

# New Mexico's System of Funding Public School Capital Outlay

Legislative Education Study Committee

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10:15 AM

*Presenter:*

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# Agenda

- Public School Capital Funding and the Adequacy Standards
- Adequacy Standards and the Standards-Based Process
- Adequacy Standards and PSCOC Funding Participation
- Evolution of Funding Participation
- Evolution of the Adequacy Standards
- Current Adequacy Standards Process and PSCOC Funding Programs
- Questions
- Appendix
  - Direct Legislative Appropriations
  - Local Match Reductions

# Public School Capital Funding Before Standards

- 1. Local General Obligation Bonds (GO Bonds)**
- 2. Public School Buildings Act (HB 33)**
  - Voters allow their district to impose a tax of up to 10 mills for 6 years
  - New construction, renovation, building system replacement, building maintenance, technology upgrades, furnishings, and activity buses
- 3. Public School Capital Improvements Act (SB 9)**
  - Voters allow their district to impose a tax of up to 2 mills for 6 years
  - State of NM guarantees a minimum level of funding (program guarantee) based on a formula
  - New construction, renovation, building system replacement, building maintenance, technology upgrades, furnishings, and activity buses
  - Each district prioritizes its capital needs
- 4. Public School Capital Outlay Act (Critical Capital Outlay)**
  - 1975 – 2003
  - State funding was awarded to school districts through the Public Education Department (PED) and the Public School Capital Outlay Council (PSCOC)
  - Potential capital projects were presented to the PSCOC by the school district
  - PSCOC awarded capital funding to successful districts
  - Limited amount of funding for a large number of applicants

# Public School Capital Funding After Standards

- 1. Local General Obligation Bonds (GO Bonds)**
- 2. Public School Buildings Act (HB 33)**
- 3. Public School Capital Improvements Act (SB 9)**
- 4. Public School Capital Outlay Act (Standards-Based Program)**
  - 2004 – Present
  - Public School Capital Outlay Act amended to create new Adequacy Standards Based funding program
  - Amendment to the Public School Capital Outlay Fund
    - Supplemental Severance Tax Bond proceeds
    - Larger fund than previous Critical Capital Outlay
  - Creation of the Public School Capital Outlay Oversight Taskforce and the Public School Facilities Authority
  - Statewide Adequacy Standards written into NM Administrative Code (NMAC)

# Creation of the Standards Based Process

Between 1999-2004, in response to the Zuni lawsuit and the need to create a uniform system for capital improvements, the State formulated a new “Standards-Based” capital funding program by:

- 1. Assigning the source for the Public School Capital Outlay Fund, supplemental severance tax bond proceeds**
- 2. Designating the administrative and oversight bodies**
  - Public School Capital Outlay Oversight Task Force (PSCOOTF)
  - Public School Capital Outlay Council (PSCOC)
  - Public School Facilities Authority (PSFA)
- 3. Formulating the Phase 1 State/Local match calculation**
- 4. Creating the Statewide Adequacy Standards**
  - Minimum space and performance requirements used to evaluate every school and generate the prioritized statewide ranking of all schools

# Development of Statewide Adequacy Standards

- Developed in response to Zuni lawsuit (1999)
  - District Court ruled that public school capital outlay funding was violating the State Constitution that guarantees establishment and maintenance of a “uniform system of free public schools sufficient for the education of all children of school age”
  - Court ordered the State to “establish and implement a uniform funding system for capital improvements and for correcting past inequities”
- 1999 – 2001 PSCOC develops draft “Facility Adequacy Standards”
- 2002 - PSCOC adopts first version of the Adequacy Standards
  - Establish the minimum acceptable level of physical condition and enrollment capacity of school buildings
  - Provide a measuring stick to evaluate any existing or proposed public school building
  - Defined minimum sizes of select space types, based on PED Standards for Excellence
- 2002 – 2004 Statewide Assessments and Ranking of Schools
- 2004 – First Standards-Based funding awards, based on the statewide ranking

