

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: FL/SB 6

51st Legislature, 2nd Session, 2014

Tracking Number: .196846.3

Short Title: Charter School Share of Ed. Technology Act

Sponsor(s): Senator Carlos R. Cisneros

Analyst: Travis Dulany

Date: February 18, 2014

SENATE FLOOR SUBSTITUTE FOR SENATE BILL 6

Bill Summary:

FL/SB 6 amends and adds new material to the *Education Technology Equipment Act*.

Among its provisions, the bill:

- defines:
 - “department” as the Public Education Department (PED); and
 - “eligible charter school” as “a locally or state-chartered charter school located within the geographic boundaries of a school district that timely provides the necessary information to identify the lease-purchase education technology equipment for use in the charter school to be included in the local school board resolution for lease-purchase of education technology equipment”; and
- adds a new section to the *Education Technology Equipment Act*:
 - after July 1, 2014, a school district that assumes debt under the provisions of the *Education Technology Equipment Act* shall provide, to each eligible charter school in the district, education technology equipment equal in value to an amount based upon the debt prorated by the number of students enrolled in the district and charter school as reported on the first reporting date of the prior school year; and
 - in the case of an approved eligible charter school that had not commenced classroom instruction in the prior school year, the estimated full-time-equivalent enrollment in the first year of instruction, as shown in the charter school application, shall be used to determine the amount, subject to adjustment after the first reporting date.

Fiscal Impact:

FL/SB 6 does not contain an appropriation.

Substantive Issues:

Educational Technology Notes

According to the PED analysis for the original bill:

- currently, school districts that generate revenue from the sale of Education Technology Notes (ETNs) do not distribute a portion of these proceeds to charter schools located within their physical boundaries;
- the ETNs are sold using the district's property tax capacity to generate funds;
- because all of the property in the district is taxed, including property owned by parents of children who attend charter schools, an argument could be made that a portion of the proceeds received from the sale of ETNs should be distributed to those charter schools located within district boundaries;
- the process for issuing bonds to generate revenue for school districts under the provisions of the *Education Technology Equipment Act* is different from the process used in other property tax elections (e.g. the *Public School Buildings Act*, commonly known as HB 33, or the *Public School Capital Improvements Act*, commonly known as SB 9);
- this is the only process in the state that does not require voter approval – only school board approval is necessary for the issuance of ETNs; and
- ETNs are bonds that are repaid through property taxes, usually with a five-year term, which is different from other *ad valorem* tax elections such as SB 9 and HB 33 revenue;

According to PED, there are currently 13 school districts that utilize funding under the *Education Technology Equipment Act*, seven of which have at least one charter school within district boundaries. Because FL/SB 6 specifies that, *after* July 1, 2014, a school district that assumes debt under the *Education Technology Equipment Act* shall provide education technology equipment to eligible charter schools, it appears that FL/SB 6 would not affect the current ETNs issued in these seven districts.

Computer-based Testing

In school year 2014-2015, the New Mexico Standards-based Assessment is scheduled to be replaced by an assessment aligned with the Common Core State Standards developed by the Partnership for the Assessment of Readiness for College and Careers (PARCC). The PARCC assessment will be computer-based, requiring certain technology upgrades and updates throughout the state's public schools.

In a recent Information Technology Advisory Group meeting, PED staff reported that the results of technology readiness applications indicate a need for an additional 10,000 computers in New Mexico public schools in order to meet minimum standards to administer the PARCC test next school year. The department is in the process of allocating \$5.2 million for FY 14 "to purchase computers for administration of the next generation assessment developed by [PARCC]." Alternative sources of revenue for technology, such as the *Education Technology Equipment Act*, may be utilized to acquire requisite computers in future years.

PED's website currently displays a map of schools and their technology readiness status.¹

¹ <http://webapp2.ped.state.nm.us/SchoolData/TechFootPrint.aspx>

Background:

Education Technology Equipment Act

The purpose of the *Education Technology Equipment Act* is to implement the provision of Article 9, Section 11 of the Constitution of New Mexico, which declares that a school district may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the school district.

***Technology for Education Act*²**

The purpose of the *Technology for Education Act* is to:

- establish the Education Technology Bureau³ within PED;
- outline functions and duties of the Education Technology Bureau, including:
 - assistance to school districts to develop and implement a strategic, long-term plan for utilizing education technology in the classroom; and
 - recommend funding mechanisms that will support the development and maintenance of an effective education technology infrastructure in the state;
- create the Council on Technology in Education with 17 members appointed by PED for terms of four years; and
- create the Educational Technology Fund and the Educational Technology Deficiency Correction Fund in the State Treasury.

Public School Capital Improvements Act

The purpose of the *Public School Capital Improvements Act*, commonly known as SB 9, or the “two-mill levy,” is to create a funding mechanism that allows districts to ask local voters to approve a property levy of up to two mills for a maximum of six years. Funds generated through imposition of the two-mill levy must be used for:

- building, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- purchasing or improving public school grounds;
- maintaining public school buildings or public school grounds, including the purchasing or repairing of maintenance equipment, participating in the facility information management system as required by the *Public School Capital Outlay Act*, and including payments under contract with regional education cooperatives for maintenance support services and expenditures for technical training and certification for maintenance and facilities management personnel, but excluding salary expenses of school district employees;
- purchasing activity vehicles for transporting students to extracurricular activities; and
- purchasing computer software and hardware for student use in public school classrooms.

² Not to be confused with the *Education Technology Equipment Act*.

³ The Education Technology Bureau no longer exists, however the functions and duties are administered by the PED Chief Information Officer.

Public School Buildings Act

The *Public School Buildings Act* (commonly known as HB 33) allows districts to impose a tax not to exceed 10-mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. Subject to certain limitations, these funds are to be used for:

- building, remodeling, making additions to, providing equipment for, or furnishing public school buildings;
- payments made pursuant to a financing agreement between a school district or a charter school for the leasing of a building or other real property, with an option to purchase for a price that is reduced according to payments made;
- purchasing or improving public school grounds;
- purchasing activity vehicles for transporting students to and from extracurricular activities, provided that this authorization for expenditure does not apply to school districts with a student membership greater than 60,000; or
- administering projects, including expenditures for facility maintenance software, project management software, project oversight, and district personnel specifically related to administration of projects funded by the *Public School Buildings Act*, provided that expenditures pursuant to this subsection do not exceed 5.0 percent of the total project costs.

Charter Schools

Current provisions in the *Public School Buildings Act* began requiring, as of July 1, 2007, that a resolution submitted to the qualifying electors must include capital improvement funding for a locally chartered or state-chartered charter school located within the school district if the:

- charter school timely provides the necessary information to the school district for inclusion on the resolution that identifies the capital improvements of the charter school for which the revenue proposed to be produced will be used; and
- capital improvements are included in the five-year facilities plan.

Committee Referrals:

SCC/SEC/SFC/HEC

Related Bills:

*SB 159a *Education Technology Infrastructure Funding* (Identical to HB 260)

SB 162 *Capital Outlay Planning & Monitoring Act*

SJM 4a *Study State Building Broadband Infrastructure*

SJM 11a *Vision for High-Quality Education in NM*

SM 61 *Study Common Core Standards*

HB 68a *School Capital Outlay for Building Systems*

HB 149 *School Capital Outlay for Building Systems*

*HB 260 *Education Technology Infrastructure Funding* (Identical to SB 159)