task Force
2023 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
May 26	Santa Fe
July 21	Santa Fe
August 25	Santa Fe
September 25	Santa Fe
November 3	Santa Fe

AGENDAS AND MINUTES

**TENTATIVE AGENDA
for the
EIGHTY-SEVENTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**May 26, 2023
State Capitol, Room 307
Santa Fe**

Friday, May 26

- 10:00 a.m. **Call to Order**
—Senator William P. Soules, Chair
—Representative G. Andrés Romero, Vice Chair
- 10:15 a.m. (1) **[Public School Facilities Authority \(PSFA\) Overview](#)**
—Martica Casias, Executive Director, PSFA
- 10:45 a.m. (2) **[Proposed Interim Work Plan and Meeting Schedule](#)**
—Public School Capital Outlay Oversight Task Force Members and Staff
- 12:15 p.m. **Adjourn**

MINUTES
of the
EIGHTY-SEVENTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

May 26, 2023
State Capitol, Room 307
Santa Fe

The eighty-seventh meeting of the Public School Capital Outlay Oversight Task Force was called to order by Representative William P. Soules, chair, on Friday, May 26, 2023, at 10:05 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Sen. William P. Soules, Chair
Rep. G. Andrés Romero, Vice Chair
Rep. Eliseo Lee Alcon
Sen. Stuart Ingle
Julie Lucero
Rep. Tanya Mirabal Moya
Antonio Ortiz, Designee for Secretary of
Public Education Arsenio Romero
Sen. Joshua A. Sanchez
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Rep. Nathan P. Small
Sen. Mimi Stewart

Advisory Members

Rep. Yanira Gurrola
Sen. Michael Padilla

Absent

Sondra Adams
Johnny Benavidez
Rep. Jack Chatfield
Scott Elder
LeAnne Gandy
Rep. Javier Martínez
Cindy Montoya
Sen. George K. Muñoz
Brandy Murphy
Sen. Shannon D. Pinto
Wayne Propst
Amber L. Romero
Stan Rounds

Rep. Brian G. Baca
Rep. Ambrose Castellano
Sen. Leo Jaramillo
Sen. Cliff R. Pirtle

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Clinton Turner, Research and Fiscal Policy Analyst, LCS
Sheila Keleher, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, May 26

Welcome and Introductions (10:05 a.m.)

Senator Soules welcomed task force members and guests. Task force members and staff introduced themselves.

Public School Facilities Authority (PSFA) Overview (10:09 a.m.)

Martica Casias, executive director, PSFA, presented an overview of the Public School Capital Outlay Council (PSCOC) and the PSFA. She reviewed the PSCOC funding programs and awards process, as well as state and local funding sources for school districts. Ms. Casias also outlined the implications of the passage of Senate Bill 131 (2023), which eliminated offsets and reduced local matches, and House Bill 505 (2023), which funded career technical educational facilities, pre-kindergarten facilities, school building repairs and security infrastructure. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20052623%20Item%201%20PSFA%20PSCOC%20Overview.pdf>.

Proposed Interim Work Plan and Meeting Schedule (10:45 a.m.)

Mr. Turner presented the 2023 proposed work plan and meeting schedule. Task force members discussed the work plan and made suggestions about the content and language of particular items. The proposed work plan can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20052623%20Item%202%20%20proposed%20work%20plan.23.pdf>.

Upon a motion duly made and seconded, and without any objections, the task force voted to approve the 2023 proposed work plan and meeting schedule.

Adjournment

There being no further business before the task force, the meeting adjourned at 11:01 a.m.