# Purpose of Statewide Adequacy Standards

- Adequacy Standards are used to uniformly measure all existing public school buildings in NM
  - Assess every school against the same set of minimum requirements in the Adequacy Standards to create a prioritized, ranked list of all schools in NM
  - Schools with the most deficiencies (relative to the minimum requirements in the Adequacy Standards and physical condition) are identified as having the greatest capital needs
  - Schools with the greatest needs are prioritized to receive State funding first
  - New schools should be designed to exceed the minimum requirements in the Standards
- Identify deficiencies, assign a cost to correct the deficiencies, calculate the Weighted New Mexico Condition Index score (wNMCI), and rank school facilities

$$\text{wNMCI} = \frac{\text{Cost to Correct Physical Facility Condition Deficiencies at a School} + \text{Cost to Correct Educational Adequacy Deficiencies at a School}}{\text{Cost to Replace the School}}$$

# PED Standards for Excellence and Adequacy Standards

PED Standards for Excellence define the core educational curriculum for all public school students, the Adequacy Standards define the minimum space requirements to provide this education:

1. General Provisions
2. Arts Education
3. Career & Technical Ed
4. English Language Arts
5. English Language Development
6. Health Education
7. Mathematics
8. Modern, Classical and Native Languages
9. Physical Education
10. Science
11. Social Studies



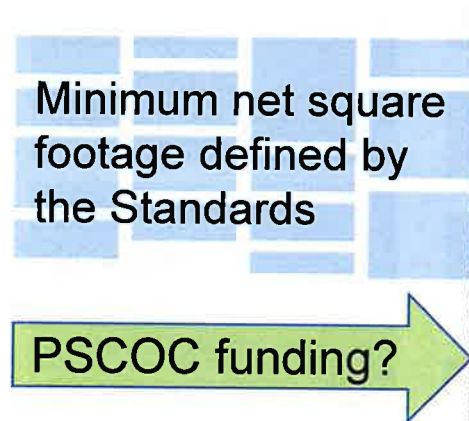
# History of “to Adequacy”

- PSCOC participation has been defined by shorthand phrases such as “funding to replace the existing school to adequacy”
- Implication is that funding is limited to the minimum requirements defined by the adequacy standards
- In fact, PSCOC participates in square footage and space types that are not defined by the Standards
- **Space types with defined minimum requirements in the Standards:**

General Use Classrooms	Art Classrooms	Physical Education Spaces <ul style="list-style-type: none"><li>• Gym</li><li>• Storage</li><li>• Office</li></ul>	General Storage
Science Classrooms	Maintenance and Janitorial Space	Student Health Spaces	Library Spaces <ul style="list-style-type: none"><li>• Book Stacks</li><li>• Office</li><li>• Storage</li></ul>
Special Education Classrooms (d-level)	Career Education Classrooms	Administrative Spaces	Food Services Spaces <ul style="list-style-type: none"><li>• Serving</li><li>• Dining</li><li>• Kitchen</li></ul>
Teacher Workroom	Computer Classrooms	Parent Room	

