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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 2nd Session, 2018

Bill Number	<u>HB130/aHEC/aHAFC</u>	Sponsor	<u>Bandy</u>
Tracking Number	<u>.209559.1</u>	Committee Referrals	<u>HEC/HAFC</u>
Short Title	<u>Public School Capital Outlay for Security</u>		
Analyst	<u>Rogne</u>	Original Date	<u>1/26/18</u>
		Last Updated	<u>2/8/18</u>

BILL SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to HB130/aHEC (HB130/aHEC/aHAFC) adds language that allows for the installation of new security system “projects” instead of school security system “repair, renovation, or replacement” projects. In addition, HB130/aHEC/aHAFC adds a definition for “school security system project,” when undertaken to enhance the security of students, staff, and visitors on school property. School security system projects are defined as the purchase, installation, construction, repair, renovation or replacement of school property attributes and equipment such as communication systems; perimeter gates; fencing; campus checkpoints; video cameras; intercom and public address systems; and classroom, exterior door and window locks; the addition or removal of ingress or egress points; the design, construction or equipping of administration office vestibules; and the integration of a new security system with a new or an existing security system.

Synopsis of HEC Amendment

The House Education Committee Amendment to HB130 (HB130/aHEC) adds language which makes a technical change by replacing “eightieth and one hundred twentieth days” with “second and third reporting dates.”

Synopsis of Original Bill

House Bill 130 (HB130) adds a new section to the Public School Capital Outlay Act to create a program for public school security system repair, renovation, or replacement projects. The Public School Facilities Authority (PSFA) would develop the program guidelines, verify the school district assessments and applications, and rank all applications it receives according to the methodology adopted by the Public School Capital Outlay Council (PSCOC). All projects would be subject to the act’s state and local match formula. PSCOC would make school security system awards based on the applicants’ ranking and their ability to meet the local match requirement.

HB130 reserves \$5 million of the public school capital outlay fund annually for awards for school security system repair, renovation, or replacement in FY19 through FY23.

FISCAL IMPACT

HB130/aHEC/aHAFC does not contain an appropriation.

This bill would reserve \$5 million of the public school capital outlay fund for awards for school security system repair, renovation, or replacement annually between FY19 through FY23. Money not spent within three years of grant allocation would revert to the public school capital outlay fund.

Available funding for current programs under the Public School Capital Outlay Act would be correspondingly decreased by \$5 million each year in FY19 through FY23. While PSFA provided analysis of how HB130/aHEC/aHAFC would impact the public school capital outlay fund, it would be up to the PSCOC to determine which programs would be impacted if the bill were enacted.

The following scenario depicts the PSCOC financial plan estimated for the next three years, with figures shown in millions of dollars:

PSCOC Financial Plan, as of January 19, 2018
(in millions)

Program/Use	FY18	FY19	FY20	FY21
Capital Improvements Act (SB-9)	\$18.4	\$18.4	\$18.4	\$18.4
SB4 (Instructional Materials/Transportation Distribution)	\$25.0	\$25.0	\$25.0	\$25.0
Lease Payment Assistance Awards	\$15.4	\$12.0	\$12.0	\$12.0
Master Plan Assistance Awards	\$0.5	\$0.4	\$0.4	\$0.4
BDCP (SB159)	\$2.5	\$7.0	\$0.0	\$0.0
BDCP Awards YTD	\$1.0	\$0.0	\$0.0	\$0.0
PED Pre-K (SB1/HB219)	\$2.0	\$3.0	\$0.0	\$0.0
PSFA Operating Budget	\$5.6	\$5.1	\$5.0	\$5.0
CID / OSFM Inspections	\$0.3	\$0.3	\$0.3	\$0.3
Emergency Reserve for Contingencies	\$0.7	\$1.0	\$1.0	\$1.0
PSCOC Awards	\$84.8	\$97.8	\$71.2	\$83.8
	\$156.20	\$170.00	\$133.30	\$145.90

Source: PSFA

SUBSTANTIVE ISSUES

HB130/aHEC/aHAFC adds a public school security system repair, renovation, or replacement program to the PSCOA (Section 22-24 NMSA 1978), reserving \$5 million of the public school capital outlay fund annually in FY19 through FY23 for this program. The public school capital outlay fund is the source of funding for the standards-based and systems-based capital outlay programs, as well as the state match for the Public School Capital Improvements Act (also known as SB9), the lease assistance program, master plan assistance, education technology infrastructure deficiency corrections initiative, and other programs under the Public School Capital Outlay Act. The \$5 million reserved for public school security system awards would decrease available funding for current programs under the Public School Capital Outlay Act. Over the last four years, standards-based awards, which fulfill the constitutional mission of PSCOC to ensure educational adequacy, have decreased by 15.7 percent and the total amount of revenue available for awards has decreased by 10.8 percent.