**TENTATIVE AGENDA
for the
EIGHTY-EIGHTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**July 21, 2023
State Capitol, Room 322
Santa Fe**

Friday, July 21

- 10:00 a.m. **Call to Order and Introductions**
—Senator William P. Soules, Chair
—Representative G. Andrés Romero, Vice Chair
- 10:15 a.m. (1) **Public School Capital Outlay Council (PSCOC) Update**
—Gwen Perea Warniment, Chair, Awards Subcommittee, PSCOC
—Ashley Leach, Chair, Administration, Maintenance and Standards
Subcommittee, PSCOC
- 10:35 a.m. (2) **Public School Facilities Authority (PSFA) Update**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Iris Romero, Chief Financial Officer, PSFA
- 11:00 a.m. (3) **Senate Bill 131 (2023) and House Bill 505 (2023) Implementation and Impact**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Iris Romero, Chief Financial Officer, PSFA
- 12:00 noon **Lunch**
- 1:30 p.m. (4) **Pre-K Facility and Early Childhood Education and Care Department (ECECD) Program Space Needs**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Elizabeth Groginsky, Secretary, ECECD
- 2:30 p.m. (5) **Construction Cost Escalation and Construction Employment Trends**
—Tim Bedeaux, Senior Policy Analyst, Legislative Education Study
Committee
—Cally Carswell, Capital Outlay Analyst, Legislative Finance Committee
—Ian Stroud, Intern, Legislative Council Service
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA

- 3:30 p.m. (6) [Industry Perspective on Construction Cost Spike](#)
- Clay Bailey, Director, Construction Industries Division (CID), Regulation and Licensing Department (RLD)
 - Martin Romero, Chief, General Building Bureau, CID, RLD
 - Shad James, President and Chief Executive Officer, Jaynes Corporation
 - Teryn Lamoreux, Director, Operations Support, Jaynes Corporation
 - Dennis Towne, President, Bradbury Stamm Construction
 - Lawrence Peterson, Executive Vice President, Bradbury Stamm Construction
 - Phil Campagna, President, Yearout Mechanical
 - Marni Goodrich, Director, Business Operations, Yearout Mechanical

5:00 p.m. **Adjourn**

MINUTES
of the
EIGHTY-EIGHTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

July 21, 2023
State Capitol, Room 322
Santa Fe

The eighty-eighth meeting of the Public School Capital Outlay Oversight Task Force was called to order by Senator William P. Soules, chair, on Friday, July 21, 2023, at 10:03 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. William P. Soules, Chair
Rep. G. Andrés Romero, Vice Chair
Rep. Eliseo Lee Alcon
Scott Elder
LeAnne Gandy
Sen. Stuart Ingle
Ashley Leach, Designee for Secretary of
Finance and Administration Wayne
Propst
Rep. Tanya Mirabal Moya
Sen. George K. Muñoz
Antonio Ortiz, Designee for Secretary of
Public Education Arsenio Romero
Sen. Shannon D. Pinto
Amber L. Romero
Stan Rounds
Sen. Joshua A. Sanchez
Karen Sanchez-Griego
Rep. Nathan P. Small
Sen. Mimi Stewart

Advisory Members

Rep. Brian G. Baca
Rep. Yanira Gurrola
Sen. Michael Padilla

Absent

Sondra Adams
Johnny Benavidez
Rep. Jack Chatfield
Julie Lucero
Rep. Javier Martínez
Cindy Montoya
Brandy Murphy
Sen. Benny Shendo, Jr.

Rep. Ambrose Castellano
Sen. Leo Jaramillo
Sen. Cliff R. Pirtle

Staff

Clinton Turner, Research and Fiscal Policy Analyst, LCS
Lenaya Montoya, Staff Attorney, LCS
Sheila Keleher, Researcher, LCS
Yessica Marquina, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, July 21

Welcome and Introductions (10:03 a.m.)

Senator Soules welcomed task force members and guests. Task force members and staff introduced themselves.

Public School Capital Outlay Council (PSCOC) Update (10:10 a.m.)

Gwen Perea Warniment, chair, Awards Subcommittee, PSCOC, and Ashley Leach, chair, Administration, Maintenance and Standards Subcommittee, PSCOC, presented an update on the 2023 PSCOC awards cycle, including pre-applications, potential awards and approved construction funding requests. Ms. Warniment and Ms. Leach also addressed teacher housing guidelines. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20072123%20Item%201%20PSCOC%20Update.pdf>.

Public School Facilities Authority (PSFA) Update (11:09 a.m.)

Martica Casias, executive director, PSFA, and Iris Romero, chief financial officer, PSFA, presented an update on the PSCOC financial plan and a summary of the project award schedule. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20072123%20Item%201%20PSCOC%20Financial%20Plan.pdf>.

