

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 179
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB179CS(EDC)-EED-LO-1-21-14
Title: BROADBAND DISCOUNTS FOR SCHOOLS
Sponsor: NAGEAK
Requester: House Education Committee

Department: Department of Education and Early Development
Appropriation: Alaska Library and Museums
Allocation: Library Operations
OMB Component Number: 208

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	13,788.7		22,006.8	24,207.4	26,628.2	29,291.0	32,220.1	
Miscellaneous								
Total Operating	13,788.7	0.0	22,006.8	24,207.4	26,628.2	29,291.0	32,220.1	

Fund Source (Operating Only)

1004 Gen Fund	13,788.7		22,006.8	24,207.4	26,628.2	29,291.0	32,220.1
Total	13,788.7	0.0	22,006.8	24,207.4	26,628.2	29,291.0	32,220.1

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated for 2nd session and to accurately reflect out year costs.

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Division: <u>Libraries, Archives & Museums</u>	Date: <u>01/14/2014 10:40 AM</u>
Approved By: <u>Mike Hanley</u>	Date: <u>01/14/14</u>
Agency: <u>Commissioner EED</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB179(EDC)

Analysis

This bill funds the current undiscounted portion of the broadband costs for Alaska public schools for FY15.

Beginning in FY16, the bill increases the funding by either 10% above the base amount in section 1 (a), or the amount needed to bring the base amount up to the applicant's share for 10 megabits a second of the Internet Service.

The following assumptions are provided as the basis for the fiscal note calculation:

The FY15 base rate is estimated to be \$13,788,750 using calculations provided to the Department in the spring 2013.

Starting in FY16, for all schools at 10 megabits per second, the base amount from FY15 is increased by 10%. Two-thirds of the schools have at least 10 megabits per second, therefore the increase was determined by calculating .66 of a 10% increase from the FY14 estimate ($13,788,750 * .10 = 1,378,875$. * $.66 = 910,057$.). The FY16 rate for those schools with 10 megabits will be 14,698,807.

For all schools at less than 10 megabits, one-third of schools, EED worked with all internet services providers currently in the schools to generate an estimate of what their pricing would be in order to increase their school clients to the 10 megabit level with dedicated bandwidth. EED added the estimates for their annual charges for increased service and multiplied by .25, the average undiscounted portion for Alaska schools. The FY16 rate for those schools with less than 10 megabits will be 7,307,996.

The amount for FY16 was calculated as follows:

\$14,698,807 = Current undiscounted portion of broadband costs for Alaska public schools
7,307,996 = Estimates of costs to bring schools under 10 Mbps to 10 Mbps
\$22,006,803 = Total funds required to fully fund the undiscounted share of e-rate for FY15

Annual costs for FY17-FY20 were estimated by increasing the previous year's amount by 10%.

EED will provide grants to each eligible school district as a reimbursement for these services.

This legislation takes effect July 1, 2013.