

Public School Facilities Authority – Agency 94000
Public School Capital Outlay Oversight Task Force
Financial Plan and Budget Projections

August 20, 2019
Room 307
9:00 AM

PSFA Presenters:

Jonathan Chamblin, Executive Director
Randy Evans, Chief Financial Officer

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

Agenda

- Public School Capitol Outlay Council (PSCOC) and Public School Facilities Authority (PSFA) Background
- Four Primary Functions of PSFA
- Financial Plan Summary
- PSFA Operating Budget Limitation
- Value Added Services

PSCOC and PSFA Background

- Current standards-based public school capital outlay program and the Public School Capital Outlay Fund (PSCOF) was developed and established in response to the 1998 Zuni lawsuit
- New Mexico public school capital outlay process seeks to establish and implement a uniform funding system for capital improvements
- Public school capital outlay funding is both a local and state responsibility in New Mexico
- Public School Capital Outlay Council (PSCOC) manages the allocation of the Public School Capital Outlay Act Fund (PSCOF) to public school facilities statewide

PSCOC Members

Nine Member Public School Capital Outlay Council

- Joe Guillen, PSCOC Chair – NM School Boards Association
- Raul Búrciaga, PSCOC Vice-Chair – Legislative Council Service
- David Abbey – Legislative Finance Committee
- David Robbins – Public Education Commission
- Rachel Gudgel – Legislative Education Study Committee
- Marguerite Salazar – Regulation & Licensing Division
- Olivia Padilla-Jackson – Department of Finance & Administration
- Antonio Ortiz – Public Education Department
- Stephanie Kean – Governor's Office

Four Primary Functions of PSFA

| | | | |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Staff to PSCOC | Funding Administration | Project Management | Facility Information Management |
| <p>Role defined by NM Administrative Code</p> <p>Provide research and analysis to decision-makers on PSCOC</p> | <p>Distribution of state funding to all school districts in compliance with statute</p> | <p>Partner with school districts on planning, design, and construction projects (including technology infrastructure) to provide project management support and technical expertise</p> | <p>Assess, gather, and organize facility information for all schools in NM</p> <p>Calculate the wNMCI score to produce the statewide ranking of public schools</p> <p>Assist districts in monitoring and improving maintenance and energy performance</p> |

PSCOC Financial Plan Summary

- The PSCOF has a dedicated funding stream from Supplemental Severance Tax bonds (SSTBs)
- SSTBs are issued by New Mexico Board of Finance, paid for by revenue derived from taxes levied on natural resource products severed and saved from the soil
- Annual uses of funds consist of Standards and system awards, Capital Improvement funds (SB-9), Lease Assistance payments, Broadband deficiency awards, Pre-K Capital appropriations and PSFA Operating budget.
 - Saved and unexpended funds from any of these uses remain in the PSCO fund for future use on capital projects.

| Sources | FY19 | FY20 est. | FY21 est. | FY22 est. | FY23 est. | FY24 est. |
|-------------------------------|---------|-----------|-----------|-----------|-----------|-----------|
| Cash Balance from Prior Year | 43.2 | 181.4 | 107.2 | 46.2 | (21.8) | (33.2) |
| Totals (millions of dollars) | 298.57 | 140.3 | 231.8 | 202.7 | 216.5 | 216.5 |
| Uses | | | | | | |
| Totals (millions of dollars) | 160.325 | 214.5 | 292.8 | 270.7 | 227.9 | 227.9 |
| Estimated Uncommitted Balance | 181.4 | 107.2 | 46.2 | (21.8) | (33.2) | (44.6) |

PSCOC Financial Plan Summary

(Sources and Uses – Detail)

