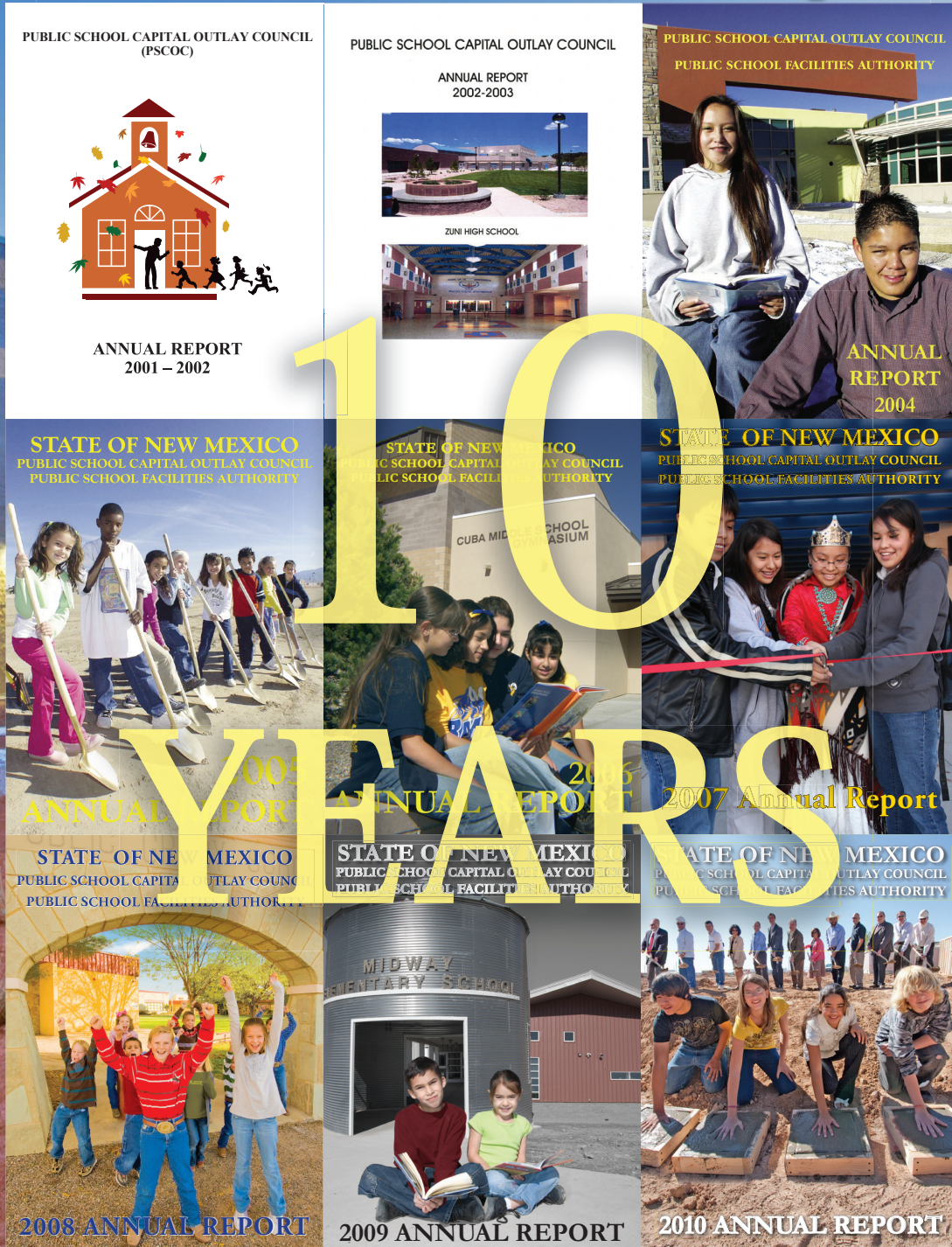


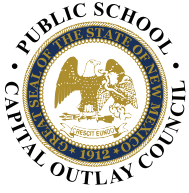
STATE OF NEW MEXICO PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL PUBLIC SCHOOL FACILITIES AUTHORITY

Fiscal Year 2012 Annual Report



Standards-Based Funding Ten Year Anniversary
What have we achieved? • What challenges remain?

State of New Mexico
Public School Capital Outlay Council
Public School Facilities Authority



From the Chair

June 30, 2012



PSCOC Chair
David Abbey, LFC

PSCOC Vice Chair
Keith Gardner,
Governor's Office

PSCOC Members
Paul Aguilar, PED

Raul Burciaga, LCS

Tom Clifford, DFA

J. Dee Dennis, CID

Gene Gant, PEC

Joe Guillen, NMSBA

Frances Maestas, LESC

PSFA Director
Robert Gorrell

PSFA Deputy Director
Tim Berry

Contact:
410 Don Gaspar Ave.
Santa Fe, NM 87501

(T) 505-988-5989
(F) 505-988-5933

www.nmpsfa.org

In the decade since the Zuni Lawsuit changed the way the state funds public school construction, New Mexico has made tremendous progress toward ensuring our children attend classes in safe and adequate facilities.

When the Public School Capital Outlay Council first measured the condition of public school buildings in 2003, the average public school facility condition index was 70 percent. An index of 60 percent or above is an indication that the building is beyond repair. In other words, most of New Mexico's school children were being educated in extremely inadequate buildings. Ten years later, the average condition index is approximately 38 percent. Currently, only 18 schools in the state have an index greater than 60 percent. That's dramatic progress.

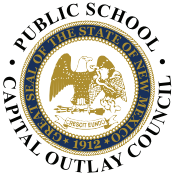
But that progress has come at a high price—about \$1.5 billion—with limited impact on student learning. While providing New Mexico's children with quality learning environments is clearly better than putting children in dilapidated buildings lacking technology or other essentials, the investment in infrastructure was expected to also pay off in educational outcomes. It is intuitive that better learning environments should lead to better learning, and it is disappointing that it has not. Educational outcome—student success in the classroom—is our most important responsibility.

This is a natural transition time for the Public School Capital Outlay Council. With the impressive progress on facility condition, the Council must rethink how it allocates funds, focusing now on renovations, rather than replacement and protecting its substantial investment. The Council might also want to use this transition time to think more deeply about its bigger responsibility to the future of New Mexico's children, as well as the responsibility of every government organization to make the best use of taxpayer dollars.

Finally, I want to note the contributions of the new Council members. A change in administration subsequently means a change in membership, as new cabinet secretaries or their representatives take the places allotted in statute to specific agencies. The new perspectives are a breath of fresh air and bring a welcome difference of perspective to the issues.

Cordially,


David Abbey



NEW MEXICO PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL (PSCOC)

The PSCOC has been directed by the New Mexico Legislature to manage the allocation of state funding to public school facilities in New Mexico's 89 school districts. The PSCOC consists of nine Council members, including one each from the Governor's Office, the Department of Finance and Administration, the Public Education Commission, the Legislative Education Study Committee, the Public Education Department, the New Mexico School Boards Association, the Construction Industries Division, the Legislative Finance Committee, and the Legislative Council Service. The Public School Capital Outlay Act Section 22-23-5 (J) NMSA 1978 states, "No later than December 15 of each year, the Council shall prepare a report summarizing its activities during the previous fiscal year. The report shall describe in detail all projects funded, the progress of projects previously funded but not completed, the criteria used to prioritize and fund projects and all other council actions. The report shall be submitted to the Public Education Commission, the Governor, the Legislative Finance Committee, the Legislative Education Study Committee and the Legislature."



Students at Thoreau Middle School dedication held on August 25th, 2011, in Thoreau, New Mexico. Congratulations to Gallup-McKinley County Schools. The state awarded \$10.1 million to this project for the new school building.

NEW MEXICO PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASKFORCE (PSCOOTF)

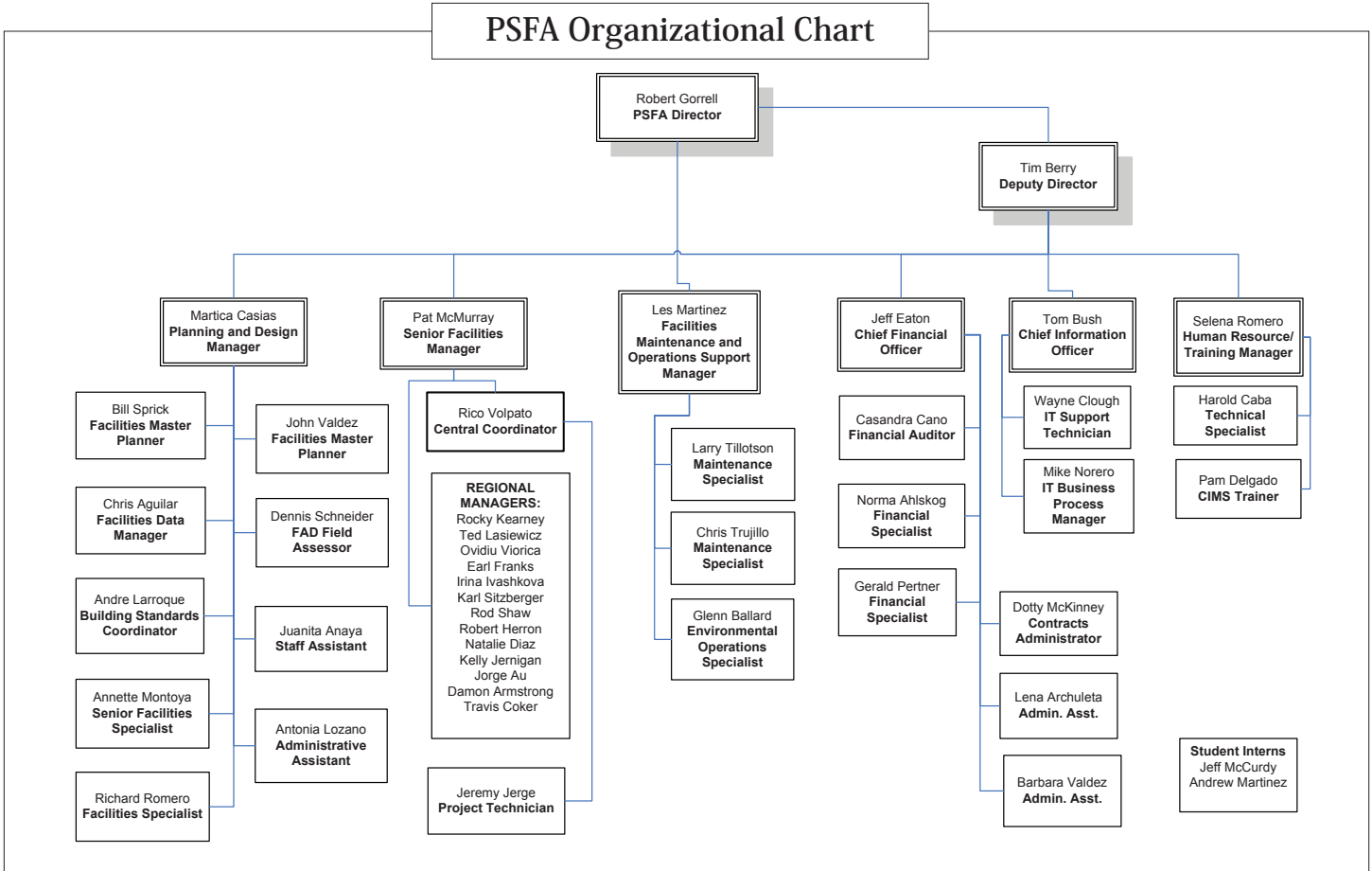
The PSCOC reports to the Public School Capital Outlay Oversight Task Force (PSCOOTF) made up of legislators, senior leaders from school districts and charters, and members of the public.