The public school capital outlay fund is primarily funded by supplemental severance tax bonds (SSTBs). Revenues available for SSTBs have decreased sharply in past years because they are closely tied to the oil industry, which saw a precipitous decline in 2014. While the Legislative Finance Committee forecast shows a stable bonding capacity for the next five years, revenues have also decreased because of legislative action that decreases available SSTB bonding capacity and revenue available for public school capital projects. Laws 2015, Chapter 63 (HB263) reduced the statutory limits of senior and SSTB capacity to increase the amount of revenue deposited into the severance tax permanent fund. Laws 2016 (2nd Special Session), Chapter 2 (SB4) authorized up to \$25 million to be used annually from FY18 through FY22 for school instructional materials and student transportation; allowing for further reductions of available capacity for public school projects. In addition, Laws 2016 (2nd Special Session), Chapter 5 (SB8) appropriated \$12.4 million in FY17 to the general fund from project reversions from public school capital outlay capital projects. Additionally, in previous years, the Legislature has also appropriated money from the fund for school bus purchases and prekindergarten classrooms. These actions taken by the Legislature reduce the amount of available funding for standards-based public school capital projects. The high water mark for standards-based awards was in FY13, when PSCOC awarded \$256.1 million to public schools, compared with FY17 PSCOC awards of \$90.5 million.

PSCOC anticipated a bond sale of \$67.9 million in December, but only \$32.3 million was available; Department of Finance and Administration (DFA) staff anticipate the \$35.6 million difference will be available in the June 2018 bond sale for projects budgeted in FY19, but PSCOC members have expressed concern the funds will not materialize. If the \$35.6 million is not available, the amount available for awards in FY19 could be further reduced.

The current standards-based public school capital outlay program was developed and established partially in response to a 1998 lawsuit filed in state district court by Zuni Public Schools and later joined by Gallup-McKinley County Public Schools and Grants-Cibola County Public Schools. As this lawsuit has never been closed, it is essential to fully fund the standards-based and systems-based award programs, which fulfill the core mission of PSCOC to ensure educational adequacy.

According to PSFA, improvements to a facility based on the outcome of a security systems project may improve the facility's weighted New Mexico Condition Index (wNMCI). This index enables the comparison of all public schools in the state to determine greatest need for funding the correction of school deficiencies. The wNMCI list is ultimately sorted so that a ranking can be generated identifying the greatest capital need. An improved wNMCI may affect eligibility for funding under the standards-based program or other funding programs which use the wNMCI as prioritization for awards.

HB130/aHEC/aHAFC could improve school safety and security at public schools in New Mexico that received a security system capital outlay award. This could potentially avert tragedies such as the shooting at Aztec High School in December 2017.

HB130/aHEC/aHAFC reserves \$5 million of the public school capital outlay fund annually, however, if actual requests are lower, the remaining portion of the \$5 million will be unavailable for other PSCOC projects until the following fiscal year.

ADMINISTRATIVE IMPLICATIONS

PSCOC and PSFA will have to incorporate the security systems initiative into the public school capital outlay annual application process.

ALTERNATIVES

Changing the language in HB130/aHEC/aHAFC to reserve “up to” \$5 million of the public school capital outlay fund annually for school security system projects in FY19 through FY23 would allow for flexibility of funding in case actual requests are lower than \$5 million per year.

RELATED BILLS

Relates to SB30, Change Capital Outlay Funding Formula, which changes the formula determining state and local matches for funding through the Public School Capital Outlay Act.

Relates to SB124, Public School Security Measures, which makes an appropriation to fund security measures in public schools.

Conflicts with SB239, School Capital Outlay for Security, which allows up to \$10 million of the public school capital outlay fund annually for school security system awards in FY19 through FY22.

SOURCES OF INFORMATION

- LESC Files
- Public School Facilities Authority
- Department of Public Safety
- Public Education Department
- Regional Educational Cooperative #6

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