

LESC bill analyses are available on the New Mexico Legislature website (www.nmlegis.gov). Bill analyses are prepared by LESC staff for standing education committees of the New Mexico Legislature. LESC does not assume any responsibility for the accuracy of these reports if they are used for other purposes.

LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 1st Session, 2017

Bill Number	<u>SB63/HF1#1</u>	Sponsor	<u>Stewart</u>
Tracking Number	<u>.205139.4</u>	Committee Referrals	<u>SEC/SFC;HTPWC/HEC</u>
Short Title	<u>“Education Technology Improvements” Uses</u>		
Analyst	<u>Rogne</u>	Original Date	<u>1/26/17</u>
		Last Updated	<u>3/16/17</u>

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

BILL SUMMARY

Synopsis of House Floor Amendment #1

The House Floor Amendment #1 to SB63/HF1#1 excludes salary expenses of school district employees from the allowable expenditures for the Public School Capital Improvements Act (commonly referred to as SB9) and the Public School Buildings Act (commonly referred to as HB33). In addition, both acts are amended to allow improvements, alterations, and modifications to, or expansions of, existing buildings or *tangible* personal property necessary or advisable to house or otherwise accommodate education technology tools (emphasis added).

Synopsis of Bill

Senate Bill 63 (SB63) would amend the Public School Buildings Act (commonly referred to as HB33) and the Public School Capital Improvements Act (commonly referred to as SB9) to expand the definition of education technology eligible for property tax revenues from mill levies. The Public School Buildings Act and the Public School Capital Improvements Act are funding mechanisms for capital improvements. These acts allow school districts to ask voters to approve a mill levy on the net taxable value of property in the district.

FISCAL IMPACT

SB63/HF1#1 does not contain an appropriation. However, SB63/HF1#1 would have fiscal impact on school districts by helping to alleviate the operational budget of local school districts with educational technology purchases, particularly software licenses.

SUBSTANTIVE ISSUES

This bill amends the Public School Buildings Act and the Public School Capital Improvements Act to expand the uses of revenues for education technology improvements. The expanded definition includes items listed in paragraphs 1 and 2 of the education technology definition in

the Education Technology Equipment Act, but excludes expenditures for technical support and training expenses of school district employees who administer education technology projects funded by a lease purchase agreement. Salary expenses of school district employees are also excluded. If enacted, HB33 and SB9 funds would both be eligible for:

- Purchasing and installing education technology improvements, including “tools used in the educational process that constitute learning and administrative resources,” and which may also include:
 - a) satellite, copper, and fiber-optic transmission; computer and network connection devices; digital communication equipment, including voice, video, and data equipment; servers; switches; portable media devices, such as discs and drives to contain data for electronic storage and playback; and the purchase or lease of software licenses or other technologies or services, maintenance, equipment and computer infrastructure information, techniques and tools used to implement technology in schools and related facilities; and
 - b) improvements, alterations, and modifications to, or expansions of, existing buildings or tangible personal property necessary or advisable to house or otherwise accommodate any of the tools listed in this paragraph.

The Public School Buildings Act allows school districts to ask voters to approve the imposition of up to 10 mills for a maximum of six years and the Public School Capital Improvements Act allows up to two mills for a maximum of six years. HB33 funds may be used for facilities construction and maintenance, lease purchase payments, public school grounds, purchasing activity vehicles (Albuquerque Public Schools is statutorily prohibited from using these funds to purchase activity vehicles) and project administration software and fees. SB9 funding may be used for capital improvements expenditures similar to HB33, except SB9 also allows purchasing computer software and hardware for student use.

A public school district requested this bill for consideration as educational technology purchases have strained the operational budgets of the school district. Revenues from mill levies are dependent on net taxable property values, so some school districts are better able than others to fund education technology through this means. Disparity in school district property tax bases was the lynchpin of the Zuni lawsuit.

The public school capital outlay fund is the source of funding for the standards-based capital outlay program for public schools statewide, the lease assistance program, master plan assistance, as well as the state match for the Public School Capital Improvements Act and other programs under the Public School Capital Outlay Act. Revenues to the fund are principally from supplemental severance tax bonds, and allocations from the fund are authorized by the Public School Capital Outlay Council (PSCOC).

According to the Public School Facilities Authority (PSFA), staff to the PSCOC, the expansion of allowable expenditures under the Public School Buildings Act and the Public School Capital Improvements Act may lead to competing priorities in school districts and could result in diverting available district funding for capital improvements and maintenance of public school buildings and grounds.

ADMINISTRATIVE IMPLICATIONS

PSFA is concerned that not enough money is allocated by school districts to maintain school buildings. SB63/HFI#1 could result in revenue being diverted from maintaining public schools, leading to deferred maintenance and capital needs. PSFA reported the statewide average Facility Maintenance Assessment Report (FMAR) – a tool introduced in FY11 to measure maintenance effectiveness – improved in FY16 to an average score of 64.8 percent, an increase of 4.8 percentage points from FY15. PSFA estimates a district should maintain an FMAR score of 70 percent or better for a facility to reach full life expectancy. Delayed or deferred maintenance due to reduced funding could result in early replacement of facility systems, which is three times more expensive than preventative maintenance.

TECHNICAL ISSUES

The Department of Information Technology (DoIT) recommends revising page 2, line 23 through page 3, line 14 (subsection 6 of Section 22-25-2(B) NMSA 1978) and page 4, line 18 through page 5, line 9 (subsection F of Section 22-26-2 NMSA 1978) to include more specific language regarding Internet access. Portions recommended by DoIT are underlined:

“purchasing and installing education technology improvements, including tools used in the educational process that constitute learning and administrative resources for digital learning readiness through the use of high-speed Internet access, and which also may include:

- a high-speed broadband connection (e.g., fiber optic); Wi-Fi systems with access points; mobile hotspot devices; content filtering; caching; computer and network connection devices; digital communication equipment, including voice, video, and data equipment; servers; switches; network security equipment; and the purchase or lease of software licenses or other technologies and services; maintenance, equipment and computer infrastructure information, techniques and tools used to implement technology in schools and related facilities.”

If this technical change is implemented, language would no longer mirror the definition of “education technology equipment” found in the Education Technology Equipment Act, Paragraphs 1 and 2 of subsection C of Section 6-15A-3 NMSA 1978.

PSFA recommends on page 3, line 2, including Wireless as a transmission option.

RELATED BILLS

Relates to HB69/aHTRC/aHFI#1/aSFC, Education Technology Improvements & Admin, a bill that provides a property tax for education technology improvements.

Relates to SB64, Public School Capital Outlay Time Periods, which removes the sunset date for BDCP; funds from the expanded definition of education technology improvements in HB33 and SB9 could be used as a local match for BDCP.

SOURCES OF INFORMATION

- LESC Files
- Department of Information Technology
- Public School Facilities Authority

MCR/rab