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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/28/19

**SPONSOR** Trujillo, L. **LAST UPDATED** \_\_\_\_\_ **HB** 588

**SHORT TITLE** Move E911 Program to Dept. of Info Tech **SB** \_\_\_\_\_

**ANALYST** Fresquez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$355.8	\$912.0	\$912.0	\$2,179.8	Recurring	911 Enhancement Fund (74500)

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB439 and SB472

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)  
 Department of Information Technology (DoIT)  
 Department of Health (DOH)  
 Department of Public Safety (DPS)  
 Homeland Security and Emergency Management Department (HSEMD)  
 New Mexico Municipal League

#### No Responses Received

Department of Military Affairs  
 Association of Counties

### SUMMARY

#### Synopsis of Bill

House Bill 588 amends 63-9D-1 through 63-9D-17 NMSA of the Enhanced 911 Act by transferring the responsibility of the administration of the Enhanced 911 (E-911) program from the Department of Finance and Administration (DFA) Local Government Division (LGD) to the Department of Information Technology (DoIT). The bill increases the amount DoIT may spend for administration and coordination activities of the E-911 program by increasing the statutorily allowed administrative fee from 5 percent to 10 percent.

House Bill 588 creates an Enhanced 911 Advisory Board, made up of seven voting members to include Public Safety Answering Points (PSAP) directors from municipal, county, and Tribal PSAPs, and a designee from DPS. The Advisory Board will advise and assist DoIT in coordinating the operations of the E-911 program and Next Generation 911.

The effective date of this 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. Statute (Section 63-9D-8 NMSA 1978) creates the enhanced 911 fund and provides for DFA to expend no more than 5 percent of all money deposited annually in the fund for administering and coordinating activities with implementation of the E-911 Act. House Bill 588 increases the administrative fee from 5 percent to 10 percent. Increasing the administrative fee will limit 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, and while the administrative fee has averaged 4 percent, over the same period of time.

**Department of Finance and Administration - Local Government Division  
Revenue and Expenditures - E911 Fund (74500)**  
(in thousands)

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 Estimate
<b>Beginning Fund Balance</b>	<b>\$11,366.2</b>	<b>\$12,145.3</b>	<b>\$12,525.7</b>	<b>\$11,619.2</b>	<b>\$14,083.4</b>	<b>\$13,711.6</b>	<b>\$11,460.0</b>	<b>\$4,719.5</b>	<b>\$7,323.1</b>
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
<b>Total Revenues</b>	<b>\$14,333.5</b>	<b>\$12,253.5</b>	<b>\$12,045.6</b>	<b>\$11,944.4</b>	<b>\$11,314.7</b>	<b>\$11,090.4</b>	<b>\$10,832.3</b>	<b>\$12,287.8</b>	<b>\$13,775.0</b>
Expenditures:									
<b>LGD Administrative Costs</b>	<b>\$582.8</b>	<b>\$506.6</b>	<b>\$393.6</b>	<b>\$496.0</b>	<b>\$468.8</b>	<b>\$511.9</b>	<b>\$457.8</b>	<b>\$238.4</b>	<b>\$556.2</b>
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			
<b>Total Expenditures</b>	<b>\$13,554.4</b>	<b>\$11,873.1</b>	<b>\$13,936.1</b>	<b>\$9,480.2</b>	<b>\$11,686.5</b>	<b>\$13,342.0</b>	<b>\$11,572.8</b>	<b>\$9,684.2</b>	<b>\$9,815.5</b>
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
<b>FYE Fund Balance</b>	<b>\$12,145.3</b>	<b>\$12,525.7</b>	<b>\$10,635.2</b>	<b>\$14,083.4</b>	<b>\$13,711.6</b>	<b>\$11,460.0</b>	<b>\$4,719.5</b>	<b>\$7,323.1</b>	<b>\$11,282.6</b>

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

DoIT asserts if House Bill 588 passes the E-911 budget would move to DoIT making it a zero impact for DoIT. However, if the bill passes the administrative fee would increase to 10 percent, therefore, increasing the program administration budget. With DoIT and DFA estimating FY20

E-911 program revenues of \$13.8 million, consistent with the FY19 projection, the 10 percent administrative fee would increase to \$1.38 million. Since FY11, the annual administrative costs average \$468 thousand. If the bill passes, the annual administrative cost would increase by \$912 thousand or 194 percent. This increase in administrative fees would decrease the available funds for E-911 equipment and system upgrades.

### **SIGNIFICANT ISSUES**

The DFA 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 3 of the four FTE 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.

Although DoIT's FY19 operating budget funds all vacant positions, the department currently has a 39 percent vacancy rate.

### **PERFORMANCE IMPLICATIONS**

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 [63-9D-1 through 63-9D-11.1 NMSA 1978] 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 asserts the advisory board membership will allow direct input from those entities directly impacted by 911 funding and will improve collaboration with local stakeholders. Further the advisory board would be essential in developing the planning process for NG-911.

DoIT asserts input from a formal advisory board will improve collaboration with local stakeholders.

The New Mexico Municipal League states the E-911 program is about more than technology and asserts DFA Local Government Division is a more appropriate department to oversee the administration of the operations of regional and municipal dispatch centers.

### **ADMINISTRATIVE IMPLICATIONS**

Statutorily the Local Government Division of DFA is responsible for administering the E-911 program. However, since January 2018, under a memorandum of understanding, DoIT is responsible for the operational goals of the program, with DFA retaining the financial aspects of the program and provides for the transfer of E-911 program staff to DoIT. DoIT and DFA also established a Joint Powers Agreement (JPA) in January 2018 detailing roles and responsibilities to ensure management of the program maintains the statutory requirements.

Statue requires DFA to annually report to the legislature on the status of the E-911 fund and whether the current level of the 911 surcharge is sufficient, excessive or insufficient to fund the

anticipated needs of the program. As of this writing the status of the annual report is unknown.  
**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 439 and its duplicate, BS472, – Enhanced 911 Consultation creates an Enhanced 911 (E-911) Advisory Board, with the number of board members, its makeup, and the responsibilities differing from the Advisory Board created in House Bill 588.

**TECHNICAL ISSUES**

DFA asserts it does not have the technical expertise to support the E911 program and its procurement requirements.

**OTHER SUBSTANTIVE ISSUES**

DOH asserts there may be some benefit to have an E-911 Advisory Board member representing the department's Emergency Medical Systems Bureau of the Epidemiology and Response Division, as the licensing authority for emergency medical dispatchers in New Mexico.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The E911 program would continue to be administered by DoIT through a Joint Powers Agreement with DFA instead of transferring the program permanently to DoIT by statute.

BDF/al/gb