

PRESS RELEASE



January 30, 2019

FOR IMMEDIATE RELEASE

Press Release regarding Impact Aid/NM Capitol

Gallup, New Mexico

Tribal leaders, legislators, school board members, school superintendents, educators, advocates and students will gather at the east entrance of the NM Capitol in Santa Fe at 11:30 AM on Friday, February 1, 2019, for a press conference supporting Legislative Bills regarding IMPACT AID (please see attached information).

Senate Bill #170

Clementé Sanchez

George Munoz

House Bill #325

Eliseo Lee Alcon

D. Wonda Johnson

Harry Garcia

Patricia Lundstrom

Anthony Allison

Senate Bill #172

George Munoz

Clementé Sanchez

New Mexico is Depriving Property Poor Native American and Military School Districts to Float the Educational Budget

Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands.

These school districts face special challenges — they must provide a quality education to the children living on the Indian and other Federal lands and meet the requirements of the Every Student Succeeds Act, while sometimes operating with less local revenue than is available to other school districts, because the Federal property is exempt from local property taxes. (<https://www2.ed.gov/about/offices/list/oese/impactaid>) Impact Aid is a Payment in Lieu of Taxes (PiLT).

The Truth About Impact Aid in New Mexico

- Impact Aid in NM is treated differently than all other grant related funds

School districts must apply on their own to receive Impact Aid (IA) funds. The process to apply for IA takes -3 months. NM then takes 75% credit of these funds out of the IA Districts educational funding. Nowhere else does the state take credit for funds generated through a grant or application process. If IA districts do not spend the time to apply for IA, then the NM will lose over 50 million dollars in educational funding. We should not sustain a state educational budget on a few school districts application for federal funds.

- IA means lower Bonding Capacity and Ability to Build School Buildings

IA Districts have less taxable land; therefore, cannot generate enough revenue build and maintain school buildings like property rich districts can afford to do. The NM school construction funding provided for property poor school districts does not allow for the building of schools that meet the educational specifications. As a result, you will find much better school buildings and facilities in property rich school districts versus property poor.

- The —\$4,000 to —\$48 Inequity

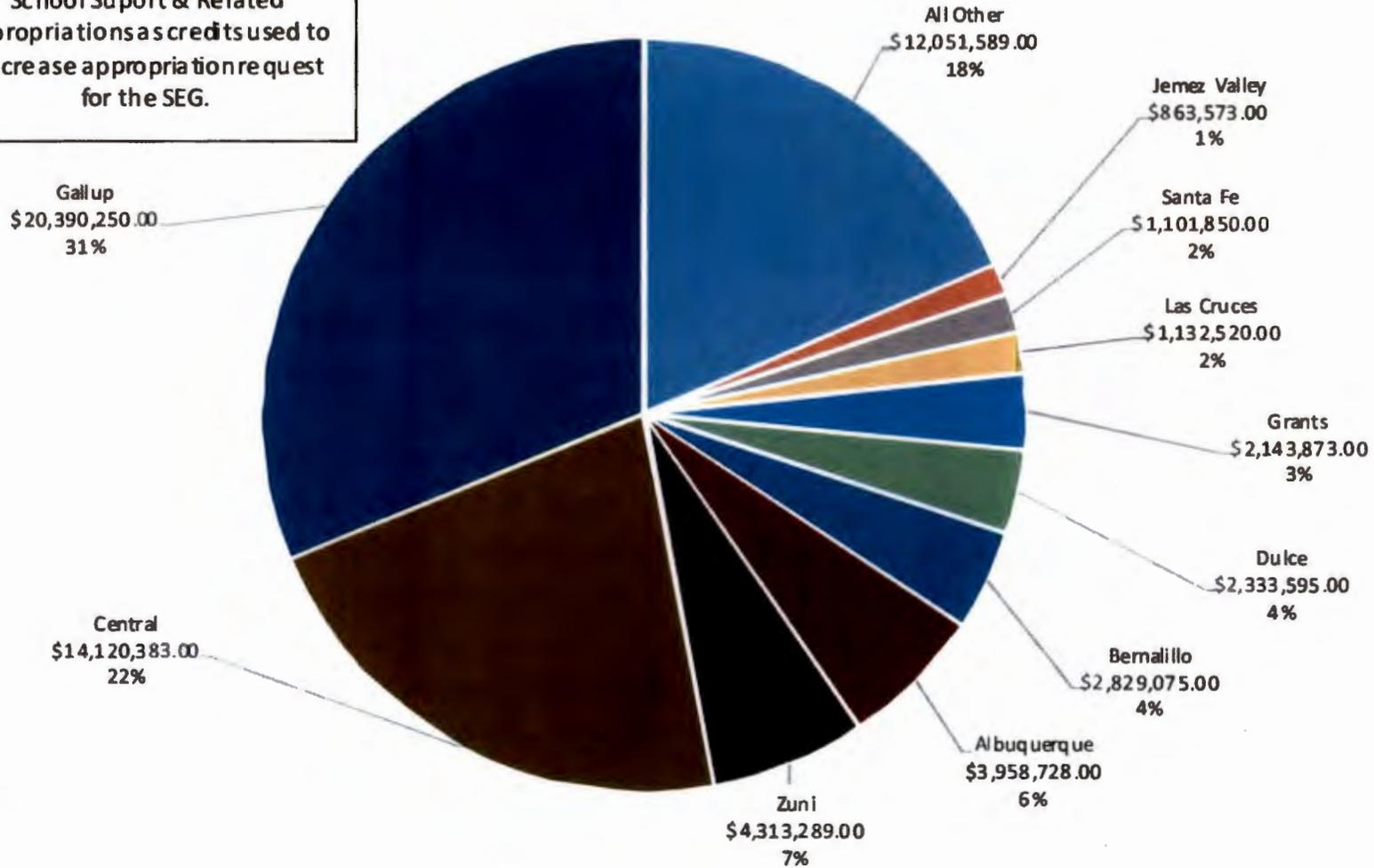
-\$65 Million Dollars of credits are generated from communities across the NM to fund education. These credits are composed of \$50 Million in IA and \$15 Million in other tax generated funds. This means that an IA Student contributes —\$4,000 to the state credit while a non-IA student contributes approximately —\$48 towards the state credit. The four largest (out of 26) IA school districts pay -\$40 Million dollars out of the -\$65 Million generated. Native American students, Military students, and the most impoverished parts of our state are contributing the largest amount of dollars to support education in NM.