| SOURCES & USES | | | | | | |
|--------------------------------------------------------------------------------|--------------|------------------|------------------|------------------|------------------|------------------|
| SOURCES: | FY19 | FY20 est. | FY21 est. | FY22 est. | FY23 est. | FY24 est. |
| Uncommitted Balance (Period Beginning) | 43.2 | 181.4 | 107.2 | 46.2 | (21.8) | (33.2) |
| SSTB Notes (Revenue Budgeted July) | 106.9 * | 17.80 * | 93.4 | 76.5 | 99.1 | 99.1 |
| SB4 (Instructional Materials or Transportation Distribution) | | | | | | |
| SSTB Notes (Revenue Budgeted January) | 163.7 * | 119.09 | 133.4 | 125.7 | 117.4 | 117.4 |
| General Fund Appropriation - SB 280 | 24.0 | | | | | |
| Long Term Bond | 0.0 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 |
| Project Reversions | 2.7 | 2.37 | 0.6 | 0.6 | 0.0 | 0.0 |
| Operating Reversions | 0.5 | | | | | |
| Advance Repayments | 0.8 | 1.08 | 4.4 | 0.0 | 0.0 | 0.0 |
| Subtotal Sources : | 341.8 | 321.8 | 339.0 | 248.9 | 194.7 | 183.3 |
| USES: | | | | | | |
| Capital Improvements Act (SB-9) | 18.2 | 18.4 | 18.4 | 18.4 | 18.4 | 18.4 |
| <i>Instructional Materials or Transportation Distribution</i> | <i>7.0</i> | <i>25.0</i> | <i>25.0</i> | <i>25.0</i> | | |
| <i>HB306 - Security (\$6.0M)</i> | <i>6.0</i> | | | | | |
| <i>SB239 - Security (up to \$10.M FY19-FY22)</i> | <i>10.0</i> | <i>8.5</i> | <i>0.0</i> | <i>0.0</i> | | |
| Lease Payment Assistance Awards | 15.8 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 |
| Master Plan Assistance Awards | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| <i>SB280 2019 Legislature (School Buses)</i> | <i>32.9</i> | | | | | |
| <i>SB280 2019 Legislature (Outside Adequacy - Impact Aid Districts)</i> | | <i>24.0</i> | | | | |
| <i>SB280 2019 Legislature (Teacherage - Impact Aid Districts)</i> | | <i>10.0</i> | | | | |
| BDCP | 0.0 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 |
| BDCP Awards YTD | 2.5 | | | | | |
| <i>Pre-K Capital Appropriation</i> | | <i>5.0</i> | <i>5.0</i> | <i>5.0</i> | <i>5.0</i> | <i>5.0</i> |
| PSFA Operating Budget | 5.2 | 4.7 | 5.3 | 5.3 | 5.3 | 5.3 |
| CID/SFMO Inspections | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Emergency Reserve for Contingencies | 0.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Awards YTD (per Project Awards Schedule) | 62.1 | | | | | |
| Awards Planned 2019 Q3 & Q4 (per Project Awards Schedule) | 0.0 | 51.2 | | | | |
| Awards Planned in Remaining Quarters & Out Years (per Project Awards Schedule) | 0.0 | 39.1 | 210.0 | 187.8 | 170.0 | 170.0 |
| Subtotal Uses : | 160.3 | 214.5 | 292.8 | 270.7 | 227.9 | 227.9 |
| Estimated Uncommitted Balance-Period Ending | 181.4 | 107.2 | 46.2 | (21.8) | (33.2) | (44.6) |

PSFA Operating Budget Update FY 2020

- FY20 Budget Appropriation is \$4,688,000 (amount is a 9.35% decrease from FY19 operating budget of \$483,800).
- PSFA made adjustments to accommodate the operating budget shortfall for FY 2020, but will be requesting a short-term fix for the second half of FY 2020 and a long-term fix to mitigate this risk in the future.
- FTE's: 49.0 PERM 1.0 TEMP, to include 43 Reg. approved to fill, 1 Temp approved to fill, and 6 FTE to remain vacant. This leave us with a 12% vacancy rate. We are critically under-staffed given the number of projects and the volume of work needed on each project.
- An increase of \$163,886 is related to 200 Category Personal Services and Benefits. The increase is due to estimated salary and benefits costs and no increase in FTE.
- A decrease of \$26,700 is related to the Category Contractual Services. The decrease is due to a reduction in other services, Attorney services and IT Consulting services.
- A decrease of \$620,986 is related to the Category Other Costs. The decrease is due in large part to the shift of E-builder and Dude solutions for the projects fund for FY20. Decreases in general office supplies, IT supplies and IT equipment make up the remainder of the cuts.

