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## FISCAL IMPACT REPORT

**SPONSOR** Sweetser/Smith/ Garcia Richard      **ORIGINAL DATE** 2/08/18  
**LAST UPDATED** 2/13/18      **HB** 207/aHAFC/aSFC

**SHORT TITLE** Library Broadband Infrastructure Fund      **SB** \_\_\_\_\_

**ANALYST** Sánchez

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

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Indeterminate see Fiscal Implications	Indeterminate see Fiscal Implications	Indeterminate see Fiscal Implications	Recurring	General Fund/Other State Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Information Technology (DoIT)

Indian Affairs Department (IAD)

Public School Facilities Authority (PSFA)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment to House Bill 207 removes “appropriation from the title and makes the fund created by the original bill “subject to appropriation by the legislature.”

#### Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 207 removes the appropriation and changes one of the purposes of the fund from broadband mapping and supplies to “planning and data acquisition services to support collaborative project implementation”.

#### Synopsis of Original Bill

House Bill 207 proposes to create the nonreverting Library Broadband Infrastructure Fund to be managed by the Department of Information Technology and used to match grant money, support

grant application preparation and compliance and for mapping and support materials for broadband at public, tribal and school libraries.

The bill appropriates \$1 million from the general fund to be used in FY19 and subsequent years. Balances in the fund at the end of the fiscal shall not revert to the general fund.

### **FISCAL IMPLICATIONS**

The Department of Information Technology (DoIT) testified before the Senate Finance Committee that it would not need additional resources.

This original bill created a new fund and provided for continuing appropriations, but the HAFC amendment removed it. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

LFC did not support DoIT's FY19 budget request to add three FTE at a cost of \$500 thousand to the general fund to support its broadband initiative. DoIT requested the FTE and associated funding because the federal grant that initially funded the project ended in 2015. Instead LFC recommended DoIT convert three existing but vacant and funded positions for this purpose.

LFC records show that the balance in the general obligation bonds as of December 2017 for two library projects managed by the Department of Cultural Affairs are almost \$1.2 million from a \$3 million bond for public library acquisitions, which included broadband and \$375.6 thousand from an \$800 thousand bond for tribal library acquisitions, which also included broadband.

The Public Education Department (PED) and DoIT's Office of Broadband & Geospatial Initiatives created a permanent broadband for education (BB4E) program in 2016 to ensure that the State continues to support the broadband needs of K-12 educational institutions well beyond the current administration. On its website, DoIT includes the broadband for libraries initiative as part of its Office of Broadband and Geospatial Initiatives. In its response, DoIT anticipates the library project will closely mirror the BB4E initiative. DoIT; however, does not provide any information on how it proposes to support and maintain the program into the future.

The Public School Facility Authority (PSFA) reports that appropriation could leverage available federal E-rate funding for infrastructure projects. On average, a 10 – 20 percent in state funding match could leverage approximately 80 to 90 percent in federal (E-rate) funding for broadband infrastructure upgrades.

### **SIGNIFICANT ISSUES**

According to DoIT, its Office of Broadband and Geospatial Initiative is responsible for the broadband for libraries initiative and this bill would expand its initiative. It is unclear if the BB4E initiative includes school libraries so it is possible this bill may provide redundant funding for school libraries already covered in the BB4E initiative.

PSFA notes that this bill does not required DoIT to coordinate with either the Public Education Department or PSFA as it relates to school libraries. Moreover, public school libraries are currently covered by the Public School Capital Outlay Council (PSCOC) funding available for

broadband infrastructure upgrades.

LFC in a January 2017 memo reports that 92 percent of public schools in New Mexico have fiber connections and ranks at the top half of the county for percent of schools connected to fiber.

### **OTHER SUBSTANTIVE ISSUES**

SB159 was signed into law in March 2014 allowing the PSCOC to expend up to \$10 million annually for five fiscal years (FY15 - FY19), to correct deficiencies in broadband infrastructure affecting Public Schools statewide.

A September 2017 presentation to the PSCOC, the Education Super Highway, a nonprofit focused on upgrading the Internet access in every public school, reported by way of example that the Jemez Tribal Consortium had a fiber construction project approved by E-rate that will connect 3 tribal schools and 2 tribal libraries to fiber, and that it had leveraged \$45.5 million in federal funding against \$3.4 million in PSCOC funding for upgrades and had used zero in school district funding.

According to information obtain at the broadband4education website, The FCC provided every school district with a \$153.47 per student (adjusted yearly for inflation) total “Category 2” budget from 2015-2019 to upgrade internal connections in schools.

The Federal Communications Commission (FCC) Indian Telcom Initiative’s goal it is to ensure all Americans, including those living in tribal communities, have access to affordable, quality telecommunications services.

PSFA notes that Senate Bill 159 of the 2014 Legislative Session created the education technology deficiencies correction initiative under the Public School Capital Outlay Act, known as the Broadband Deficiencies Correction Program, which allows up to \$10 million annually to be awarded from the Public School Capital Outlay Fund for education technology infrastructure through FY19. In the first two years of project development approximately \$5 million in PSCOC funding allocations resulted in approximately \$50 million of broadband infrastructure upgrades, by leveraging E-rate funds.

### **POSSIBLE QUESTIONS**

1. Is a fund necessary after the broadband library project is completed?
2. How many FTE does DoIT have dedicated to its Office of Broadband & Geospatial Initiative?
3. How much has DoIT spent on this initiative over the last two years?
4. How much does DoIT anticipate it will need to staff and maintain the library initiative in the bill?
5. How was the broadband initiative funded, how much was received?
6. What was DoIT’s plan to continuously maintain and support the Office of Broadband and Geospatial Initiative beyond the current administration and past conception and implementation?