

2001 DRAFTING REQUEST

Senate Amendment (SA-SB55)

Received: 05/10/2001

Received By: mlief

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Merrifield

This file may be shown to any legislator: NO

Drafter: mlief

May Contact:

Addl. Drafters:

Subject: TEACH program

Extra Copies: PG

Submit via email: NO

Requester's email:

Pre Topic:

LFB:.....Merrifield -

Topic:

TEACH aid for public library communicaitons hardware

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	mlief 05/11/2001	gilfokm 05/11/2001	pgreensl 05/14/2001	_____	lrb_docadmin 05/15/2001		
		gilfokm 05/15/2001	pgreensl 05/15/2001	_____			
/2			pgreensl 05/15/2001	_____	lrb_docadmin 05/15/2001		

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12 - 5/15/01  
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 sub  
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1?	mlief	1-5/11-01 KMG	5/13 Pg	5/15 PG/KMG			

FE Sent For:

<END>



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 10, 2001

Joint Committee on Finance

Paper #870

### Public Library Financial Assistance for Communications Hardware (TEACH)

[LFB 2001-03 Budget Summary: Page 628, #3 and Page 632, #13]

#### CURRENT LAW

Under the TEACH infrastructure financial assistance program, school districts and public libraries may apply for loans and grants to fund the upgrading of electrical wiring in buildings in existence on October 14, 1997, and installation and upgrading of computer network wiring. Schools and libraries are required to pay the debt service on the loans, which represent 50% of the financial assistance, and the state pays the debt service for the grants, which are the other half of the financial assistance. Under current law, \$10 million of general obligation bonding is authorized for libraries for infrastructure loans.

#### GOVERNOR

Authorize the TEACH Board to grant infrastructure financial assistance to public library boards for the purchase of communications hardware, 50% of which would be in the form of a loan and 50% of which would be in the form of a grant. Specify that any financial assistance could only be used to purchase communications servers, routers, hubs or switches that enable a computer network in a library building to be directly connected to the Internet, and could not be used to purchase personal computers. Require the Board to establish, on a per building basis, the maximum amount of financial assistance available under this provision. Require that loan terms under this provision could not exceed four years. Authorize \$5 million of general obligation bonding for this purpose.

Reduce the current general obligation bonding authorized for public library wiring loans from \$10 million to \$5 million.

Require public library boards receiving infrastructure assistance for communications hardware to apply for a federal E-rate discount for any hardware purchased with the assistance.

## DISCUSSION POINTS

1. The Board set up two application processes for wiring loans. Schools and libraries that began projects prior to August 14, 1998, could apply under the fast start process. TEACH approved four fast start loans for public libraries for a total of \$447,600. Libraries that have started more recent projects may apply for a loan under the standard start process. So far, eight libraries have applied for wiring loans under the standard start program, for a total of approximately \$105,000.

2. According to TEACH staff, program demand by libraries for the wiring loan program has been limited thus far because the program in large part does not address the specific needs of libraries. While schools often require large capital investments for data wiring and related electrical support in numerous classrooms throughout buildings, wiring projects in libraries tend to be smaller, centralized and much less expensive.

3. Libraries reported to TEACH significant need, however, for financial assistance to acquire the necessary equipment to make use of network wiring once it is in place. Libraries are in need of communications hardware, such as servers, routers, hubs and switches, all of which are necessary for Internet connection but currently ineligible for funding under the infrastructure financial assistance program. The acquisition of this equipment requires a large, one-time capital outlay and few resources exist to finance it. This hardware is eligible for E-rate discounts, and under the proposal libraries would be required to apply for a discount on any hardware purchased with this assistance. However, this type of communications hardware falls into the "internal connections" classification, which has lowest priority under the E-rate program and thus, is rarely funded. School districts have financed such equipment with TEACH educational technology block grants; however, libraries are ineligible for such grants. According to TEACH and the Department of Public Instruction, no other significant funding source is available to public libraries for this purpose.

4. According to TEACH, the average cost for a router is \$2,000, with a range of \$1,850 to \$2,600 per router. Hubs and switches cost approximately the same, although only one of these is needed with a router at any given site. The average cost for a server is \$8,000. Therefore, the total average cost for the hardware for direct Internet connection per library would be approximately \$12,000. It is estimated that a maximum of 237 public libraries, public library branches, and public library systems could request financial assistance for direct Internet connection. Therefore, total bonding is estimated to be \$2,844,000. The annual debt service over four years assuming an interest rate of 4.5% would be an estimated \$790,000. TEACH's share of the debt service would be an estimated \$395,000 annually, beginning in 2002-03.

5. Given the low utilization of the wiring loan program thus far, the Committee could reduce the total amount of general obligation bonding authorized for it, in lieu of or in addition to

altering the program to fund hardware for libraries. Additionally, it appears from TEACH's estimates that the full \$5 million of bonding that would be authorized under the bill for communications hardware would exceed projected demand. The Committee could reduce the amount of bonding authorized in the bill for this purpose to \$3 million and still allow eligible libraries to participate in the program.

## ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to modify the financial assistance program for public libraries. Reduce general obligation bonding authorized for wiring loans from \$10 million to \$5 million. Authorize \$5 million of general obligation bonding for communications hardware for public libraries. Provide \$395,000 GPR in 2002-03 for estimated debt service cost of bonding issued for communications hardware for public libraries.

<u>Alternative 1</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	\$395,000
[Change to Bill]	\$0

2. Modify the Governor's recommendation to reduce general obligation bonding authorized for wiring loans for public libraries from \$10 million to \$3 million. Authorize \$3 million of general obligation bonding for communications hardware for public libraries.

<u>Alternative 2</u>	<u>GPR</u>	<u>BR</u>
2001-03 FUNDING (Change to Base)	\$395,000	-\$4,000,000
[Change to Bill]	\$0	-\$4,000,000

3. Delete the Governor's recommendation. Instead, reduce general obligation bonding authorized for wiring loans for public libraries from \$10 million to \$3 million. Reduce estimated debt service funding associated with the deletion of the proposed bonding for communications hardware for public libraries by \$395,000 GPR in 2002-03, as a change to the bill.

<u>Alternative 3</u>	<u>GPR</u>	<u>BR</u>
2001-03 FUNDING (Change to Base)	\$0	-\$7,000,000
[Change to Bill]	-\$395,000	-\$7,000,000

S/10 TC w/Logan M.

- Delete sec 976 + 1429

- Reduce amt of bonding in Sec 975 -> \$ million

delete references in 1428 + some of amended G.

4. Maintain current law. Reestimate debt service by -\$395,000 in 2002-03 as a change to the bill.

<u>Alternative 4</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill	- \$395,000]

Prepared by: Layla Merrifield



MJL: /...  
KMP

LFB:.....Merrifield - TEACH aid for public library communicaitons hardware

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

SOON

INS A, B, C

1 At the locations indicated, amend the bill as follows:

2

✓ ~~1~~ Page 593, line 21: delete "~~\$5,000,000~~" and substitute "~~\$3,000,000~~".

20.866  
(2)(zep)

3  
4

✓ 2. Page 593, line 22: delete the material beginning with that line and ending with page 594, line 4.

5

✓ 3. Page 722, line 1: delete the material beginning with that line and ending

6

with page 723, line 18, and substitute:

7

✓ "SECTION ~~1427m~~ <sup>1428b</sup> 44.72 (4) (a) of the statutes is amended to read:

8

44.72 (4) (a) *Financial assistance authorized.* The board may provide financial

9

assistance under this subsection to school districts and charter school sponsors from

10

the proceeds of public debt contracted under s. 20.866 (2) (zc) and to public library

11

boards from the proceeds of public debt contracted under s. 20.866 (2) (zcm).

1 Financial assistance under this subsection may be used only for the purpose of  
2 upgrading the electrical wiring of school and library buildings in existence on  
3 October 14, 1997, and installing and upgrading computer network wiring.

4 History: 1997 a. 27, 41; 1999 a. 9.

5 **SECTION 1430m.** 44.72 (4) (b) of the statutes is amended to read:

6 44.72 (4) (b) *Financial assistance applications, terms and conditions.* The  
7 board shall establish application procedures for, and the terms and conditions of,  
8 financial assistance under this subsection, including a condition requiring a charter  
9 school sponsor to use financial assistance under this subsection for wiring upgrading  
10 and installation that benefits pupils attending the charter school. The board shall  
11 make a loan to a school district, charter school sponsor<sup>v</sup> or public library board in an  
12 amount equal to 50% of the total amount of financial assistance for which the board  
13 determines the school district or public library board is eligible and provide a grant  
14 to the school district or public library board for the remainder of the total. The terms  
15 and conditions of any financial assistance under this subsection may include  
16 provision of professional building construction services under s. 16.85 (15). The  
17 board shall determine the interest rate on loans under this subsection. The interest  
18 rate shall be as low as possible but shall be sufficient to fully pay all interest expenses  
19 incurred by the state in making the loans and to provide reserves that are reasonably  
20 expected to be required in the judgment of the board to ensure against losses arising  
21 from delinquency and default in the repayment of the loans. The term of a loan under  
this subsection may not exceed 10 years. ))

22 History: 1997 a. 27, 41; 1999 a. 9.

23 ✓ 4. Page 723, line 25: delete the material beginning with that line and ending  
with on page 724, line 4.

24 (END)

2001

Date (time) needed

INSA

+ INSC

LRB b \_\_\_\_\_

**LFB BUDGET AMENDMENT  
[ONLY FOR LFB]**

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**LFB AMENDMENT  
TO 2001 ASSEMBLY BILL 144 AND 2001 SENATE BILL 55**

>>FOR JT. FIN. SUB. — NOT FOR INTRODUCTION<<

At the locations indicated, amend the bill as follows:

INSA

20.9.95  
GHE

✓ #. Page 501, line 12: delete lines 12 to 19.

✓ #. Page 501, line 25: delete "(a) 1.".

✓ #. Page 502, line 18: delete "(a) 1.".