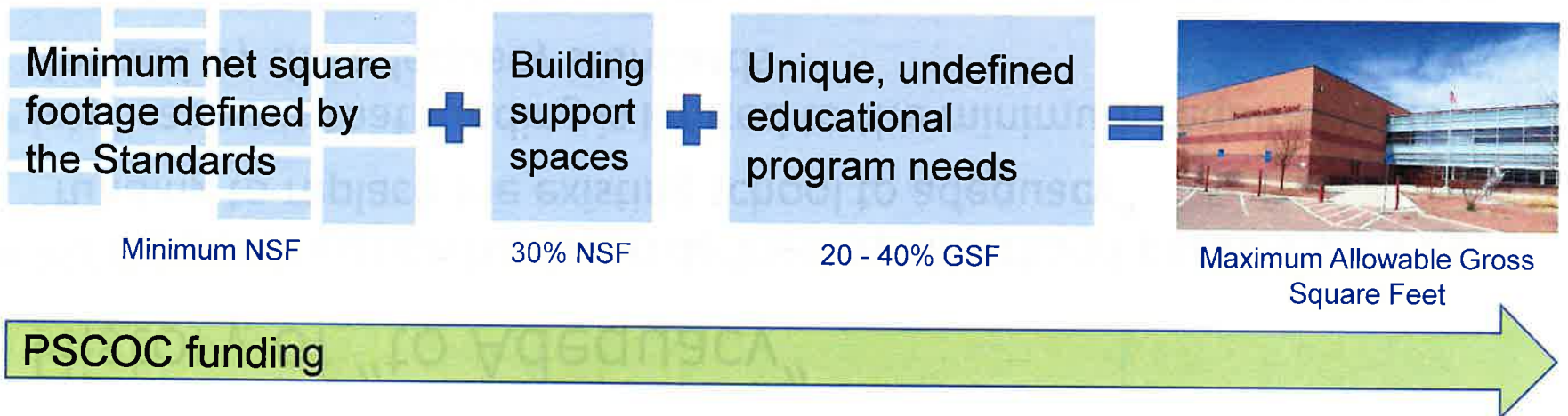
# Minimum Requirements vs Funding Limit

- PSCOC funding is not limited to the minimum requirements



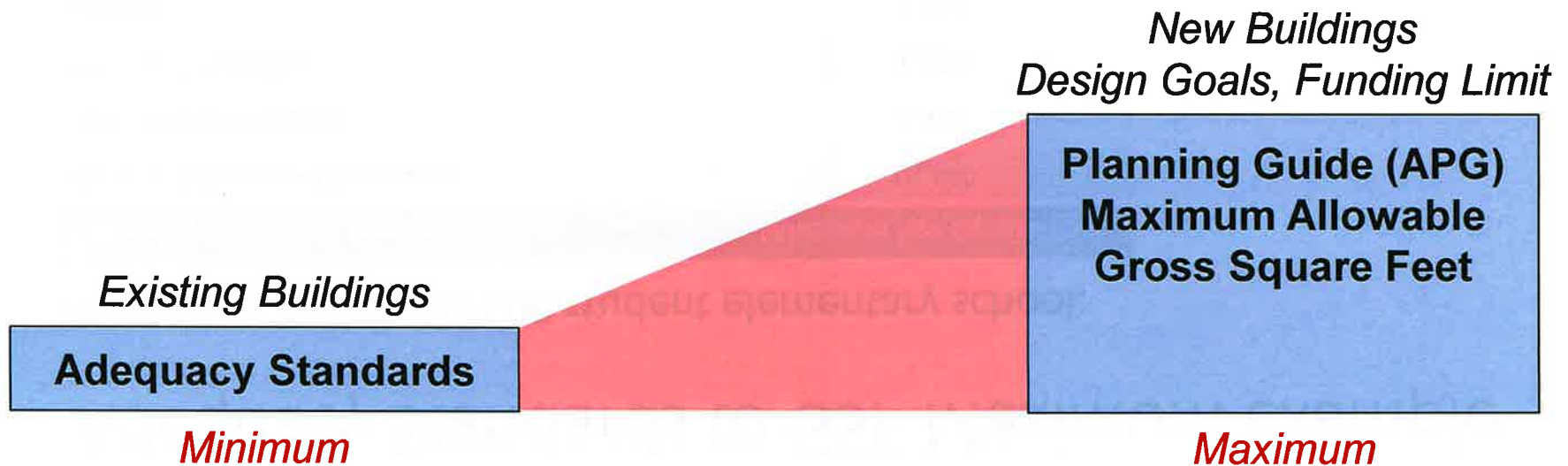
*Misconception: PSCOC funding is limited to the minimum space types and minimum total net square feet defined by the Standards*

- PSCOC funding extends to include the unique educational space needs of each individual school as well as necessary building support spaces



# Adequacy Planning Guide and the Gross Square Feet Calculator

- Illustrated, best practices guide
- Based on national and local school planning criteria
- Performance criteria, estimated project size and cost
- Defines the limit of state funding participation
- Adequacy Standards Minimum + 30% tare + 20-40% Unassigned GSF



# Adequacy Standards to GSF Maximum Example

Program of spaces for 500 student elementary school:

Adequacy Standards Required Spaces	Minimum Net Square Feet
General Education Classrooms	18,440
Specialty Classrooms	2,460
Physical Education	2,550
Library	1,650
Food Services	1,000
Administration and Nurse	1,400
Other Facility Areas	750
General Storage	500
Maintenance	250
<b>Total</b>	<b>29,000</b>

Enrollment	Adequacy Standards Minimum NSF	Minimum GSF (A.S. Min NSF + 30% tare)	Maximum Allowable GSF Calculator	Additional Unassigned GSF	Percent of Calculator Value for Minimum	Percent of Calculator Value for Unassigned
500	29,000	37,700	63,806	26,106	59%	41%