NEW MEXICO PUBLIC SCHOOL FACILITIES AUTHORITY (PSFA)

The PSFA has been assigned by the Legislature to operate as staff for the PSCOC: to assist school districts in the planning, construction and maintenance of their facilities; to assist in training district facility and maintenance staff; and to implement systems and processes that establish adequate public school facilities throughout New Mexico via efficient and prudent use of funds. The PSFA consists of administrative staff in Santa Fe and Albuquerque with field staff who live in the school district regions in which they work.

PSFA Organizational Chart



PSCOC and PSFA Contact Information

SANTA FE HEADQUARTERS:
 410 Don Gaspar Avenue
 Santa Fe, NM 87501-4468
 Telephone: 505-988-5989
 Facsimile: 505-988-5933

ALBUQUERQUE FIELD OFFICE:
 1312 Basehart SE, Suite #200
 Albuquerque, NM 87106-4365
 Telephone: 505-843-6272
 Facsimile: 505-843-9681

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Major New School Projects in FY12
*Gadsden High School
Gadsden Independent School District*



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FY12 Ben Lujan Maintenance Achievement Awards
*Individual Award Recipient Don Owen
Loving Municipal Schools*

ABOUT THE COVER: MIYAMURA HIGH SCHOOL (GALLUP-McKINLEY COUNTY SCHOOLS) WITH COLLAGE OF PSCOC AND PSFA ANNUAL REPORTS

10 years of covers from our Annual Report show the diversity of school facilities and communities we serve. The images can only begin to show the unseen determination and commitment of the thousands of people in NM who make it happen: State legislators, school administrators, teachers and staff are heroes every day working for the best possible education for our students. Whether through renovation or new construction, the State of New Mexico is committed to students and teachers having adequate facilities for learning.

Background photograph courtesy of Dekker/Perich/Sabatini Design



Catherine Smith
**Retired Commissioner,
 NM Public Education Commission**

In the 1970s, as president of National Education Association-New Mexico, I was part of the effort to establish an equitable system for distributing operational dollars to public schools. The result, the state equalization guarantee, became a model for the nation. I also supported finding a similar distribution for capital outlay dollars. While I was a member of the State Board of Education (now the Public Education Commission with the 2003 constitutional change), we found that mechanism. The State Department of Education had some discretionary dollars and, with support and dollars from the Legislative Education Study Committee and the Legislative Council Service, we created a committee with legislative leaders and were able to launch a rudimentary process for assessing the needs of a select group of school districts.



Dave Willden
**Superintendent,
 Raton Public Schools**

When I was the principal at a middle school in Farmington, I had the good fortune to work with the PSFA and oversee a major renovation that included new lighting, heating and cooling, flooring, paint and other upgrades. During the same time we saw a huge increase in test scores and a major decrease in discipline problems. In my opinion the new environment we created, had a direct and significant impact on the overall culture and achievement of our school and students.

“...the new environment we created, had a direct and significant impact on the overall culture and achievement of our school & students.”

—Willden



Henry "Kiki" Saavedra
State Representative

As the years have gone by, the PSFA staff has become more and more professional. They do a heck of a good job with their research and in their presentations to the Legislature. It's a great thing for our schools and the children of New Mexico.



Stan Rounds
**Superintendent,
 Las Cruces Public Schools**

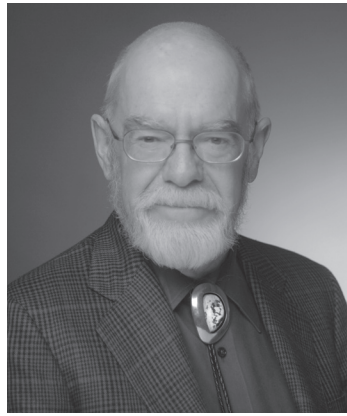
Over the last 10 years, the PSFA has been one of the best investments the State of New Mexico has made. The genesis of PSFA came from a number of public school superintendents, legislators, and Bud Mulcock as we were trying to solve the issue of equitable funding for public school capital outlay. We con-

curred that the school districts were struggling with capitalization and maintenance of buildings. Additionally, we needed to assure that the schools were supported technically. Once established, a director was sought. Bob Gorrell rose to the top of the candidate field and I was delighted to see him appointed. We have all grown over the years and the mission continues to be critical to this state. All in all, job well done.



Joe Guillen
**Executive Director,
NM School Boards Association**

Representing New Mexico's School Boards on the Public School Capital Outlay Council has been extremely gratifying. The Council and PSFA staff serve as principal advocates on the capital outlay side of public education. Together with local district officials, we have come together to make hundreds of New Mexico's schools safe, sanitary and modern as a precondition to effective student learning. All this has been accomplished in a very transparent and effective manner to assist our students and educators in achieving their academic goals.



Al Clemmons
**Senior Vice President,
George K. Baum & Company**

The program did what we had been trying to do for 50 years: equalize capital outlay expenditures for public schools. In reaction to the Zuni Lawsuit that challenged the equity of the process, the Legislature created the fund and the process, effectively standardizing the procedures that schools must follow to get capital outlay money from the state. It was a monumental effort back then and remains one today. The PSCOC and PSFA have done an exceptional job of making the process fair.

"It was a monumental effort back then and remains one today. The PSCOC and PSFA have done an exceptional job of making the process fair."

—Clemmons



Frances Maestas
**Director, NM Legislative
Education Study Committee**

Ten years ago, everyone involved in education in New Mexico was aware that the schools were in terrible shape and needed help but New Mexico always has many needs and limited resources. It was easy to put school buildings near the bottom of the list, and solving the problem was complicated by the property tax issues faced by the many school districts with large tracts of federal lands. It is unfortunate that it took a lawsuit to make the state address equity; however, we must applaud the outcome—a continuing focus on providing adequate educational space for our students statewide. The lawsuit was disconcerting but the state can be proud of where we are now.





Paula Tackett

**Retired Director,
NM Legislative Council Service**

The efforts put into this program, by all the people involved, elected and appointed state and local officials, members of the public, staff of the legislative and executive branches and many others, contributed to its success. The response to the Zuni Lawsuit ruling that New Mexico's funding system for public school facilities violated the state's constitution was extraordinary, and everyone truly pulled together to determine the most effective and best method to address this critical problem. I was proud to be a small part of it.

What I find most remarkable, as I look back at all that has been accomplished in terms of providing critical and adequate facilities for public schools and the students in New Mexico, is the way in which, during the 2000 special legislative session, the Legislature pulled together a 16-member task force

"...during the 2000 special legislative session, the Legislature pulled together a 16-member task force (Senate Joint Memorial 21)."

—Tackett

(Senate Joint Memorial 21). That task force included a law school dean, education and finance cabinet members, legislators, and representatives of Impact Aid districts and other knowledgeable public members, and they were charged with the task of devising a long-term solution to a problem that had plagued New Mexico for a very long time. The continuation of that task force resulted in a statewide needs assessment of all school facilities. The task force was chaired by former University of New Mexico Law School Dean Robert Desiderio and included strong, dedicated members like Harold Field, secretary of finance and administration; James "Bud" Mulcock, life-long New Mexican and strong supporter of public schools; Michael Davis, superintendent of public instruction; Representatives Max Coll, Rick Miera and Larry Larrañaga; Senators Cynthia Nava, and Ben D. Altamirano; Neil Nut-

tall, superintendent from Clovis municipal schools; Robert G. Heyman, board of finance bond counsel; M. G. Manny Martinez, former member of the state board of education; Bob Stamm, Albuquerque businessman; Norman Suazo, architect and division chief with Bureau of Indian Affairs; and Leonard Haskie, Gallup-McKinley County Public Schools.

Additionally and concurrently, a deficiencies correction program, with Bob Gorrell, Tim Berry and Jeff Eaton, was implemented to "correct past inequities" as expressed by the court in the Zuni Lawsuit. The initial phase was a self-assessment by districts and then verification of the assessment by the deficiencies correction unit, overseen by the Public School Capital Outlay Council. The deficiencies correction piece was to be paid 100 percent by the state. The long-term program was the development of the adequacy standards program that would rely on a state-local share split on a formula based on bonding capacity as an indicator of local support. While the deficiencies were being corrected, the task force guided the PSCOC in the development of adequacy standards for public school facilities, which would serve as the backbone of the long-term capital outlay program and be used for ranking projects on a priority basis.