Senate Bill 131 (2023) and House Bill 505 (2023) Implementation and Impact (11:17 a.m.)

Ms. Casias and Ryan Parks, deputy director, PSFA, discussed the implementation and impact of Senate Bill 131 (2023), which reduced local matches and eliminated offsets, and House Bill 505 (2023), which funded career technical education facilities, pre-kindergarten facilities, school building repairs and security infrastructure. Mr. Parks also reviewed the awards application process for public school districts. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20072123%20Item%203%20SB131-HB505%20Implementation%20and%20Impact.pdf>.

Approval of Minutes (11:39 a.m.)

Upon a motion duly made by Representative Romero and seconded by Representative Mirabal Moya, and without any objections, the task force approved the minutes of the May 26, 2023 meeting.

Construction Cost Escalation and Construction Employment Trends (11:40 a.m.)

Tim Bedeaux, senior policy analyst, Legislative Education Study Committee, and Cally Carswell, capital outlay analyst, Legislative Finance Committee, discussed the implications of rising construction costs on public school construction projects. The presenters addressed the supply and demand effects of rising construction costs on both the state and national level, noting that there is a workforce shortage, particularly in the rural part of the state, and that New Mexico's construction wages were among the lowest in the nation in 2022. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20072123%20Item%205%20construction%20cost%20LESC-LFC.pdf>.

Pre-K Facility and Early Childhood Education and Care Department (ECECD) Program Space Needs (1:40 p.m.)

Ms. Casias and Elizabeth Groginsky, secretary, ECECD, presented an overview of the history of PSCOC pre-kindergarten awards, with a focus on the 2022-2023 pre-kindergarten facilities capital funding awards. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20072123%20Item%204%20PSCOC%20Funding%20History%20and%202021-2023%20Awards%20for%20PreK.pdf>.

Industry Perspective on Construction Cost Spike (2:13 p.m.)

Mr. Parks; Martin Romero, chief, General Building Bureau, Construction Industries Division, Regulation and Licensing Department; Shad James, president and chief executive officer, Jaynes Corporation; Dennis Towne, president, Bradbury Stamm Construction; and Phil Campagna, president, Yearout Mechanical, discussed the current challenges facing the construction industry, including workforce shortages, labor and per diem costs, material shortages and delayed project starts. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=7/21/2023&ItemNumber=6>.

Public Comment (3:30 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the task force, the meeting adjourned at 3:34 p.m.

Revised: August 24, 2023

**TENTATIVE AGENDA
for the
EIGHTY-NINTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**August 25, 2023
State Capitol, Room 322
Santa Fe**

Friday, August 25

- 10:00 a.m. **Call to Order and Introductions**
—Senator William P. Soules, Chair
—Representative G. Andrés Romero, Vice Chair
- 10:15 a.m. (1) **Public School Capital Outlay Council (PSCOC) Update**
—Gwen Perea Warniment, Chair, Awards Subcommittee, PSCOC
—Ashley Leach, Chair, Administration, Maintenance and Standards
 Subcommittee, PSCOC
- 10:30 a.m. (2) **Public School Facilities Authority (PSFA) Update**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Iris Romero, Chief Financial Officer, PSFA
- 11:00 a.m. (3) **Construction Cost Escalation Continues**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Ken Simonson, Chief Economist, Associated General Contractors of
 America
—Ian Stroud, Intern, Legislative Council Service
- 12:00 noon **Lunch**
- 1:00 p.m. (4) **History and Current Developments of Zuni Lawsuit**
—Martica Casias, Executive Director, PSFA
—Nicholas Sydow, Deputy Solicitor General, Office of the Attorney
 General
- 2:00 p.m. (5) **Bonding Capacity Update**
—Ashley Leach, Director, State Board of Finance
- 2:30 p.m. **Adjourn**

