

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	CSSB 74(EDC)
Fiscal Note Number:	1
(S) Publish Date:	4/1/2019

Identifier: SB074-EED-LO-3-15-19
Title: INTERNET FOR SCHOOLS
Sponsor: HOFFMAN
Requester: Senate Education 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)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2020	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personal Services							
Travel							
Services	34.0		30.0	30.0	30.0	30.0	30.0
Commodities							
Capital Outlay							
Grants & Benefits	8,676.3	1,487.5	9,858.9	9,563.1	9,276.2	8,998.0	8,728.0
Miscellaneous							
Total Operating	8,710.3	1,487.5	9,888.9	9,593.1	9,306.2	9,028.0	8,758.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	8,710.3	1,487.5	9,888.9	9,593.1	9,306.2	9,028.0	8,758.0
Total	8,710.3	1,487.5	9,888.9	9,593.1	9,306.2	9,028.0	8,758.0

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 (FY2019) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2020) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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If yes, by what date are the regulations to be adopted, amended or repealed? 03/31/20

Why this fiscal note differs from previous version/comments:

Initial version based on Governor's 2.13.19 FY20 Budget Request.

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Date: 03/15/19

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

Analysis

This bill 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 2019 which shows that 245 schools are under 25 mbps. The estimated total cost to bring the 245 schools up to 25 mbps will be \$10,163.8 of which \$1,487.5 is currently included in the Governor's FY2020 Amended Budget request. This fiscal note assumes that internet costs will rise proportionately from 10 mbps to 25 mbps. It also accepts that the FY2019 School BAG program numbers are an accurate predictor of what the FY2020 School BAG program will need at 25 mbps.

FY2020 School BAG at 25 mbps

Schools at less than 25 mbps in 2019	245
FY2019 average School BAG cost per school to 10 mbps	\$16,594
School BAG cost for 245 schools to 10 mbps	\$4,065,530
Proportional School BAG increase from 10 to 25 mbps	\$10,163,825

The out-year costs are estimated on a 3% reduction based on funding patterns of the current School BAG program. The estimated amounts may be larger or smaller based on FY2020 information submitted to the FCC.

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