Leonard Haskie
**Assist. Supt. of Support Operations
 Gallup-McKinley County Public
 Schools**

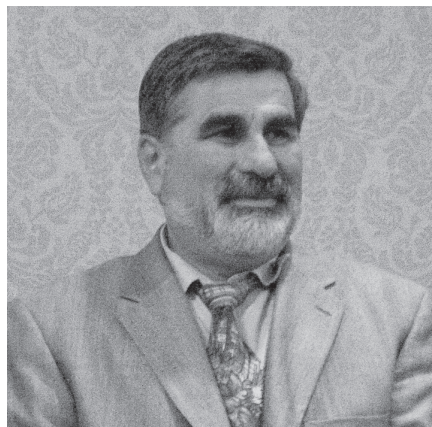
The birth of PSFA is worth remembering. The evolution of decent and safe school facilities opened new opportunities to facilities improvement. A facility must be treated like a baby. The clothing or standards it wears must be carefully retrofitted. In this case, the spaces must be sized to fit appropriate school enrollment, it must provide comfort like a cradle board, the design must adhere to International Building Code and the newly published NM Adequacy Standards. The assessment part justifies either refurbishment or replacement of school facilities. It takes into account the age, condition, obsolescence and other factors that describe the actual state of school buildings.

I feel pride when I look back to the initial meetings at “The Pit” and more meetings at UNM Law School, where research findings and many technical

“The fruits of those meetings have brought about astounding and convincing legislation to end deplorable and unsafe school facilities.”

—Haskie

studies were shared and delivered. The fruits of those meetings have brought about astounding and convincing legislation to end deplorable and unsafe school facilities. To me, the birth of PSFA is worth all the arguments, long meetings and the Zuni Lawsuit; I salute all the players who have patiently endured the hard work.



Rick Miera
State Representative

The program was created in reaction to a lawsuit, but this successful relationship among

school districts, the state of New Mexico, and taxpayers has more than proven itself and should be an example for future collaboration.



Kilino Marquez
**Superintendent,
 Grants-Cibola County Schools**

The residents and communities of the state of New Mexico should be proud and pleased with the many new facilities and renovations to many of our public school buildings throughout the Land of Enchantment. The PSCOC and PSFA are to be commended for their collaboration and partnerships with the local school districts in their efforts to provide quality instructional environments for students.





Benjamin Gardner
Principal,
Dekker/Perich/Sabatini

Working with PSFA and New Mexico school districts for many years, Dekker/Perich/Sabatini has seen a progressive improvement in the quality of school facilities statewide. PSFA and PSCOC have become valuable partners to school districts by listening to their needs, developing standards and continually looking to improve planning, funding and approval processes.

We appreciate the Council and PSFA's willingness to include design professionals in the development of adequacy standards and in the dialogue about how to improve facilities in New Mexico. They always strive to find a balance between meeting schools' needs and protecting the investment of taxpayers through good long-term decisions.



Pauline Rindone
Retired Director,
NM-Legislative Education
Study Committee

Before the establishment of the Public School Facilities Authority as a unique agency and a grant process that uses adequacy standards and a state-share formula, the New Mexico public school capital outlay system was a conglomeration of pieces of legislation with no dedicated funding source. Many school districts were underfunded and the majority of public schools, built in the '50s or earlier in the century, were in dire need of repairs or new construction.

The PSFA is a shining example of New Mexico's government working together in a nonpartisan partnership to establish an integrated system of capital outlay that serves our public schools in a more equitable and objective manner. It is one of the most important accomplishments of the decade.

"It is one of the most important accomplishments of the decade."

—Rindone

I would say its success lies in its continued refinement at the direction of the Public School Capital Outlay Council and oversight by a taskforce, as well as its stable and consistent leadership staff that had the foresight to establish an industry-based model that facilitates systemic and systematic innovation and change to meet the needs of our public schools.



John Arthur Smith
State Senator

Although state policymakers knew New Mexico had a growing problem with inadequate school buildings, the Zuni Lawsuit forced the state to treat the issue as a top pri-

ority and the result was, like the state’s formula for public school operational funding, a model for the nation. The state is very fortunate that it had the resources at a key moment to rehabilitate its deteriorating schools, and we can see the results in beautiful new buildings throughout the state. But the more important result—higher student performance—has been elusive. Just because it seems logical that better environments should contribute to higher performance, doesn’t mean that it’s so. We need to always look hard at how to make this investment pay off where it counts.

beneficial impact on school construction in New Mexico. The many dedicated PSFA staff members serve as a resource to smaller, rural school district communities, which are limited in manpower or expertise for complex preventive maintenance and construction programs. Our architectural firm strongly supports their co-ownership role and participation in an integrated design process for all our public school projects, so that all stakeholders are involved in the development and design of a solution that meets each school district’s unique community interests. ■



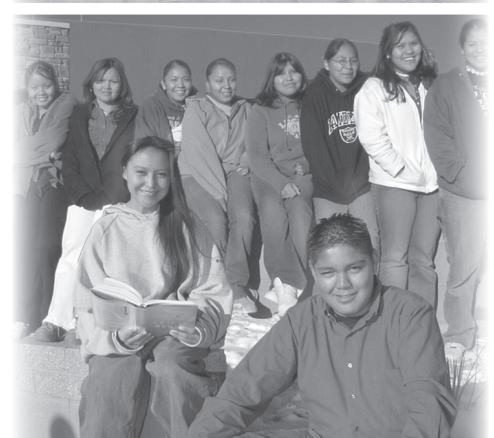
Ray R. Vigil
Principal,
Vigil & Associates

Having had the opportunity to work with several school district clients during the early days of the standards-based funding process, I believe the PSFA has made a positive and

“...all stakeholders are involved in the development and design of a solution that meets each school district’s unique community interests.”

—Vigil

Vignettes



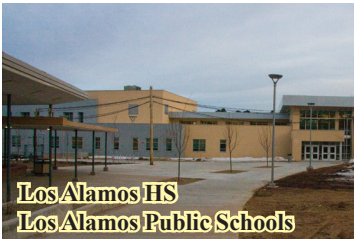
ZUNI LAWSUIT TIMELINE

The Zuni Lawsuit impacts funding policy for public school facilities. The Legislative Council Service (LCS) maintains a complete record of comprehensive events and timeline. The following is only a brief summary of the key events:

2012	<ul style="list-style-type: none"> ■ The New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf are added to the public school capital outlay standards-based funding process.
2011	<ul style="list-style-type: none"> ■ State requires charter schools to report anticipated and actual expenditure of capital outlay distributions. ■ State requires a new charter school or a relocating charter school to move to a building that has an average or better-than-average statewide NMCI ranking. ■ PSCOC awards nearly \$157 million in grants to school facilities projects under the standards-based program.
2010	<ul style="list-style-type: none"> ■ PSCOC awards \$78.9 million in grants to school facilities projects under the standards-based program. ■ State extends roof repair and replacement sunset from 2012 to 2015. ■ State allows PSFA to manage procurement for certain emergency school projects.
2009	<ul style="list-style-type: none"> ■ State extends the deadline to 2015 for charter schools to be located in public buildings. ■ State amends the Public School Capital Outlay Act to remove award limits on lease payment assistance funds. ■ PSCOC awards \$125.2 million in grants to school facilities projects under the standards-based program.
2008	<ul style="list-style-type: none"> ■ State funds and implements the Facility Information Management System (FIMS), a web-hosted, statewide school maintenance management system, and provides the system to school districts at no cost. ■ PSCOC shifts from an annual to an ongoing funding process to better align funding to shovel-ready projects. ■ Albuquerque Public Schools reduces funding advances and offsets by \$75.6 million through applications to the standards-based program. ■ PSCOC awards \$93.4 million in grants to school facilities projects under the standards-based program.
2007	<ul style="list-style-type: none"> ■ State increases school facility lease reimbursement payment from \$600 to \$700 per student member. ■ State increases Senate Bill 9 guarantee from \$60 to \$70 per mill per unit. ■ State adds a House of Representatives member and a Senate member from Impact Aid districts to the PSCOOTF. ■ PSCOC awards \$212.2 million in grants to school facilities projects under the standards-based program. ■ Lynn Carrillo Cruz article, "No Cake for Zuni: The Constitutionality of New Mexico's Public School Capital Outlay Funding System." published in the Spring 2007 UNM Law Review.
2006	<ul style="list-style-type: none"> ■ District court holds status conference. Parties agree to an evidentiary hearing to be held in October 2006. ■ Zuni plaintiffs present concerns to PSCOOTF, which sets up a work group to develop responses to concerns. ■ PSCOC awards \$137.4 million in grants to school facilities projects under the standards-based program.
2005	<ul style="list-style-type: none"> ■ State provides for a permanent Public School Capital Outlay Oversight Task Force (PSCOOTF). ■ State provides \$62 million for roof repair/replacement and for deficiencies correction program. ■ State increases SB-9 guarantee from \$50 to \$60 per mill per unit. ■ PSCOC awards \$255.6 million in grants to school facilities projects under the standards-based program.
2004	<ul style="list-style-type: none"> ■ State provides \$67.0 million for projects under the critical capital outlay and deficiencies correction programs. ■ PSCOC awards \$198.9 million in grants to school facilities projects under the standards-based program.
2003	<ul style="list-style-type: none"> ■ PSCOC implements a standards-based funding process for public school capital outlay. ■ State appropriates up to \$40 million in additional funds for the deficiencies correction program. ■ Funding for school maintenance increased through the SB-9 program. ■ PSFA is created as a permanent agency to implement and manage the standards-based school facilities funding process.
2002	<ul style="list-style-type: none"> ■ District court special master issues a finding that the state "is in good faith and with substantial resources attempting to comply with the requirements" of the court. ■ District court adopts the report of the special master and continues to review the state's progress. ■ PSCOC adopts newly developed public school facilities adequacy standards.
2001	<ul style="list-style-type: none"> ■ State adopts a new statewide capital outlay system based on adequacy standards. ■ State appropriates funds for statewide assessment of all school facilities to be ranked according to adequacy. ■ State establishes a school facilities deficiencies correction program, appropriates \$200 million to fund it, and creates a new temporary state agency to administer it. ■ District court appoints a special master to review the state's progress in developing a uniform system for funding public school capital improvements.
2000	<ul style="list-style-type: none"> ■ State authorizes \$475 million of bonds for public school capital improvements. ■ State creates a new Public School Capital Outlay Oversight Task Force (PSCOOTF).
1999	<ul style="list-style-type: none"> ■ District court rules that the current public school capital outlay funding system is unconstitutional. ■ State authorizes \$100 million in bonds for public school capital improvements.
1998	<ul style="list-style-type: none"> ■ Zuni Lawsuit filed by Zuni, Gallup-McKinley, and Grants school districts.

MAJOR NEW SCHOOL PROJECTS IN FY12

Working closely with the Governor and the Legislature, the PSCOC awards \$111.2 million during FY12 for 60 school construction, facilities, and facility planning needs throughout New Mexico.



