

LFC Requester:	Liu
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**AGENCY BILL ANALYSIS
2023 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 02/08/23

Bill No: [SB131/aSEC](#)

Sponsor: Stewart
Short Title: PUBLIC SCHOOL FUNDING
 CHANGES

Agency Name
and Code

Number: PED - 924

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	\$100,000.0	Nonrecurring	PSCOF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	\$100,000.0	None	\$100,000.0	Nonrecurring	PSCOF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of SEC Amendment: Senate Bill 131 (SB131/aSEC), as amended by the Senate Education Committee, would include charter schools in the distribution of appropriated funding in the bill. The amendment makes it clear that charter schools will also receive funding from the appropriation contained in this bill for Security Infrastructure, Public School Capital

Improvements Funds and CTE funding.

It is important to note charter schools cannot make any infrastructure improvements unless they are housed in a public facility or have a PED approved lease purchase arrangement. Any infrastructure improvements to a private facility violates the anti-donation clause of the New Mexico Constitution.

The effective date of the bill would be July 1, 2023.

Synopsis: Senate Bill 131 (SB131) would change the provisions of the Public School Capital Outlay Act to improve school districts' access to public school capital outlay funding. The bill would:

- Temporarily reduce school districts' required payment for capital outlay projects;
- Forgive and eliminate offsets for legislative appropriations;
- Eliminate the consideration of operational funding spent on capital expenditures;
- Appropriate funds for career technical education (CTE) facilities, prekindergarten facilities, and other local maintenance priorities;
- Cap the budget for the Public School Facilities Authority (PSFA); and
- Make other technical changes to eliminate unused provisions of the Public School Capital Outlay Act.

Senate Bill 131 was endorsed by the Public School Capital Outlay Oversight Task Force.

The effective date of the bill is July 1, 2023.

FISCAL IMPLICATIONS

SB131/aSEC would appropriate \$25 million from the Public School Capital Outlay Fund (PSCOF) to PSFA, and would require PSFA to disburse the funds to school districts and charter schools starting in FY24 to be used for school security infrastructure. School districts would have until FY27 to use the funds. Any unexpended or unencumbered balance remaining at the end of fiscal year 2027 would revert to PSCOF.

SB131/aSEC would appropriate \$75 million from the PSCOF to PSFA, and would require PSFA to disburse the funds to school districts and charter schools starting in FY24, to be used to construct, renovate, and equip career technical educational facilities and prekindergarten facilities or to maintain and repair public school buildings. Any unexpended or unencumbered balance remaining at the end of fiscal year 2027 shall revert to the public school capital outlay fund.

The amended bill would have positive impacts for school districts and charter schools. The state match requirements for future Public School Capital Outlay council projects would be reduced significantly and the offset provision would be removed, which means school districts would have a lower local percentage of participation for PSCOC funded projects.

SB131/aSEC has no fiscal implications for the Public Education Department (PED).

SIGNIFICANT ISSUES

SB131/aSEC would address objectives identified by the LESC during the 2022 legislative interim, which include maintaining equity and providing funding for local priorities in systems of

capital outlay funding.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to:

[House Bill 30, Public School Ventilation Improvement Act](#), which would require schools to assess ventilation every five years

[House Bill 198, Career Tech Funds for Indian Ed Schools](#), which would authorize CTE funding for federal Bureau of Indian Education schools;

[Senate Bill 60, Photovoltaic Systems in New Public Schools](#), which would require installation of solar photovoltaic systems in schools;

[Senate Bill 93, Mora School Security](#), which would appropriate \$78,000 to PED for expenditure in FY25 for updated security infrastructure for Mora Independent School District.

[Senate Bill 108](#), which would establish a CTE formula factor in the SEG distribution.

TECHNICAL ISSUES

Subsection L of Section 3 of the amended bill creates two section-specific definitions for “MEM” and “membership”, which are defined identically to those terms in the Public School Finance Act. The definition for membership includes reference to “habitual truants”. This definition and the corresponding one in the Public School Finance Act refer to terms and provisions from the since-repealed Compulsory School Attendance Law, and which currently appear nowhere else in the Public School Code.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

N/A

AMENDMENTS

The sponsors may wish to consider defining “membership” in such a way that it aligns with current, appropriate terms and provisions in the “Attendance for Success Act” (Section 22-12A-1, et seq. NMSA 1978), such as “excessively absent students”, “chronically absent students”, “students in need of early intervention,” or “students in need of intensive support.”