

<b>LFC Requester:</b>	<b>Liu</b>
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**AGENCY BILL ANALYSIS  
2023 REGULAR SESSION**

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**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

**Original**        **Amendment**       
**Correction**        **Substitute**   

**Date** 2/17/2023

**Bill No:** SB131

**Sponsor:** Stewart, Mimi  
Brandt, Craig W.  
**Short Title:** PUBLIC SCHOOL FUNDING  
CHANGES

**Agency Name and Code Number:** New Mexico Public School Facilities Authority 940

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	25,000.0	Nonrecurring	PSCOF School Security Infrastructure
	75,000.0	Nonrecurring	PSCOF CTE

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB93, SB95

Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Amendment 2:

The second amendment to SB131 strikes Section 9, appropriating \$25M for school security infrastructure, and Section 10, appropriating \$75M for the construction, renovation maintenance and repair of public school buildings as well as to equip career-technical educational, pre-kindergarten facilities and maintenance.

Amendment 1:

The amendment adds charter schools as recipients of the distributions detailed in Section 9 and Section 10. Each state-chartered charter school and locally-chartered charter school will receive \$25,000 to improve school security infrastructure, and \$50,000 to construct, renovate and equip career-technical facilities and pre-kindergarten facilities or to maintain and repair public school buildings.

Synopsis:

Senate Bill 131 (SB131), endorsed by the Public School Capital Outlay Oversight Task Force and the Legislative Education Study Committee seeks to modify certain sections of the Public School Capital Outlay Act (PSCOA). Changes proposed to the PSCOA include modifications to the calculation of the Public School Facilities Authority’s (PSFA) operating budget. Currently, the PSCOA limits the PSFA operating budget to five percent of the average of the prior three years of annual grant assistance given out by the Public School Capital Outlay Council (PSCOC). SB131 changes the calculation to use five percent of the average of the prior five years of grant assistance, rather than the three-year average. SB131 also offers to amend the PSCOA by removing the appropriations from funds reserved for instructional material and the transportation distribution funds. SB131 also updates the PSCOA by removing the language allocating \$10M for school security for the fiscal years 2019 through 2022.

SB131 proposes to amend the current state/local share formula, and to remove the application of Impact Aid Credit and legislative appropriation offsets to the funding awards from the PSCOF by the Council PSCOC. SB131 would change the funding formula for pre-kindergarten classroom projects (pre-kindergarten) and proposes to change the statewide adequacy standards to include “the need for career-technical education facilities or

classrooms.”

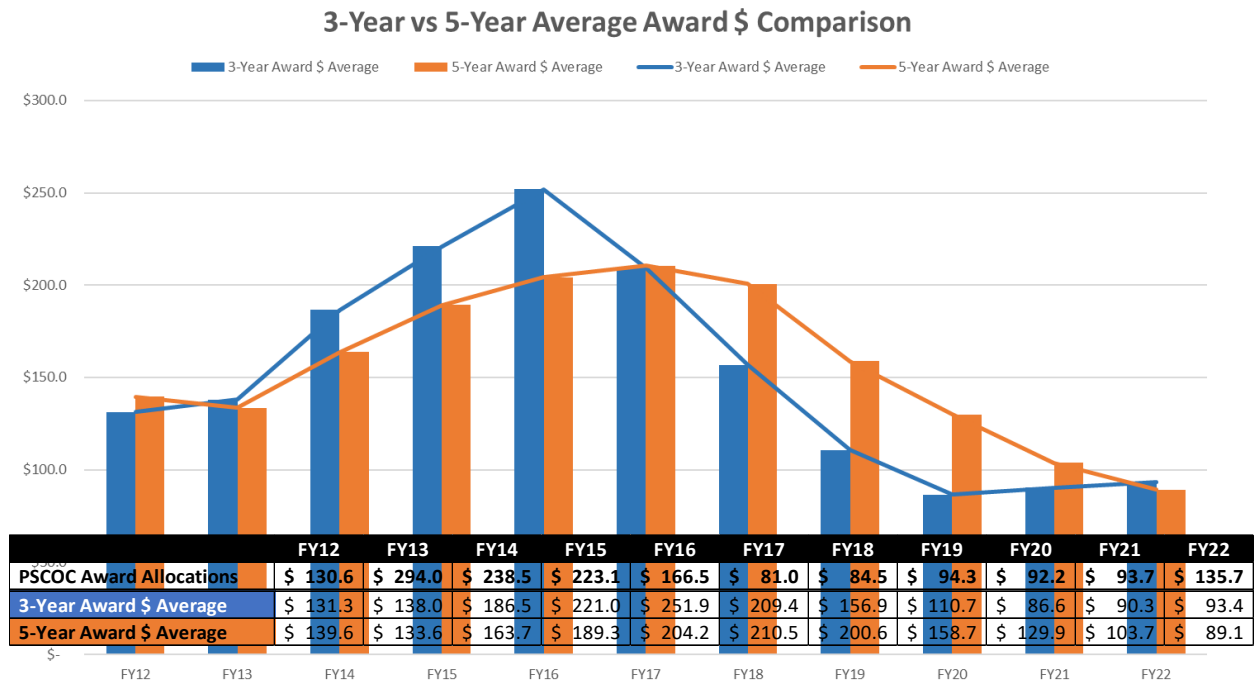
SB131 would make appropriations of \$25M for school security infrastructure and \$75M for the construction, renovation maintenance and repair of public school buildings as well as to equip career-technical educational and pre-kindergarten facilities for FY24-27.

