

2015 DRAFTING REQUEST

Bill

Received: **1/26/2016** Received By: **mkunkel**
For: **Kathleen Vinehout (608) 266-8546** Same as LRB:
May Contact: By/Representing: **Beau**
Subject: **Public Util. - misc.** Drafter: **mkunkel**
Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email: **Sen.Vinehout@legis.wisconsin.gov**
Carbon copy (CC) to: **eric.mueller@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Broadband grant funding

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mkunkel 1/27/2016		_____			
/1		wjackson 1/27/2016	_____	lparisi 1/27/2016	mbarman 2/2/2016	State

FE Sent For:

AT
Intro.

<END>

Kunkel, Mark

From: Kunkel, Mark
Sent: Tuesday, January 26, 2016 4:22 PM
To: Kunkel, Mark
Subject: FW: Universal Service Fund Balance

Per my conversation with Beau, transfer \$2 million and increase the cap to \$2.5 million per FY.

From: Olin, Rick
Sent: Tuesday, January 26, 2016 1:50 PM
To: Stafford, Beau <Beau.Stafford@legis.wisconsin.gov>; Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Cc: Hinz, Daryl <Daryl.Hinz@legis.wisconsin.gov>
Subject: RE: Universal Service Fund Balance

If you transfer the funding in 2015-16, you might as well increase the appropriation in the same year. However, I would split it evenly between the two years (that is, raise the appropriation to \$2.0 million each year) unless you are going to try to enact another transfer in 2016-17. Even if the PSC can't spend the entire \$2.0 million in 2015-16, it is a "continuing" appropriation so the spending authority is retained until the entire amount is spent, regardless of fiscal year. However, since s. 196.504(2)(a) prohibits spending more than \$1.5 million, I would amend that statute to allow the expenditure of a larger amount. Recognizing that the PSC might not be able to spend the entire \$2.0 million in 2015-16, you should build some flexibility into the cap. I would raise the cap to \$2.5 million in any year. I hope this helps.

From: Stafford, Beau
Sent: Tuesday, January 26, 2016 12:51 PM
To: Kunkel, Mark
Cc: Hinz, Daryl; Olin, Rick
Subject: RE: Universal Service Fund Balance

I think it should be a one time transfer taking effect for the 2015-2016 FY. Not sure how this amount would impact the total grants per fiscal year. Rick, Daryl, do you guys have any idea how that would play out? Should we remove that \$1.5M cap?

BEAU STAFFORD

Legislative Assistant
Office of Senator Kathleen Vinehout
beau.stafford@legis.wisconsin.gov
608-266-8546
Rm 108 South
Wisconsin State Capitol

From: Kunkel, Mark
Sent: Monday, January 25, 2016 5:01 PM
To: Stafford, Beau <Beau.Stafford@legis.wisconsin.gov>
Cc: Hinz, Daryl <Daryl.Hinz@legis.wisconsin.gov>; Olin, Rick <Rick.Olin@legis.wisconsin.gov>
Subject: RE: Universal Service Fund Balance

Beau:

Is the transfer of \$1 million from the USF to the appropriation for broadband grants a one-time transfer? If so, should it take effect in fiscal year 15-16 or fiscal year 16-17?

How does the transfer impact the limit on total grants per fiscal year? Under current law, in each fiscal year, the total amount of grants may not exceed \$1.5 million.

--Mark

From: Stafford, Beau
Sent: Monday, January 25, 2016 2:39 PM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Cc: Hinz, Daryl <Daryl.Hinz@legis.wisconsin.gov>; Olin, Rick <Rick.Olin@legis.wisconsin.gov>
Subject: RE: Universal Service Fund Balance

Mark –

2nd option

Below is an email thread that Rick, Daryl and I shared about using USF fees for broadband expansion. Kathleen would like to go with option #1 from Rick's email below. We would like broadband expansion listed as an acceptable use of USF monies and then we would like to transfer an additional \$1M over to broadband grants from the USF.

Based on our previous emails, that sounds like it would not affect PSC cash flow problem. Let me know if you need any more direction.

Thanks!

