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F I S C A L I M P A C T R E P O R T

SPONSOR	SRC	ORIGINAL DATE	3/09/19	LAST UPDATED	3/11/19	HB	
SHORT TITLE	Enhanced E911 Consultation					SB	472/SRCS
						ANALYST	Fresquez/Glenn

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$0 - \$498.0	\$0 - \$498.0	\$0 - \$966.0	Recurring	911 Enhancement Fund (74500)

(Parenthesis () Indicate Expenditure Decreases)

Relates to and conflicts with HB439 and HB588

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Department of Information Technology (DoIT)

No Responses Received

Department of Information Technology (DoIT)

New Mexico Municipal League

New Mexico Counties

SUMMARY

Synopsis of Bill

The Senate Rules Committee substitute for Senate Bill 472 amends the Enhanced 911 (E-911) Act by transferring responsibility for administration of the E-911 program from the Local Government Division (LGD) of DFA to DoIT. The bill increases the amount DoIT may spend for administration and coordination of the E-911 program from 5 percent to 7 percent of all money deposited annually in the fund.

The bill establishes the Enhanced 911 Advisory Board. The board is created as a nine-member advisory body to DoIT and is required to consult with DoIT on the administration of the E-911 fund and other matters governed by the E-911 Act. The board's members are local government

representatives and include the heads of emergency services affiliates of entities that represent counties and municipalities and governor appointees with specific experience in geospatial systems, public safety, and firefighting. The bill provides for the terms of the members and requires the board to meet at least quarterly.

The effective date of the bill is July 1, 2019.

FISCAL IMPLICATIONS

The E-911 program is supported by revenues generated through a 51 cent surcharge on landline and wireless phone bills, including voice-over-internet protocol (VoIP) lines. Under existing law, DFA may expend no more than 5 percent of all money deposited annually in the E-911 fund for administering and coordinating activities with implementation of the E-911 Act. The SRC substitute for SB472 increases the cap on administrative expenditures from 5 percent to 7 percent. Increasing the expenditure cap potentially limits the funds available to public safety answering points (PSAPs) for E-911 equipment and system upgrades.

Historically the E-911 fund (74500) has a balance over \$11 million. Revenues funding E-911 services have declined 14 percent between FY11 and FY18. Expenses also decreased 29 percent, while administrative costs have averaged 4 percent, over the same period of time.

Department of Finance and Administration - Local Government Division

Revenue (in thousands)	and	Expenditures			-	E911	Fund	(74500)		
		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 Estimate
Beginning Fund Balance		\$11,366.2	\$12,145.3	\$12,525.7	\$11,619.2	\$14,083.4	\$13,711.6	\$11,460.0	\$4,719.5	\$7,323.1
Revenues:										
Federal Grants		\$812.6	\$76.3	\$0.0	\$0.0	\$0.0	\$0.0			
E911 Surcharges		\$13,495.7	\$12,157.5	\$12,011.8	\$11,811.5	\$11,303.1	\$11,062.2	\$10,792.5	\$12,230.2	\$13,727.5
Interest earned		20.5	\$18.8	\$30.6	\$6.9	\$11.4	\$28.0	\$36.5	\$49.4	\$47.2
Other Revenue		\$4.7	\$0.9	\$3.2	\$126.0	\$0.2	\$0.2	\$3.3	\$8.2	\$0.3
Total Revenues		\$14,333.5	\$12,253.5	\$12,045.6	\$11,944.4	\$11,314.7	\$11,090.4	\$10,832.3	\$12,287.8	\$13,775.0
Expenditures:										
LGD Administrative Costs		\$582.8	\$506.6	\$393.6	\$496.0	\$468.8	\$511.9	\$457.8	\$238.4	\$556.2
Grants to Others (1)		\$12,971.6	\$11,366.5	\$13,542.5	\$8,984.2	\$11,217.7	\$12,829.6	\$11,115.0	\$9,445.8	\$9,259.3
Other fiscal support-misc							\$0.5			
Total Expenditures		\$13,554.4	\$11,873.1	\$13,936.1	\$9,480.2	\$11,686.5	\$13,342.0	\$11,572.8	\$9,684.2	\$9,815.5
Transfer out - solvency								\$6,000.0		
Over/Under		\$779.1	\$380.4	(\$1,890.5)	\$2,464.2	(\$371.8)	(\$2,251.6)	(\$740.5)	\$2,603.6	\$3,959.5
FYE Fund Balance		\$12,145.3	\$12,525.7	\$10,635.2	\$14,083.4	\$13,711.6	\$11,460.0	\$4,719.5	\$7,323.1	\$11,282.6

Source: DFA Financial Audits and DFA-DoIT Board of Finance Documents

(1) Includes E-911 maintenance and operating costs and E-911 upgrade projects for Public Safety Answering Points also known as call centers

If the SRC substitute for SB472 is enacted, the E-911 budget would move to DoIT, making it a zero impact for DoIT. However, the cap on administrative expenditures would increase to 7

percent, which would increase the program administration budget. Since FY11, the annual administrative costs average \$468 thousand. With DoIT and DFA estimating FY20 E-911 program revenues of \$13.8 million, consistent with the FY19 projection, the 7 percent cap would increase the amount available for administrative expenditures to \$966 thousand. This increase would potentially decrease the available funds for E-911 equipment and system upgrades.

SIGNIFICANT ISSUES

In New Mexico, the responsibility and authority for delivering emergency medical services, public fire protection, and law enforcement generally rests with the state, counties, and municipalities. The purpose of the Enhanced 911 Act is to further the public interest and protect the safety, health, and welfare of the people of New Mexico by enabling the development, installation, and operation of enhanced 911 emergency reporting systems to be operated under shared state and local governmental management and control.

DFA states the advisory board membership will allow direct input from those entities directly impacted by 911 funding and will improve collaboration with local stakeholders. DFA also notes that the transfer of responsibility from LGD to DoIT will provide the technical program expertise needed for the E-911 program.

DFA's authorized staffing level for the E-911 program includes 4 FTE and 1 FTE providing financial support as part of the duties for administering LGD programs. Since 2017, three of the four positions have been vacant. DFA's FY18 financial audit reported the E-911 fund balance increased due to a reduction in staff and the inability to complete E-911 system upgrades.

DoIT's FY19 operating budget funds all vacant positions; DoIT currently has a 39 percent vacancy rate.

ADMINISTRATIVE IMPLICATIONS

Although LGD is responsible for administering the E-911 program, since January 2018, DoIT has managed the E-911 program through a joint powers agreement with DFA. DoIT states that it has been able to provide the program with much needed support on technical issues and procurement.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to and conflicts with HB439, Enhanced 911 Consultation, and HB588, Move E911 Program to Dept. of Info Tech.

BDF/sb/gb/al