SB131 also proposes technical amendments to the PSCOA involving the renumbering of sections and/or paragraphs due to proposed section deletions.

The proposed changes are to become effective July 1, 2023.

### FISCAL IMPLICATIONS

At Section 1, for FY22, if the total annual expenditures from the operating fund for core administrative functions was an average of five-year compared to the three-year average grant assistance; the difference would have been an increase of \$231,195.32. The calculation of the five-years for FY22 would have been FY21, FY20, FY19, FY18, and FY17 of the grant assistance amount.



The PSFA operating budget is based on the three-year average of total annual expenditures from the fund for core administrative functions. Changing from a three-year average to a five-year average allows for better planning and forecasting of the operating budget.

At Section 3, the cost for a change to a 1/3 reduction for local match the state would incur the additional 1/3 expenditures to the PSCOF. Also a 1/2 reduction for local match is indicated for small districts and state would incur the additional expenditures of the 1/2. Small districts are classified as 200 students or less on the 40th day of school (MEM) as indicated by PED.

The current top 175 schools that are eligible for funding in 2023, as determined by the weighted New Mexico Condition Index (wNMCI) ranking indicates those schools with the largest

deficiencies, have an estimated total project cost (calculated by the square-footage as determined by the PSCOC of the facility multiplied by \$308 per square-foot) is \$4,863,692,064. Under the current state-local match model, the state share of this cost is \$1,005,311,135 (21% of the total) and a local share of \$3,858,380,929 (79% of the total).

Based on the top 175 schools listed in the wNMCI ranking with reduction of 1/3 for local match reduction for districts and ½ for small districts the additional state expenditures would be \$1,312,350,773, with the grand total of all total project cost remaining unchanged at \$4,863,692,064. The new distribution for these projects would include an increased state share totaling \$2,317,661,908 (48% of the total) and a decreased local share of \$2,546,030,156 (52% of the total).

There are currently 13 school facilities in the top 175 that are associated with districts with a MEM count of 200 or less. These schools can potentially apply for a Standards-based, PSCOC award and this Bill would result in a one-half reduction of their local share.

Although, the top 175 schools listed in the wNMCI ranking are eligible to apply, PSFA does not anticipate districts applying for multiple replacement projects due to insufficient local funding and resources. Historically, districts have typically applied for priority projects within their current budgeting capacity for capital projects.

