

## TIMELINE OF KEY EVENTS RELATED TO THE ZUNI LAWSUIT

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| January 1998                        | <i>Zuni</i> lawsuit filed.   |
| March 1998                          | Public Education Department appointed a task force to study public school capital outlay issues. Co-chairs of the PED task force were Representative Ben Lujan and Senator Linda Lopez. MGT, of America conducted initial inventory and assessment of school facilities  |
| 1999 Regular & for Special Sessions | State reduced impact aid credit from 95% to 75% with the 20% earmarked for capital outlay; increased funding for critical capital outlay program; created new supplemental severance tax bonds and authorized \$100 million for public school capital improvements to be issued over a 4 year period; limited their issuance to 62.5% of previous year severance tax revenues  |
| October 1999                        | District court ruled that current system is unconstitutional, gave State until July 28, 2000 to address the issue.   |
| 2000 Regular & Special Sessions     | State increased the limit for issuance of supplemental severance tax bonds to 87.5% of previous year severance tax revenues; authorized an additional \$475 million of bonds for public school capital improvements to be issued over an estimated 10-year period; and created a new 16-member Public School Capital Outlay Task Force which included the Dean of UNM Law School, the Secretary of DFA, State Investment Officer, Supt of Public Instruction, chairs of LFC, Senate Education and House Education committees and 9 public members with expertise in education and finance, including 2 representing the “impact aid” districts. (Chapter 95, Laws 2000, Chapter 11, Laws 2000 Special Session, Chapter 19, Laws 2000 Special Session, House Joint Memorial 22 & Senate Joint Memorial 21, Laws 2000 Special Session) |
| April 2000                          | District court held status conference. State asked Court for additional time until December of 2000 to report on progress by the newly created Task Force chaired by the former Dean of the Law School. Extension granted  |
| June 2000                           | Recently appointed 16 member Task Force began its meetings to review the current and future needs for public school capital outlay projects; develop and analyze funding options for a permanent revenue stream; review the local participation formula enacted in the 2000 session; and review the issues relating to federal “impact aid” funds and other local and federal revenues received by the districts   |

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| December 2000 | Task Force recommended a multi-pronged approach which included: a three-year, 100% state-funded program to correct health and safety and code deficiencies in order to correct "past inequities" per court order; increase of state match amount for SB 9 program; continuation of critical capital outlay program to complete critical capital projects and to give time for PSCOC to complete statewide needs assessment and develop adequacy standards; continuation of \$20 million annual earmark to impact aid districts for 3 three more years; recommendation on permanent funding source and revised state/local match formula   |
| 2001 Session  | State adopted new, statewide capital outlay system based on adequacy standards and a state-share formula to determine state grant amounts as the basis for a long-term funding system and appropriated funds for a statewide assessment of all school facilities to be used to rank schools against the adequacy standards. It established a short-term deficiency corrections program; appropriated \$200 million to fund it; and created Deficiency Corrections Unit, a new state agency to administer it. Additional funding for maintenance was provided by increasing the state guarantee amount under the 2 mill levy program (SB 9) from \$35 to \$50 per unit per mill and expanded the existing critical capital outlay program to include more districts. Supplemental severance tax bonds designated as the permanent funding stream for the public school capital outlay program without the need for annual legislative approval. (Chapter 338, Laws 2001) |
| May 2001      | District court appointed a special master to review the state's progress in developing a uniform system for funding public school capital improvements.   |
| October 2001  | Special master held a three-day hearing.  |
| January 2002  | Special master issued a report finding that the state "is in good faith and with substantial resources attempting to comply with the requirements" of the court. However, the report also found that "because the use of direct appropriations necessarily removes substantial funds from the capital outlay process where merit and need on a priority basis dictate how funds are to be distributed, the state should take into account in its funding formula these appropriations as an element thereof".   |
| May 2002      | District court adopted the report of the special master and agreed to continue to review the state's progress.  |

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| September 2002 | Public School Capital Outlay Council adopted newly developed adequacy standards as required by the law after two full years of development and public hearings around the state.  |
| 2003 Session   | State revised state-share formula to include millage consideration along with bonded indebtedness in determination of local effort and also provided for an offset against state grant awards for direct appropriations for non-operating purposes. The offset amount was calculated based on the local share percentage of the district, so that wealthy districts would have a greater offset percentage than poorer ones. Additional funding for maintenance was provided by adding a \$5 per unit per mill minimum distribution to districts through the SB 9 program; up to \$40 million of additional funds was appropriated for the deficiencies correction program; and a new, permanent Public School Facilities Authority was created to implement the standards-based process. (Chapter 147, Laws 2003 & Chapter 238, Laws 2003) |
| October 2003   | Public School Capital Outlay Council implemented standards-based funding process for 2003-04 grant award requests.  |
| 2004 Session   | State increased the limit for issuance of supplemental severance tax bonds from 87.5% to 95% and designated \$67 million of additional funding for projects begun under the critical capital outlay program but not yet completed and for the deficiencies correction program. (Chapter 147, Laws 2004 & Chapter 126, Laws 2004) The Public School Capital Outlay Task Force was recreated to serve until January 1, 2005 to complete its work.   |
| October 2004   | Public School Capital Outlay Council provided \$125 million of grant awards under the first year (Pilot year) of the standards-based program.   |
| 2005 Session   | A permanent Public School Capital Outlay Oversight Task Force was created effective July 1, 2005; \$62 million authorized for roof repair and replacement as part of the deficiencies correction program and as part of the standards-based process. The SB 9 guarantee was increased from \$50 to \$60 per unit per mill. The state-share formula was modified to allow the local share to be reduced or eliminated in certain circumstances. (Chapter 274, Laws 2005)   |
| July 1, 2005   | Public School Capital Outlay Oversight Task Force appointed and began its oversight and monitoring role.  |