

LFC Requester:	Sunny Liu
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: February 18, 2025 *Check all that apply:*
Bill Number: SB 401 Original Correction
 Amendment Substitute

Sponsor: Michael Padilla and Debra Sariñana
Education Technology
Short Title: Infrastructure Funding

Agency Name and Code Number: Office of Broadband Access and Expansion

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
0	0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
00	0	0		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

Total		0	0	0		
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(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This bill amends the Broadband Access and Expansion Act and the Public School Capital Outlay Act to transfer responsibility for education technology infrastructure funding from the Public School Facilities Authority (PSFA) to the Office of Broadband Access and Expansion (OBAE). It creates the Education Technology Infrastructure Fund administered by OBAE; and amends the Severance Tax Bonding Act to provide funding for educational technology infrastructure by the Broadband Office through issuance of supplemental severance tax bonds formerly directed to the Public School Capital Outlay process.

The bill transfers assets and personnel from the PSFA Broadband Deployment and Connectivity Program to the OBAE. It further amends the Public School Capital Outlay Act and repeals the Public School Capital Outlay Council’s (PSCOC) authority for education technology infrastructure deficiency corrections thus consolidating all broadband-related responsibilities and authority with OBAE.

The bill creates the Educational Technology Infrastructure Fund in the state Treasury to receive \$10.0 million annually of proceeds of supplemental severance tax bonds per fiscal year for educational technology infrastructure pursuant to the act. This funding currently flows to the Public School Capital Outlay Fund administered by the PSCOC and PSFA, but will be administered by OBAE under this bill. The fund may be expended annually by OBAE to make grants for educational technology infrastructure projects. The Severance Tax Bonding Act is amended to specify that proceeds from bonds may be used for educational technology infrastructure pursuant to the Broadband Access and Expansion Act.

The bill requires on-going collaboration between OBAE, the PSCOC, and PSFA to define and develop minimum adequacy standards for education technology infrastructure.

The bill grants OBAE rulemaking authority as to the expenditure of the Educational Technology Infrastructure Fund.

Finally, the bill provides for the transfer of existing functions, personnel, money, appropriation, property, contractual obligations, and statutory references pertaining to the broadband deployment and connectivity programs from the PSFA to OBAE.

FISCAL IMPLICATIONS

SB401 does not create a new appropriation or otherwise impact the total of any state funds. Instead, it transfers an existing annual allocation of \$10,000,000 for the Broadband Connectivity and Deployment Program – which is externally known as the Statewide Education Network - from the

authority of the PSFA to OBAE.

This will have a net zero impact on the state finances as a whole.

SIGNIFICANT ISSUES

SB401 codifies in law the existing agreements between OBAE and the PSFA regarding the Statewide Education Network, which was approved by the PSCOC. Through an Intergovernmental Agreement, PSFA has assigned all responsibility for the administration and operations of the SEN to OBAE. In accordance with this IGA, SPO and DFA administratively transferred the PSFA's broadband team to OBAE. The first agreement was executed on March 1, 2023, and was effective through June 30, 2024. A second agreement went into effect on July 1, 2024 that is effective through June 30, 2025.

OBAE utilized this authority to launch the Statewide Education Network (SEN) on July 1, 2024. The SEN connects all interested public schools and public libraries together through scalable, reliable, affordable, and secure Internet. Districts and charters composed of over two hundred school sites spread across the state now have access to SEN circuits provided in collaboration with local Internet Service Providers (ISPs), with plans to continue expanding until every school and library in the State have access to the SEN by 2028.

OBAE has received just under \$1 billion in state and federal funding to implement broadband infrastructure projects throughout the New Mexico. Despite this significant investment, the New Mexico Broadband Strategic Plan estimates that the state requires between \$2.2 billion and \$5.5 billion dollars of capital investment to achieve complete connectivity. By consolidating the broadband funding under one agency, OBAE is able to leverage multiple projects to maximize connectivity and funding, as evidenced by the launch of OBAE's Student Connect grant program. The Student Connect grant program utilizes SEN infrastructure, the Connect New Mexico Fund, and partnerships with private ISPs to provide unserved students in rural communities with broadband connectivity in their homes.

OBAE, PSFA, and PSCOC support this bill to officially codify the agreements currently in place to consolidate all statewide broadband initiatives with OBAE.

PERFORMANCE IMPLICATIONS

Passage of SB401 would promote agency efficiency within the SEN by aligning statutory authority with existing implementation, thereby eliminating the need for multiple IGAs to properly administer and expend the allocated funding for the SEN. This consolidation of broadband programs will further reinforce OBAE's authority as the agency charged with ensuring that all New Mexicans have access to high-speed internet in their homes, schools, and community anchor institutions.

ADMINISTRATIVE IMPLICATIONS

As noted above, SB 401 codifies the status quo and creates administrative efficiencies for the state.

The PSFA previously transferred administration of the broadband connectivity and deployment program to OBAE through annual Intergovernmental Agreements. All PSFA staff from the broadband division were transferred to OBAE on July 1, 2024.

As such, there will be no additional administrative burden on OBAE.

SB401 will relieve administrative burden on the PSFA by removing the requirement that PSFA reimburse OBAE for all SEN expenditures, and instead allow OBAE to expend SEN funding directly.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB401 is not passed, the PSFA will continue to be administratively burdened with an unnecessary process of reimbursing OBAE for all SEN expenditures, and the review/approval of federal funding requests that are available to schools and libraries connected to the SEN. Furthermore, legal, financial and management staff at both PSFA and OBAE will continue to redirect time and energy from other priorities to maintaining and implementing IGAs.

AMENDMENTS

Not applicable.