At Section 8, Section 22-24-5 B. (9) NMSA 1978 requires PSCOC to reduce award amounts by the amount of direct capital funding districts receive. Often legislation provides school districts direct appropriations in annual capital outlay bills, thereby creating an offset. Districts have the option to refuse these appropriations. Offsets are cumulative and have created cost prohibitive scenarios for some districts. Consequently, districts have not applied for funding and have not utilized funds from the PSCOF. If this Bill is enacted, multiple school districts that have not applied in the past due to their offset balance would be more inclined to apply and would cause a spend down of the fund.

## **SIGNIFICANT ISSUES**

### Amendment 2:

None

### Amendment 1:

The amendment would result in each state-chartered charter school and locally-chartered charter school receiving \$25,000 to improve school security infrastructure, and \$50,000 to construct, renovate and equip career-technical facilities and pre-kindergarten facilities or to maintain and repair public school buildings. All charter schools will receive the same amount, without regard for the size of the charter school facility or the charter school's enrollment. This results in a disparity of distributions to all charter schools, with very large charter schools and very small charter schools receiving the same amount of funding to achieve the same purpose.

- Per the PED 2022-2023 40-day enrollment,
  - Explore Academy in Albuquerque has the largest enrollment (excluding virtual charters) with 1,204 students.

The charter school would receive:

- \$20.76/student for the Section 9 distribution
- \$41.53/student for the Section 10 distribution

- Walatowa Charter High School has the smallest enrollment with 38 students.  
The charter school would receive:
  - \$657.89/student for the Section 9 distribution
  - \$1,315.79/student for the Section 10 distribution
- Per the PSFA data on charter school facility gross square footage (GSF)
  - Explore Academy in Albuquerque has the largest facility with 149,199 GSF, which is spread across two separate campuses.  
The charter school would receive:
    - \$0.17/SF for the Section 9 distribution
    - \$0.34/SF for the Section 10 distribution
  - Dzith Dit Looi School of Empowerment in Gallup has the smallest charter facility with 3,172 GSF.  
The charter school would receive:
    - \$7.88/SF for the Section 9 distribution
    - \$15.76/SF for the Section 10 distribution

There are 9 charter schools that have annual lease amounts of less than \$50,000, and 11 charter schools receive less than \$50,000 in PSCOC lease assistance awards. This amendment would result in these charter schools receiving more from this distribution than either their annual lease amount or lease assistance award amount.

The amendment's distribution amount for all charter schools is half of the minimum amount school districts will receive. The bill distributes a minimum of \$50,000 for security improvements and a minimum of \$100,000 for the CTE, pre-kindergarten or maintenance to all school districts; distributions higher than the minimums will be calculated by the percentage attributable to the amount the district receives in annual SB9 money.

The inclusion of all charter schools in the appropriations, without increasing total distribution amounts detailed in Section 9 and Section 10 of SB131 will result in less funding distributed to the school districts. The \$25M for security will be reduced by 10% and the \$75M for CTE, pre-kindergarten and maintenance will be reduced by 7%.

School districts with locally-chartered charter schools may choose to share the funding with their charter schools, negating the need to include locally-chartered charter schools. Language could be added to the bill to stipulate that school districts with locally-chartered charter schools shall include charter school in the distribution.

Additionally, there are 7 state-chartered and 9 locally-chartered charter schools that lease district owned facilities. As the school district is the landlord of these facilities, it is the district's responsibility to make improvements to the facilities. Therefore, the distribution from this appropriation to the charter schools would be unnecessary.

The language of the amendment would require essentially all charter schools to receive the distributions, including the charter schools housed in private facilities owned by private individuals and/or entities. There are approximately 35 charter schools leasing facilities from private owners. This requirement may result in a violation of Article IX, Section 14 of the New Mexico Constitution, commonly referred to as the "*anti-donation clause.*" The anti-donation clause prohibits "*....the state, county, school district or municipality, except as otherwise provided by the constitution from directly or indirectly lending or pledging its credit, or making*

*any donation to or in aid of any person, association or public or private corporation.”* This includes allocations or appropriations of any value without consideration. Therefore, the use of the appropriation to enhance or otherwise improve the condition of these privately owned facilities may be a violation of the anti-donation clause. However, the Section 10 appropriation could be used by the charter schools without violating the anti-donation clause for the acquisition of equipment as long as the equipment is not affixed to or does not become a permanent fixture in the building.