Los Alamos HS
Los Alamos Public Schools



Don Cecilio Martinez ES
West Las Vegas Public Schools



Carroll ES
Bernalillo Public Schools



Moriarty MS
Moriarty-Edgewood Schools



La Casita ES
Clovis Municipal Schools



Thoreau MS
Gallup-McKinley County Schools



Bosque Farms ES
Los Lunas Public Schools



Atrisco Heritage HS
Albuquerque Public Schools

New schools, or schools with major renovations, that entered into service in FY12:

DISTRICT	SCHOOL
Albuquerque Public Schools.....	Atrisco Heritage HS
Bernalillo Public Schools	Carroll ES
Clovis Municipal Schools.....	La Casita ES
Gadsden Independent Schools	Gadsden HS
Gadsden Independent Schools	Anthony ES
Gallup-McKinley County Schools	Hiroshi Miyamura HS
Gallup-McKinley County Schools	Thoreau MS
Las Cruces Public Schools.....	Mayfield HS
Las Cruces Public Schools.....	Camino Real MS

DISTRICT	SCHOOL
Los Alamos Public Schools.....	Los Alamos HS
Los Lunas Public Schools	Bosque Farms ES
Moriarty-Edgewood Schools	Moriarty MS
Peñasco Independent Schools	Peñasco Junior HS
Roswell Independent Schools	Sunset ES
Roswell Independent Schools	Mt. View MS
Truth or Consequences Municipal..	Arrey ES
Tucumcari Public Schools	Tucumcari HS (final phase)
West Las Vegas Public Schools.....	Don Cecilio Martinez ES

Schools with a new roof in FY12:

DISTRICT	SCHOOL
Belen	Belen HS
Bernalillo	Bernalillo MS
Bernalillo	Cochiti ES
Clovis	Clovis HS
Clovis	9 th Grade Academy
Cobre	Cobre HS
Deming	Deming HS
Deming	Deming Intermediate
Gallup	Tohatchi HS
Hatch	Garfield ES
Las Cruces	Picacho MS
Los Lunas	Desert View ES
Mountainair	Mountainair HS
Socorro.....	Socorro HS
Zuni	Zuni HS



Tucumcari High School | Tucumcari Public Schools

ES=Elementary School MS=Middle School HS=High School



Left to Right: PSFA Director Bob Gorrell, PSFA Deputy Director Tim Berry, and PSFA CFO Jeff Eaton

Over the last 10 years, what has been the organization's greatest accomplishment?

Gorrell: Building a capital outlay delivery system that works. By prioritizing fairly, we gained the public trust. By effective use of available funding, including local monies, we have steadily improved the function and safety of New Mexico's K-12 public schools. New Mexico's standardized methodology for prioritizing capital funding for school facilities has become a nationally known benchmark of excellence. Much of the credit should go to the Legislature and executive for creating statutes that supported their vision.

Berry: For me, the most obvious accomplishment has been the dramatic improvement in our school buildings statewide.

The average Facility Condition Index (FCI) in 2002 was 71 percent, a figure that reflects the cost of repairs to bring the school into "like new" condition. For example, a \$100,000 home with an FCI of 71 percent needs \$71,000 in repairs. The average statewide FCI of schools today is 37.9 percent.

What a great opportunity to help fix schools and at the same time improve the effectiveness of capital outlay spending. —Gorrell

Eaton: An improved learning environment is our biggest accomplishment across the board. Impact of facilities on student outcome is beginning to be recognized as a vital component of educational performance and PSFA has opened that potential for NM students.

From a personal perspective, what was your first thought when you became involved with the PSFA. Any anecdotes from that first year?

Gorrell: My first thought was: What a great opportunity to help fix schools and at the same time improve the effectiveness of capital outlay spend-

ing. I'm a native New Mexican with lifelong school building and capital outlay experience. Improving the effectiveness of capital outlay was where I wanted to work.

Berry: I was involved for many years with the PSCOC under the old Critical Capital Outlay program and saw firsthand the deplorable conditions of many New Mexico schools. State assistance in those days was extremely limited. It was always a fight to get capital outlay dollars from the Legislature because of competition with other state, university and local projects. It was very exciting to be able to set up a program that could prioritize and quickly flow dollars to the most critical deficiencies.

Eaton: "You want to spend \$200 million how fast?" yet we did. The school folks were very suspicious of us at first, fearful of one more state entity coming in to find problems. After the first few projects, it was amazing how quickly the word spread that the Deficiency Correction Unit—our original name—really was "here to help." The number of projects grew like wildfire.

What, if anything, could have been done differently?

Gorrell: I would like to have seen greater progress on two fronts: first, the ability to tie school facility condition directly to educational performance, and second, more "just-in-time" funding.

Numerous studies validate that poor conditions adversely affect educational performance, but no one has ever studied what level of investment and facility condition provides the greatest educational performance return.

Just-in-time funding is an ongoing effort to ensure the dollars are there when needed for projects that are ready to go—with no pool of money left idle. The faster available dollars are put to work, the faster we improve our schools.

Berry: One thing that could have been done differently is finding a way to not only hold districts accountable for providing adequate maintenance to preserve their facilities, but also supporting them to accomplish this. It is not always a lack of dollars.

Eaton: We need ways to encourage, or direct districts, to use existing spaces more efficiently, saving operational, construction, and maintenance dollars. We need to revisit the space component of the established adequacy standards so that the space needs allowed under the guidelines are not overly generous to large districts but also not overly restrictive to small districts.

The PSCOC did the state a great service by requiring districts to work on community planning before design. People in the community really get it when they see that if they use spaces creatively, either existing or new, more operational dollars are left for the classroom.

What is the greatest challenge for the next 10 years?

Correll: Keeping the current condition of schools from worsening. Focusing on maintaining adequate capital funding, reducing future capital costs through effective maintenance, and reducing the total school infrastructure to a manageable size are essential.

If total PSCOC spending (a 1 percent per year expansion of total building footprints) and current inadequate

Many of the capital processes developed by the PSFA could be used for improving all capital outlay in the state. —Berry

maintenance continue, the condition of our schools will decline.

New Mexico started fixing its school facilities before the recession, and now we are in better shape than many states much more affluent than us. It would be a shame to lose ground.

This may be the best time to rethink our strategy.

The present strategy of targeting the school in worst condition and totally renewing the campus has maximized capital spending with the greatest impact on the state average FCI. But increased competition for state capital outlay dollars and the need to tie educational performance to school condition requires asking now *“What is adequate condition?”*

Future strategy might require a combination of both campus renewal projects and targeted repairs to schools to simply lengthen their life. This might include replacing building systems such as lighting and mechanical, which can delay renewal of a school by 10 to 20 years.

Berry: The greatest challenge is countering the perception that the schools no longer need the same level of funding as provided over the

last ten years. Last year, the Legislature considered a bill that would have shifted over half the revenues going into public school capital outlay programs to road construction. This would have devastated our schools.

We estimated the reduced funding level would have meant that, by the time a child entering kindergarten today reached the 12th grade, the overall condition of our schools would have been back to where we started, after the Zuni Lawsuit, ten years ago.

Many of the capital processes developed by the PSFA could be used for improving all capital outlay in the state. The PSFA has proven, with the inclusion of the schools for the deaf and the blind, that different standards can produce a comparable measure of need.

The recession also means we have many districts struggling to maintain their facilities while, at the same time, also struggling to provide their matching funds under the standards-based capital outlay process. The economy has made it difficult to pass bond elections and most districts limit their bonds to an amount that will keep tax rates at current levels, even in the face of aging schools and failing systems.

Eaton: The facility needs of the schools will continue as long as weather, gravity and other forces take a toll on school buildings. The Legislature must face this challenge or risk re-litigation.

Another pressure area is the recent proliferation of charter schools challenging our ability to keep a lid on state-wide growth in total square footage. Larger school districts in particular face a complex financial situation. ■



Until the 1960s, New Mexico public schools were restricted under the State Constitution to funding capital outlay with proceeds from general obligation bonds backed with property taxes. Some school districts with large amounts of federal land also received some federal money, but for the most part, land-rich districts did well and land-poor districts struggled. In 1963, the Legislature and the executive began a 10-year effort to bring greater equity to public school capital funding. That effort ended with the creation of the organization that evolved into the Public School Capital

Outlay Council, the expansion of funding to include severance tax bond proceeds and rules aimed at providing the most state assistance to those districts with limited local resources.

Nevertheless, the state district court in 1999 ruled in the Zuni Lawsuit that the state’s funding of public school capital was unconstitutionally inequitable because students in high-property-value districts had an advantage over those in poorer districts. In response to the court’s ruling, the Legislature passed and the governor signed legislation expanding the use of severance tax bonds and supplemental severance tax bonds for public school capital outlay and allocating other funds for an agency to run the program and provide oversight and assessment. Lawmakers also amended existing law to allow the PSCOC to award funds to any school district to correct public health and safety problems, regardless of indebtedness, after developing a method for ranking need and allocating funds. **Here is a brief timeline of major milestones:**

2002 The PSCOC hires a director for the new agency and issues the first awards under the new program. Fifty-one qualified school districts receive \$103 million for capital outlay projects.

2003 The agency completes the assessment criteria and database. The PSCOC awards \$104.8 million to 51 districts.

2004 The agency, now called the Public School Facilities Authority, visits schools throughout the state. The Public Education Department completes and distributes the first reference book on public school capital outlay. The PSCOC awards \$198.5 million for 204 school projects.

2005 The PSFA implements the standards-based process for prioritizing and funding capital outlay. The database includes all 89 school districts, about 800 schools, and 65,000 separate systems in those buildings, each with its own life-cycle schedule. The PSCOC and PSFA provide \$247.5 million to 230 projects for standards-based capital outlay awards, continuation projects, deficiency correction projects, full-day kindergarten classrooms and facilities leasing assistance. The agency launches a pilot program with 19 school districts for a web-based maintenance management system that will allow state oversight on cost and other data.

2006 Staff revamp the standards-based award system to include a simplified web-based application process and launch the Facility Information Management System (FIMS), a user-friendly, web-based system available to all districts by the PSCOC. The PSCOC and PSFA provide \$274.9 million to 179 projects for standards-based capital outlay awards, deficiency correction projects, facilities leasing assistance and school-roofing solution as part of a new \$60 million program specifically for roofs. The PSFA staff receives the Piñon Recognition award from Quality New Mexico for the second consecutive year for establishing best practices and high overall quality in management, systems and processes.

