



STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
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RYAN STEWART, ED.L.D.
SECRETARY DESIGNATE OF EDUCATION

MICHELLE LUJAN GRISHAM
GOVERNOR

February 11, 2020

MEMORANDUM

TO: Superintendents, Charter School Directors, and Business Managers

FROM: Adan Delgado, Deputy Secretary, Finance and Operations 

RE: 2020 Public School Capital Improvements Act (SB-9) State Match Allocations

The attached spreadsheet shows the FY20 SB-9 state match allocation for every school district and charter school. Beginning in FY20 there is a change to the distribution of these funds. The funds allocated in FY20 will not be sent out on a reimbursement basis. The cash will be forwarded directly to your school district and charter school. Due to this change, all school districts and charter schools shall alert their auditors of the State Board of Finance's spending requirements and the limited purposes for expenditures of the bond proceeds to ensure regular tracking and accountability (reference Letter from DFA Secretary, Olivia Padilla-Jackson to PED Secretary Designate, Ryan Stewart). Also note, that all previous awarded allocations will still be administered through a reimbursement basis and the *FY20 allocations shall not be expended until all previous allocations have been completely drawn down.*

In order to budget the award per the attached allocation, please submit an electronic budget adjustment request through the Operating Budget Management System (OBMS). Utilize fund code 31703 and revenue code 43202, and include this memo and allocation as your supporting documentation. Please submit the budget adjustment request no later than March 25, 2020.

All recipients are advised to expend these awarded funds, as well as past award balances, in a timely manner. All proceeds shall be expended in accordance with 22-25-2 NMSA 1978. Enclosed is a copy of the statute which provides the definitions of the allowable uses for this funding. If you need additional information regarding the use of these funds, please contact Amanda Lupardus at (505) 827-6613, e-mail amanda.lupardus@state.nm.us, or Michael Lopez at (505) 827-7646, e-mail michael.lopez@state.nm.us.

Enclosures (3)

Cc: Antonio Ortiz, Director, Student Services and Transportation

2020 Public School Capital Improvements Act (SB-9)
State Match Allocations

DISTRICT/CHARTER SCHOOL	STATE MATCH
GADSDEN	\$ 2,249,714
GALLUP	\$ 1,932,088
DZIT DIT LOOL DEAP (GALLUP)	\$ 6,931
HOZHO ACADEMY (GALLUP)	\$ 24,348
MIDDLE COLLEGE HIGH	\$ 16,972
SIX DIRECTIONS (GALLUP)	\$ 11,907
GRADY	\$ 59,362
GRANTS	\$ 458,146
HAGERMAN	\$ 108,286
HATCH	\$ 218,132
HOBBS	\$ 233,705
HONDO	\$ 11,675
HOUSE	\$ 26,178
JAL	\$ 14,289
JEMEZ MOUNTAIN	\$ 7,650
LINDRITH AREA HERITAGE	\$ 761
JEMEZ VALLEY	\$ 9,154
SAN DIEGO RIVERSIDE CHARTER	\$ 3,382
WALATOWA CHARTER HIGH (JEMEZ VALLEY)	\$ 1,611
LAKE ARTHUR	\$ 5,332
LAS CRUCES	\$ 841,138
ALMA D' ARTE STATE CHARTER (LAS CRUCES)	\$ 5,104
J. PAUL TAYLOR ACADEMY (LAS CRUCES)	\$ 7,016
LA ACADEMIA DOLORES HUERTA (LAS CRUCES)	\$ 4,210
LAS MONTANAS (LAS CRUCES)	\$ 5,771
NEW AMERICA SCHOOL (LAS CRUCES)	\$ 7,139
RAICES DEL SABER XINACHTLI (LAS CRUCES)	\$ -
LAS VEGAS CITY	\$ 40,335
LOGAN	\$ 10,519
LORDSBURG	\$ 15,023
LOS ALAMOS	\$ -
LOS LUNAS	\$ 805,945
SCHOOL OF DREAMS ST. CHARTER (LOS LUNAS)	\$ 41,739
LOVING	\$ 17,462
LOVINGTON	\$ 98,123
MAGDALENA	\$ 93,399
MAXWELL	\$ 33,137
MELROSE	\$ 36,728
MESA VISTA	\$ 9,983
MORA	\$ -
MORIARTY	\$ 55,445
ESTANCIA VALLEY (MORIARTY)	\$ 12,949
MOSQUERO	\$ 3,906
MOUNTAINAIR	\$ 9,077
PECOS	\$ 17,249

22-25-2. Definitions.

As used in the Public School Capital Improvements Act:

- A. "program unit" means the product of the program element multiplied by the applicable cost differential factor, as defined in Section 22-8-2 NMSA 1978; and
- B. "capital improvements" means expenditures, including payments made with respect to lease-purchase arrangements as defined in the Education Technology Equipment Act [Chapter§., Article 15A NMSA 1978] or the Public School Lease Purchase Act [Chapter 22, Article 26A NMSA 1978] but excluding any other debt service expenses, for:
- 1) erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings;
 - 2) purchasing or improving public school grounds;
 - 3) maintenance of public school buildings or public school grounds, including the purchasing or repairing of maintenance equipment and participating in the facility information management system as required by the Public School Capital Outlay Act [Chapter 22, Article 24 NMSA 1978] and including payments under contracts with regional education cooperatives for maintenance support services and expenditures for technical training and certification for maintenance and facilities management personnel, but excluding salary expenses of school district employees;
 - 4) purchasing activity vehicles for transporting students to extracurricular school activities;
 - 5) purchasing computer software and hardware for student use in public school classrooms; and
 - 6) purchasing and installing education technology improvements, excluding salary expenses of school district employees, but including tools used in the educational process that constitute learning and administrative resources, and which may also include:
 - (a) satellite, copper and fiber-optic transmission; computer and network connection devices; digital communication equipment, including voice, video and data equipment; servers; switches; portable media devices, such as discs and drives to contain data for electronic storage and playback; and the purchase or lease of software licenses or other technologies and services, maintenance, equipment and computer infrastructure information, techniques and tools used to implement technology in schools and related facilities; and
 - (b) improvements, alterations and modifications to, or expansions of, existing buildings or tangible personal property necessary or advisable to house or otherwise accommodate any of the tools listed in this paragraph.



