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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
54th Legislature, 1st Session, 2019

Bill Number	<u>SB295/aSEC</u>	Sponsor	<u>Soules</u>
Tracking Number	<u>.211699.3</u>	Committee Referrals	<u>SEC/SFC;HEC/HAFC</u>
Short Title	<u>School Facilities Authority Expenditures</u>		
Analyst	<u>Rogne</u>	Original Date	<u>1/31/2019</u>
		Last Updated	<u>3/4/2019</u>

FOR THE PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE

BILL SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee Amendment to SB295 (SB295/aSEC) would fix a technical issue in which the wrong subsection of statute is referenced in the bill. SB295/aSEC would change the reference to subsection P on page 2, line 1 to reference subsection O.

Synopsis of Original Bill

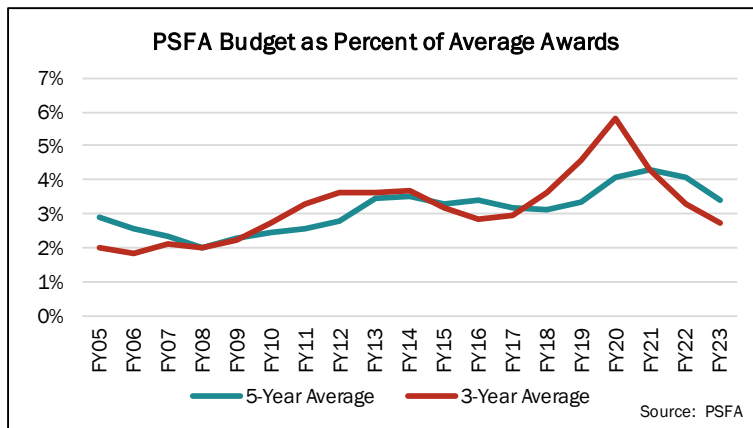
Senate Bill 295 (SB295) would amend the Public School Capital Outlay Act to change the limit of the Public School Facilities Authority's (PSFA) operating budget to 5 percent of the average of the prior five years of awards given out by the Public School Capital Outlay Council (PSCOC), instead of the three-year average that is currently in statute. SB295 also makes technical changes.

FISCAL IMPACT

SB295/aSEC does not contain an appropriation.

SUBSTANTIVE ISSUES

The proposed change in SB295/aSEC in PSFA's operating budget cap would extend the time period for calculating the average prior years of PSCOC awards from three years to five years so that PSFA's FY20 operating budget would fall within the 5 percent average of PSCOC awards.



According to PSFA, their recommended FY20 operating budget is \$5.3 million, which includes a budgeted vacancy rate of approximately 7 percent. The current statutory budget limitation would restrict PSFA’s budget in FY20 to \$4.6 million, which would be the agency’s lowest operating budget since FY03. PSFA notes that PSCOC awards between FY12 and FY16 averaged \$188.1 million annually, however, due to revenue downturns, awards in FY17 and FY18 were significantly lower than previous years, at \$81.8 million and \$87 million respectively, which lead to PSFA’s FY20 recommended operating budget exceeding the 5 percent of the average of the prior three years of PSCOC awards cap. Both the Legislative Finance Committee and executive recommendations assume passage of SB295/aSEC, and recommend an FY20 operating budget of \$5.3 million for PSFA.

PSFA also notes that SB295/aSEC would stabilize their budget and insulate the budget cap from temporary, short-term declines in awards.

CONSEQUENCE OF NOT ENACTING THE BILL

If SB295/aSEC is not enacted, PSFA’s FY20 operating budget will be cut by an estimated \$735.5 thousand. According to PSFA, their agency would not be able to provide the same level of service with this reduced budget.

RELATED BILLS

Duplicate of SB297, School Faculties Authority Expenditures.

SOURCES OF INFORMATION

- LESC Files
- Public School Facilities Authority (PSFA)
- Legislative Finance Committee (LFC)

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