

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

**June 13, 2008
Room 307, State Capitol
Santa Fe**

The sixteenth meeting of the Public School Capital Outlay Oversight Task Force (PSCOOTF) was called to order by Representative Rick Miera, co-chair, at approximately 10:20 a.m. on Friday, June 13, 2008, in Room 307 of the State Capitol in Santa Fe.

Present

Rep. Rick Miera, Co-Chair
Sen. Timothy Z. Jennings
Dr. Anna Lamberson
Rep. Larry A. Larrañaga
Sen. Linda M. Lovejoy
Rep. Ben Lujan
Rep. James Roger Madalena
Kilino Marquez
Rep. W. Ken Martinez
Dr. John Mondragon
Antonio Ortiz for Secretary Veronica Garcia
Rep. Henry Kiki Saavedra
Sen. John Arthur Smith

Advisory Members

Absent

Sen. Cynthia Nava, Co-Chair
Sen. Vernon D. Asbill
Cecilia J. Grimes
Leonard Haskie
Sen. Carroll H. Leavell
Elizabeth Marrufo
Bud Mulcock
Rep. W.C. "Dub" Williams

Sen. Stuart Ingle

Guests

The guest list is in the original meeting file.

Staff

Sharon Ball, Legislative Council Service (LCS)
Robert Gorrell, Public School Facilities Authority (PSFA)
Aldis Philipbar, LCS
Paula Tackett, LCS
Peter van Moorsel, Legislative Education Study Committee (LESC)

Friday, June 13

Election of Co-Chairs

On a motion by Representative Martinez, seconded by Representative Larrañaga, members voted to re-elect Representative Miera and Senator Nava as PSCOOTF co-chairs.

Review of 2007 Task Force Work and Summary of 2008 Legislation

Ms. Tackett and Ms. Ball reviewed the work of the task force during the 2007 interim and summarized the task force's 2008 legislative recommendations and results from the 2008 session. Ms. Tackett reminded members that they had agreed to endorse a total of four bills for consideration by the 2008 legislature, including:

- HB 19, sponsored by Representative Miera, proposed to amend the Public School Insurance Authority Act to provide for limited insurance coverage, in certain circumstances, for liability related to the private use of school facilities and for volunteer. This change would be in conjunction with a commercial increase in the Public School Insurance Authority (PSIA) budget;
- HB 117, sponsored by Representative Madalena, proposed to amend the Charter Schools Act to allow, under certain conditions, for the chartering authority of a locally chartered charter school to be transferred outside the regular charter renewal cycle to the Public Education Commission (PEC);
- HB 173, sponsored by Representative Larrañaga, proposed to repeal the current statutory requirement for subcontractor bonding; and
- SB 146, sponsored by Senator Nava, an "omnibus" bill, proposed among its provisions to amend the Public School Capital Outlay Act to allow the Public School Capital Outlay Council (PSCOC) to make awards above adequacy to qualifying school districts in addition to their standards-based funding; to reduce the offset from a grant award for direct appropriations made for joint use with another governmental entity; to provide an increased grant award to districts with an exemplary record of preventive maintenance; to reauthorize continuation of facilities information management system funding; and to appropriate funding to the already established New School Development Fund for FY09 and subsequent fiscal years for distributions to school districts for equipment and other nonoperating costs unique to the first year of a new school's operation.

Ms. Ball said that of the four bills endorsed by PSCOOTF, HB 117 and HB 19, were not granted a message from the governor to be included in the 30-day session's constitutionally limited agenda. She said that HB 19 made it out of the House Rules and Order of Business Committee, but never left the House Appropriations and Finance Committee (HAFC). In response to task force members' questions, Mr. Gorrell surmised that a possible reason HB 19 did not receive a "do pass" recommendation from HAFC is the fact that the PSIA indicated a desire to amend the bill after the task force had already agreed upon what the bill would include.

Ms. Ball explained that SB 146 passed, but received a partial veto. Specifically, the governor vetoed all the language related to establishment and implementation of the opportunity fund. In his message, the governor said that he vetoed the opportunity fund because he felt it would be disqualifying. The remainder of the bill modified requirements for the fire marshal and the Construction Industries Division, reduced the offset against PSCOC grants and in certain circumstances increased the PSCOC grant award for exemplary maintenance.