MINUTES
of the
EIGHTY-NINTH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

August 25, 2023
State Capitol, Room 322
Santa Fe

The eighty-ninth meeting of the Public School Capital Outlay Oversight Task Force was called to order by Senator William P. Soules, chair, on Friday, August 25, 2023, at 10:05 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. William P. Soules, Chair
Sondra Adams
Rep. Eliseo Lee Alcon
Johnny Benavidez
Rep. Jack Chatfield
Sen. Stuart Ingle
Rep. Tara Jaramillo, Designee for Rep.
 Javier Martínez
Ashley Leach, Designee for Secretary of
 Finance and Administration Wayne
 Propst
Julie Lucero
Cindy Montoya
Sen. George K. Muñoz
Antonio Ortiz, Designee for Secretary of
 Public Education Arsenio Romero
Sen. Shannon D. Pinto
Sen. Joshua A. Sanchez
Karen Sanchez-Griego
Sen. Benny Shendo, Jr.
Rep. Nathan P. Small
Sen. Mimi Stewart

Advisory Members

Absent

Rep. G. Andrés Romero, Vice Chair
Scott Elder
LeAnne Gandy
Rep. Tanya Mirabal Moya
Brandy Murphy
Amber L. Romero
Stan Rounds

Rep. Brian G. Baca
Rep. Ambrose Castellano
Rep. Yanira Gurrola
Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Staff

Clinton Turner, Research and Fiscal Policy Analyst, Legislative Council Service (LCS)
Lenaya Montoya, Staff Attorney, LCS
Sheila Keleher, Researcher, LCS
Joanne Vandestreek, Senior Legislative Librarian, LCS
Ian Stroud, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

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Friday, August 25**Welcome and Introductions (10:05 a.m.)**

Senator Soules welcomed task force members and guests to the meeting, and members and staff introduced themselves.

Public School Capital Outlay Council (PSCOC) Update (10:09 a.m.)

Gwen Perea Warniment, chair, Awards Subcommittee, PSCOC, and Ms. Leach, chair, Administration, Maintenance and Standards Subcommittee, PSCOC, presented an update on the new capital outlay awards for fiscal year 2024, which include standards-based and systems-based awards, along with teacher housing awards. Ms. Warniment also reviewed a new award to the Office of Broadband Access and Expansion for network management and cybersecurity services, as well as infrastructure work for the Statewide Education Network. The presentation can be found here:

<http://www.nmlegis.gov/handouts/PSCO%20082523%20Item%201%20PSCOC%20update.pdf>.

Public School Facilities Authority (PSFA) Update(10:34 a.m.)

Martica Casias, executive director, PSFA, and Ryan Parks, deputy director, PSFA, responded to questions from last month's meeting regarding the outstanding PSFA advances to schools, as well as the international building codes on single-user, or gender-neutral, restrooms. The presentation can be found here:

<http://www.nmlegis.gov/handouts/PSCO%20082523%20Item%202%20PSFA%20Update.pdf>.

Approval of Minutes (10:43 a.m.)

On a motion made and seconded, and without objection, the task force approved the minutes of the July 21, 2023 meeting.

Bonding Capacity Update (10:44 a.m.)

Ms. Leach, director, State Board of Finance, presented an overview of the severance tax bonding program, with a focus on statutory parameters, historical funding and projected bonding capacity. The presentation can be found here:

<http://www.nmlegis.gov/handouts/PSCO%20082523%20Item%205%20DFA%20BOF%20Bonding%20Capacity%20Update%201.pdf>.

History and Current Developments of the Zuni Lawsuit (11:18 a.m.)

Nicholas Sydow, deputy solicitor general, Office of the Attorney General, presented a brief procedural history of the 25-year-old *Zuni* lawsuit, which challenged the constitutionality of the state's capital outlay funding system for public school districts. Ms. Casias reviewed the current capital outlay projects in the Zuni Public School District and the Gallup-McKinley County School District, the two plaintiffs in the lawsuit. The presentation materials can be found here:

<http://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=8/25/2023&ItemNumber=4>.

Construction Cost Escalation Continues (1:05 p.m.)

Ken Simonson, chief economist, Associated General Contractors of America, and Mr. Stroud presented an overview of the national trends in the construction industry in comparison with New Mexico's construction industry. Employment, wages, material costs and availability, project type demands and construction spending changes were among the trends discussed. The presentation materials can be found here:

<http://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=8/25/2023&ItemNumber=3>.

Public Comment (1:57 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the task force, the meeting adjourned at 2:04 p.m.