2007 The PSCOC and PSFA provide \$259.2 million to 139 projects for standards-based capital outlay awards, deficiency correction projects, facilities leasing assistance, standards-based facility roof repairs and cost increases for projects from previous award cycles. Staff releases a third-generation web-based standards-based award application that is even easier for users. All districts now have preventive maintenance plans, all but a few are using the Facility Information Management System (FIMS), and more have developed master plans.

2008 Staff publish a step-by-step instruction manual on funding, building and maintaining schools for district officials and other stakeholders and complete a statewide survey of school leaders to assess district needs, leading to the creation of four advisory groups. Staff revise the adequacy standards to improve consistency and ease of use and update the facility management data system, now being used by 84 of 89 school districts, to make it easier to use by smaller districts. The number of school districts with master plans increases more than 50 percent to 77. The PSCOC and PSFA provide \$190.3 million 140 school construction and facilities projects for standards-based awards, continuation of projects, lease assistance, master planning and abandoned facility demolition.

2009 New Mexico Facilities Condition Index (FCI) improves to 37 percent from

50 percent a year before as projects are completed. The PSCOC and PSFA provide \$136.4 million for 133 school construction and facilities projects for standards-based awards, lease assistance, demolition and master planning. All but five districts have active master plans on file or are in the process of updating master plans. All but two districts use the FIMS. Staff survey 28,000 construction contractors to assess why few contractors bid on school projects.

2010 Facilities Condition Index (FCI) improves to 36 percent with 34 new and renovated schools opening. The PSCOC and PSFA provide \$188.9 million to 112 school construction facilities projects for standards-based awards, lease assistance and demolition. PSFA reverts \$8.7 million back to the state through project closeout audits. Seventy schools have master plans on file with PSFA. The New Mexico School for the Blind and Visually Impaired (NMSBVI) along with the New Mexico School for the Deaf (NMSD) join the 87 regular school districts using the FIMS, and the number of schools with preventive maintenance plans on file with the PSFA doubles to 49. PSFA reduces review-processing time and more schools are under construction contract within 60 days of project funding. Staff complete the configuration of financial modules in the Construction Information Management System (CIMS), which improves project accountability and reporting capabilities, and a roof condition index assessment. Staff publish a step-by-step instruction

manual on passing bond elections for school districts. PSFA is the only state agency in 2010 to be awarded Quality New Mexico Roadrunner Recognition for best practices in management.

2011 Because of the recession-driven financial crisis in state government, the PSCOC and PSFA limit



Fort Sumner Municipal Schools—K-12

funding to continuing projects and project design. The awards to 154 projects total \$96.9 million. PSFA cuts its operating budget by 5.4 percent through streamlining and other approaches. Project completion audits result in the return of \$13.3 million to the Public School Capital Outlay Fund, an increase of more than 50 percent from 2010. The FCI worsens slightly to about 38 percent. District investment in preventive maintenance as a percent of total maintenance expenditures hits 18 percent, a 54 percent improvement over 2009. ■

DISTRICT GOLD

- FOR SIGNIFICANT PROGRESS -

- Alamogordo Public Schools
- NM School for the Blind and Visually Impaired
- NM School for the Deaf
- Wagon Mound Public Schools

DISTRICT SILVER

- FOR CONTINUED DEVELOPMENT -

- Aztec Municipal Schools
- Belen Consolidated Schools
- Clovis Municipal Schools
- Farmington Municipal Schools
- Gallup-McKinley County Schools
- Las Cruces Public Schools
- Los Lunas Public Schools
- Rio Rancho Public Schools
- Silver Consolidated Schools

DISTRICT BRONZE

- FOR BEGINNING DEVELOPMENT -

- Albuquerque Public Schools
- Central Consolidated Schools
- Clayton Municipal Schools
- Peñasco Independent Schools

INDIVIDUAL AWARDS

- RECOGNITION FOR SKILLS AND COMMITMENT -

- Bill Daniels Aztec Municipal Schools
- Daniel Lawson Aztec Municipal Schools
- Mike Davee Aztec Municipal Schools
- Tomas Deleon Aztec Municipal Schools
- Debby Kaneshiro Belen Consolidated Schools
- Danny Claycomb Clayton Municipal Schools
- Paul Durbin Clayton Municipal Schools
- Clay Burch Clovis Municipal Schools
- Dimas Moreno Clovis Municipal Schools
- Anthony Melonas Grants-Cibola County Schools
- Armando Mendoza Las Cruces Public Schools
- Serrapio Parraz Loving Municipal Schools
- Don Owen Loving Municipal Schools
- Randy Oglesby NM School for the Deaf
- Gabriel Gonzales Peñasco Independent Schools

In FY12, the PSCOC and the PSFA awarded 32 Maintenance Achievement Awards to 17 school districts and 15 staffers who have demonstrated progress in developing effective maintenance management practices and programs.

Districts have made great strides towards better school building maintenance. Investments in preventive maintenance as a percentage of total maintenance expenditures is now at 17.9 percent—a 14 percent improvement over 2008.



“Every \$1 worth of preventive maintenance saves more than \$3 worth of future repairs, reducing capital and operational costs so that the money can be focused on educational needs.”

— Bob Gorrell, PSFA Director

*SOURCE: FIMS GLOBAL DATA

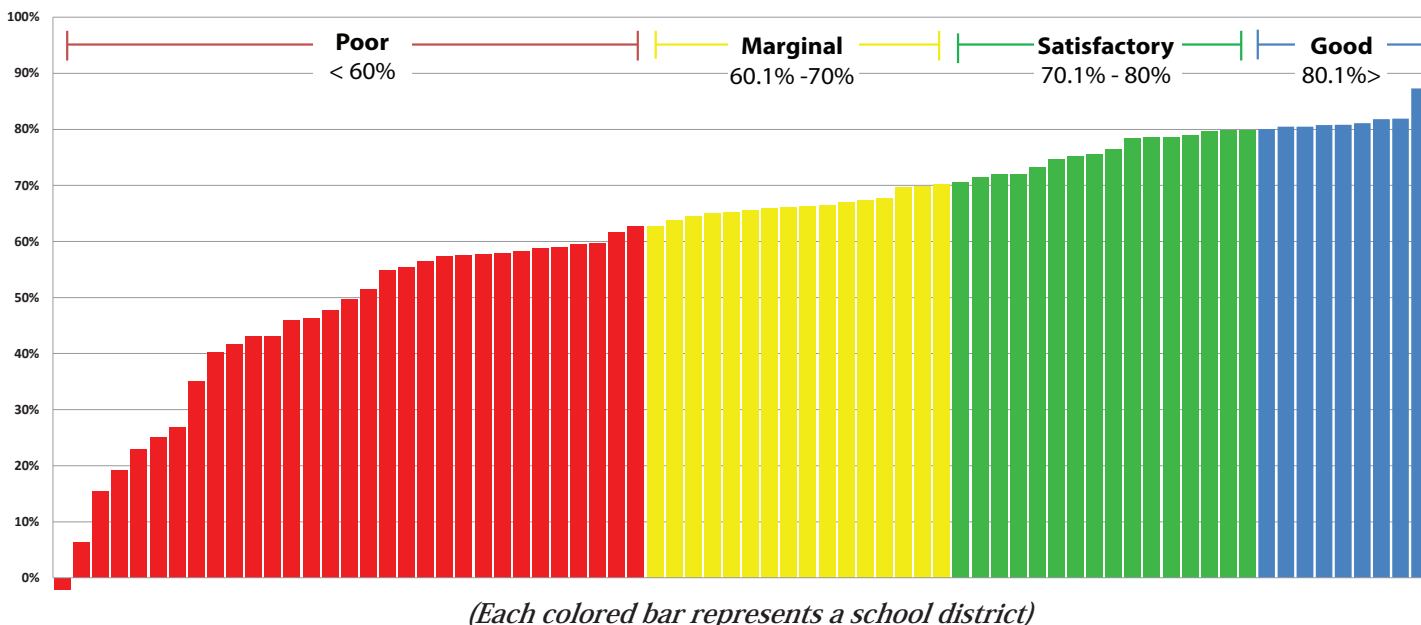
FACILITY MAINTENANCE ASSESSMENT REPORT (FMAR)

The PSFA has made great efforts toward measuring maintenance effectiveness with the development of the Facility Maintenance Assessment Report (FMAR). Taking more than two years to develop and test, the FMAR scores each school building based on on-site observations of the school and review of the school’s preventive maintenance plan and maintenance management practices. This feedback allows schools to become aware of unidentified issues to correct any potential life, health and safety concerns and to extend the life of capital assets.

Over the past year, the PSFA maintenance team has evaluated a small sample of the 860 school facilities, which encompassed over 130 schools in 73 school districts. The New Mexico statewide average FMAR score is currently 60.90 percent, the minimum score for a *Marginal* rating. Only 25 districts rank in the *Satisfactory* and *Good* performance range. This analysis shows a serious need to improve public school maintenance to retain the investments made by the state and the districts.

The PSFA estimates that an FMAR increase of 10 percent in statewide improvement on its maintenance effectiveness can over time reduce spending by about \$27 million annually. Reaching the *Satisfactory* level is key to sustaining schools. Unsatisfactory maintenance results in premature failure of facilities and their systems. Over the next several years, the PSFA plans to visit every New Mexico school and establish FMAR baseline scores. Once this baseline is set, districts can benchmark their programs relative to their peers and adopt “best practices” that have been identified to work in their region. This high-quality local information can also be used to guide decision-makers in the assignment of necessary resources to extend facility systems life and to reduce unnecessary capital expenditures.