FY 2020 Budget Shortfall and Requested Correction (Short-term fix)

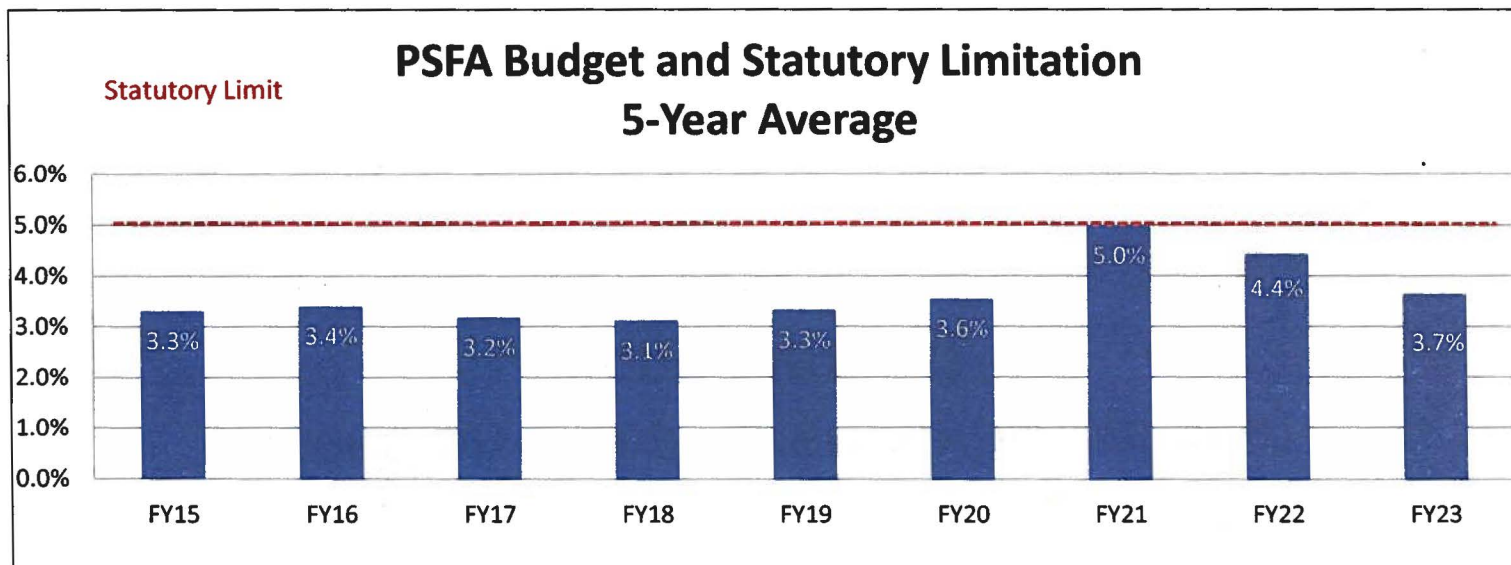
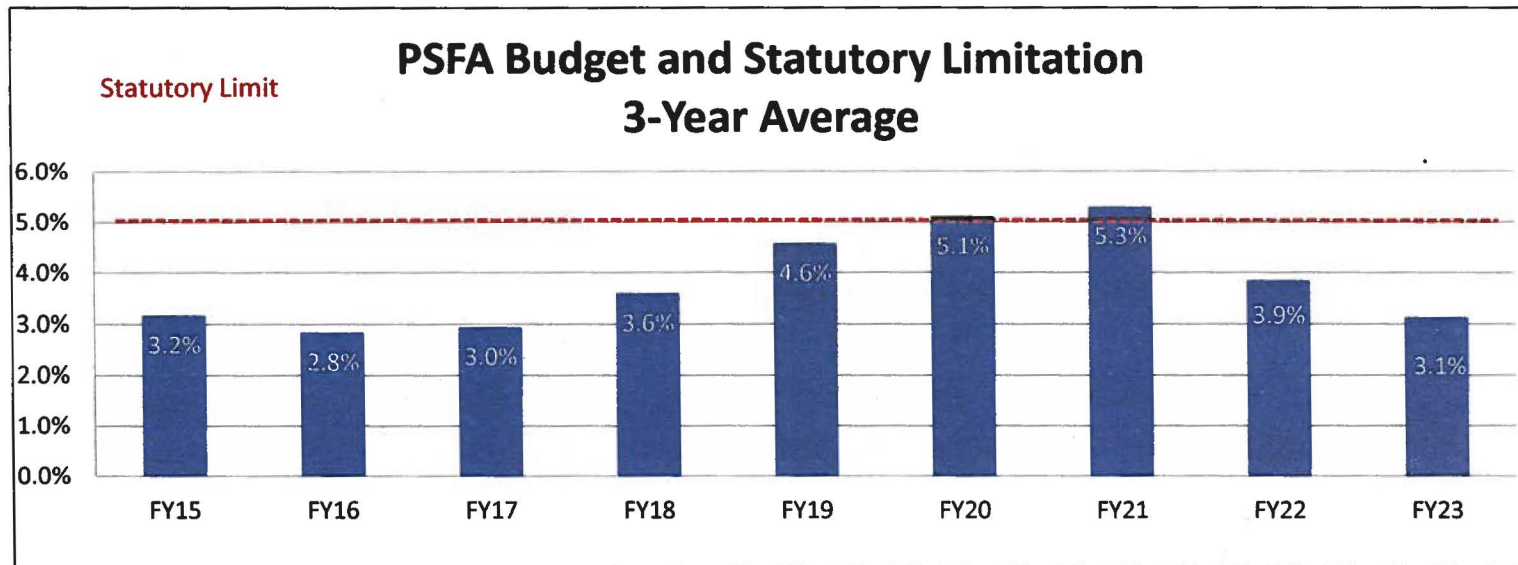
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|------------------------------------------------------|------------------|
| ■ Staffing positions held vacant 6 FTE | \$566,665 |
| ■ Operating Costs reduced in FY20 | <u>\$530,000</u> |
| ■ Additional Budget needed for FY20 | \$1,096,665 |
| ■ Request for emergency supplemental in January 2020 | |
| ■ Staffing positions second half of FY20 | \$235,000 |
| ■ Operating costs restored for FY20 | <u>\$265,000</u> |
| ■ Total | \$500,000 |