# Evolving Limits of State Funding Participation

- Adequacy Planning Guide further defines the limits of State funding for particular items, such as:
  - Site features
  - Furnishings and equipment
  - Types of building systems
  - Fields and play areas for physical education
- Early years of the Standards-based program, PSCOC prioritized projects for educational building spaces when many schools needed critical educational adequacy corrections
- Consideration is now given to a broader range of space types and site features, especially when justified by educational program needs
- “Above adequacy” or “outside of adequacy” refers to spaces and items not eligible for funding because they are not related to the educational standards or can not be justified based on a unique educational program need

# Standards-Based Awards Made in FY 2005

- 39 new awards for schools in 22 school districts
- \$247 M total project cost
  - \$130 M State, \$110 M Local, \$7 M Direct Appropriations
- State prioritized critical, educational space needs, funding minimum building spaces defined in the Adequacy Standards
- Typical award description
  - \$4.6 M: “Construct classroom and restroom additions; construct support spaces; renovate and make other site improvements”
  - \$4.2 M: “Improvements to meet NM Statewide Adequacy Standards”
  - \$7.0 M: “Construct new high school facilities with the exception of athletic facilities”
  - \$10.5 M: “Construct new high school to replace existing inadequate facilities and portables”
  - \$16.6 M: “Complete construction of new high school facilities”

# Facility Items Eligible for Funding Now

As critical, educational space deficiencies have been corrected since 2004, state funding is now provided to a broader list of spaces and features. The following is a list of items that may have been ineligible for funding in the past, but are eligible for state funding now:

- Teacher housing
- Athletic fields and running tracks (including artificial turf and running surfaces)
- Cultural classrooms
- Pre K classrooms (beyond DD classrooms)
- Outdoor classrooms
- School administration spaces
- Special education classroom and support spaces (beyond D-level)
- Special music and performing arts classroom spaces
- Landscaping and irrigation systems
- Site lighting in parking lots
- Classroom furniture of the district's choice
- Electromagnetic exterior door locks
- Refrigerated central air conditioning

# Spaces Eligible for PSCOC Funding

Fundable Spaces Defined in the Standards	Fundable Spaces <u>Not</u> Defined in the Standards
General use classrooms	Special education classrooms (gifted, b, and c-level)
Science classrooms	Special education pullout spaces
Special education classrooms (d-level)	OT / PT spaces
Art classrooms	Cultural and language classrooms
Career education classrooms	ROTC spaces
Computer classrooms	Special program music classrooms
Physical education (gym, locker rooms, office, storage)	Office spaces for additional counselors, therapists, etc
Library spaces (book stacks, office, storage)	Security spaces (SRO office and secure storage)
Food service spaces (serving, dining, kitchen)	Technology infrastructure spaces
Administration spaces	Teacher / Team collaboration spaces
Student health spaces	Family and community sciences classrooms
Teacher workroom	Specialized labs for robotics, maker spaces, etc
Parent room	Mock courtrooms
Teacher housing	Daycare (Educational or Life Skills)
	Alternate PE spaces
	Maintenance shops



# Spaces and FFE Ineligible for Funding

## Spaces

- **Athletic Sports Facilities**
  - Stadiums
  - Swimming pools
  - Baseball and softball fields
  - Soccer fields
  - Tennis courts
- **Performing Arts Facilities**
  - Auditoriums
  - Stages
- **School Support Facilities**
  - Bus compounds and garages
  - School board offices
  - Equipment and tool sheds
  - District administration offices
- **Non-School Facilities**
  - School-based health centers
  - Recreation centers
  - Senior citizen centers

## Furnishings, Fixtures & Equipment

- **Furnishings**
  - Shade structures on playgrounds
  - Furniture in teacher breakrooms
- **Fixtures**
  - Sinks in general education classrooms
  - Site lighting for athletic facilities and athletic facility parking areas
- **Equipment**
  - Refrigerators and microwaves in teacher break rooms
  - End user technology equipment and devices

# Changes to the Adequacy Standards

## Primary drivers of change to the Adequacy Standards include:

1. Direction from PSCOC
2. PSFA research for quality improvement
3. Requests from school districts
4. Legislative action creating new funding programs

## Timeline of Major Updates to the Standards:

1999-2001	2002	2003	2005	2007	2010	2012	2019
First draft Adequacy Standards	Adequacy Standards adopted into NMAC	Adequacy Standards reference guide created	Adequacy Standards updated	Adequacy Standards updated  Adequacy Planning Guide incorporated  Gross square feet guidelines incorporated	Standards updated  Adequacy Planning Guide updated  Gross square feet calculator incorporated	Standards updated  Adequacy Planning Guide updated	Proposed updates to the Standards under consideration  Gross square feet calculator updated