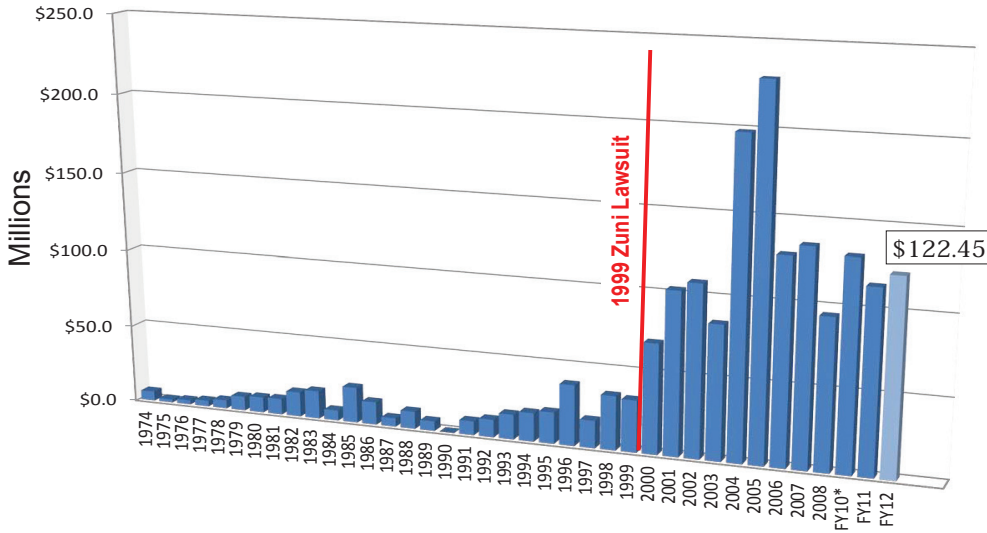
FY12 Average FMAR Scores Across New Mexico School Districts



FMAR CLASSIFICATIONS:

- OUTSTANDING** (90.1%-100%): A highly focused and goal-driven supported maintenance culture. Facility conditions are exceptionally good.
- GOOD** (80.1%-90%): Facility conditions are found to be of high quality, performing well, but not excellent or outstanding in quality.
- SATISFACTORY** (70.1%-80%): Sufficient maintenance program that is adequate or acceptable.
- MARGINAL** (60.1%-70%): Activities are close to the lower limit of acceptability, exceeding minimum requirement and need for improvement.
- POOR** (60% and below): Need for immediate improvement as systems, safety, and the environment are at risk for failure.

PSCOC Awards History 1975-2012



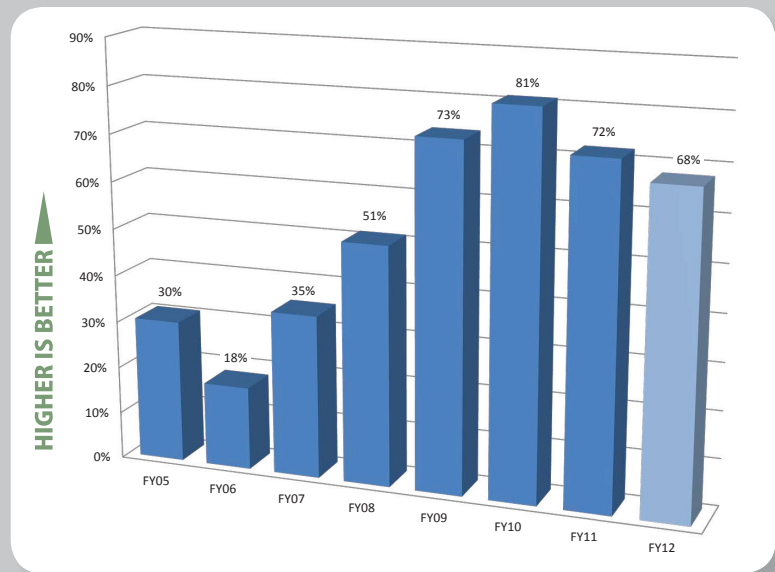
In FY12, standards-based capital outlay awards totaled \$122.45 million for 60 school construction projects in 25 school districts, an increase of 6.7 percent over FY11.

**Crossover reporting to fiscal year basis. FY10 includes (\$12,166,179—the first six months of CY09 or 1/2 FY09 “Out of Cycle” Awards).*

Percent of Award Dollars Under Contract From Time of Award

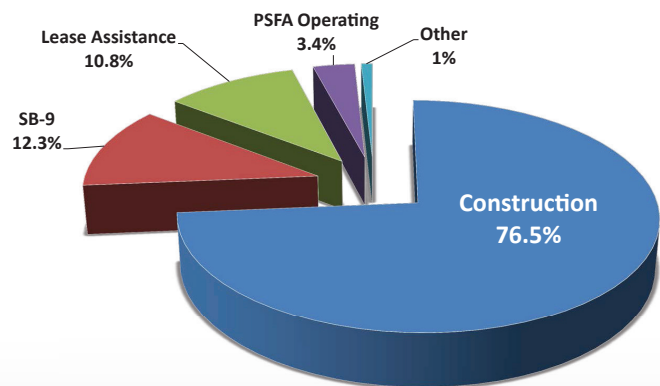
The PSCOC practices “just-in-time” (JIT) funding, with 68 percent of project funds under contract within 15 months from date of award—a 38 point improvement since 2005.

PSCOC’s innovative two-phase funding system is designed to reduce construction costs while completing projects in a timely manner.



Supplemental Severance Tax Bond (SSTB) Uses by PSCOC in FY12

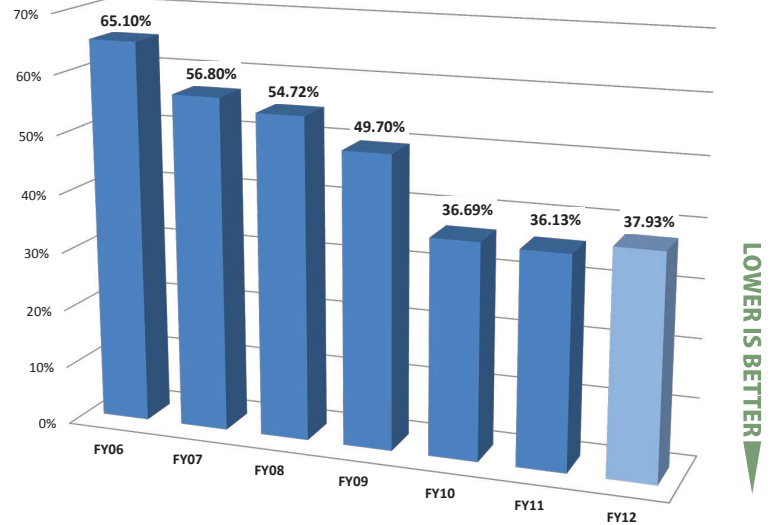
Since 1999, SSTB proceeds have been the principal source of funding for the various programs administered by the PSCOC, including the initial Deficiencies Correction Program and the current standards-based capital outlay process. The SSTB as a source was enacted as a result of the Zuni Lawsuit. The PSCOC programs funded annually are SB-9 (12 percent—a state guarantee for capital asset purchases, facility maintenance and construction), Lease Assistance (11 percent—primarily used by charter schools), and Public School Construction (77 percent). PSFA’s operating budget and school district master planning awards are also funded from SSTBs.



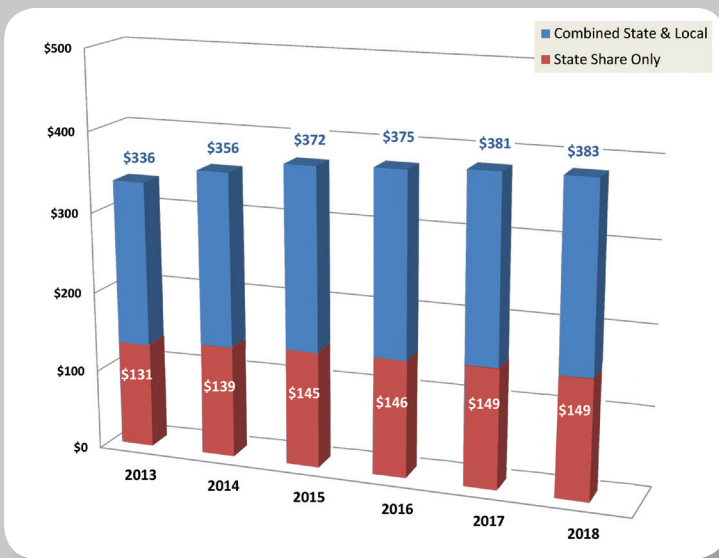
New Mexico Average Facilities Condition Index (FCI)* for School Buildings

A key performance measure for public school building condition is the average facilities condition index (FCI). FCI has improved by 46 percent since 2003, but the rate of improvement has slowed, and in FY12 began to reverse due to funding constraints. (FCI indicates the level of repair needed for a facility. If a building costs \$100,000 and has an FCI of 37 percent, that building needs \$37,000 in repairs). Despite significant progress, school facilities in New Mexico remain in less than ideal condition.

* FCI = brick and mortar facility condition only.



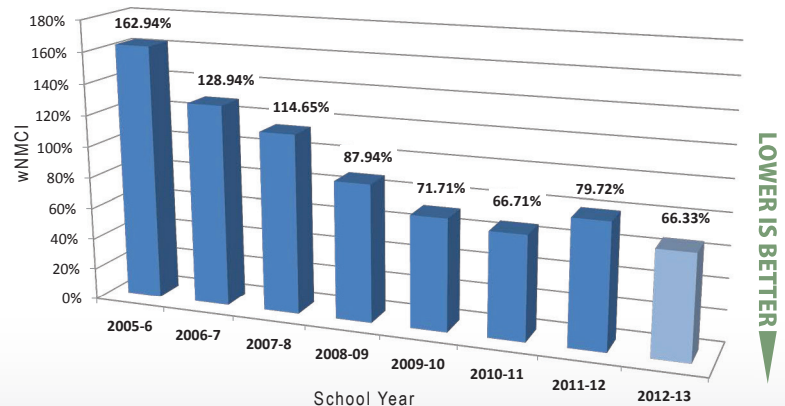
Funds Required to Maintain the Current FCI



To maintain the current FCI over the next six years, an average of \$367 million annually would need to be invested in school facilities—state funding currently represents 39% of school construction, so funds from the state share needs require an average of \$143 million per annum over the next six years. At lower funding levels, degradation exceeds renovation/repair and facilities start to decline. Funding by school districts is anticipated to remain at 61 percent of the total; however, in 2011-12, the average NM schools FCI worsened.