NM PED 2018-2019 Disparity Analysis 75% Credit Impact Aid & Property Tax

Total \$65,238,725

Source NM PED 2018-2019 Disparity Analysis <https://webnew.ped.state.nm.us/bureaus/school-budget-finance-analysis/2017-2018-disparity-analysis/>

These credits appear on the Public School Support & Related Appropriations as credits used to decrease appropriation request for the SEG.



- Los Alamos PiLT

Los Alamos receives a PiLT from the Department of Energy equaling -\$8 Million Dollars. The State does not take credit for these funds. PiLT funds should be treated the same with no credit taken so that equity is created, and bias is avoided.

- Sufficiency and Capital Outlay Lawsuits

Two current lawsuits against the state of New Mexico, Sufficiency Lawsuit and Zuni Lawsuit, address the issues of unconstitutionality of public-school funding. Both lawsuits have a link to the significant dollars taken from Native American communities through the IA credits. The return of IA credits back to Native American districts can address the needs of these communities and help solve the pending lawsuits.

Common statements used to mislead people to support IA credits and why these arguments are deceiving

- CLAIM: "Extraction companies in mineral rich areas of the state pay a lot in Severance Taxes to the state of New Mexico so Native American and Military communities should pay their fair share. '
TRUTH: Oil & Gas and Copper are state resources owned by ALL the citizens of NM and are not resources generated by students, school districts, communities or counties. You cannot logically compare IA dollars and dollars generated from NM minerals. IA is applied for from the Federal Government and our minerals in the ground are owned by ALL New Mexicans.
- CLAIM: "The state gives more dollars to school districts that are property poor to build and repair school buildings and therefore every school district is 'equal.'
TRUTH: State school construction funds given to property poor school districts are not sufficient nor does the funding create equity when compared to property rich districts. Property rich districts are not limited by NM building minimums and can build better facilities than property poor school districts. One simply needs to visit a property poor district vs a property rich district to see that all school buildings are not created equal. As a result, uniformity, and sufficiency are not met though state education funding per the NM constitution. IA Districts simply cannot raise funds through bonding, through 2 Mill Levies or the State match to fix failing systems and structures because they cannot raise enough funding.
- CLAIM: "Supreme Court said NM could take IA Credits. "
TRUTH: The Supreme Court said the educational formula being used by the state was "OK". It did not address whether NM education formulas were equitable or not. The intent of equity is not being met and it is easy to see when IA students contribute excessively more to NM funding formula.