Revised: September 22, 2023

**TENTATIVE AGENDA
for the
NINETIETH MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**September 25, 2023
State Capitol, Room 322
Santa Fe**

Monday, September 25

- 10:00 a.m. **Call to Order and Introductions**
—Senator William P. Soules, Chair
—Representative G. Andrés Romero, Vice Chair
- 10:15 a.m. (1) **Public School Facilities Authority (PSFA) Update**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Iris Romero, Chief Financial Officer, PSFA
- 10:30 a.m. (2) **House Joint Memorial 7 (2023) — Current Conditions and Funding Structure of Public School Heating, Ventilation and Air Conditioning Systems**
—Martica Casias, Executive Director, PSFA
—Andrew Martinez, Facilities Database Manager, PSFA
- 11:00 a.m. (3) **School Kitchen Infrastructure Improvement Funding for Healthy, Universal School Meals**
—Kendal Chavez, Food and Hunger Advisor, Office of the Governor
—Wesley Billingsley, Director, Local Government Division, Department of Finance and Administration
- 12:00 noon **Lunch**
- 1:00 p.m. (4) **Capital Funding Waiver Criteria**
—Martica Casias, Executive Director, PSFA
—Kodi Sumpter, Superintendent, Des Moines Municipal School District
—Johnna Bruhn, Superintendent, Mosquero Municipal School District
—Gene Strickland, Superintendent, Hobbs Municipal School District
—Melissa Sandoval, Superintendent, Peñasco Independent School District

- 2:30 p.m. (5) **Career Technical Education and Adequacy Standards**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
—Curtis Clough, Superintendent, Hagerman Municipal School District
—Gene Strickland, Superintendent, Hobbs Municipal School District
—Gwen Perea Warniment, Director, Legislative Education Study
Committee (LESC)
—Jessica Hathaway, Senior Policy Analyst, LESC
- 3:30 p.m. (6) **Funding Technology with Capital Resources**
—John Chadwick, Digital Equity and E-Rate Coordinator, Public Education
Department (PED)
—Mary Montoya, Chief Information Officer, PED
- 4:00 p.m. **Adjourn**

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

**September 25, 2023
State Capitol, Room 322
Santa Fe**

The ninetieth meeting of the Public School Capital Outlay Oversight Task Force was called to order by Senator William P. Soules, chair, on Monday, September 25, 2023, at 10:06 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. William P. Soules, Chair
Sondra Adams
Rep. Eliseo Lee Alcon
Rep. Jack Chatfield
Scott Elder
Sen. Stuart Ingle
Julie Lucero
Cindy Montoya
Antonio Ortiz, Designee for Secretary of
Public Education Arsenio Romero
Amber L. Romero
Sen. Benny Shendo, Jr.
Rep. Nathan P. Small
Sen. Mimi Stewart

Absent

Rep. G. Andrés Romero, Vice Chair
Johnny Benavidez
LeAnne Gandy
Rep. Javier Martínez
Rep. Tanya Mirabal Moya
Sen. George K. Muñoz
Brandy Murphy
Sen. Shannon D. Pinto
Wayne Propst
Stan Rounds
Sen. Joshua A. Sanchez
Karen Sanchez-Griego

Advisory Members

Rep. Brian G. Baca
Rep. Ambrose Castellano
Rep. Yanira Gurrola
Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Staff

Clinton Turner, Research and Fiscal Policy Analyst, Legislative Council Service (LCS)
Sheila Keleher, Researcher, LCS
Yessica Marquina, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Monday, September 25

Welcome and Introductions (10:06 a.m.)

Senator Soules welcomed task force members and guests to the meeting, and members and staff introduced themselves.

Public School Facilities Authority (PSFA) Update (10:09 a.m.)

Martica Casias, executive director, PSFA, and Ryan Parks, deputy director, PSFA, answered questions from the task force, including concerns about rising construction costs impacting the completion of capital projects.

House Joint Memorial 7 (2023) — Current Conditions and Funding Structure of Public School Heating, Ventilation and Air Conditioning Systems (10:13 a.m.)

