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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/08  
 LAST UPDATED 01/29/08      HB \_\_\_\_\_

SPONSOR Lovejoy

SHORT TITLE Internet to the Hogan Initiative      SB 364

ANALYST Weber

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$3,831.2	Uncertain	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Indian Affairs Department (IAD)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 364 appropriates \$3.8312 million from the general fund to the Indian Affairs Department for the purpose for New Mexico's portion of phase two of the internet to the Hogan's initiative, a statewide intergovernmental collaborative designed to ensure that no New Mexico Hogan is left behind in the evolving digital world. The funds shall be used for operations infrastructure for telecommunications and telehealth for the state's fifty-two Navajo chapter houses, schools, libraries and rural hospitals.

### FISCAL IMPLICATIONS

It is uncertain if the appropriation of \$3.8312 million contained in this bill is a recurring expense to the general fund. It is unclear if this is an operational or capital expenditure. Any unexpended or unencumbered balance remaining at the end of FY09 shall **not** revert to the general fund.

It appears there is a mixture of capital and operational funding in the appropriation. Consideration should be given to dividing the two with capital going to a capital bill and the balance included in a recurring appropriation.

## SIGNIFICANT ISSUES

The Indian Affairs Department notes:

The bill appropriates funding for Phase Two of the Internet to the Hogans Initiative; an initiative to develop an internet infrastructure on the Navajo Nation and provide internet access to one of New Mexico's most remote and economically disadvantaged populations. This initiative is a statewide, collaborative project that began in 2005 and it is designed to enable the Navajo people to use the "engine of the world's technology" to potentially move people from the "basement to the top floor in the economic high rise".<sup>1</sup> Participants in past collaborative meetings have included many agencies of the Navajo Nation government, Navajo Chapter governments, Navajo Technical College, private sector technology specialists, and relevant offices within the University of New Mexico.

According to officials at Navajo Technical College, Phase One of the Initiative would create a wireless infrastructure by constructing wireless transmitting towers between the Albuquerque area and Navajo Technical College, located in Crownpoint.<sup>2</sup> Groundbreaking of Phase One took place on January 29, 2007<sup>3</sup> and was slated to be completed by October 2007.<sup>4</sup>

Phase Two funding of the initiative extends wireless internet connectivity from Navajo Technical College to schools, medical clinics, hospitals, police departments, fire houses and homes within a 15 to 30 mile radius of each of the fifty-two Navajo Chapter Houses located in New Mexico. In addition, a second wireless pipeline would be built between Albuquerque and Crownpoint to serve as a backup system to the already constructed tower network. Funding from this bill would also cover the network's ongoing operational expenses.

## OTHER SUBSTANTIVE ISSUES

During FT06 and FY07 a total of \$2.85 million of capital funding was provided for the Internet Hogan initiative. Indian Affairs Department records show that to date the \$1.05 million appropriated in FY07 still does not have a scope of work reported or any contracts let. It may be prudent to delay additional funding until at least a scope of work is developed for prior years' appropriation.

MW/bb

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<sup>1</sup> Navajo Nation Technical College. "Navajo Technical College Begins Bridging Digital Divide." Press Release, January 10, 2007. Retrieved 1/23/08, <http://205.242.219.103/docs/releases/release.html>.

<sup>2</sup> From 2007 Conversation with Todd Romero, Navajo Technical College, 786-4197: [www.navajotech.edu/docs/releases /release](http://www.navajotech.edu/docs/releases/release)

<sup>3</sup> Ibid., Navajo Nation Technical College, Press Release Jan. 2007.

<sup>4</sup> Pratt, Mary. "The Navajo Nation Connects its People to the Internet." ComputerWorld, October 22, 2007. Retrieved 1/23/08, [www.computerworld.com](http://www.computerworld.com).