

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	SB 102
Fiscal Note Number:	5
(H) Publish Date:	6/6/2018

Identifier: SB102-EED-LO-4-27-18
 Title: INTERNET FOR SCHOOLS; FUNDING
 Sponsor: FINANCE
 Requester: Senate Rules Committee

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

Expenditures/Revenues

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

	FY2019	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019						
Personal Services								
Travel								
Services	34.0		30.0	30.0	30.0	30.0	30.0	30.0
Commodities								
Capital Outlay								
Grants & Benefits	7,036.3	2,581.4	9,329.2	9,049.3	8,777.8	8,514.5	8,259.1	
Miscellaneous								
Total Operating	7,070.3	2,581.4	9,359.2	9,079.3	8,807.8	8,544.5	8,289.1	

Fund Source (Operating Only)

1226 High Ed (DGF)	7,070.3	2,581.4	9,359.2	9,079.3	8,807.8	8,544.5	8,289.1
Total	7,070.3	2,581.4	9,359.2	9,079.3	8,807.8	8,544.5	8,289.1

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 09/30/18

Why this fiscal note differs from previous version/comments:

This fiscal note is updated to reflect the most current information available from school districts and the Federal Communications Commission.

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Approved By: <u>Dr. Michael Johnson, Commissioner</u>	Date: 04/27/18
Agency: <u>Department of Education & Early Development</u>	

APPROVED BY
CONFERENCE
COMMITTEE

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

Section 1: Amends AS 14.03.127, Funding for Internet services, (a) by increasing the megabits threshold for this program from 10 megabits to 25 megabits per second (mbps). A district in which one or more schools qualify for a discounted rate for Internet services is eligible to receive an amount for each school that is equal to the amount needed to bring the applicant's share to 25 megabits of download a second of the Internet services. This has been implemented through the School Broadband Assistance Grant (School BAG) program as managed by the Department of Education & Early Development's (DEED) Alaska State Library.

DEED used a Federal Communications Commission-generated (FCC) list from 2016 which shows that 197 schools are under 25 mbps. The estimated total cost to bring the 197 schools up to 25 mbps will be \$9,617.7, of which \$2,581.4 is currently included in the Governor's FY2019 budget request. The out-year costs are estimated on a 3% reduction based on funding patterns of the current School Broadband Assistance Grant program. The estimated amounts may be larger or smaller based on FY2019 information submitted to the FCC.

This fiscal note assumes that internet costs will rise proportionately from 10 mbps to 25 mbps. It also accepts that the FY2018 School BAG program numbers are an accurate predictor of what the FY2019 School BAG program will need at 25 mbps.

Additional contract hours and a technical review of grant applications will be necessary to administer the expanded grant program; \$30.0. In addition, regulations will need to be updated to reflect the increase from 10 mbps to 25 mbps, requiring an additional \$4.0 for legal services costs associated with the regulation changes.

Total estimated costs for broadband costs for schools projected to qualify under the School BAG program:

Total internet costs for 197 schools at 25 mbps	\$245,776,519
Total E-Rate support for 197 schools at 25 mbps	\$207,945,829
Total School BAG support for 197 schools at 25 mbps	\$9,617,724
Total school district portion for 197 schools at 25 mbps	\$28,212,967