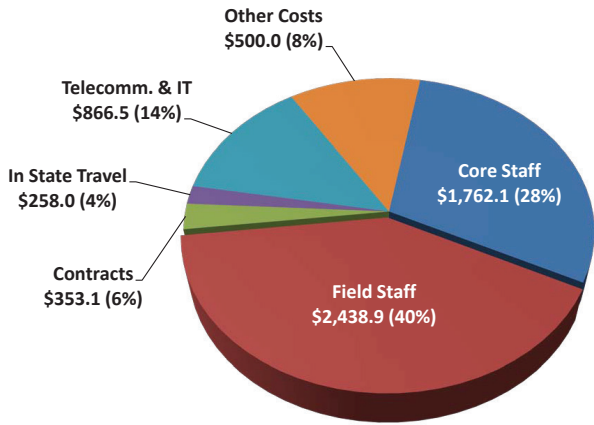
Average Weighted New Mexico Condition Index (wNMCI)** for Top 30 Schools on Ranked List

The wNMCI is a measure not just of the physical condition of the school but also of whether the physical environment meets the educational needs of the students. Like with FCI, the figure reflects the cost of repair or replacement compared with the value of the building; however, it includes the cost of repairs and the cost of improvements to meet educational needs (the addition of a science lab, for example) weighted for the urgency of the need for repair or improvement. Also like FCI, the assessment is expressed as a percentage and a lower number reflects a building in better condition.



** wNMCI = FCI + facility's ability to support educational functions.

PSFA Operational Uses of Funds (Dollars 000's)



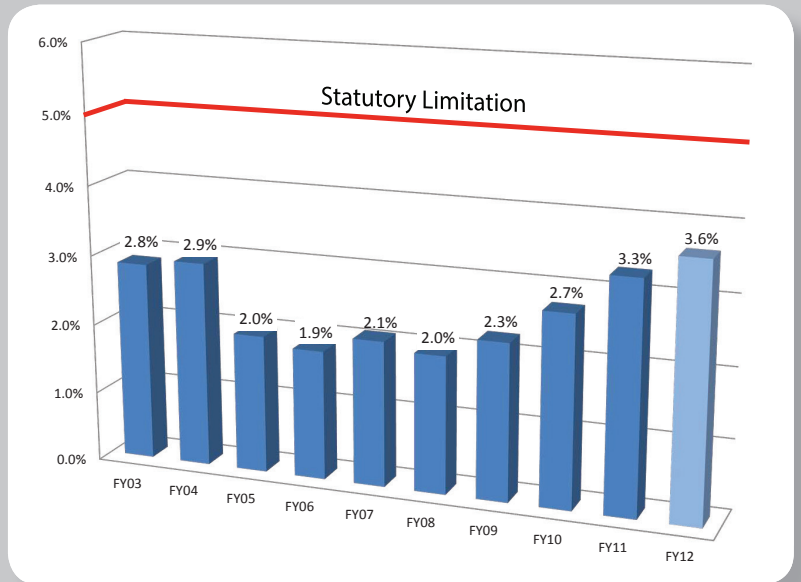
The PSFA's largest line-item cost is the specialized staff based throughout the state who assist in management of school district facility needs and training of district staff. (Budgeted amounts, not actual expenditures)

TOTAL FY12 PSFA Operating Budget: \$5.3 Million

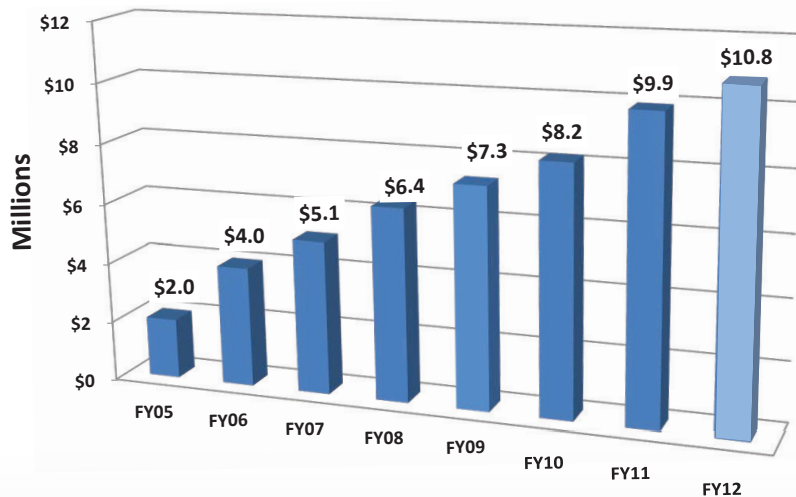
PSFA Operational Budget as a Percent of Annual Capital Outlay Awards

Capital award allocations have been lean since FY09, and PSFA's operating budget was reduced by 11.1% percent. PSFA's current budget of 3.6 percent is well below the statutory limit of five percent.

Public School Capital Outlay Act Section 22-24-4 NMSA: (1) states, "the total annual expenditures from the fund for the core administrative functions pursuant to this subsection shall not exceed five percent of the average annual grant assistance authorized from the fund during the three previous fiscal years."



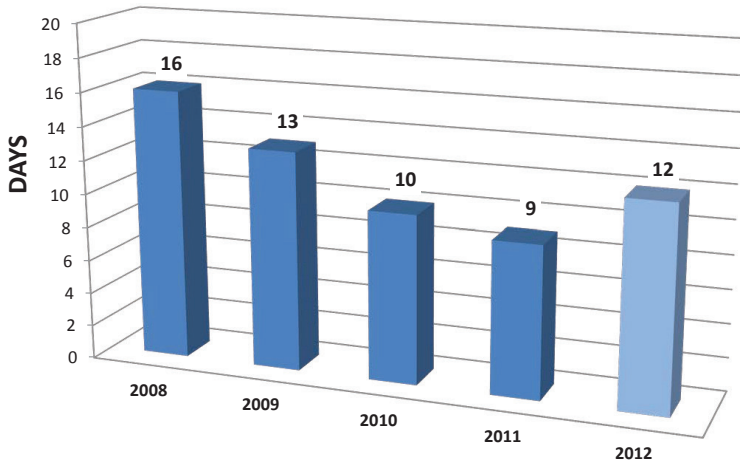
Lease Payment Assistance Awards for Charters and Public Schools



Since FY05, lease payment assistance for charter schools, state chartered charter schools, and public schools has increased annually at a 21.9 percent average (a total of 440 percent).

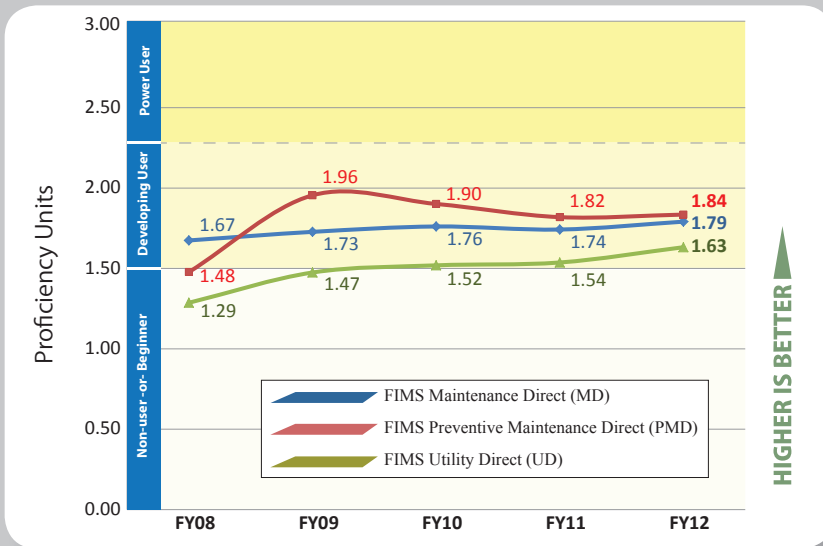
In FY12, the PSCOC awarded \$10.8 million for lease assistance to 83 charters and 7 public schools in 43 districts. The NM legislature has mandated that all charter schools be in publicly owned buildings by FY15.

Plan Review Processing Time



The PSFA’s unique rapid Plan Review process allows school construction projects to qualify for building permits more quickly. By maintaining project schedules and avoiding delays, state and districts costs can be lowered substantially. Currently, plan review processing time for FY12 is 12 days.

School District Facility Information Management System (FIMS) Proficiency Progression

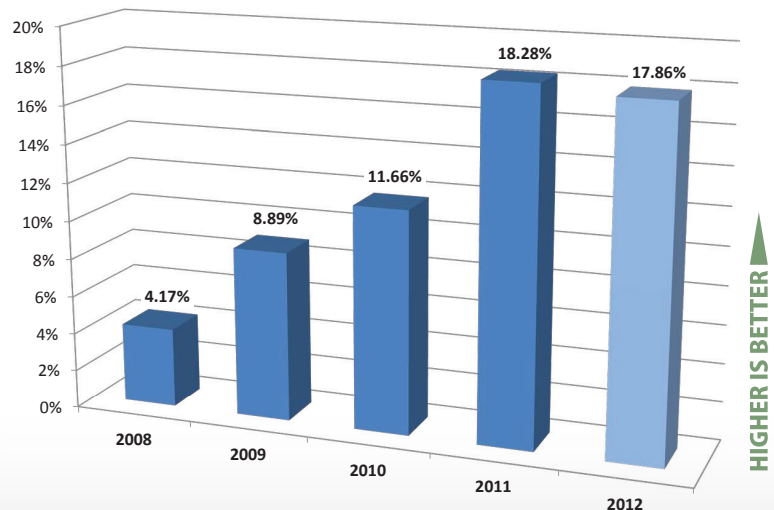


School district proficiency in all three components of the New Mexico FIMS continues to improve steadily. Statewide users of MD (the work order system) are on average, developing users (1.79). PMD users (PM work order scheduling module) are just beginning to develop their programs (1.84). UD users (Utility cost and usage collection module) are also beginning to develop their programs (1.63). While many NM districts appreciate the value of the FIMS, there is still significant work to do educating non-users in the benefits of the system for their district budgets’ bottom-line.

District Preventive Maintenance (PM) as a Percent of Total Maintenance Expenditures

School district investments in preventive maintenance as a percent of total maintenance expenditures is now at 17.86 percent—a 2.3 percent decline from 2011. *Studies indicate that every \$1 invested in preventive building maintenance can eliminate up to \$3 in maintenance expenditures overall.

