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FISCAL IMPACT REPORT

ORIGINAL DATE 02/16/11
 LAST UPDATED 03/08/11 **HB** _____

SPONSOR Rue

SHORT TITLE Certain Public Schools Info on Sunshine Portal **SB** 327/aSPAC/SFI#1

ANALYST Sánchez, A.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or NonRec	Fund Affected
Total	\$25.8	\$25.8	\$25.8	\$77.4	Recurring	DoIT Operating
Total		\$30.0			Nonrecurring	PED Operating

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 Educational Retirement Board response to House Bill 436
 Windsor Group Management Visions Provider

Responses Received From

Department of Information Technology (DOIT)
 Human Services Department (HSD)
 State Treasurer's Office (STO)
 Public Education Department (PED)

SUMMARY

Synopsis of Senate Floor Amendment #1

Senate Floor Amendment #1 adds a definition of contracts to the bill that aligns the definition with those contained in the Procurement Code. The definition is clean up language and applies to contracts entered into by state agencies and public school districts for goods and services, including the construction or alteration of a building or public work, acquisition, sale or lease of land, licensing agreements, loans or purchase of financial securities or instruments.

Synopsis of SPAC Amendment

The Senate Public Affairs Committee Amendment to Senate Bill 327 deletes the requirement to link to the list of individuals delinquent child support payments on lines 23 through 25 on page 5 to comply with federal requirements not to disclose confidential information.

Synopsis of Original Bill

Senate Bill 327 amends the Sunshine Portal Transparency Act to include public school districts and locally- and state-chartered charter schools defined as local education provider and clarifies existing provisions of the Act. The bill requires local education providers throughout the state to provide to the Public Education Department (PED) information on operating budgets, revenues, expenditures, real property, employees' salaries, titles and name of school where employed and salary schedules and policies so the Department of Information Technology (DoIT) can add it to the state sunshine portal. The school district information is required to be available on the state sunshine portal no later than July 1, 2012 for fiscal year 2012.

The bill also requires DoIT to add a link to the Regulation and Licensing Department's occupational licenses, to the State Auditor's website for financial audits, and to the Human Services Department's (HSD) information on individual with delinquent child support payments. In addition, the bill requires all state government entities engaged in investment-related activities to post monthly summaries of the state's investment accounts to the portal. Lastly, the bill requires the addition of quarterly consensus revenue estimates to the portal. The links are required to be available on the portal no later than January 1, 2012.

The provisions of the bill are effective July 1, 2011.

FISCAL IMPLICATIONS

According to DoIT, it will spend an estimated \$100 thousand to implement new functionality; however, there is no new functionality required. The requirement is to report data that resides in existing accounting/human resource systems in an understandable format using a process that would be automated and not require human intervention unless an error occurred. DoIT spent \$343.2 thousand to design, implement, host, train, maintain and manage the New Mexico Sunshine Portal that is currently available to the public as a test version and for comments. The cost for hosting could be eliminated by hosting the portal on state-owned equipment in the upgraded and updated data center. Cost for project management and design should be less with the addition of the school information since the data extract from 72 of the districts (80 percent of the districts) will be identical, all data extracts can be automated and require no intervention from district personnel.

The Public Education Department (PED) would need to have the data extracted from its operating budget management system (OBMS) for publishing to the sunshine portal. Assuming that the level of detail currently collected in OBMS is adequate for the stated requirements, it will cost about \$30 thousand for the contractor that maintains OBMS to create the extract programs. The department does not collect district personnel salary information to the level required in the bill and at this time there are too many unknowns to propose a reliable cost to include the information in the student and teacher accounting reporting system (STARS). If the data is taken directly from local education provider systems, there is no need to make changes to STARS and no need to incur additional cost to change PED systems.

According to the vendor of the system used by 72 of the 89 school districts, school districts would pay an additional \$500 per year to make the data available on the vendor's portal. If the data was taken directly from the local education provider's system for presentation on the sunshine portal, the one-time cost would be significantly less and school districts would have no

need to incur an additional cost to make the data available through its vendor. The table below shows the seven systems used by each school district based on PED-provided information.

**Public School Districts
Accounting and Human Resource Systems**

System	Number of Districts
VISIONS	72
CIMS	8
TRIADIC	4
SKYWARD	2
IFAS	1
LAWSON	1
SAGE	1
Total Districts	89

Source: PED, Vendor, District

According to HSD, the cost of providing the data on delinquent child support payments is difficult to determine, but could be as high as \$350 thousand if the cost of similar work is used as a benchmark.