PSFA Operating Budget Limitations 3-Year vs 5-Year Average

- FY20 Limitations (5% of Project Awards)
 - 3 yr. average \$91.8M Average \$4.7M Budget
 - 5 yr. average \$131.8 Average \$6.6M Budget

- FY 21 Limitations (5% of Project Awards)
 - 3 yr. average \$109.1 Average \$5.45M Budget
 - 5 yr. average \$116.0 Average \$5.8M Budget

PSFA Operating Budget Statutory Limit



FY21 Budget Appropriation Request

(Based on 5 year average allocations)
(Long-term fix)

- FY20 Budget Appropriation Request is \$5,804,597 (amount is a 23.8% increase from FY20 operating budget or \$1,116,597).
- FTE's 51.0 PERM 1.0 TEMP to include 47 Reg. approved to fill, 1 Temp approved to fill and 3 FTE to remain vacant. Our request is to fill 5 of the currently 8 vacant positions for FY21.
- An increase of \$269,909 is related to 200 Category Personal Services and Benefits. The increase is due to estimated salary and benefits costs and no increase in FTE. Budgeted Vacancy Savings of 5.9%, or 3.0 unfilled FTE positions.
- An increase of \$77,000 is related to the Category Contractual Services. The increase is due to additional budget for other services for help in processing required paperwork on standards and systems projects for the field.
- An increase of \$769,686 is related to the Category Other Costs. The increase is due to increases in transportation costs, supplies, subscriptions and dues, and IT equipment. The largest portion of that being subscriptions and dues for two essential software licenses that the budget returned to the PSFA Operational budget and a large increase in IT equipment to replace our existing phone and network system.

Value Added Services

As a partner and co-owner on projects, PSFA brings real value to school districts as a project management service, demonstrated by the actual examples below:

- Saved \$52,167 (State \$35,995 and District \$16,172) at Deming High School by catching an error on “earth forming foundations” during a walk-through.
- Saved \$66,444 (State \$45,846 and District \$20,598) at Deming HS on a roofing system that was determined unnecessary.
- Saved \$16,536 (State \$8,268 and District \$8,268) at NMSD after RFM requested a detailed breakdown of the HVAC line item.
- Saved \$9,500 (State \$4,940 and District \$4,560) at Las Vegas City School District project after RFM requested additional documentation from contractor on a Modification Change Request.
- Saved \$97,992 (State \$56,308 and District \$41,684) on a project with Belen Consolidated Schools dividing furniture for students and staff on two different procurements.

Questions

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