

Emerging trend: Selling bonds to advance legacy IT systems

Posted At : September 24, 2010 11:43 AM | Posted By : Kyle Ridley

Related Categories: Technology Trends, Forecasts & Spending, State & Local, Community Development

With budgets severely strapped, and state and local governments under pressure to upgrade or replace antiquated IT systems, a new trend is emerging: selling bonds.

Nevada's Clark County School District is mulling options for a new multimillion dollar bond program that will assist in keeping up with shifting technologies. The recent end of the district's 1998 bond program, which generated nearly \$5 billion for capital needs, halted plans for IT advancements and new school construction. With the creation of a new bond program, district officials hope to implement a new information system that tracks student records, attendance and addresses within the next two years. The current system, SASI, has not been upgraded in years due to ceased production of replacement parts. A new system is estimated to cost between \$6 million and \$15 million.

Further, the district may use the new bond program to revive or replace Enterprise Resource Planning (ERP) software. The district has invested more than \$50 million in ERP, but stopped payroll and human resources functions two years ago due to increased costs. Adding wireless Internet access to school buses is also being considered.

Minnesota's Chisago County is also planning to sell bonds to finance IT upgrades. A public hearing will take place October 20, 2010, to amend the county's capital improvement plan, which will allow the county to sell bonds to update its 800 megahertz radio communications and ARMER records management systems. The bond sale, touted as "Build America Bonds," will cost \$11.3 million and could happen as early as December 2010. The sale could save the county \$800,000 over the time of servicing debt. Another benefit of the sale is that it includes capitalized interest and can be layered over expiring debt.

It's not been uncommon for states and localities to sell bonds to advance construction projects, repair facilities, or purchase equipment, but will selling bonds to keep abreast of budding technologies become the new norm? GovWin will continue to monitor this rising trend and keep you informed as new developments unfold.