

LFC Requester: _____

AGENCY BILL ANALYSIS
2017 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

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and

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

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply: Date 1-27-17
Original Amendment Bill No: SB64
Correction Substitute

Sponsor: Senator Mimi Stewart Agency Code: 924
Short Title: PUBLIC SCHOOL CAPITAL OUTLAY TIME PERIODS Person Writing: Aguilar/Chadwick
Phone: 505-827-6519 Email: Paulj.aguilar@state.nm.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
10,000.0	10,000.0	Recurring	PSCOF

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: SB-64 eliminates the time period when the Public School Capital Outlay Fund (PSCOF) can be used for education technology infrastructure deficiency correction initiatives.

FISCAL IMPLICATIONS

As a result of the Zuni lawsuit filed in 1999, the state established and implemented a uniform funding system for capital improvements by developing a new standards-based program. Supplemental Severance Tax Bonds (SSTB's) are the permanent revenue stream originally

dedicated for construction projects under the Act. However, in recent years many programs have been added to the Act. Currently funds are used to fund the Capital Improvements Act (SB-9), the lease payment assistance program, CID reimbursements, PSFA operating budget, assistance for master facility plans, school buses, demolition allocations, technology deficiencies, and emergency allocations. The annual uses from the fund have increased in recent years, meaning that available revenues for standard based projects are reduced by these additional programs. Removing the sunset for education technology infrastructure deficiency correction initiatives may decrease the amount of revenues available for standards based projects. Currently the Public School Capital Outlay Council has the ability to fund \$10,000.0 annually for technology deficiencies through FY19.

SIGNIFICANT ISSUES

With the addition in recent year of allocations from the PSCOF for system projects, removing this sunset provision may not be necessary in that education technology infrastructure is considered a “system” and would be funded from this set-aside.

A better consideration would be for the legislature to strike subsection “M” in its entirety and allow these projects to be considered along with other system requests to ensure continuity across all building system replacements.

OTHER SUBSTANTIVE ISSUES

Replacement of networking infrastructure on a regular basis is standard practice in business and government, yet schools are often unable to refresh their infrastructure on a regular basis. The original Senate Bill 159 enacted in 2014 does not address long term sustainability. E-Rate funding for networking infrastructure is limited and not always available, and it is incumbent upon the state to develop a long-term funding strategy. Extending the sunset provision of SB159 does not meet the ongoing needs of schools in New Mexico.

The E-rate program has played, and continues to play, a major role in the development and support of telecommunications, Internet access, and other technology services for the K-12 educational community in New Mexico. PED considers E-rate funding a valuable and mission critical source of technology funding and PED encourages districts and charter schools to apply for E-rate funding, not only for new projects, but for the maintenance and support of ongoing programs, maximizing funding available to strengthen infrastructure. PED has stepped up support of our schools in the funding year ending June 30, 2017. The result is that funding has for New Mexico schools has increased by seven million dollars over the previous year, and the overall percentage for New Mexico relative to the nation has increased from 1.1% to 2.2%. This is while some large applications are still being processed. The fund has been successful for leveraging E-Rate dollars for special fiber construction that will increase