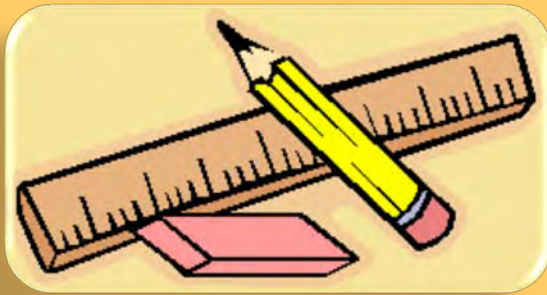


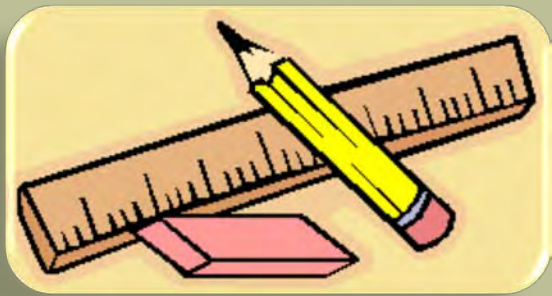
Schools

CENTENNIAL 1912-2012



NEW MEXICO
LAND OF ENCHANTMENT





Overview: Schools

New Mexico's public school population at the time of the last Report Card was 326,000 in 89 school districts.

For the 2011-2012 school year, the student population was 337,000, an increase of nearly 3.5%.

The size of these districts varies widely from a high of 95,000 students in Albuquerque to less than 100 students in several of the state's rural areas.

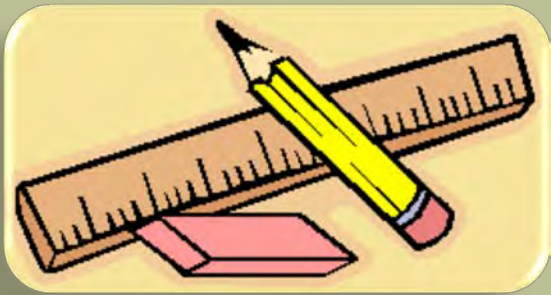
Public school capital outlay financing is both a local and state responsibility in the state of New Mexico.

School districts can generate state revenues through two statutory measures. One measure is through direct legislative

appropriations, which provides funding for specific needs. The second is through a standards based process under the Public School Capital Outlay Act.

Locally, districts generate capital outlay revenues primarily from the sale of bonds and direct levies. Earnings can also be generated from investments, rents, sales of real property and equipment, as well as other miscellaneous sources.

The Public Schools Capital Outlay Council (PSCOC) is responsible for managing state funding for the 89 school districts. The New Mexico Public Schools Facility Authority (PSFA) serves as staff to the PSCOC and assists school districts in the planning, construction, and maintenance of their facilities.



Capacity

New Mexico public schools utilize over 100 million square feet of building space. In urban areas of the state, enrollment is generally increasing.

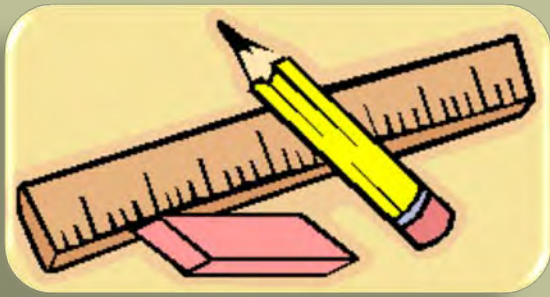
In most rural areas the enrollment is steady or slightly declining. In general, those districts with increasing enrollments are at or slightly over capacity.

In almost all of the larger school districts, a significant proportion of classroom capacity (10-30%) is obtained using portable buildings. Most districts, however, would like to reduce their dependence on

portables since they are generally located at the fringes of school grounds and tend to detract from the overall accessibility and cohesiveness of the campus.

According to 2010 data, 77 of the 89 New Mexico School districts have current five-year facilities master plans. A majority of these master plans express a concern for future growth capacity issues and remodeling needs to meet various educational standards (*i.e.*, educational technologies)

The grade for capacity is B.