In accordance with Statute 22-8B-4.2 D(2)(a), the owner of a private facility leasing to a charter school is contractually obligated to maintain the facility to the statewide adequacy standards at no additional cost to the charter school or the state. Therefore, privately owned facilities should not receive distribution from the appropriation for the maintenance of the facility.

The language of the amendment does not exclude virtual charters schools that do not have a physical facility in which education occurs. Two charter schools, New Mexico Connections Academy and Pecos Connections Academy, are fully virtual and should not receive this distribution.

Some charter schools have more than one leased facility. In some instances, one facility may be a publicly owned facility or a lease purchase agreement, while the second facility may be privately owned. This complicates the issue regarding the anti-donation clause.

The \$50,000 distribution for CTE facilities, pre-kindergarten facilities or maintenance does not take into account the individual charter schools’ grade levels served, the mission or unique educational program, or whether they have a CTE program or pre-kindergarten program. If a charter has neither a CTE program nor a pre-kindergarten program, the distribution may be unwarranted.

There are a few unique situations that complicate the distribution of the same amount to all charter schools. Southwest Secondary Learning Center has a lease purchase agreement for the facility it shares with Southwest Preparatory Learning Center, which subleases from the former. If both of these charter schools received equal distributions for the same purposes, the facility itself would receive double the amount.

**Potential Distributions to Charter Schools**

	<b>Section 9</b>		<b>Section 10</b>	
	Total Distribution to Charter Schools	Remaining Appropriation for School Districts	Total Distribution to Charter Schools	Remaining Appropriation for School Districts
ALL state and district charter schools	\$2,525,000	\$22,475,000	\$5,050,000	\$69,950,000
State and District Charter Schools (excluding privately owned facilities and virtual charter schools)	\$1,725,000	\$23,275,000	\$3,450,000	\$71,550,000

State Charter Schools only (excluding privately owned facilities and virtual charter schools)	\$925,000	\$24,075,000	\$1,850,000	\$73,150,000
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Section 1 - 3 Year vs 5 Year Operating Budget

The PSFA operating budget is based on the three-year average of total annual expenditures from the fund for core administrative functions. Changing from a three-year average to a five-year average allows for better planning and forecasting of the operating budget. Increasing the number of years for the average funding source would potentially provide for a more stable budgeting process for the PSFA.

Section 3 - State & Local Match

In 2019 Phase I funding formula for state-local shares was amended, increasing district participation and reducing state participation. Phase II funding formula for state-local shares was implemented in incremental stages over five years and scheduled to be fully in place in FY2024.

**Current State-Local Match versus SB131 Proposed State-Local Match**

Averages	FY23 (Current)		SB 131 Proposed	
	State	Local	State	Local
Statewide	32%	68%	57%	43%
Districts with 200 MEM or less	17%	83%	47%	53%
Districts with greater than 200 MEM	36%	64%	60%	40%

As of July 12, 2022, the current FY23 statewide average for all 89 district’s local match is 68%, with the state contributing the remaining 32%. Per New Mexico Public Education Department (PED) 40 day enrollment count dated December 10, 2021. Nineteen districts currently have a MEM count equal to or less than 200. The average local match amongst these districts is 83%, while the state’s share is 17%. Comparing this to remaining 70 districts with a MEM count above 200, the current average local match is 64%, and state match at 36%.

SB 131 proposes a ½ local match reduction for school districts with a MEM of 200 or less, and a 1/3 reduction for remaining districts, which would bring the statewide average for local matches to 43%, with the state paying the remaining 57%, a 25% overall decrease in local matches. Districts with a 200 MEM or less will see their local match at 53%, and state match at 47%. Districts with more than 200 MEM match will adjust averages to 40% local, 60% state.

Section 5 – Charter Schools

At Section 5, SB131 amends Section 22-24-6.1 NMSA 1978 to remove the requirement for legislative appropriations to state-chartered charter schools to count as offsets when a awarded PSCOC funding.