The State Treasurer’s Office states that the bill has no fiscal impact on it.

SIGNIFICANT ISSUES

According to DoIT, it will need to reallocate additional staff to manage the portal. DoIT does not include the number of staff or the average salary and benefits for the staff, therefore it is not possible to determine the fiscal impact. However, based on information contained in DoIT’s response to House Bill 379 which states that it takes 60 hours per month (720 hours per year) to extract, transfer and load SHARE data into the portal that translates into \$25.8 thousand per year not the \$100 shown under the fiscal impact section of the fiscal impact.

PED reports that of the 170 school districts and charter schools 155 report quarterly and 15 monthly. For those that report quarterly, the monthly reporting requirement would be an additional reporting requirement. Salary schedules are collected by PED, but are not in a downloadable format and the contents of the directory would have to be defined. The districts are not required to report information on real property and would require PED to become knowledgeable of how the school districts collect and store the information, design an extract, analysis and reporting methodology before posting the information to the portal. Even though the reporting requirement will not take effect until July 1, 2012, PED indicates that it may need more time.

According to HSD, although the Support Enforcement Act (Section 40-4A-17 NMSA 1978) does allow for the publication of delinquent child support obligators, it is in conflict with federal law (45 CFR 303.21) and should be amended so New Mexico is in full compliance with the federal law. To be in full compliance, the bill should be amended to exclude the requirement for publishing a list of individuals delinquent in child support payments.

PERFORMANCE IMPLICATIONS

None stated by the responding agencies.

ADMINISTRATIVE IMPLICATIONS

The SPAC amendment complies with the requirements of 45 CFR 303.21.

In anticipation of changes that might come up in subsequent legislative sessions, the contractor that DoIT hired had discussions and gathered information from the various state agencies that have investment activities; therefore at least some of the ground work has already been done.

PED indicates that if it starts to collect the salary and policy information, it may have to amend STARS to capture the information centrally.

The Educational Retirement Board indicates in its response to House Bill 436 that it already reports investments on its website.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates House Bill 436.

Duplicates House Bill 252 which requires school districts and charter schools to provide quarterly financial reports to their governing boards on department developed forms and posting those to the district's or charter school's website.

Companion to Senate Bill 559 requiring access to all state contracts.

Companion to House bills 521 and 574 which require the Middle Rio Grande Conservancy District to be added to the Sunshine Portal.

Relates to Senate Bill 49 which requires the Public Regulation Commission to create a process for posting information about its proposed rules and its cases on the Sunshine Portal.

Relates to House Bill 156 which creates the Budget and Corporate Transparency Act requiring corporations to publicly disclose corporate tax liability, economic development incentives, employees in New Mexico and certain tax return information.

Relates to Senate Bill 392 which creates the Local Government Transparency Portal.

Relates to House Bill 379 which requires DoIT to update the Sunshine Portal more often.

Relates to House Bill 386 which creates the Transparency in Private Attorney Contingency Contracts Act placing limitation on a state political subdivision's ability to enter into contingency fee contracts with private attorneys and requires the state attorney general or the executive of a political subdivision to post contracts to its website.

TECHNICAL ISSUES

None stated by the responding agencies.

OTHER SUBSTANTIVE ISSUES

None stated by the responding agencies.

Although numerous school districts were contacted, no responses were received to include in the analysis. The analysis does include independent research on the vendor that provides the majority of state's school districts accounting system.

ALTERNATIVES

Seventy-two of the 89 school districts and four charter schools use the Infinite Visions accounting system. The company will be deploying a transparency portal that includes the ability to search for expenditures, revenues, and real property. The company has agreed that New Mexico can provide a link to its portal from the State Sunshine portal at no cost. This would significantly reduce the need for any development, data extraction or presentation. The remaining 17 school districts use six different accounting systems and require research by PED, DoIT or LFC staff. These district would have to work with PED to provide the data if this information is not already available through the software provider or at PED.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Local education providers would not have to report the information for inclusion in the sunshine portal and citizens would not know what the budgets, expenditures, revenues or salaries of the various school districts.

Investments by the Educational Retirement Board would have to be viewed on its website versus the state portal causing citizens to visit multiple sites for similar information.

ABS/bym:mew