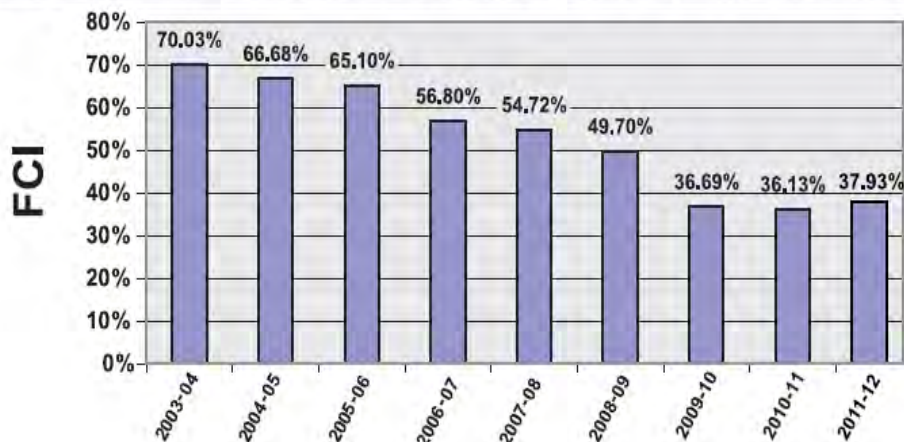


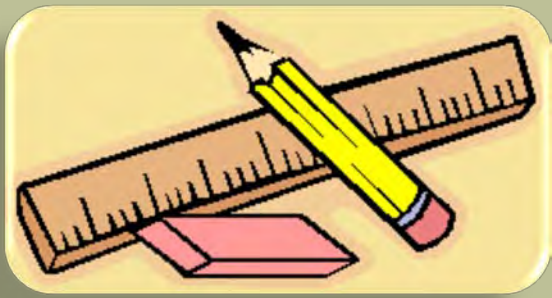
Condition

A key performance measure for New Mexico public school building condition is the Facilities Condition Index (FCI). The FCI is the tool commonly used in rating buildings and how these buildings compare to others. It is a ratio of needed repairs (including life cycle renewal requirements) divided by replacement value. For New Mexico Schools, the PSCOC combines building repair cost & system life cycle analysis with New Mexico Educational Adequacy Standards to create the New Mexico Condition Index (NMCI). Weight factors are then applied to create the Weighted New Mexico Condition Index (wNMCI). This index enables the comparison of all the public schools in the state to determine greatest need for

funding the correction of school deficiencies. This list is ultimately sorted so that a ranking can be generated identifying greatest capital need. The ranked list will display the schools in most need of repair or replacement, at the top of the list, sorted by wNMCI. Every year the state works down from the top of the list and fund needs as available revenues allow. Once corrected, the school drops to the bottom of the ranked list, and lower level needs accordingly move up in priority. The FCI improved by 46% since 2003 but the rate of improvement has slowed, and in 2010 began to reverse due to funding constraints. Despite significant progress, school facilities remain in less than ideal condition. The grade for condition is B.

NEW MEXICO AVERAGE FACILITIES CONDITION INDEX (FCI) FOR SCHOOL BUILDINGS





Funding

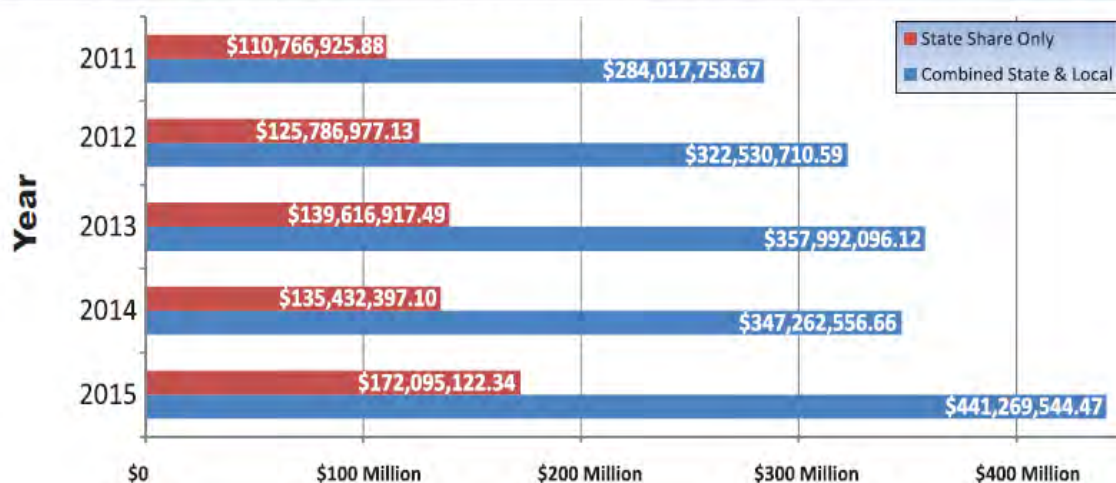
Throughout the 1970's, 80's and 90's, facilities in many lower income school districts deteriorated. In 1999, a number of these districts brought a capital funding/facilities suit, Zuni School District v. State, CV-98-14-II (Dist. Ct., McKinley County Oct. 14, 1999), claiming that the funding system for capital items was unconstitutional.

