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FISCAL IMPACT REPORT

ORIGINAL DATE 02/24/09

SPONSOR Miera LAST UPDATED _____ HB 620

SHORT TITLE Public School Capital Outlay Maintenance SB _____

ANALYST Aguilar

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Indeterminate Could be Significant			Recurring	Capital Improvement Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB378 and HB465

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)
 Office of Educational Accountability (OEA)
 Public School Facilities Authority (PSFA)
 Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 620 provides for the use of Public School Capital Improvement Act funds pay for the salaries of maintenance employees and codifies the definition of maintenance as it pertains to SB-9 expenditures.

FISCAL IMPLICATIONS

This bill will allow school districts to shift some of their operational costs, such as maintenance salary expenses, to their SB-9 funds.

Currently, 86 of the 89 school district have an approved SB-9 levy. This accounts for approximately \$115 million statewide annually. Approximately \$97.2 million of this amount is collected at the local level through ad valorem taxes and the remaining 18.1 million is funded by the state in guaranteed state matching funds.

SIGNIFICANT ISSUES

The fiscal implications could be significant, not in initial added cost to the state, but in the potential impact on school facility maintenance programs, which are primarily funded from district SB-9 funds. If school districts are allowed to use their SB-9 funds for maintenance employee salaries, these already limited funds would be diverted from their current primary use for the purchase of needed maintenance contract services and materials to keep facilities fully functional.

According to PED budget data, maintenance salaries total approximately \$100.0 million and statewide SB-9 revenue totals \$204.6 million. Available SB-9 funding is already insufficient to cover all the allowable uses. If SB-9 can be used to pay maintenance salaries there will be significantly lesser SB-9 funds remaining for districts to properly equip or supply their maintenance staff or pay maintenance contractors to properly conduct maintenance operations. Not only could classroom conditions suffer, but this action could yield a potentially long-term cost impact because of the resultant premature deterioration of the school facility infrastructure and an accelerated expense of facility system replacement across the state.

Currently school districts are purchasing and repairing maintenance equipment with their SB-9 funds. Some are also using their SB-9 funds for “janitorial activities” which can be interpreted as non-maintenance services. Adding this section will solely define maintenance, which will add clarity to the appropriate use of the funds. This may also prevent school districts from incurring any audit finding by further clarifying the appropriate uses.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 465 also proposes the use of SB-9 funds for maintenance salaries, but only on a temporary basis during FY 2009 and 2010.

PA/svb