The FY23 summary of direct appropriation offsets indicates the current balance of offsets for charter schools totals over \$19.87 million. Individual charter offsets range between \$9,200 and \$5,605,900. Currently, 32 (62%) of the 58 state chartered-charter schools have an offset; 11 district chartered-charter schools also have an offset.

## Section 6 – Pre-Kindergarten

Potential pre-kindergarten facilities would need to be assessed and ranked in the order of need, based on facility condition and potential student enrollment. Inclusion of pre-kindergarten projects could potentially require more staffing and resources to be utilized by the PSFA.

### **Pre-Kindergarten Facilities and Enrollment Data**

<b>Facility Type</b>	<b>#</b>
Pre-kindergarten/Early Childhood Centers	22
In Elementary Schools	205
In Combination Schools	15
In Charter Schools	12
In Constitutional Schools	2
<b>Total Facilities Housing Pre-kindergarten</b>	<b>256</b>

<b>School Year</b>	<b>Pre-kindergarten Enrollment</b>
2009-10	4,292
2010-11	4,687
2011-12	7,652
2012-13	7,512
2013-14	7,865
2014-15	8,004
2015-16	8,123
2016-17	8,173
2017-18	10,108
2018-19	9,358
2019-20	11,092
2020-21	8,881
2021-22	9,624
2022-23	10,351

The PSCOC has had a capital funding program for pre-kindergarten classrooms and facilities since FY18. In that time, the PSCOC has awarded 26 projects under the program, totaling \$25.7M in state funding. Over the course of the past five years, the applications and interest for this program has been inconsistent, in part due to the local match and offset funding considerations as well as the fluctuations in pre-kindergarten enrollment, availability of program funding, and district development of the programs.

Currently, the funding programs rules stipulate that any school district with Pre-kindergarten programs are eligible to apply for new, replacement, renovation or addition for Pre-kindergarten facilities.

PSFA recognized a trend among New Mexico school districts who are developing Pre-kindergarten centers to provide centralized facilities, which only serve the Pre-kindergarten grade level. These types of facilities are more costly than smaller classroom renovation or addition projects at existing elementary schools, due to the fact that these are essentially full-scale schools that include all the necessary spaces a school needs to function.

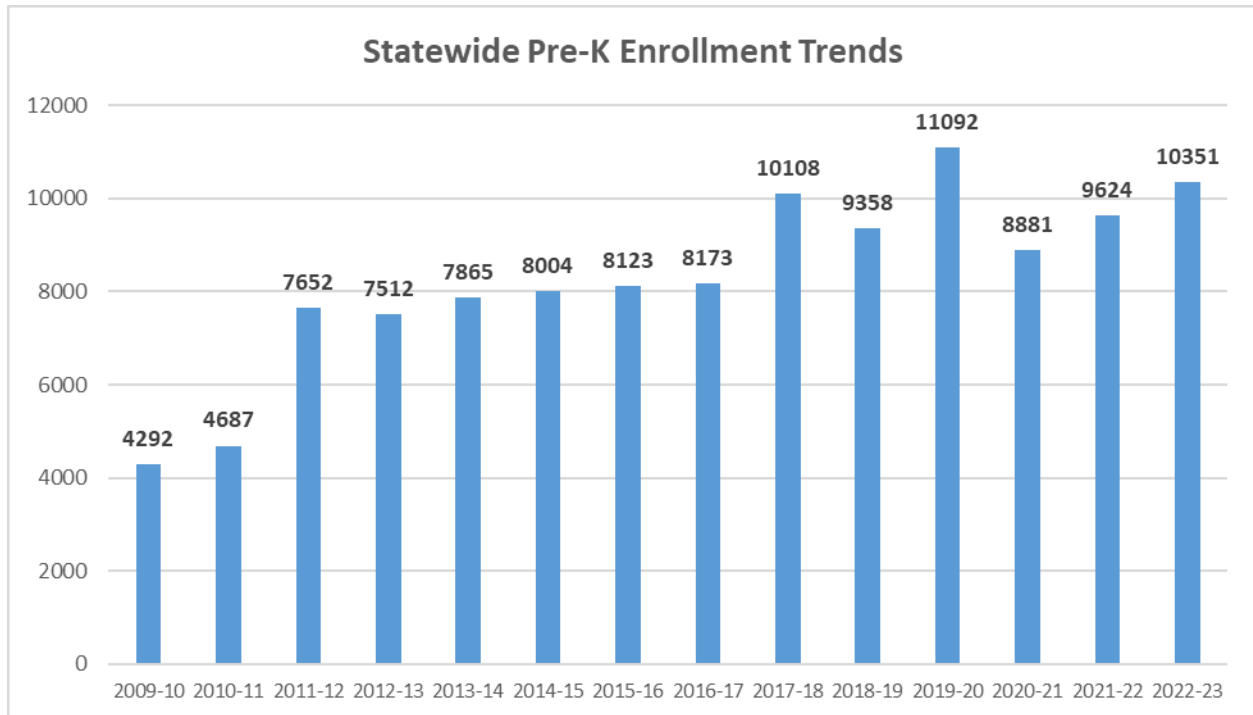
In the past few standards based application cycles, PSFA has received application from districts wanting to establish Pre-kindergarten Centers within the district as a means of more efficient program delivery. Based on conversation with districts during planning, this means the school can concentrate all the student's needs at one location whether it be occupational/physical therapy, speech/language specialist, and/or any other type of special educational services.