# Summary of Adequacy Standards Updates

- “The New Mexico public school statewide adequacy standards are dynamic and the council plans to review them regularly and change them as time and circumstances require.” (6.27.30.2 NMAC)

Year	Site Features	Building Spaces
2002	Parking, Play Area/Playground for ES, Hard Surface Play Area and Play Field for MS and HS, Fencing for K-6 only	Special Ed not included, 3000 and 5000 NSF minimum Career Ed at MS and HS, cafeteria minimum 10-15 NSF per student
2005	Minor technical changes	Special Ed classroom requirement added, Career Ed reduced to 3 and 4 NSF per student, Cafeteria minimum set at 15 NSF per student, Student health minimum and maximum size defined
2007	Added Hard Surface Play Area and Play Field for ES, MS and HS, Fencing for All Grade Levels	Classroom storage minimum NSF added to minimum classroom NSF, Art classroom minimum NSF increased from 2.5 to 4 NSF per student, Career Ed minimum size reduced to 650 NSF, Cafeteria sized for no more than 3 turns, Student health maximum size eliminated
2010	Minor technical changes	Special Ed kitchenette requirement added
2012	Minor technical changes	Minor technical changes

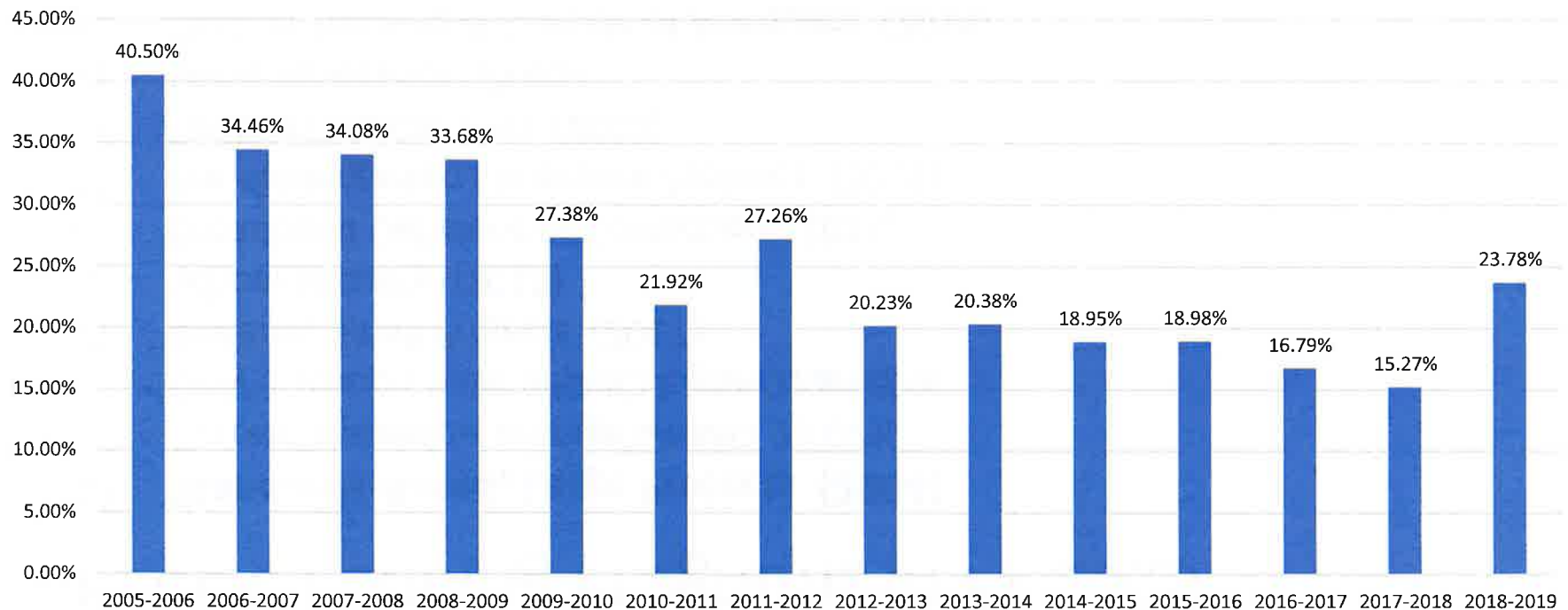
# Current Work with the Adequacy Standards

