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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/11
LAST UPDATED 03/17/11 **HB** 268/aHEC/aSCONC

SPONSOR Maestas

SHORT TITLE Recycle Plans in School Districts **SB** _____

ANALYST Kleats

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
\$0.0	\$0.0	*	Recurring	Other Local Funds (School District Operating Budgets)

(Parenthesis () Indicate Revenue Decreases)

* See Fiscal Implications

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
	\$0.0	*	*	*	Recurring	Other Local Funds (School District Operating Budgets)

(Parenthesis () Indicate Expenditure Decreases)

* See Fiscal Implications

SOURCES OF INFORMATION

LFC Files

Responses Received From:

Public Education Department (PED)

SUMMARY

Synopsis of SCONC Amendment

The Senate Conservation Committee Amendment makes the dedication of net proceeds of recycling programs for the funding of fine arts programs permissive rather than mandatory.

Synopsis of HEC Amendment

The House Education Committee Amendment makes recycling programs in school districts permissive rather than mandatory and removes the due date for adoption of recycling plans.

Synopsis of Original Bill

House Bill 268 will create a new section of the Public School Code requiring all school districts to adopt recycling plans. The proceeds from the sale of recyclable materials resulting from these plans will be designated for the funding of fine arts education programs.

FISCAL IMPLICATIONS

HB 268 will not impact appropriations via the calculation of program units or the state equalization guarantee distribution (22-8-25 NMSA 1978). As written, the bill will neither generate nor reduce revenue to the State; the individual school districts would manage any proceeds from the recycling programs. The collection and expenditure of the proceeds by the school districts would be subject to the stipulations of 22-8-37 NMSA 1978.

Because HB 268 does not appropriate any additional funds to school districts, the districts would have to pay for the implementation of these recycling programs from their existing operating budgets or obtain grants for funding. Assuming that operating budgets are already fully allocated by the school districts, the initial implementation of the recycling programs could come at the cost of reduced funding to other operational activities.

As the Public Education Department notes in their analysis, each district would need to collect, clean, store and transport the recyclable materials. The cost of this operation must be weighed against any revenue from the sale of recyclable materials, and it is possible that these operations could result in a net loss to some school districts.

HB 268 Lines 24-25 direct that “[a]ll proceeds from the sale of recyclable materials shall be used to fund fine arts education programs.” This requirement negates the possibility that the recycling program could become self-funded whereby proceeds less operating costs would be allocated to fine arts education programs. While the cost of administering a recycling program could be partially offset by a reduction in the volume of solid waste and waste management costs, the remaining cost of the recycling program would still have to be funded from the operating budget or grants, just as the implementation costs were. This could possibly result in a de facto transfer of funds from certain operational activities towards fine arts education.

SIGNIFICANT ISSUES

Economies of Scale: Smaller school districts may suffer from unfavorable economies of scale in the cleaning, storage and transportation of collected recyclable materials. These adversities can be partially overcome by the “hub and spoke” approach advocated by the New Mexico Recycling Coalition, but poor scaling implies that smaller districts could have higher relative costs. Smaller or more isolated school districts would benefit less than larger or more integrated school districts as a result of the difference in relative cost.

Hub and Spoke: The New Mexico Recycling Coalition advocates a hub and spoke model for recycling (<http://www.recyclenewmexico.com/>). This model takes advantage of economies of scale by providing for larger, centralized processing centers (hubs) to which recyclable material is transported from outlying communities (spokes).

Recycling Hub Capacity: According to the New Mexico Recycling Coalition, of the twelve

existing hubs in New Mexico, only six have extra available capacity: Las Cruces, Ruidoso, Hobbs/WMI, Farmington/WMI, Santa Fe/BuRRT, and Angel Fire. The other six (Taos, Las Vegas, Albuquerque, Roswell, Silver City, Carlsbad/Rainbow Recycling) are already operating at maximum capacity. Six hubs are currently under development, while another four have been proposed.

Requiring school districts to enact recycling plans could strain the currently limited capacity. It is possible, however, that by the proposed deadline of the beginning of FY2014, capacity constraints have been eased by the addition of up to ten new processing hubs.

ADMINISTRATIVE IMPLICATIONS

According to the Public Education Department, it is estimated that it would take approximately 80 hours of time by an Education Administrator A to collaborate with all state public school districts to bolster, plan and implement secondary art, music, dance and theatre programs for all secondary students by FY2014. PED has an Arts Consultant who can participate in this collaboration.

RECOMMENDED AMENDMENTS

Line 24: Consider replacing “All proceeds” with “Net proceeds” to allow for the self-funding of recycling programs as per the discussion under Fiscal Implications.

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