

<b>LFC Requester:</b>	<b>Sunny Liu</b>
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**AGENCY BILL ANALYSIS  
2017 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

**[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)**

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**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: **Date** 2-27-17  
**Original**     **Amendment**    \_\_\_\_\_ **Bill No:** HB470  
**Correction**     **Substitute**    \_\_\_\_\_

**Sponsor:** Rep. Linda M. Trujillo                      **Agency Code:** 924  
**Short Title:** SCHOOL FOR THE ARTS & CAPITAL OUTLAY                      **Person Writing:** Aguilar/Ortiz  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	Indeterminate but significant	Recurring	PSCOF

(Parenthesis ( ) Indicate Expenditure Decreases)

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: House Bill 470 exempts the New Mexico School for the Arts from the requirement of using the same local share percentage as the school district in which they are geographically located for capital outlay projects awarded by the Public School Capital Outlay Council (PSCOC). The bill proposes to set the local share for the New Mexico School for the Arts at 50% for projects that qualify under the educational adequacy category. The PSCOC may also adjust or waive the amount of any direct appropriation offset to or local share required for the school, if the school has insufficient or no local resources available.

## **FISCAL IMPLICATIONS**

New Mexico School for the Arts is geographically located within the Santa Fe school district. The charter school has a current local match of 90% which is the same as the Santa Fe Public School District. HB-470 is proposing to change the charter school's local match from 90% to 50% for all PSCOC approved awards. This will require the state to contribute an additional 40% for any project awarded by the PSCOC.

According to the 2017-2018 preliminary New Mexico Condition Index rankings, New Mexico School for the Arts is ranked at 128. With a ranking this high the school may be eligible for a PSCOC award in the near future. Through the standards-based process, the PSCOC usually accepts annual applications for those projects ranked within the top 100.

## **SIGNIFICANT ISSUES**

The current standards-based process under the PSCOA was developed due to the Zuni lawsuit which was filed in 1999. In the suit, state district Judge Joseph L. Rich found the State of New Mexico to be in violation of its state constitutional requirement to establish and maintain "a uniform system of public schools sufficient for the education of, and open to, all of the children of school age in the state" in the way the state funded capital outlay expenditures". The judge ordered the state to establish a uniform funding system for capital improvements. In response, the state adopted legislation to phase in a new equalized standards-based system using a set of standard adequacy standards along with a state share formula.

The provisions contained in this bill appear to conflict with the philosophical underpinnings of the standards-based system within the PSCOA. The original formula was developed and based on the premise that the formula should be transparent, objective and based upon the equity principle. There are no criteria used in determining the 50% match requirement for the New Mexico School for the Arts. The arbitrary percentage of 50% does not address all school-age children within the state, which was a cornerstone of the "equalized" standards-based system. This bill only affects one of the 99 approved charter schools. All other charter schools will be required to continue using the same local share percentage as the school district in which they are geographically located, including the other charter schools in Santa Fe. Providing a different match for one individual charter school is a dis-equalization of the current funding process.

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

HB-470 relates to SB-147 which is proposing to replace the current state/local match formula and criteria for projects allocated by PSCOC.