Collaboration among teachers is another advantage districts cite as moving toward this model.

Pre-kindergarten enrollment projections are difficult for a variety of reasons. Approximately 90% of children born enter kindergarten in public schools, correlating births to Pre-kindergarten projections is not as reliable due to alternative or educational options parents have for early childhood education or care. A parent can choose to enroll a pre-kindergarten student in a public school or use a private provider. In addition, a child can qualify for Pre-kindergarten programs at any time throughout the school year, meaning they can enroll upon qualification, which makes projections difficult. It is also difficult to project the number of students needing specialized services. As a result, Facilities Master Plan consultants will consult with the district personnel regarding child identification, waiting lists, and the resources they will allocate to the Pre-kindergarten program (FTE, classroom space, specialists).

While most K-12 grade levels are declining, Pre-kindergarten enrollment is the grade level experiencing growth. COVID-19 related enrollment decline affected early childhood grade levels the most, the latest PED 40-day count shows Pre-kindergarten numbers recovering as the chart shows. These increases may mean future demand for Pre-kindergarten services.



Source: New Mexico Public Education Department 40-Day Certified Counts

PSFA staff will need to work with districts seeking additional Pre-kindergarten classrooms or stand-alone facilities in planning and design to program the required space. As PSFA staff has found in other situations, there are various early childhood programs operating in public schools including 3 and 4 year DD program, Governor's Pre-kindergarten program, and Head Start.

PSFA staff relies on utilization analysis to determine how a school utilizes its space. Declining enrollment does not always equate empty classrooms for Pre-kindergarten students. Instead, enrollment loss spreads throughout each grade level and classroom, meaning the school continues to use a classroom but at a lower loading.

The state's declining birthrate is a significant factor in the state's declining enrollment. The declining enrollment has created surplus space in some schools (although utilization needs to be studied on a case-by-case basis). Potentially increasing square footage to accommodate Pre-kindergarten programs could lead to future underutilized space.

#### Section 8 - Temporary Provision - Elimination of Current Offsets

Added to the Public School Capital Outlay Act in 2002. PSCOC must "reduce any grant amounts awarded to a school district by a percent of all direct non-operational legislative appropriations (also known as offsets) for schools in that district that have been accepted, including educational technology and re-authorizations of previous appropriations." A change in 2007 allows a 50% reduction in the offset amount if the legislative appropriations are for a project for schools in the current or previous year's top 150 wNMCI ranking.

The percent reduction is the calculated local match percentage rate, per the state/local share funding formula. Offsets are applied to a district, though appropriations are often directed to a specific school or locally chartered charter school. District offsets are calculated each year by the Capital Outlay Bureau of PED. Previous totals roll over year-to-year until the balance is paid off. The intent of offsets was to assure that all funding to school districts was distributed equitably and uniformly state wide.