- Senate Bill 230 (2019 Session) calls on PSCOC/PSFA to integrate minimum requirements for Pre K into the Adequacy Standards
- PSFA held statewide Adequacy Standards workshops in 2018
  - PSFA gathered additional input from an online survey of districts
- Updates suggested by the workshops and the survey include
  - Security
  - Special Education
  - Career / Vocational Education
  - Technology Infrastructure
  - Pre K
- PSFA has drafted proposed changes to the Standards and will gather public comment on the proposed changes in August and September 2019
- Senate Bill 280 appropriated funding for projects in school districts that receive federal impact aid for tribal lands
  - \$10 M for teacher housing
  - \$24 M for “outside of adequacy” projects

# Improved Facility Conditions with Standards

- In FY 2005, 37 schools had wNMCI scores higher than 100%
  - Highest wNMCI scores were 358%, 273%, 253%, 247% and 218%
  - wNMCI score above 60% is a rough indicator for whole school replacement
  - Scores above 100% generally result from severe over-crowding

**Statewide Average wNMCI**



# PSCOC Funding Programs in FY 2019

## 1) Standards-Based, Large Projects (2004)

- Current statewide average wNMCI 23.07%
- Only 3 schools have wNMCI higher than 60%

2) Systems, Small Projects (2017)

3) School Security (2018)

4) Broadband Deficiencies Correction (2014)

5) Pre-Kindergarten Classroom Facilities (2018)

6) Facilities Master Plan (2003)

7) Lease Assistance (2005)

8) Teacher Housing & Outside of Adequacy (2019)

Program	# of Awards	Total Estimated Project Cost	FY19 Local Match	FY19 State Match	Future Local Match	Future State Match
<b>Standards-Based</b>	<b>11</b>	<b>\$210,682,081</b>	<b>\$12,498,095</b>	<b>\$13,219,670</b>	<b>\$48,341,420</b>	<b>\$136,622,896</b>
Systems-Based	24	\$25,853,947	\$10,073,414	\$15,780,533	TBD	TBD
School Security	210	\$30,396,545	\$14,269,498	\$16,000,000	N/A	N/A
Teacher Housing	3	\$10,000,000	-	\$10,000,000	N/A	N/A
<b>TOTAL</b>	<b>248</b>	<b>\$276,932,573</b>	<b>\$36,841,007</b>	<b>\$55,000,203</b>	<b>\$48,341,420</b>	<b>\$136,622,896</b>