PM Cost Ratio



*SOURCE: FIMS GLOBAL DATA



SHARON BALL
Senior Researcher
SONM-LCS

Funding Process Update:

The PSCOC and PSFA are moving toward a more responsive model of public school construction with what has been dubbed “just-in-time” funding. Until the last few years, the approach has been to distribute the money on an annual cycle, regardless of when a district was ready to move forward. The reality is that timing of projects falls outside any statewide schedule, more often than not. Now school districts can request construction funding as soon as a project is “shovel ready.” Once the kinks in the process are worked out, New Mexico should have a system for funding school capital outlay that moves more quickly for our children and makes the most efficient use of state dollars.

“Now school districts can request construction funding as soon as a project is ‘shovel ready.’”



JEFF EATON
Chief Financial Officer
SONM-PSFA

New e-Builder system: (PROJECT MANAGEMENT)

Tracking materials, funds and progress on one major construction project is extremely difficult; managing several major projects simultaneously can be overwhelming. The solution was to develop a new construction information management system (CIMS). To make it easier, the PSFA now requires school districts using state funds to use e-Builder. The web-based system integrates all the elements of the complex process and allows all the members of the project team to manage workflow, resources and assets across the lifecycle of school construction projects. e-Builder promotes collaboration and communication among team members and helps projects progress smoothly, saving time and reducing the number of errors. The PSFA worked with the developers of e-Builder to make the New Mexico version capable of tracking different funding sources through contracts and budget lines to reveal exactly where a project is financially.

“The end result is a tool with a new level of governmental transparency.”



CHRIS AGUILAR
Facilities Assessment Database Manager
SONM-PSFA

FAD update:

The Facilities Assessment Database (FAD) is a critical tool for the fair distribution of funds for public school capital outlay, but it is useless unless the information is up-to-date and reliable. The database is continually updated four ways:

- 1) by PSFA staff through on-site assessments,
- 2) by district Facilities Master Plan vendors,
- 3) by school district officials, and
- 4) as part of the plan review process in conjunction with the state Construction Industries Division (CID) before construction.

The PSFA assessor reviews about 100 schools a year. The database is used to determine the Facility Condition Index (FCI) as well as whether the building meets the New Mexico Educational Adequacy Standards, a measure of whether the school’s physical environment meets the educational needs of the students.

“The FAD is a critical tool for the fair distribution of funds for public school capital outlay.”



ANDRE LARROQUE
Building Standards Coordinator
SONM-PSFA

Trends in adequacy standards:

Working closely with the New Mexico School for the Blind and Visually Impaired and New Mexico School for the Deaf, the PSFA staff in FY12 completed the development of the state’s first adequacy standards for special purpose schools.

The Special Purpose Schools Adequacy Standards, part of the State Administrative Code, specifies the essential conditions for school environments, including: space, heating and cooling, site security and circulation, lighting and acoustics necessary to provide an adequate educational environment. Using the existing standards for regular schools as a model, the PSCOC, PSFA staff, and school representatives developed criteria specific to the needs of the special purpose schools. The PSFA also has developed companion planning guides for both sets of adequacy standards that helps school officials plan and design new schools and school renovations.

In response to the statutory requirement to revisit the standards at least annually PSFA staff also updated the adequacy standards for regular schools. The staff uses the standards to assess facilities to determine educational or system deficiencies. If the assessment turns up any problems, the school is then ranked accordingly and can plan new construction or renovation projects to remedy any deficiencies. ■



■ **Gene Gant, AMS Subcommittee,**
Commissioner, NM Public Education Commission

When the PSCOC/PSFA process started, I was on the Las Cruces school board. The program had its growing pains but the whole process has come a long way. We have much better facilities because of it. The 89 school districts, for good or ill, were all going in their own directions. The process needed to be centralized, and all the issues addressed. We are in a much better place than we were 10 years ago.

■ **Frances Maestas, Awards Subcommittee,**
Director, NM Legislative Education Study Committee

A current key challenge for the Council is addressing the capital outlay needs for charter schools, an issue complicated by the legal requirement that the needs of the state's some 96 charter schools be included in school district bond elections. Some of the state's 89 school districts have no ability to hold a bond election, creating a nearly impossible situation for local officials.

■ **Paul Aguilar, AMS Subcommittee,**
Deputy Secretary, NM Public Education Department

The success of the standards-based awards process in improving conditions in our schools is one of New Mexico's great accomplishments. Times are changing, however. With a statewide facilities condition index approaching 33 percent, we are at a point where we need to reposition ourselves to address smaller projects within buildings rather than renovating or replacing entire facilities. Expanding participation in the standards-based process to more districts is also important. To date only about 40 percent of our districts have requested and received awards from the PSCOC. We need to explore other ways to assist more districts within the process. Finally, the issue of securing suitable facilities for our charter schools is a looming problem. Just as charter schools provide flexible opportunities for children to learn and succeed, so must the Council become more flexible and creative in how charter school facilities needs are addressed. Time is of the essence.

■ **Tom Clifford, Awards Subcommittee, Secretary,**
NM Department of Finance and Administration
 Revenue for public school improvements is being re-directed

away from the Severance Tax Permanent Fund. This means less growth in that fund and ultimately less revenue. Thus, as we allocate these funds for school construction, we must ensure that their use generates permanent benefits for the state. This is a serious undertaking, one that demands that we focus on the long-term benefits of our projects, not on short-term benefits.

■ **David Abbey, PSCOC Chair, Awards Subcommittee,**
Director, NM Legislative Finance Committee

The state should be lauded for its decisive action when policymakers finally got a complete picture of the deplorable conditions of our school buildings 10 years ago. We've done amazing work since then but now it's time to think hard about whether we want to continue on a path aimed solely at facility condition. The route we travel in the next 10 years must take us not just to better buildings but to a more successful future for New Mexico's children.

■ **Joe Guillen, Awards Subcommittee Chair,**
Executive Director, NM School Boards Association

With the struggling economy, it has become a challenge for some school districts to convince voters to OK the property taxes that will allow them to meet the local requirement to get public school capital outlay. One of the Council's challenges in the next few years will be how to help those districts at the same time we continue the fairness and transparency that have been hallmarks of this program.

■ **Raul Burciaga, Administration, Maintenance, and Standards (AMS) Subcommittee Chair,**
Director, NM Legislative Council Service

There are many demands for capital outlay funding throughout the state. Public school capital outlay funding has been on an upward trajectory for about a decade. However, the economy and the challenges of state capital outlay needs may demand that there be an increased focus on maintenance rather than building new facilities.

■ **Keith Gardner, PSCOC Vice-Chair,**
Chief of Staff, Office of the Governor

We as a state must do a better job with vetting and prioritizing our capital outlay dollars. The PSFA does an important job in ensuring that taxpayer dollars are being spent in places they are actually needed and most useful.

■ **J. Dee Dennis Jr., AMS Subcommittee,**
Superintendent, NM Regulation & Licensing Department

I have found my first year serving on the PSCOC to be very rewarding. I believe the opportunity to share my personal knowledge of the construction industry and years of business experience have proven to be beneficial to the committee. Over the last few years, the PSCOC and PSFA have made significant progress toward improving facilities at schools around the state and I look forward to continuing these efforts for the benefit of the children of New Mexico.

— CAPITAL FUNDING ASSISTANCE —

- FY12 PSCOC capital outlay awards total \$122.5 million to 168 school construction, facilities and facilities planning needs throughout New Mexico, including the following:
 - \$111.2 million in standards-based and roof awards to 60 projects in 27 districts;
 - \$10.8 million for lease assistance to 83 charters and 7 public schools in 43 districts;
 - \$522,402 in facility master planning awards to 12 school districts and 6 charter schools.

— PROJECT DELIVERY —

- 18 PSCOC-funded schools come on-line with major renovations; 15 PSCOC-funded schools complete new roofs.
- 68 percent of project funds are currently under contract within 15 months from date of award—a 38 point improvement since 2005.

— FINANCE AND OPERATIONS —

- PSFA reduces its 2012 operating budget by about 1 percent via process of streamlining and other cost savings.
- PSFA's 2012 operating budget to total awards was 3.6 percent—well below the statutory limit of 5 percent.

— FACILITIES CONDITION INDEX (FCI) —

- The 2012 average FCI for public schools worsens slightly to about 38 percent (a decline of 1.8 percent from 2011) as a result of funding constraints—the first decline in FCI performance on record; although, since 2006 the cumulative average FCI has improved by 42 percent.

— PLANNING AND MAINTENANCE —

- District investment in preventive maintenance as a percent of total maintenance expenditures is now at 17.9 percent, a 0.42 percent decline over 2011.
- 57 districts have current preventive maintenance plans—an 11 percent improvement over 2011.
- Since FY08, school district proficiency in using the Facility Information Management System increased by 18.5 percent.
- The state awarded 32 Ben Lujan Maintenance Achievement Awards to 17 school districts and 15 staffers.
- 77 districts have current five-year facilities master plans—a 10 percent increase over 2011.
- Plan review processing time is currently 12 days.
- \$522,402 in facility master planning awards to 12 school districts and 6 charter schools.

— CUSTOMER SATISFACTION —

- In response to customer and stakeholder requests, PSFA completes implementation of e-Builder, a new powerful Construction Information Management System (CIMS). e-Builder is designed not only for NM school districts, design professionals, contractors, but also provides better, more actionable information to state policymakers, which will lead to greater clarity about project needs, project costs, and more effective policy on behalf of the public.
- PSFA trains over 319 participants from around the state, including school administrators, design professionals, and general contractors, on the new e-Builder construction management system.
- PSFA's newly redesigned website (www.nmpsfa.org) goes online.
- PSFA is honored with the “Best Practices Award” for outstanding achievement in the field of “Community Facilities” at the 17th Annual New Mexico Infrastructure Finance Conference (NMIFC).



State of New Mexico
Public School Facilities Authority
410 Don Gaspar Avenue
Santa Fe, NM 87501-4468



ABOVE: LOCKWOOD ELEMENTARY SCHOOL GROUND BREAKING HELD ON JUNE 6TH, 2012, IN CLOVIS, NM. THE NEW SCHOOL, BUILT BY THE COMMUNITY OF CLOVIS AND CLOVIS MUNICIPAL SCHOOLS, WITH PROJECT AND FUNDING ASSISTANCE FROM THE STATE OF NEW MEXICO, WILL SERVE KINDERGARTEN TO FIFTH GRADE STUDENTS.