

MINUTES
of the
EIGHTY-THIRD MEETING
of the
PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

July 15, 2022
State Capitol, House Chamber
Santa Fe

The eighty-third meeting of the Public School Capital Outlay Oversight Task Force was called to order by Representative G. Andrés Romero, chair, on Friday, July 15, 2022, at 9:07 a.m. in the House Chamber of the State Capitol in Santa Fe.

Present

Rep. G. Andrés Romero, Chair
Rep. Eliseo Lee Alcon
Johnny Benavidez
Sen. Stuart Ingle
Ashley Leach, Designee for Secretary
of Finance and Administration
Debbie Romero
Rep. Patricia A. Lundstrom
Sen. George K. Munoz
Brandy Murphy
Antonio Ortiz, Designee for Secretary of
Public Education Kurt Steinhaus
Rep. Randall T. Pettigrew
Sen. Shannon D. Pinto
Amber L. Romero
Sen. Joshua A. Sanchez
Sen. Benny Shendo, Jr.
Sen. Mimi Stewart

Absent

Sen. William P. Soules, Vice Chair
Sondra Adams
Rep. Jack Chatfield
Rep. Brian Egolf
Scott Elder
Carl Foster
Cindy Montoya
Stan Rounds
Karen Sanchez-Griego

Advisory Members

Sen. Cliff R. Pirtle
Sen. Leo Jaramillo
Sen. Michael Padilla

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Clinton Turner, Research and Fiscal Policy Analyst, LCS
Sheila Keleher, Research Assistant, LCS
Lenaya Montoya, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

References to Webcast

The time reference noted next to each agenda item in this document is cross-referenced to the webcast of the task force meeting, which can be found at www.nmlegis.gov under the "Webcast" tab. The presentations made and task force discussions for agenda items can be found on the recorded webcast for this meeting.

Friday, July 15

Welcome (9:07 a.m.)

Representative Romero welcomed task force members and guests.

Public School Capital Outlay Council (PSCOC) and Public School Facilities Authority (PSFA) Update and Responses (9:12 a.m.)

Martica Casias, executive director, PSFA; Ryan Parks, deputy director, PSFA; and Brad Mathews, chief financial officer, PSFA, addressed questions from the previous meeting and presented an update on the PSCOC school construction projects and the financial plan. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=7/15/2022&ItemNumber=1>.

Zuni Lawsuit Update (9:43 a.m.)

Ms. Casias presented an overview of the State of New Mexico's response to the *Zuni* lawsuit and the standards-based capital funding program. Cholla Khoury, chief deputy attorney general, Civil Affairs, Office of the Attorney General (OAG); Nicholas Sydow, solicitor general, OAG; and Erin Lecocq, assistant attorney general, OAG, reviewed the district court's December 2020 ruling, which held that the Public School Capital Outlay Act and the Public School Capital Improvements Act are unconstitutional. The panel also reviewed the state's motion for post-judgment relief, which was denied in 2021, as well as the current status of the state's appeal of the 2020 ruling. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=PSCO&Date=7/15/2022&ItemNumber=2>.

Review of the State-Local Match Funding Structure and Level Shifts (10:07 a.m.)

Ms. Casias reviewed the history of the state-local funding formula, including the problematic factors that were identified by the 2015 assessment by the Bureau of Business and Economic Research at the University of New Mexico. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%203%20State-Local%20Match.pdf>.

Approval of Minutes (10:30 a.m.)

Upon a motion duly made and seconded, and without any objections, the task force approved the minutes of the June 21, 2022 meeting.

Administrative Process Improvements Undertaken by the PSFA (10:32 a.m.)

Ms. Casias and Mr. Parks explained the PSFA's improvement strategies, including simplifying the awards application process and implementing quarterly partnership meetings. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%206%20Process%20Improvement%20%20July%2015,%202022.pdf>.

Determinants of PSFA Budget (10:49 a.m.)

Ms. Casias and Mr. Mathews reviewed the PSCOC annual grant assistance. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%204%20Determinants%20of%20PSFA%20Budget.pdf>.

School Construction Cost Inflation (1:04 p.m.)

Ms. Casias; Mr. Parks; Dennis Towne, president, Bradbury Stamm Construction; and Lawrence Peterson, executive vice president, Bradbury Stamm Construction, gave an overview of the economic impact of construction, including cost escalation and supply chain interruption factors. The presentation can be found here:

<https://www.nmlegis.gov/handouts/PSCO%20071522%20Item%205%20School%20Construction%20Cost%20Inflation%20PSCOOTF%2007152022.pdf>.

Public Comment (1:47 p.m.)

A list of individuals making public comment is available in the meeting file.

Adjournment

There being no further business before the task force, the meeting adjourned at 1:51 p.m.