Elimination of offsets will allow some school districts to move forward with an application for PSCOC funding by increasing the amount of funding the PSCOC can participate in. However, some districts may still be unable to afford their local share due to bonding capacity nor be eligible for a waiver.

As of July 21, 2022, the current balance of offsets totals \$93.99M. The balance is composed \$74.18M shared between 59 school districts, and \$19.81M shared between 30 charters.

Individual offset balances are reflected in the table on the following page.

## 2022 Balance of Offsets for Districts and Charters

DISTRICT	BALANCE OF OFFSETS
ALAMOGORDO	\$754,000
ALBUQUERQUE	\$36,709,019
ANIMAS	\$73,750
ARTESIA	\$3,430,828
AZTEC	\$638,100
BLOOMFIELD	\$1,190,599
CARLSBAD	\$2,820,532
CHAMA	\$154,857
CIMARRON	\$214,750
CLAYTON	\$17,250
CLOUDCROFT	\$1,356,435
COBRE	\$939,950
CORONA	\$253,380
CUBA	\$49,500
DORA	\$199,150
ELIDA	\$481,884
ESPANOLA	\$475,640
ESTANCIA	\$63,556
EUNICE	\$(13,444)
FLOYD	\$40,000
FORT SUMNER	\$66,450
GRADY	\$9,000
GRANTS	\$62,000
HOBBS	\$728,160
HONDO	\$495,400
JAL	\$1,063,887
JEMEZ MOUNTAIN	\$64,084
JEMEZ VALLEY	\$22,490
LAKE ARTHUR	\$1,349,303
LAS CRUCES	\$142,000
LAS VEGAS CITY	\$42,999
LAS VEGAS WEST	\$213,160
LOGAN	\$111,740
LOVING	\$757,430
LOVINGTON	\$3,132,409
MAXWELL	\$161,604
MELROSE	\$212,892
MESA VISTA	\$206,800
MORA	\$1,165,506
MORIARTY	\$88,970
MOUNTAINAIR	\$52,200
PECOS	\$153,230
PENASCO	\$40,000
POJOAQUE	\$50,400
QUESTA	\$900,997
RATON	\$238,290
RESERVE	\$94,000
RIO RANCHO	\$2,679,777
ROY	\$61,081
SAN JON	\$13,200
SANTA FE	\$5,986,640
SANTA ROSA	\$92,750
SILVER	\$544,100
SPRINGER	\$86,857
TAOS	\$1,709,832
TATUM	\$610,552
TEXICO	\$261,000
VAUGHN	\$414,000
WAGON MOUND	\$249,300
<b>TOTAL</b>	<b>\$74,184,226</b>

CHARTER	BALANCE OF OFFSETS
ACE LEADERSHIP HIGH SCHOOL	\$29,250
ACES TECHNICAL CHARTER SCHOOL	\$404,750
ABQ. BILINGUAL	\$524,570
ABQ COLLEGIATE	\$184,770
ABQ. INSTITUTE OF MATH & SCIENCE	\$44,000
ALDO LEOPOLD	\$206,850
AMY BIEHL CHARTER	\$302,205
CIEN AGUAS CHARTER	\$132,228
COTTONWOOD CLASSICAL PREP.	\$114,083
COTTONWOOD VALLEY CHARTER	\$11,600
EAST MOUNTAIN CHARTER	\$159,570
HEALTH LEADERSHIP CHARTER	\$166,450
HEALTH SCIENCE ACADEMY	\$17,550
INT. SCHOOL AT MESA DEL SOL	\$10,250
MISSION ACHIEVEMENT CHARTER	\$550,300
NEW AMERICA (LAS CRUCES)	\$182,300
NEW MEXICO INTERNATIONAL	\$3,362,800
NEW MEXICO SCHOOL FOR THE ARTS	\$5,605,900
RAICES DEL SABER XINACHITI	\$15,050
RIO GRANDE ACADEMY OF FINE ARTS	\$105,922
ROOTS & WINGS	\$329,000
SOUTH VALLEY PREP	\$576,769
SW AERONAUTICS MATH & SCIENCE	\$433,720
SW SECONDARY CHARTER	\$372,890
TAOS ACADEMY	\$94,000
TIERRA ADENTRO CHARTER	\$610,313
TIERRA ENCANTADA	\$9,200
TURQUOISE TRAIL CHARTER SCHOOL	\$207,500
TWENTY FIRST CENTURY	\$576,864
UNITED COMMUNITY ACADEMY	\$106,800
<b>TOTAL</b>	<b>\$19,805,775</b>

