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FISCAL IMPACT REPORT

ORIGINAL DATE 1/18/2008

SPONSOR HBIC LAST UPDATED _____ HB 68/HBICS

SHORT TITLE Educational Television and Radio Equipment SB _____

ANALYST Sánchez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$1,295.0	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to HB88 which appropriates funds for educational television to Western New Mexico University (\$118.6 thousand)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of House Business and Industry Committee Substitute

The HBIC substitute for House Bill 68 adds an emergency clause to the bill making it effective immediately upon being signed.

House Bill 68 amends Section 21-1-34 NMSA 1978 (education television equipment replacement fund) to include radio equipment replacement. It appropriates \$1,295 thousand from the GENERAL FUND to the University of New Mexico (\$405 thousand), New Mexico state University (\$365 thousand), Eastern New Mexico University (\$365 thousand) and Albuquerque Public Schools (\$40 thousand) for the purpose of replacing equipment for corporation for public broadcasting qualified educational television and radio at the stations operated by the entities listed above after the Higher Education Department has developed criteria and promulgated rules for the disbursement of the funds. House Bill 68 also appropriates \$120 thousand to the Higher Education Department for television and radio interconnection expenditures in fiscal year 2008 and beyond.

FISCAL IMPLICATIONS

The appropriation of \$1,295 thousand contained in this bill is a NON-RECURRING expense to the GENERAL FUND. Any unexpended or unencumbered balance remaining at the end of

FISCAL YEAR 2008 and beyond shall not revert to the GENERAL FUND.

This bill amends an existing fund to include replacement of radio equipment with television equipment for corporation for public broadcasting certified stations operated by public post-secondary educational institutions or public schools. 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.

SIGNIFICANT ISSUES

According to HED, educational television stations have funded digital upgrades through federal funds, education radio stations have funded equipment through capital outlay appropriations. Educational television and radio stations have not had any other consistent funding source for equipment replacement.

From 2005 through 2007 the New Mexico legislature has appropriated over \$70 million from all funding sources to support educational television in all post-secondary state supported schools that have an educational television station. Of that amount, over \$10 million has been from the general fund. It appears that not even 1 percent of the annual appropriation has been set aside for equipment replacement.

From the responses received from the entities affected, it does not appear that any of them have set up an internal fund for equipment replacement that is funded through the normal equipment depreciation that can then be used to fund replacement of equipment. It is important to note that upgrading the stations to the federally-required digital signal by February 2009 is an expense that may not have been able to be covered by a well thought out and funded equipment replacement fund. However, the universities and Albuquerque Public Schools (APS) could have started to position themselves for the change since the federal government announced the change as early as the late 1990s.

According to the Higher Education Department, the appropriation would serve as a twenty-five percent (25%) match to a federal grant. It is unclear from the response if any of the universities that operate a public television or radio station and APS that operates a public radio station have applied for and been granted funding through the Community Service Grant or the Digital Radio Conversion Fund and the Digital Television Conversion Fund (\$1.5 billion available).

According to the members of the commission for public broadcasting all revenue received over the past several years has been solely to pay for programming. No additional amounts have been available for equipment replacement. Moreover, all eligible federal funds have been applied for.

ADMINISTRATIVE IMPLICATIONS

APS is not an entity governed by HED, yet the act requires HED to set criteria under which APS will be granted funds to replace its equipment. HED should enter into a memo of understanding with APS to avoid any potential issues with disbursement of funds based on rules established by HED.

TECHNICAL ISSUES

On page 3, line 15 delete the word "state" after eastern New Mexico to avoid any confusion over which university the appropriation refers.

OTHER SUBSTANTIVE ISSUES

According to HED other states fund educational television and radio equipment replacement.

Without the upgrade to the equipment and the transition to digital, television and radio stations may not be able to transmit. According to the New Mexico chairman of the Commission on Public Broadcasting some of the equipment needs are so dire some stations may not be able to broadcast.

AS/mt