

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	CSHB 82(EDC)
Fiscal Note Number:	1
(H) Publish Date:	4/11/2015

Identifier: HB082-EED-LO-4-9-15
 Title: INTERNET SERVICES FUNDING FOR SCHOOLS
 Sponsor: FOSTER
 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)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	1,064.1	3,000.0	4,064.1	4,064.1	4,064.1	4,064.1	4,064.1
Miscellaneous							
Total Operating	1,064.1	3,000.0	4,064.1	4,064.1	4,064.1	4,064.1	4,064.1

Fund Source (Operating Only)

1004 Gen Fund	1,064.1	3,000.0	4,064.1	4,064.1	4,064.1	4,064.1	4,064.1
Total	1,064.1	3,000.0	4,064.1	4,064.1	4,064.1	4,064.1	4,064.1

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 3,128.1 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

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 If yes, by what date are the regulations to be adopted, amended or repealed?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

Not applicable, initial version.

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Division:	Libraries, Archives & Museums	Date:	04/09/2015 01:30 PM
Approved By:	Mike Hanley, Commissioner	Date:	04/09/15
Agency:	Department of Education & Early Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

AS 14.03.127 funds the undiscounted portion of broadband Internet costs for all Alaska public schools.

Section 1: Amends AS 14.03.127(a) by adding the base date of July 1, 2013 for determining when a school had 10 megabits a second (mbps) of download speed.

Section 2: Amends uncodified law by providing supplemental funding for FY2014 and FY2015 for each school in the school district that qualified for a discounted rate for Internet services under the federal universal services program after June 30, 2013. Furthermore, if insufficient funds are appropriated, the supplemental funding would be distributed pro rata.

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

A. Costs for schools that were eligible in July 2014 (under existing legislation) include:

1. FY2015 base rate is \$16,256,290 based on what school districts requested on their internet reimbursement application to bring their schools up to 10 mbps of download. In FY2015, EED was appropriated and awarded \$5,000,000 for internet costs to eligible schools under AS 14.03.127; that covered 80% of five months (February 2015 – June 2015) for schools that had less than 10 mbps broadband service.

2. FY2016 base amount remains at \$16,256,290 for the original set of schools that qualified under this program in FY2015. E-rate is expected to fund an average of 75% of this base rate, leaving a 25% average local/state share. 25% of the base amount is \$4,064,073, this would be the total cost for FY2016.

B. Costs for schools that would become eligible from July 1, 2013 (under this draft legislation) include:

1. The bandwidth level information for FY2014 was not collected, so the actual district bandwidths are unknown. Based on this, it is not known how many additional schools/districts would become eligible for reimbursement under Section 1 of this bill.

2. EED is estimating that for FY2017 and beyond, the estimated base rate will revert to the rate for FY2016: \$4,064,073.

C. Costs for supplemental funding, per Section 2:

1. Total FY2015 Supplemental funding for FY2014 and FY2015 is \$3,128,146 ($\$4,064,073 + \$4,064,073 - \$5,000,000$).

Exact figures for internet services will vary from year to year, from vendor to vendor, depending upon such variables as service changes, type of service and discounted rates from the universal services program.