Ms. Casias and Andrew Martinez, facilities database manager, PSFA, reviewed House Joint Memorial 7 (2023) and the Public School Capital Outlay Council awards program for heating, ventilation and air conditioning systems. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092523%20Item%202%20Statewide%20HVAC%20Conditions.pdf>.

School Kitchen Infrastructure Improvement Funding for Healthy, Universal School Meals (10:37 a.m.)

Kendal Chavez, food and hunger advisor, Office of the Governor, and Wesley Billingsley, director, Local Government Division, Department of Finance and Administration, reviewed Senate Bill 4 (2023), which ensures that all students in public school districts, charter schools, United States Department of the Interior's Bureau of Indian Education schools and tribally controlled schools are eligible for free, healthy meals. Mr. Billingsley outlined the criteria and funding process for school districts to apply for funding related to cafeteria and kitchen infrastructure improvements. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092523%20Item%203%20Healthy%20Universal%20School%20Meals.pdf>.

Capital Funding Waiver Criteria (11:11 a.m.)

Ms. Casias and Alyce Ramos, programs manager, PSFA, outlined the local match reductions (waivers) and the capital funding waiver criteria for school districts. Kodi Sumpter, superintendent, Des Moines Municipal School District; Johnna Bruhn, superintendent, Mosquero Municipal School District; Gene Strickland, superintendent, Hobbs Municipal School District; and Melissa Sandoval, superintendent, Penasco Independent School District, addressed the impact that the waiver process has had on their respective school districts. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=9/25/2023&ItemNumber=4>.

Approval of Minutes (1:13 p.m.)

On a motion made and seconded, and without objection, the task force approved the minutes of the August 25, 2023 meeting.

Career Technical Education (CTE) and Adequacy Standards (1:13 p.m.)

Ms. Casias and Mr. Parks reviewed the adequacy standards for CTE programs and reviewed comments received from school districts regarding current standards. Curtis Clough, superintendent, Hagerman Municipal School District, and Mr. Strickland discussed the CTE programs in their districts and the impact of the adequacy standards. Gwen Perea Warniment, director, Legislative Education Study Committee (LESC), and Jessica Hathaway, senior policy analyst, LESL, reviewed funding that the state legislature appropriated for CTE programs in fiscal year 2024, as well as federal funding awarded through the federal Carl D. Perkins Career and Technical Education Act of 2006 in fiscal year 2023. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=9/25/2023&ItemNumber=5>.

Funding Technology with Capital Resources (2:00 p.m.)

Mary Montoya, chief information officer, Public Education Department (PED), and John Chadwick, digital equity and e-rate coordinator, PED, discussed House Bill 401 (2023), the Digital Equity in Education Act, which addresses the *Yazzie/Martinez* lawsuit. Neal Weaver, Ph.D., chief information and strategy officer, Santa Fe Public School District, and Sam Snoddy, director, Gadsden Independent School District, discussed teacher scholarships for integrating technology in classrooms and the need for increased funding for student technology and connectivity. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20092523%20Item%206%20-%20PED%20Fund%20Tech%20with%20Capital.pdf>.

Adjournment

There being no further business before the task force, the meeting adjourned at 2:39 p.m.

Revised: November 3, 2023

**TENTATIVE AGENDA
for the
NINETY-FIRST MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE**

**November 3, 2023
State Capitol, Room 322
Santa Fe**

Friday, November 3

- 10:00 a.m. **Call to Order and Introductions**
—Senator William P. Soules, Chair
—Representative G. Andrés Romero, Vice Chair
- 10:15 a.m. (1) **Public School Capital Outlay Council (PSCOC) Update**
—Raúl E. Burciaga, Vice Chair, PSCOC
—Gwen Perea Warniment, Chair, Awards Subcommittee, PSCOC
—Ashley Leach, Chair, Administration, Maintenance and Standards
Subcommittee, PSCOC
- 10:45 a.m. (2) **Public School Facilities Authority (PSFA) Update**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
- 11:00 a.m. (3) **PSFA Budget Request**
—Martica Casias, Executive Director, PSFA
—Iris Romero, Chief Financial Officer, PSFA
- 11:30 a.m. (4) **Adequacy Standards**
—Martica Casias, Executive Director, PSFA
—Ryan Parks, Deputy Director, PSFA
- 12:30 p.m. **Lunch**
- 1:30 p.m. (5) **State/Local Match and Waivers**
—Martica Casias, Executive Director, PSFA
—Alyce Ramos, Programs Manager, PSFA
—Sunny Liu, Fiscal Analyst, Legislative Finance Committee (LFC)
—Tim Bedeaux, Senior Policy Analyst II, Legislative Education Study
Committee (LESC)
—Antonio Ortiz, Director, Finance and Operations, Public Education
Department (PED)