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From: Olin, Rick
Sent: Wednesday, November 11, 2015 2:43 PM
To: Stafford, Beau <Beau.Stafford@legis.wisconsin.gov>
Cc: Hinz, Daryl <Daryl.Hinz@legis.wisconsin.gov>
Subject: RE: Universal Service Fund Balance

*bud see
s. 196.504 cited
in 196.218
(5)(a)10.*

Hi Beau: There are 2 ways to proceed. The traditional approach would be to amend s. 196.218(5) to list broadband grants as an acceptable use for fund proceeds and to amend s. 196.218(3) which directs the PSC to set USF assessments on telecommunications providers at a level which generates revenues sufficient to fund the program. That would require your determining a funding level and specifying it in an appropriation -- probably a new appropriation, distinctive from that used in Act 55. Another option would be to amend s. 196.218(5), as noted above, but transferring available balances from the USF to the existing appropriation on a periodic or one-time basis. This is essentially the option that the Governor proposed in the budget. However, you need a mechanism for moving the revenues from the USF to the appropriation, as well as determining the amount of revenue that is "safe" to move. One possibility is to require the PSC to issue a report on the available balance and to authorize JFC to transfer the dollars on behalf of the Legislature. One problem with this latter approach is that it creates an incentive for the PSC to over-assess

telecommunications providers. It might be helpful for you to involve Mark Kunkel in this conversation, as he would be the LRB drafting attorney. I hope this helps. Rick

From: Stafford, Beau
Sent: Wednesday, November 11, 2015 1:31 PM
To: Olin, Rick
Cc: Hinz, Daryl
Subject: RE: Universal Service Fund Balance

Rick –

Thanks for the information. I've been on vacation and battling a nasty cold so I have been out of the loop. I like the idea of making broadband expansion an allowable use of USF monies. How would the assessment for PSC work? Would we set a number and then once the USF hits that excess revenue, PSC would dump funds from USF to broadband expansion grants? Or would it be a yearly or biennial evaluation? Thanks for all your work on this – we really appreciate it.

BEAU STAFFORD

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beau.stafford@legis.wisconsin.gov
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From: Olin, Rick
Sent: Wednesday, October 28, 2015 9:08 AM
To: Stafford, Beau <Beau.Stafford@legis.wisconsin.gov>
Cc: Hinz, Daryl <Daryl.Hinz@legis.wisconsin.gov>
Subject: Universal Service Fund Balance

Hi Beau: I've discussed your request with staff at the PSC and have some information to share with you. The October 15, 2015 Annual Fiscal Report shows a 2014-15 USF closing balance of \$8.5 million. Act 55 reduces that amount by \$6.0 million through a transfer to the appropriation for broadband expansion grants, funding that appropriation at \$1.5 million per year for the 2015-17 biennium and, presumably, the 2017-19 biennium. Thus, the available balance is approximately \$2.5 million. In addition, the AFR shows 2014-15 USF revenues (\$42.5 million) exceeding USF expenditures (\$39.6 million) by \$2.9 million. If revenues and expenditures continue at those levels in 2015-16, we could expect the balance to increase by an additional \$2.9 million. However, the PSC reduced assessments for the coming year, and we expect revenues to decrease by about \$1.4 million in response. In addition, the decreasing number of landlines also contributes to "soft" revenues on an ongoing basis. These amounts suggest that the end-of-year balance for 2015-16 may be around \$4.0 million. For the five years between 2009-10 and 2013-14, the USF closing balance ranged from \$1.8 million to \$5.6 million, and averaged \$4.2 million. Consequently, the 2015-16 balance may be reasonably close to the 5-year average. If you are committed to proposing a transfer of some amount from the fund, you may want to limit the amount to about \$1 million, as of July 1, 2016. This would allow for a balance of perhaps \$3 million to address PSC concerns related to cash-flow and potential revenue variability. Another approach would be to designate broadband expansion grants as an allowable use of USF contributions and direct the PSC to impose an assessment for that purpose sufficient to cover the funding level that you determine. Let me know if you have questions. Regards, Rick

Rick Olin, Fiscal Analyst
Wisconsin Legislative Fiscal Bureau
(608) 266-3847

Kunkel, Mark

From: Kunkel, Mark
Sent: Tuesday, January 26, 2016 5:07 PM
To: Stafford, Beau
Subject: RE: Universal Service Fund Balance

Beau:

Current law specifies that the USF can be used for broadband grants. See s. 196.218 (5) (a) 10. That language was created by the 2015 budget act, and Rick Olin was probably thinking about prior law when he said we need to add the language. So, when you receive the draft (LRB-4958), you will note that it doesn't include any change to s. 196.218 (5) (a), as that change is no longer needed.