During the task force's discussion about the legislation, Antonio Ortiz, capital outlay program manager, Public Education Department (PED), said that priority funding from the New School Development Fund would be directed toward new schools built because of fund growth.

PSCOC/PSFA Annual Report

Mr. Gorrell and Ms. Tackett reviewed the PSCOC/PSFA Annual Report with the task force. Mr. Gorrell said that the PSFA is working with the Energy, Minerals and Natural Resources Department on issues related to building, converting and maintaining sustainable public school facilities. Mr. Gorrell went over some of the issues discussed on page nine of the annual report, including building facilities that minimize operating costs, balancing the conflict between larger, more cost-effective schools and smaller schools with stronger learning outcomes, and green building initiatives.

Directing task force members' attention to page nine of the annual report, Mr. Gorrell pointed out the interviews with PSCOOTF members Representative Larrañaga and Mr. Mulcock and thanked them for their cooperation.

Several task force members expressed concern about continuing to use public school capital outlay standards-based funds to build flat-roofed school buildings. In response, Mr. Gorrell said that the PSFA continues to encourage local districts to consider the use of pitched roofs, which give more flexibility in building, but that it is too late to change the projects that are already underway. In response to task force discussion and questions about what might appear to be more efficient use of public school capital outlay funds in Arizona, Ms. Tackett said that the State of Arizona itself exercises much more control over school design and construction in Arizona. She said that New Mexico's policy commitment to control by local school boards does not always allow for the economies of scale that may seem to be available in Arizona schools. In response to a member's question, Mr. Gorrell said that Arizona budgets approximately \$100-\$130 per square foot for schools.

In response to task force questions, Ms. Ball affirmed that current research shows a positive correlation between student success and small school size. Task force members expressed concerns that if such a correlation exists between small schools and student success, perhaps the state should stop funding large schools simply because larger schools are seen as more cost-effective. Perhaps the state should be looking at the "final product" as opposed to the initial cost. Ms. Tackett said that many of the larger schools are addressing this issue by creating campuses within the main campus or creating smaller learning communities such as academies. In regard to issues related to increases in transportation costs, Ms. Tackett said that PSFA staff members

take transportation costs into consideration as they advise local districts on specific projects.

Discussion of Work Plan, Items for Future Agendas and Other Organizational Business

Task force members reviewed the proposed work plan as presented by staff (see attached). Members expressed a number of concerns about the 2010 implementation date for charter schools to be in public facilities and indicated they are looking forward to examining the implications associated with meeting this deadline. In response to members' questions and comments, Ms. Ball directed members' attention to item six on the work plan and said that examination of this issue would include a report on the number of charter schools in public facilities and plans to meet the requirement.

Several items on the work plan were addressed specifically. Ms. Ball said that number five on the work plan involved a report on the charter schools that are already in public buildings, as well as those that are looking for space. She said that the task force may want to consider amending statutes to extend the time that charter schools have to find a facility and look at allowing charter schools to move under the public school authority sooner than the renewal date. The task force requested a report on charter enrollment from the PED.

Mr. Gorrell pointed out that distribution of higher education capital outlay funding is currently based on square footage per student numbers. He opined that this approach may serve as a disincentive for higher education institutions to participate in dual enrollment programs with local school districts. Ms. Ball added that both higher and public education operational funding formulas allow for dually enrolled students to be funded at both their respective higher and local school district institutions but no such dual funding option is available for facilities funding.

Task force members also requested looking at distance education for high school students and a status report on funding in terms of the relationship of funding for adequacy and space flexibility. They also requested specific data on additional costs related to the implementation of subcontractor bonding legislation.

Mr. Ortiz discussed some issues that had been shared with him by charter schools. He said that the charters are concerned that they do not have the ability to enter into lease-purchase agreements on their own. He also said that there is a concern about the 2020 deadline for lease payments, and the charters feel that they have no protection in statute regarding their leases from local districts.

In response to a question about the *Zuni* lawsuit, Ms. Tackett said that the court has the authority to determine when, or if, it will call for a status conference.

Representative Miera introduced Dr. John Mondragon, who was recently appointed to the task force by the governor, and welcomed him to the task force.

The committee adopted the work plan with suggested additions and modifications.

There being no further business, the task force adjourned at 12:20 p.m.