✓ #. Page 502, line 20: delete the material beginning with that line and ending with page 503, line 2.

✓ #. Page 503, line 1: delete "(a) 1. or 2.".

INSC

✓ #. Page 593, line 6: delete ~~lines~~ lines 6 to 13.

✓ #. Page 593, line 16: delete "; winning".

✓ #. Page 593, line 19: delete "(a) 1.".

AMENDMENTS

\$\$\$ INCREASE/DECREASE

In the component bar, for a "regular" amendment item:

For the item text, execute: ..... create -> item: -> m: -> \$inc-dec

#. Page 593, line 21: ~~in(de)crease the dollar amount for fiscal year 2001-02~~ by \$ 2,000,000 and ~~in(de)crease the dollar amount for fiscal year 2002-03 by \$~~ [to ~~de~~crease funding for the [purpose] [purposes] for which the appropriation is made] [to ~~de~~crease funding for ..... ]\*

#. Page ....., line ..... : in(de)crease the dollar amount for fiscal year 2001-02 by \$ ..... and in(de)crease the dollar amount for fiscal year 2002-03 by \$ ..... [to .....crease funding for the [purpose] [purposes] for which the appropriation is made] [to .....crease funding for ..... ]\*

In the component bar, for a "frozen" amendment item (used in amendments to amendments):  
For the item text, execute: ..... create -> item: -> afterline [or the applicable item]  
For the "frozen" item text, execute: create -> item: -> frz: -> m: -> \$inc-dec

#. Page ....., line ..... :  
..... Page ....., line ..... : in(de)crease the dollar amount for fiscal year 2001-02 by \$ ..... and in(de)crease the dollar amount for fiscal year 2002-03 by \$ ..... [to .....crease funding for the [purpose] [purposes] for which the appropriation is made] [to .....crease funding for ..... ]\*

\* Use the 2nd alternative if the purpose of the increase or decrease is more limited than the purpose or purposes of the appropriation as currently shown in the text of ch. 20, stats.



*(I) - NOTE*

LFB:.....Merrifield - TEACH aid for public library communicaitons hardware

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

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- 2 1. Page 501, line 12: delete lines 12 to 19.
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- 5 4. Page 502, line 20: delete the material beginning with that line and ending
- 6 with page 503, line 2.
- 7 5. Page 593, line 6: delete lines 6 to 13.
- 8 6. Page 593, line 16: delete "; wiring".
- 9 7. Page 593, line 19: delete "(a) 1.".
- 10 8. Page 593, line 21: decrease the dollar amount by \$2,000,000.

*plain period*

*underscored*

1           **9.** Page 593, line 22: delete the material beginning with that line and ending  
2 with page 594, line 4.

3           **10.** Page 722, line 1: delete the material beginning with that line and ending  
4 with page 723, line 18, and substitute:

5           **"SECTION 1428b.** 44.72 (4) (a) of the statutes is amended to read:

6           44.72 (4) (a) *Financial assistance authorized.* The board may provide financial  
7 assistance under this subsection to school districts and charter school sponsors from  
8 the proceeds of public debt contracted under s. 20.866 (2) (zc) and to public library  
9 boards from the proceeds of public debt contracted under s. 20.866 (2) (zcm).  
10 Financial assistance under this subsection may be used only for the purpose of  
11 upgrading the electrical wiring of school and library buildings in existence on  
12 October 14, 1997, and installing and upgrading computer network wiring.

13           **SECTION 1430b.** 44.72 (4) (b) of the statutes is amended to read:

14           44.72 (4) (b) *Financial assistance applications, terms and conditions.* The  
15 board shall establish application procedures for, and the terms and conditions of,  
16 financial assistance under this subsection, including a condition requiring a charter  
17 school sponsor to use financial assistance under this subsection for wiring upgrading  
18 and installation that benefits pupils attending the charter school. The board shall  
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1 board shall determine the interest rate on loans under this subsection. The interest  
2 rate shall be as low as possible but shall be sufficient to fully pay all interest expenses  
3 incurred by the state in making the loans and to provide reserves that are reasonably  
4 expected to be required in the judgment of the board to ensure against losses arising  
5 from delinquency and default in the repayment of the loans. The term of a loan under  
6 this subsection may not exceed 10 years.”.

7 **11.** Page 723, line 25: delete the material beginning with that line and ending  
8 with on page 724, line 4.

9 (END)

D-NOTE:

This 1/2 draft  
makes technical  
corrections to Item 8  
of the  
amendment. MJL

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb0243/2dn  
MJL:kmg:pg

May 15, 2001

This /2 draft makes technical corrections to Item 8 of the amendment.

Madelon J. Lief  
Legislative Attorney  
Phone: (608) 267-7380

LFB:.....Merrifield – TEACH aid for public library communicaitons  
hardware

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- 8           **6.** Page 593, line 16: delete “; wiring”.
- 9           **7.** Page 593, line 19: delete “(a) 1.”.
- 10          **8.** Page 593, line 21: decrease the underscored dollar amount by \$2,000,000.

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