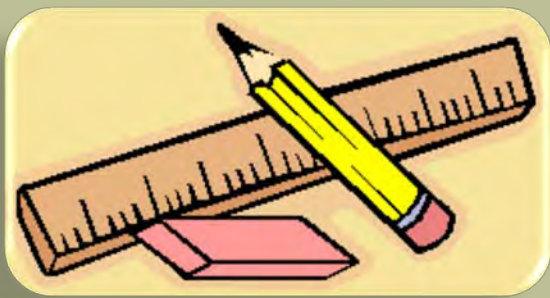
The trial court granted partial summary judgment in favor of plaintiffs and ordered the state to "establish and implement a

uniform funding system for capital improvements...and for correcting existing past inequities" and set a deadline at the end of the 2001 legislative session.

At the end of 2001, a proposal to fund a \$1.2 billion capital program was defeated by a filibuster, and the state settled on nearly \$400 million and a new capital funding system intended to establish a standards-based, adequacy level for facilities in all districts. This led to the creation of the NMCI and wNMCI indices.

STATE AND LOCAL FUNDS REQUIRED TO MAINTAIN THE CURRENT FCI





Funding (cont'd)

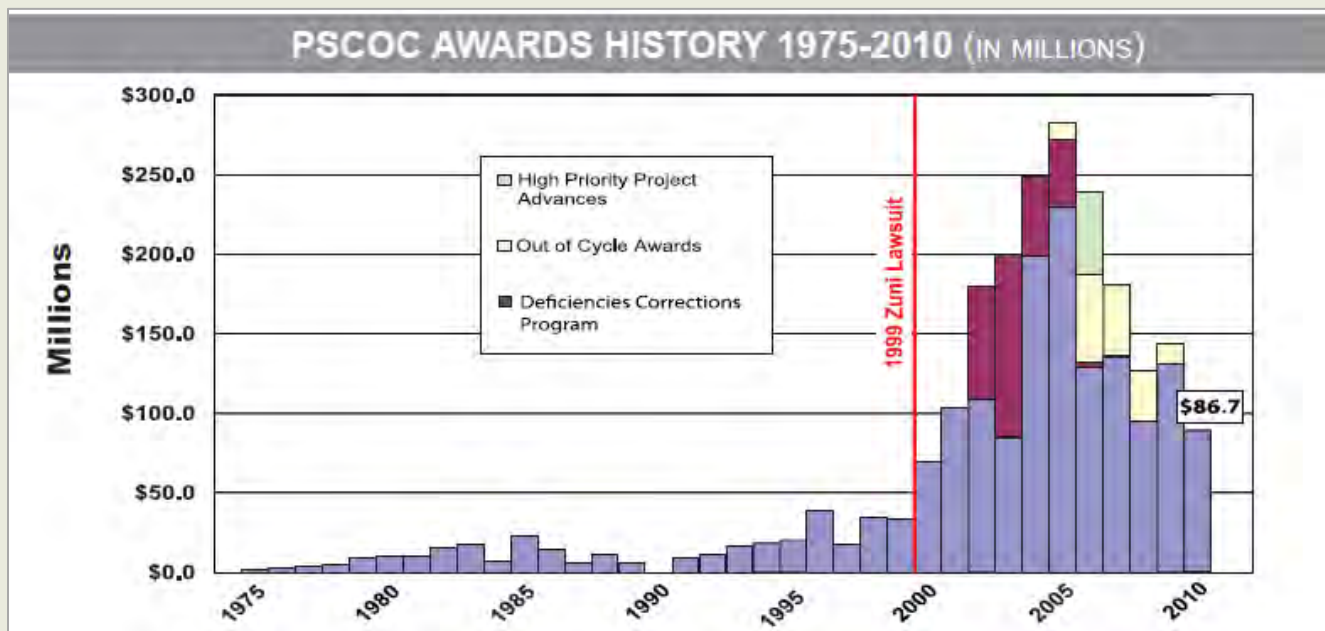
As previously noted, these indices enable the comparison of all the public schools in the state to determine greatest need for funding the correction of school deficiencies.

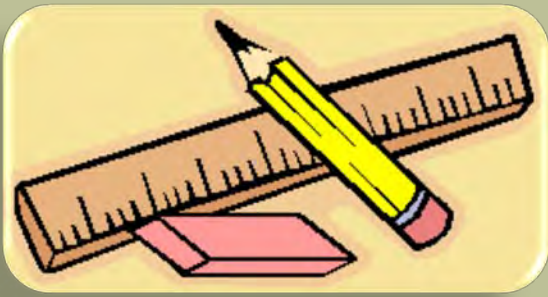
Current unfunded public school facilities needs total \$4.05 billion. To maintain an FCI of 37.9%, over the next 5 years, an average of \$343 million annually would need to be invested in school facilities—state funding currently represents 39% of school construction, so funds from the state would

need to be about \$134 million per annum.