2:30 p.m. (6) [Transportation Funding and Electric Buses](#)
—Tim Bedeaux, Senior Policy Analyst II, LESC
—Charles Goodmacher, Board Member, NMVC Action Fund

3:30 p.m. (7) [House Joint Memorial 7 \(2023\), State and Federal Funding of Heating, Ventilation and Air Conditioning Systems](#)
—Erik Malmstrom, Chief Executive Officer, SafeTraces
—Tim Bedeaux, Senior Policy Analyst II, LESC
—Sunny Liu, Fiscal Analyst, LFC
—Antonio Ortiz, Director, Finance and Operations, PED

4:30 p.m. **Adjourn**

MINUTES
of the
NINETY-FIRST MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

November 3, 2023
State Capitol, Room 322
Santa Fe

The ninety-first meeting of the Public School Capital Outlay Oversight Task Force was called to order by Senator William P. Soules, chair, on Friday, November 3, 2023, at 10:08 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. William P. Soules, Chair
Rep. Eliseo Lee Alcon
Scott Elder
LeAnne Gandy
Ashley Leach, Designee for Secretary of
Finance and Administration Wayne
Propst
Rep. Tanya Mirabal Moya
Cindy Montoya
Sen. George K. Muñoz
Antonio Ortiz, Designee for Secretary of
Public Education Arsenio Romero
Sen. Shannon D. Pinto
Stan Rounds
Sen. Joshua A. Sanchez
Karen Sanchez-Griego
Sen. Mimi Stewart

Absent

Rep. G. Andrés Romero, Vice Chair
Sondra Adams
Johnny Benavidez
Rep. Jack Chatfield
Julie Lucero
Rep. Javier Martínez
Brandy Murphy
Amber L. Romero
Sen. Benny Shendo, Jr.
Rep. Nathan P. Small

Advisory Members

Rep. Brian G. Baca
Rep. Ambrose Castellano
Rep. Yanira Gurrola
Sen. Leo Jaramillo
Sen. Michael Padilla
Sen. Cliff R. Pirtle

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Clinton Turner, Research and Fiscal Policy Analyst, LCS
Sheila Keleher, Researcher, LCS
Lenaya Montoya, Staff Attorney, LCS
Joanne Montague, Senior Legislative Librarian, LCS

Minutes Approval

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

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov, under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, November 3

Welcome and Introductions (10:08 a.m.)

Senator Soules welcomed task force members and guests to the meeting, and members and staff introduced themselves.

Public School Capital Outlay Council (PSCOC) Update (10:12 a.m.)

Mr. Burciaga, vice chair, PSCOC, announced the upcoming retirement of Martica Casias, executive director, Public School Facilities Authority (PSFA). Gwen Perea Warniment, chair, Awards Subcommittee, PSCOC, and Ashley Leach, chair, Administration, Maintenance and Standards Subcommittee, PSCOC, discussed the inclusion of manufactured housing in the teacher housing guidelines, as well as new PSCOC awards. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20110323%20Item%201%20PSCOC%20Update.pdf>

Approval of Minutes (10:30 a.m.)

On a motion made and seconded, and without objection, the task force approved the minutes of the September 25, 2023 meeting.

PSFA Update (10:31 a.m.)

Ms. Casias and Ryan Parks, deputy director, PSFA, responded to questions raised during the September 25, 2023 meeting about training opportunities for maintenance of heating, ventilation and air conditioning (HVAC) systems at public schools. They also discussed the three-year maintenance agreement required by the authority for HVAC mechanical contractors. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20110323%20Item%202%20PSFA%20Responses.pdf>

PSFA Budget Request (10:56 a.m.)

