

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-2121/1	Introduction Number AB-0123
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Description
 the information technology block grant program, the broadband expansion grant program, waiving certain fees and appraisals, and making appropriations

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DPI/ Carl Bryan (608) 267-9127	Authorized Signature Erin Fath (608) 266-2804	Date 3/3/2017
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Fiscal Estimate Narratives

DPI 3/3/2017

LRB Number	17-2121/1	Introduction Number	AB-0123	Estimate Type	Original
Description the information technology block grant program, the broadband expansion grant program, waiving certain fees and appraisals, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

For the purpose of this analysis, the Department will focus on the provisions in the bill impacting public schools and libraries. The appropriations changes to this bill impact agencies other than the Department of Public Instruction.

This bill makes changes to the following: 1) a broadband grant program administered by the Public Service Commission (PSC); 2) the authority of the Department of Natural Resources (DNR) and the Department of Transportation (DOT) regarding certain fees relating to the construction of broadband infrastructure; and 3) the Technology for Educational Achievement program, which is administered by the Department of Administration (DOA).

Broadband grants

The bill makes changes to funding for grants made by the PSC for projects to construct broadband infrastructure in underserved areas. Under current law, \$6,000,000 was transferred from the universal service fund (USF) for making the grants, but current law also limits the total grants made in a fiscal year to \$1,500,000. The bill eliminates that limit. The bill also provides additional funding for the grants by doing the following: 1) transferring an additional \$6,000,000 from the USF; 2) transferring \$5,000,000 from moneys received under a federal program for assisting schools and libraries in obtaining telecommunications services and Internet access, which is commonly known as the federal e-rate program; and 3) at the end of each fiscal year, transferring the unencumbered balances from other USF-funded appropriations. Also, beginning in fiscal year 2017-18, the bill allows the PSC to fund its administration of the broadband grant program from contributions made by telecommunications providers to the USF.

The bill also makes changes to the priorities for the PSC to make the grants. One of the priorities under current law is for projects that affect areas with no broadband service providers. The bill repeals that priority and requires that the PSC give priority to projects in an "unserved area" designated by the PSC, which the bill defines as an area of this state that is not served by an Internet service provider offering Internet service that 1) is wired service or fixed wireless service; and 2) is provided at actual speeds of at least 20 percent of the upload and download speed for high-speed, switched, broadband telecommunications capability as designated by the Federal Communications Commission in its annual inquiries regarding advanced telecommunications capability. Another priority under current law is for projects that promote "economic development," which is not defined. This bill defines "economic development" as development designed to promote job growth or retention, expand the property tax base, or improve the overall economic vitality of a town, village, city, county, or region. Also, the bill creates a new priority for projects that will not result in delaying the provision of broadband service to neighboring areas. In addition, the bill requires the PSC to consider the following in evaluating grant applications for proposed projects: 1) the degree to which the projects would duplicate existing broadband infrastructure; 2) impacts on the ability of individuals to access health care services from home and the cost of those services; and 3) impacts on the ability of students to access educational opportunities from home.

DNR and DOT fees

The bill prohibits DNR from requiring any appraisal or charging any fee prior to granting an easement for the construction of broadband infrastructure in underserved areas. In addition, the bill prohibits DOT from charging any fee for the initial issuance of any permit necessary to construct broadband infrastructure in underserved areas.

TEACH program

Under current law, the TEACH program offers telecommunications access to school districts, private schools, cooperative educational service agencies, technical college districts, independent charter school authorizers, juvenile correctional facilities, private and tribal colleges, and public library boards at discounted rates and by subsidizing the cost of installing data lines and video links. As part of the TEACH program, DOA awards information technology block grants to school districts to improve information technology infrastructure. Under current law, the information technology block grant program ends on July 1, 2017.

This bill delays the sunset of the information technology block grant program until July 1, 2019. The bill also changes the eligibility criteria for these grants from a school district that has 13 pupils per square mile to a school district that has 16 pupils per square mile and a membership of 2,500 or less. In addition, the bill authorizes DOA to award an additional round of information technology block grants before July 1, 2017. These grants are in addition to any grants a school district may have already received under the program during the 2015-17 biennium and therefore do not count towards the maximum amount a school district may receive in a biennium. The bill also consolidates the appropriations for TEACH contracts into a single appropriation. Finally, in fiscal year 2016-17, the bill transfers \$7,500,000 of moneys received under the federal e-rate program to the consolidated appropriation for TEACH contracts.

Local Impact

This bill delays the sunset of the TEACH program, for which eligible school districts would receive block grants to improve information technology infrastructure and provide teacher training, from July 1, 2017 until July 1, 2019.

The bill raises the eligibility criteria for these grants from a school district that has 13 pupils per square mile to a school district that has 16 pupils per square mile and a membership of 2,500 or less. As a result of this change, it is estimated that 13 additional school districts would gain eligibility based on final FY16 membership (the most recent year for which audited data is available).

Using FY16 membership and the aid eligibility criteria provided under this bill, it is estimated that \$10,080,300 SEG would be required to fund information technology block grants to all eligible school districts without any school district losing out as a result of the preference given to school districts with a higher concentration of FRL-eligible pupils.

It is also possible that school districts would be awarded an additional round of block grants before July 1, 2017 in addition to any grants that a school district may have already received under the program during the 2015-17 biennium.

It can be assumed that more school districts will receive additional funding as a result of the changes taken together under this bill; however, because it is not possible to estimate the total impact of all changes to school districts as a result of this bill, the local fiscal impact is indeterminate.

State Impact

This bill provides an additional \$15.5 million for the broadband expansion grants, in part by transferring \$5,000,000 from surplus moneys received under the federal e-rate program, collected on behalf of schools and libraries, by transferring the unencumbered balances at the end of each fiscal year from other USF-funded appropriations, including but not limited to information technology block grants administered by DOA as well as several programs that generally provide financial assistance to public libraries administered by the Department. These appropriations include: digital learning collaborative under s. 20.255 (1) (q), Stats.; periodical and reference information databases/newsline for the blind under s. 20.255 (3) (q), Stats.; aid to public library systems under s. 20.255 (3) (qm), Stats.; and library service contracts under s. 20.255 (3) (r), Stats. This change has no practical effect on how the Department operates the programs with those funds, because they currently are all annual appropriations that lapse back unencumbered funds to the USF at the end of each fiscal year. Under the bill, unencumbered funds under those appropriations would lapse to the appropriation for which broadband expansion grants are funded, rather than the larger USF. In effect, all USF-funded appropriations affected by this bill are fully utilized for broadband services in the event those appropriations are underspent in any given fiscal year, although it is not possible to anticipate how much will be underutilized from year to year.

In addition, the bill authorizes DOA to award an additional round of information technology block grants under the TEACH program before July 1, 2017 in addition to any funds expended under the program

during the 2015-17 biennium. Finally, in fiscal year 2016-17, the bill transfers an additional \$7,500,000 of surplus moneys received under the federal e-rate program to a single, consolidated appropriation for TEACH contracts. Using FY16 membership data and the aid eligibility criteria provided under the bill, it is not likely that total aid eligibility will exceed the expenditure authority to fund the information technology block grants to eligible districts under this bill and would not have to give preference to school districts on the basis of their concentration of FRL-eligible pupils. Because all of these changes taken together require no additional revenue and make use of unencumbered funds that were already appropriated for other purposes, there is no net fiscal impact to the state as a result of this bill.

Long-Range Fiscal Implications