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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/07  
 LAST UPDATED 3/10/07      HB \_\_\_\_\_

SPONSOR Nava

SHORT TITLE School Roof Repair, Technology & Facilities      SB 394/aSEC/aSFC

ANALYST Wilson/Aguilar

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
	\$27,000.0	\$21,300.0		\$48,300.0	Recurring	General Fund
	\$24,000.0	\$30,000.0		\$54,000.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)  
 Public Education Department (PED)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 394 strikes the Senate Education Committee amendment, strikes the extension of the period of time to expend funds for the roof repair and replacement initiative and strikes all appropriations.

See item 1 below under Significant Issues for the impact of SB-394 after the SFC amendment.

#### Synopsis of SEC Amendment

The Senate Education Committee amendment removes the \$51,000,000 appropriations for educational technology.

#### Synopsis of Original Bill

Senate Bill 394 appropriates from the general fund to the following:

\$30,000,000 to the public school capital outlay fund for expenditure in fiscal years 2008 through 2011 for the purpose of making grants to school districts for repairing and replacing roofs pursuant to Section 22-24-4.3 NMSA 1978. Any unexpended or unencumbered balance

remaining at the end of fiscal year 2011 shall not revert to the general fund but shall remain in the public school capital outlay fund to be expended pursuant to the Public School Capital Outlay Act. Some funding remains in this fund from previous appropriations.

\$27,000,000 to the educational technology deficiency correction fund for expenditure in fiscal year 2007 and subsequent fiscal years to make allocations to correct serious deficiencies in educational technology infrastructure pursuant to the Technology for Education Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

\$24,000,000 to the public education department for expenditure in fiscal years 2007 and 2008 to make distributions to school districts to replace functionally obsolete computers and network devices in accordance with the statewide plan for the integration of educational technology into the public schools. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund. Districts generally do not have operational funds to maintain, repair or replace computers on a regular cycle.

\$8,000,000 to the public school capital outlay fund for expenditure in fiscal year 2008 and subsequent fiscal years for the purpose of purchasing and installing portable facilities pursuant to Subsection C of Section 22-24-4 NMSA 1978 to be loaned to school districts with a demonstrated need. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

\$13,300,000 to the public school capital outlay fund for expenditure in fiscal year 2008 and subsequent fiscal years for the purpose of correcting outstanding health, safety or infrastructure deficiencies at the New Mexico school for the blind and visually impaired and the New Mexico school for the deaf pursuant to Section 22-24-5.6 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund. The PSFA claims that this amount is not sufficient to correct the existing deficiencies.

## **FISCAL IMPLICATIONS**

The appropriation of \$102,300,000 contained in this bill is a non-recurring expense to the general fund expense to the general fund. Only the \$24,000,000 to the PED for expenditure in fiscal years 2007 and 2008 shall revert to the general fund if there are any unexpended or unencumbered balances remaining at the end of fiscal year 2008.

As there is no emergency clause in this bill the appropriations for the \$24,000,000 is currently only for fiscal year 2007 and the \$27,000,000 is currently for both fiscal year 2007 and fiscal year 2008.

## **SIGNIFICANT ISSUES**

SB 394 provides criteria for approving allocations. No allocation shall be made unless:

1. The prioritization has been reviewed and approved by the Public School Capital Outlay Council (PSCOC).
2. The school district has agreed to consult and coordinate with the Public School Facilities Authority (PSFA) before installing educational technology infrastructure.

3. The PSCOC has approved the allocation.
4. Beginning in 2009 and subsequent years, the initial assessment has been verified by an independent third party identified in consultation with the PSCOC.

The bill extends the date for grants to be expended to July 1, 2011. The original end date was September 1, 2008.

This bill extends the roof replacement initiative contained in 22-24-4.3 NMSA 1978. The roof replacement program is a continuation of the program that was implemented in 2005. In order for schools to qualify, they must submit an application to the PSCOC. The PSFA shall verify the assessment made by the school district and rank the applications. Districts would be required to share the cost of the repairs by using the state-share formula that applies to other capital outlay projects. The \$30,000,000 state money will be matched by the school districts thereby allowing the state funds to go farther in addressing more projects.

The \$27,000,000 and \$24,000,000 appropriations will be used to correct serious educational technology deficiencies and to replace obsolete computers statewide. The PED Educational Technology Bureau (LTSB) and the Council on Technology in Education (CTE) have developed minimum adequacy standards. A model has been developed to identify, prioritize and correct deficiencies. Cost estimates of the LTSB and CTE to address all deficiencies is approximately \$94,300,000. Annual replacement

\$8.0 million dollars is allocated to the Public School Capital Outlay Fund to purchase portable facilities. Previous legislation (2004) authorized the PSFA to own portable buildings. PSFA is authorized to lend portable buildings to school districts in emergency situations and to move them as needed. This will save school districts thousands of dollars. This is another avenue for the PSFA to assist high-growth districts to relieve immediate overcrowding. Previous funding has come from the Supplemental Severance Tax Bonds. This revenue stream is dedicated solely for projects under the Public School Capital Outlay Act (PSCOA) but in recent years many programs have been added to the Act. Lease payment assistance, Correction Industries Division reimbursements for inspections related to school facilities, PSFA operating budget, assistance for master facility plans and emergency allocations. This has decreased the amount available for standards-based construction projects. This appropriation will provide a way for PSFA to acquire an inventory of portables for use statewide.

Two state schools that have been under the Higher Education Department but serve grades K-12 are included in this bill. \$13.3 million is appropriated to the New Mexico School for the Blind and Visually Impaired and the New Mexico School for the Deaf to correct serious deficiencies at these facilities. These schools have been left out of the deficiency corrections program in the past. Senate Bill 450, 2006 Legislative Session established the criteria for assessing the facilities.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 394 duplicates House Bill 324 in its entirety. Sections 1 and 2 of this bill also duplicate House Bill 62 and Senate Bill 78.

**OTHER SUBSTANTIVE ISSUES**

PED has found that technology varies throughout the state. Some districts have a very strong focus on technology and use every source of funding they can conjure including direct legislative appropriations. Some feel that this may result in disparity if districts continue to use their legislators for prioritizing their capital outlay requests. However, the PSCOOTF has implemented the offset into the funding mechanism in the standards-based process, which essentially discounts a PSCOC project by a percentage of direct legislative appropriations that are received.

DW/mt