At lower funding levels, degradation exceeds renovation/repair and facilities decline. In 2010, standards-based capital outlay awards totaled \$86.7 million. Overall funding decreased by 26% over 2009, and by 80% since 2006. However, the current state government has repeatedly committed to adequately fund educational infrastructure.

The grade for funding is C-.



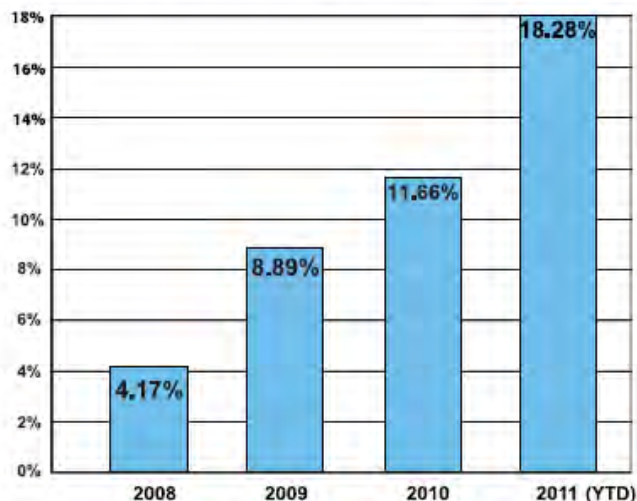


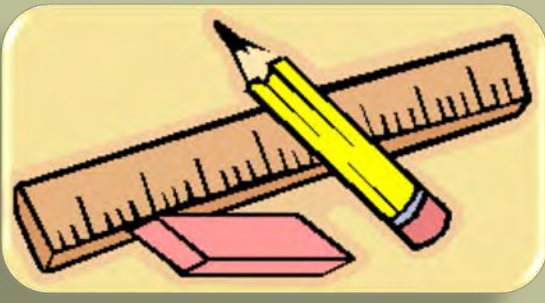
Operation and Maintenance

Repair is an integral part of the FCI. Maintenance is not. Until 2008 most district master plans did not adequately address maintenance needs. Strides have been made toward improving maintenance issues. The PSFA website emphasizes that research in New Mexico has shown that for every one dollar invested in preventive maintenance, four dollars can be saved in maintenance expenditures overall. Investment in preventative maintenance has increased by 77% since 2008. PSFA established a series of maintenance achievement awards to individuals and school districts that have demonstrated

progress in developing effective maintenance management practices. These awards have succeeded in raising the awareness of maintenance issues. Seventeen school districts and 16 individuals received awards in 2010. Cooperative Educational Services (CES), whose membership includes every school district in the state, provides procurement services and O&M education. It allows smaller districts to take advantage of the economy of scale. CES has been cited as one of the best educational service agencies in the country. The grade for Operation and Maintenance is a C+.

DISTRICT PREVENTIVE MAINTENANCE AS A PERCENT OF TOTAL MAINTENANCE EXPENDITURES





Public Safety

Issues that pose immediate threats to the life, health or safety of persons within a school facility are the most heavily weighted factor in the wNMCI. A facility with a high wNMCI index moves to the top of the ranking of schools requiring repair or remediation and thus,

access to funding opportunities. School districts can contract directly with CES which has access to providers with expertise in asbestos abatement, resolving code violations, and damage mitigation.

The grade for Public Safety is A-.

	Data Category	Weight
1	Adequacy, life, safety, health	3.50
2	Potential mission impact/degraded	1.50
3	Mitigate additional damage	2.00
4	Beyond expected life	0.25
5	Grandfathered or state/district recommended	0.50
6	Adequacy: facility	1.00
7	Adequacy: space	3.00
8	Adequacy: equipment	0.50
9	Normal – within lifecycle	0.25



SCHOOLS

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The Schools Final Grade is a B-.

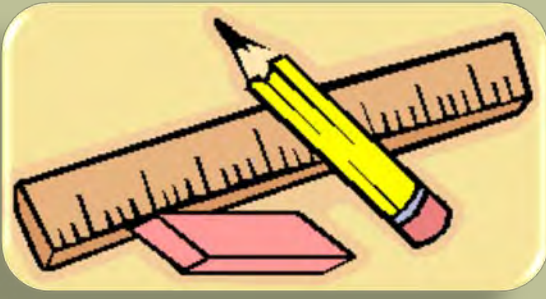
Summary NM Schools 2012:



Category	Grade
Capacity	B
Condition	B
Funding	C-
Operation and Maintenance	C+
Public Safety	A-

Schools Final Grade = B- (81.0)





Recommendations



Continue towards implementation of an effective facility maintenance program

Assist school districts in coming up with local matching funds to leverage state capital outlay awards

Educate the general public on the fact that good school facilities are just as important as school operating budgets

Encourage more school districts to take advantage of procurement cooperatives (like CES) for construction, operation and maintenance issues