Ms. Casias, Mr. Parks and Iris Romero, chief financial officer, PSFA, outlined the operating budget for fiscal year 2024, as well as the operating budget request for fiscal year 2025. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20110323%20Item%203%20PSFA%20Budget.pdf>.

Adequacy Standards (11:12 a.m.)

Ms. Casias and Mr. Parks presented a brief history of the adequacy standards developed and adopted in 2002 in response to the *Zuni* lawsuit of 1999. They reviewed the current adequacy standards used to measure and evaluate all existing public school buildings and the adequacy planning guide for new schools, including educational spaces and safety and security areas. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20110323%20Item%204%20PSFA%20Adequacy%20Standards.pdf>.

State/Local Match and Waivers (1:06 p.m.)

Sunny Liu, fiscal analyst, Legislative Finance Committee (LFC), and Tim Bedeaux, senior policy analyst, Legislative Education Study Committee (LESC), addressed the history of the state's response to the *Zuni* lawsuit. They discussed the waiver criteria for districts wanting to waive their local match, noting that the formula may not be working as intended since more districts are requesting waivers. Senate Bill 131 (2023) provides some temporary financial relief to public schools, while the state continues to evaluate the state-local match formula. Ms. Casias; Alyce Ramos, programs manager, PSFA; and Antonio Ortiz, director, Finance and Operations, Public Education Department, reviewed the temporary reductions in local matches for fiscal years 2024 through 2026. Despite the local match reductions, Ms. Ramos acknowledged that the reduction is still not sufficient enough for many districts to afford potential projects. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=11/3/2023&ItemNumber=5>.

Transportation Funding and Electric Buses (2:24 p.m.)

Mr. Bedeaux presented a LESL report outlining the history of public school transportation funding, including the statutory framework for calculating the state transportation distribution. He noted that school transportation is a key element for providing students with access to an equitable and sustainable education. Among the recommendations from the LESL report are: funding increases to the state transportation distribution, amending the statute to create a more stable and equitable funding system for school transportation and building a funding mechanism for electric school buses. Charles Goodmacher, board member, NMVC Action Fund, discussed the Clean School Bus Program administered by the United States Environmental Protection Agency. He reviewed the federal funding that five New Mexico school districts received for new electric school buses. Mr. Goodmacher emphasized the

benefits of electric school buses for student health and academic performance and the environment. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=11/3/2023&ItemNumber=6>.

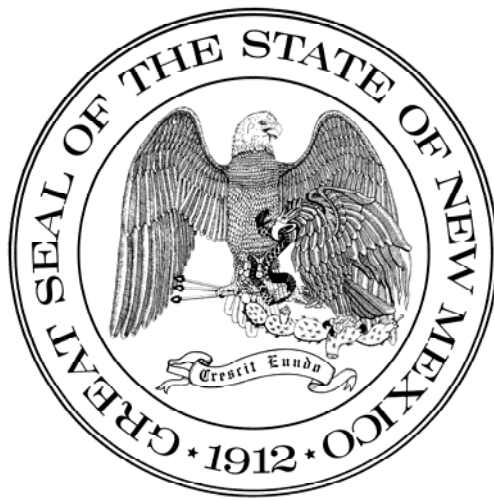
House Joint Memorial 7 (2023), State and Federal Funding of HVAC Systems (3:40 p.m.)

Erik Malmstrom, chief executive officer, SafeTraces, addressed the current federal policy for institutions to improve ventilation and filtration systems. He also reviewed research that found a direct correlation between indoor air quality in school buildings and illness-related absences among students. Mr. Liu outlined the federal Education Stabilization Fund (ESF) and the three major sub-funds of the ESF that were established to support emergency education needs. Mr. Bedeaux and Mr. Ortiz discussed House Joint Memorial 7 (2023), which requests that the Public School Capital Outlay Oversight Task Force study public school HVAC systems and make a recommendation for a sustainable funding mechanism for the assessment, repair, adjustment and replacement of such systems. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=11/3/2023&ItemNumber=7>.

Adjournment

There being no further business before the task force, the meeting adjourned at 4:25 p.m.



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