# Questions

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**Thank You!**

# Appendix

1. Introduction

2. Methodology

3. Results

4. Discussion

5. Conclusion

6. References

7. Appendix

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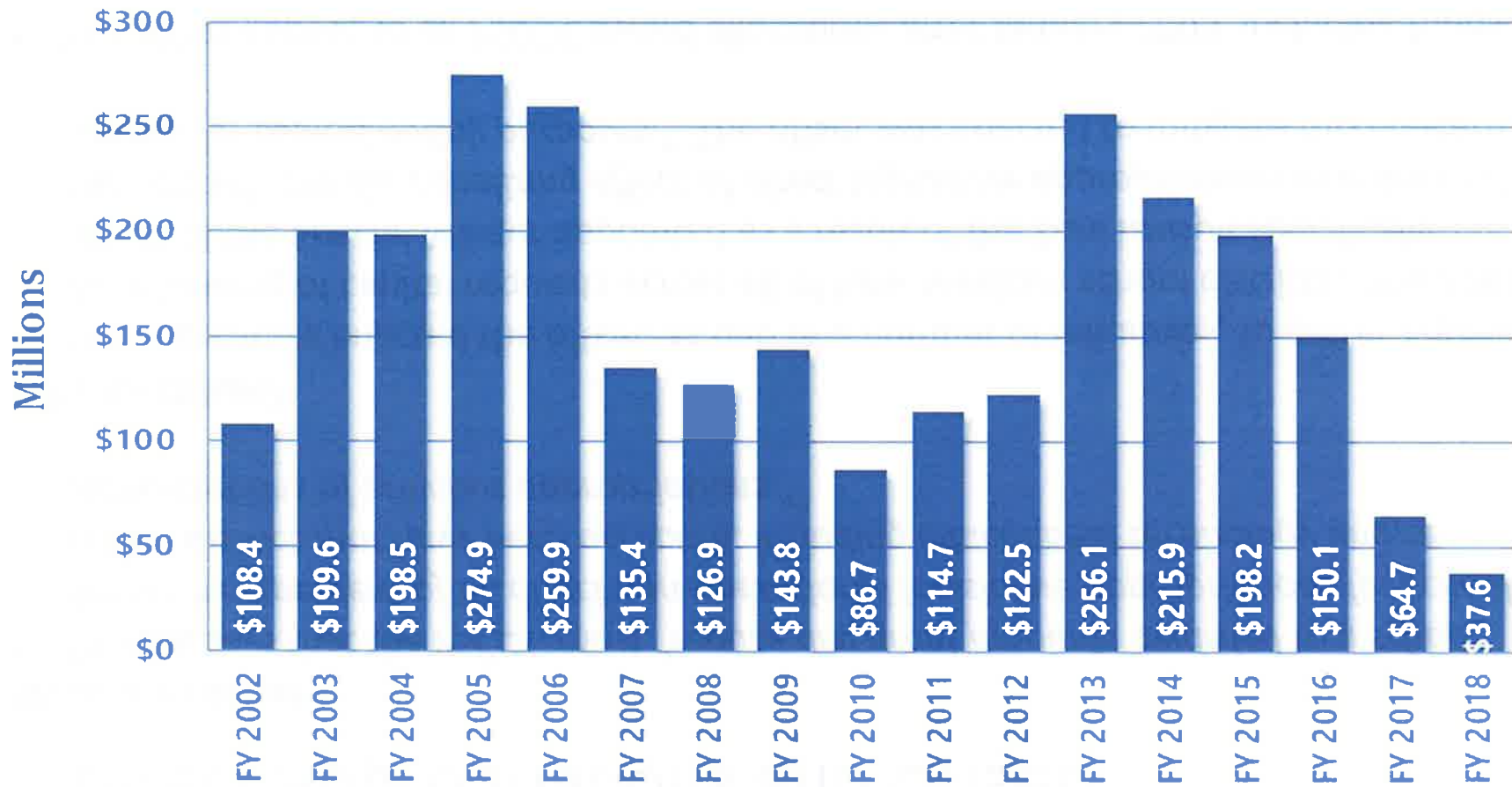
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# PSCOC Standards-Based Funding Awards History



# Direct Appropriations and Offsets

## What is an offset?

- The law says that the PSCOC must *“reduce any grant amounts awarded to a school district by a **percent** of all direct non-operational legislative appropriations for schools in that district that have been accepted, including educational technology and re-authorizations of previous appropriations.”*

## Why An Offset?

- The Legislature enacted the offset, as one of a number of initiatives, to better equalize state funding of capital requests across all of New Mexico’s school districts. The 2002 report of the Special Master appointed as a result of the Zuni lawsuit specifically highlighted *“the dis-equalizing effect of direct legislative appropriations to individual schools for capital outlay purposes.”* The offset was enacted to mitigate this concern.
- The offset applies to all PSCOC award allocations after January 2003, including funds appropriated through another government entity which pass directly to the school district and the amounts do not sunset or expire. The Public Education Department (PED) tracks offsets for all districts.

# Local Match Reductions (Waivers)

- The PSCOC council *may* adjust the amount of local share otherwise required if it determines that a school district has made a good-faith effort to use all of its local capital funding resources.

## Capital Funding Waiver Criteria - 22-24-5 (B)(11)

<b>Option 1: All Districts</b>	If the school district has insufficient bonding capacity over the next 4 years and the mill levy is equal to or greater than	<b>10.0</b>	the district is eligible, <b>OR</b>
<b>Option 2: Small Districts</b>	if the MEM count is equal to or less than the percent of free or reduced fee lunch is equal to or greater than the state share is less than the mill levy is equal to or greater than	<b>800</b> <b>70%</b> <b>50%</b> <b>7.00</b>	and and and the district is eligible, <b>OR</b>
<b>Option 3: Growth Districts</b>	If the school district has an enrollment growth rate over the previous school year of at least pursuant to its 5-year FMP, will be building a new school within the next the mill levy is equal to or greater than	<b>2.5%</b> <b>2 years</b> <b>10.0</b>	and and the district is eligible