--Mark

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From: Olin, Rick
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Subject: Universal Service Fund Balance

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Rick Olin, Fiscal Analyst
Wisconsin Legislative Fiscal Bureau
(608) 266-3847



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-4598/1

MDK:...

Wlj

TODAY

2015 BILL

Gen Cat

1 AN ACT ...; relating to: funding for broadband expansion grants and making an
2 appropriation. ^S_A

Analysis by the Legislative Reference Bureau

SP

This bill increases the appropriation from the universal service fund for broadband expansion grants by \$1,000,000 in fiscal year 2015-16 and \$1,000,000 in fiscal year 2016-17. Under current law, the Public Service Commission uses the appropriation to make grants for constructing broadband infrastructure in areas served by fewer than (2) broadband service providers. The bill also limits the total amount of grants that the PSC can make in a fiscal year to \$2,500,000. Under current law, that limit is \$1,500,000.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 20.155 (3) (r) of the statutes, as created by 2015 Wisconsin Act 55,
4 is amended to read:

5 20.155 (3) (r) *Broadband expansion grants.* From the universal service fund,
6 as a continuing appropriation, the amounts in the schedule for broadband expansion

BILL**SECTION 1**

1 grants under s. 196.504. All moneys transferred under 2015 Wisconsin Act 55,
 2 section 9236 (1v) and 2015 Wisconsin Act (this act), section 3 (1) shall be credited
 3 to this appropriation account.

History: 1971 c. 125; 1973 c. 90; 1975 c. 39; 1977 c. 29; 1979 c. 34; 1981 c. 20; 1985 a. 79, 296, 297, 332; 1987 a. 27, 399; 1991 a. 39, 269; 1993 a. 16, 123; 1995 a. 27; 1997 a. 27, 140, 229; 1999 a. 9, 32, 84, 150, 196; 2001 a. 16, 30; 2003 a. 48; 2005 a. 179; 2007 a. 20, 130; 2009 a. 28, 180, 383; 2011 a. 22; 2013 a. 20; 2015 a. 55.

4 **SECTION 2.** 196.504 (2) (a) of the statutes, as affected by 2015 Wisconsin Act 55,
 5 is amended to read:

6 196.504 (2) (a) To make broadband expansion grants to eligible applicants for
 7 the purpose of constructing broadband infrastructure in underserved areas
 8 designated under par. (d). Grants awarded under this section shall be paid from the
 9 appropriation under s. 20.155 (3) (r). In each fiscal year, the total amount of the
 10 grants may not exceed ~~\$1,500,000~~ \$2,500,000.[✓]

History: 2013 a. 20; 2015 a. 55.

11 **SECTION 3. Fiscal changes.**

12 (Y) → (1) There is transferred from the universal service fund to the appropriation
 13 account under section 20.155 (3) (r) of the statute ^S~~\$2,000,000~~ _A \$2,000,000 in the 2015–16 fiscal
 14 year.

15 (2) In the schedule under section 20.005 (3) of the statutes for the appropriation
 16 to the public service commission under section 20.155 (3) (r) of the statutes, as
 17 affected by the acts of 2015, the dollar amount for fiscal year 2015–16 is increased
 18 by \$1,000,000 and the dollar amount for fiscal year 2016–17 is increased by
 19 \$1,000,000 for the purpose for which the appropriation is made.

20

(END)

Barman, Mike

From: Stafford, Beau
Sent: Tuesday, February 02, 2016 11:57 AM
To: LRB.Legal
Subject: Draft Review: LRB -4598/1

Please Jacket LRB -4598/1 for the SENATE.