### Section 9 – Appropriation (Security)

The 2018 Legislature passed House Bill 306 and Senate Bill 239, which allowed the PSCOC to fund security projects for New Mexico public schools. In 2019 and 2020 the PSCOC implemented a security program to fund security improvements. The implementation of this program caused an administrative burden to PSFA. The SB131 appropriation for security projects would make a seamless disbursement to the districts.

### **PERFORMANCE IMPLICATIONS**

If SB131 is enacted, PSFA may experience an increase in applications for PSCOC awards. Potentially requiring more staffing and resources to be utilized by the PSFA.

### **ADMINISTRATIVE IMPLICATIONS**

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB93 – Mora School Security

SB95 – Statewide School Safety

#### **TECHNICAL ISSUES**

##### Amendment 1:

Add language to the amended Section 9 and 10 to clarify the distribution cannot be distributed to charter schools in privately owned facilities and that charter schools may not expend funding on privately owned facilities, as long as the equipment is not affixed to or does not become a permanent fixture in the building.

Add language to the amended Section 9 and 10 to clarify the distribution cannot be distributed to virtual charter schools that do not have a physical facility.

The appropriations in Section 9 and Section 10 do not include constitutional schools, which may also have prioritized needs for security, CTE, pre-kindergarten and maintenance.

Albuquerque Sign Language Academy recently received a Standards-based award for a full school replacement from the Public School Capital Outlay Council (PSCOC).

At Section 3, Subparagraph 6(a), consider clarifying and simplifying the language to read:

*Through fiscal year 2026, the local match percentage shall be reduced by one-third for school districts with more than a 200 MEM. For school districts with a MEM of fewer than 200, the local match percentage shall be reduced by one-half.*

The Bill does not offer a definition for a pre-kindergarten student.

### **OTHER SUBSTANTIVE ISSUES**

#### **ALTERNATIVES**

##### Amendment 1:

Consider basing the charter school distribution of the appropriations for Section 9 and 10 in the same manner as the PSCOC lease assistance awards are calculated, per MEM. This would equalize the amount of funding per student, and provide more funding to larger schools and less funding to small schools.

Language could be added to the bill to stipulate that school districts with locally-chartered charter schools shall include charter school in the distribution. Additionally, school districts that lease facilities to charter schools shall include those facilities in the distribution.

Language could be added requiring charter schools to demonstrate the need for the CTE and pre-kindergarten funding since some charter schools do not provide for these programs nor may serve the appropriate grade levels.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

### Amendment 2:

The appropriations of \$25M for school security infrastructure and \$75M for the construction, renovation maintenance and repair of public school buildings as well as to equip career-technical educational, pre-kindergarten and maintenance will not be made. However, these appropriations may be made in the Capital Outlay bill.

### Amendment 1:

Locally-chartered charter schools may receive funding from the distributions for the authorizing school district. State chartered charter schools will not receive any distribution for security improvements, or to construct, renovate and equip career-technical facilities and pre-kindergarten facilities, or to maintain and repair public school buildings.

The PSFA budget would remain at a three-year average, offsets would not be eliminated for school districts, the state local match calculation would remain as it is, the Impact Aid would not be eliminated, Offsets would not be eliminated for school districts and charter schools, pre-kindergarten project funding guidelines would remain the same, and the two proposed appropriations would not be approved for the improvement of public school security infrastructure, career-technical education facilities, pre-kindergarten facilities and any additional maintenance and repair of public school buildings.

## **AMENDMENTS**