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Department of Finance & Administration
Board of Finance
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Governor Michelle Lujan Grisham
President

Lt. Governor Howie Morales
Board Member

Olivia Padilla-Jackson
Executive Officer

Ashley Leach
Director

January 23, 2020

BY EMAIL

New Mexico Public Education Department
Attn: Ryan Stewart, Ed.L.D.,
Secretary Designate of Education
300 Don Gaspar – Room 109
Santa Fe, NM 87501

Re: **Exception to 2.61.6.9(A)(1)(b) NMAC for Public Education Department**

Dear Dr. Stewart:

As you know, Title 2, Chapter 61, Part 6 of the New Mexico Administrative Code (the "Bond Project Disbursements Rule") governs the methods by which state agencies, including the Public Education Department ("PED"), may request draw down of bond proceeds from severance tax bonds, supplemental severance tax bonds, or general obligation bonds and provides general guidance regarding the financial and legal requirements for draw down of bond proceeds. Specifically, 2.61.6.9(A)(1)(b) NMAC requires that agencies making draw requests (either on their own behalf or on behalf of a local government entity (including public school districts and state charter schools)) to the State Board of Finance (the "Board") for bond proceeds provide proof of payment (notarized certification from an authorized signatory that expenditures are valid or actual receipts) as part of the documentation required to support such draw requests. The result of requiring such proof of payment is that public school districts and state charter schools (collectively referred to hereafter as "Public/Charter Schools") to which bond proceeds have been appropriated may only receive such bond proceeds on a reimbursement basis.

PED and the Public School Facilities Authority have informed us that the distribution of supplemental severance tax bond proceeds to Public/Charter Schools for capital improvements expenditures authorized by the Public School Capital Improvements Act, NMSA 1978, Sections 22-25-1 to -11 (1975, as amended through 2019) (hereafter, "SB-9") on a reimbursement basis is particularly cumbersome because such expenditures are often small and numerous. PED is only able to process reimbursement requests after analyzing receipts submitted by each of the Public/Charter Schools; receipts submitted are often voluminous and analysis of those receipts detracts PED staff from other more critical duties. Public/Charter Schools have also flagged the administrative burdens associated with reimbursement to legislative staff during regional meetings held to discuss equitable access to capital outlay funds, which include cash flow issues caused by requiring Public/Charter Schools to initially make expenditures for capital improvements from other funds before obtaining reimbursement from PED.

The Bond Project Disbursements Rule permits exceptions to its provisions in certain circumstances. 2.61.6.11 NMAC ("In the absence of specific legislative authority or board-issued guidance to the contrary, this rule governs the disbursement of all bond proceeds to agencies. Further, the executive director of the [Board, in consultation with bond and board counsel, may approve exceptions to the provisions herein when circumstances warrant.") (emphasis added). We have consulted with the Board's bond and board counsel, and in order to alleviate the burdens imposed on Public/Charter Schools by the application of 2.61.6.9(A)(1)(b) NMAC to PED for SB-9 capital improvements expenditures, we hereby approve an exception from the Bond Project Disbursements Rule's requirement for submission of proof of payment subject to the following conditions:

1. **Public/Charter Schools receiving bond proceeds from PED pursuant to SB-9 under this exception must establish a special fund in which bond proceeds are to be deposited so as to allow tracking of receipt and expenditures of bond proceeds; and**
2. **Public/Charter Schools receiving bond proceeds from PED pursuant to SB-9 under this exception shall alert their auditors of the Board's spending requirements and the limited purposes for expenditures of bond proceeds to ensure regular tracking and accountability; and**
3. **This exception applies only to SB-9 capital improvements expenditures and only when such expenditures are funded with proceeds from taxable, short-term supplemental severance tax bonds or notes issued on or after December 27, 2018; and**
4. **Bond proceeds distributed to Public/Charter Schools pursuant to this exception shall be expended in accordance with all requirements of SB-9; and**
5. **This exception to the Bond Projects Disbursement Rule for PED for SB-9 capital improvements expenditures shall expire on December 31, 2021; and**
6. **All other provisions, conditions and requirements of the Bond Projects Disbursements Rule, including, but not limited to, 2.61.6.9(A)(1)(a) and (c)-(e) NMAC, SB-9, and the Severance Tax Bonding Act, NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2019) remain applicable to PED and Public/Charter Schools receiving bond proceeds pursuant to this exception. This exception shall not override any statute, legislative authority or Board-issued guidance to the contrary.**

Thank you for your attention. Please don't hesitate to contact us should you require additional information.

Sincerely,



Olivia Padilla-Jackson, Cabinet Secretary
Department of Finance and Administration/
Executive Officer, State Board of Finance



Ashley Leach, Director
State Board of Finance

cc: Sharon Romero, Financial Coordinator Supervisor, NM State Board of Finance
Jonathan Chamblin, Executive Director, NM Public School Finance Authority