

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSSB 82(EDC)
Fiscal Note Number: 1
(S) Publish Date: 4/5/13

Identifier: CSSB082-EED-LAM-4-1-13
Title: BROADBAND DISCOUNTS FOR SCHOOLS
Sponsor: OLSON
Requester: Senate 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)

| | FY2014 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | Appropriation Requested | Governor's FY2014 Request | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| OPERATING EXPENDITURES | FY 2014 | FY 2014 | | | | | |
| 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 | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?

If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

The changes reflected in this version included a cap on the Internet Services funding granted by the state at 10Mbps as opposed to the initial version which was set at 200Mbps. Also included in this version is a 10% increase of costs annually for those districts currently at 200Mbps from FY15-FY19 and a 10% annual increase once all districts are operating at 10Mbps in FY16-FY19.

| | | | |
|--------------|---------------------------------|--------|---------------------|
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| Division: | Libraries, Archives and Museums | Date: | 04/01/2013 06:30 PM |
| Approved By: | Mike Hanley | Date: | 04/02/13 |
| | Commissioner | | |

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSSB 82(EDC)

Analysis

This bill funds the current undiscounted portion of the broadband costs for Alaska public schools for FY14.

Beginning in FY15, 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 FY14 base rate is estimated to be \$13,788,750.

Starting in FY15, for all schools at 10 megabits per second , the base amount from FY14 is increased by 10%. Two-thirds of the schools have 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 FY15 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 FY15 rate for those schools with less than 10 megabits will be 7,307,996.

The amount for FY15 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 FY16-FY19 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.