

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 61** SLS 202ES 41
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: October 19, 2020 2:26 PM	Author: MIZELL
Dept./Agy.: Executive Office	
Subject: Creates the state office of broadband and connectivity	Analyst: Alan M. Boxberger

GOVERNMENT ORGANIZATION RE INCREASE GF EX See Note Page 1 of 2
 Creates the office of broadband and connectivity. (gov sig) (Item #39)

Proposed law creates the office of broadband and connectivity (office), places it within the Office of the Governor, Division of Administration, and requires the office to report to the governor and various committees; establishes appointment and termination procedures for the executive director, and allows the executive director to carry out prescribed duties; requires the executive director to submit an annual report to the legislature and provides for contents of the report; requires the governor to direct other state agencies to assist the office; provides for the functions, powers, and duties of the office, which serve to advance the expansion and accessibility of broadband and other connectivity services in the state; and provides the office with the authority to contract with persons and government agencies in order to carry out those duties.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in a significant increase of SGF expenditures of approximately \$483,000 on an annualized basis, of which the Division of Administration reports it can absorb with existing budgetary and personnel resources all but approximately \$23,700 associated with increased operating expenses. Proposed law requires the appointment of an executive director of the newly created Office of Broadband and Connectivity within the Office of the Governor, Division of Administration. Proposed law creates the position of executive director and provides for an array of powers and duties, primarily focusing on bridging public, private and individual resources together to facilitate the expansion of broadband and connectivity infrastructure statewide.

The Division of Administration reports that the staffing requirements necessary to operate an effective Office of Broadband and Connectivity would likely incorporate 3 new T.O. positions including an executive director and 2 staff researchers focused on the state mapping of available broadband and connectivity throughout the state, securing public and private grants available to fund connectivity expansion to underprivileged areas of the state, and to promote future broadband development by private partners. Proposed law authorizes the office to enter into any agreement or contract with any person or government agency as necessary or convenient to carry out its functions.

The LFO cannot corroborate the workload necessity detailed by the Division of Administration, particularly within the initial timeframe establishing the Office of Broadband and Connectivity. The availability of grant funding from public and private resources is not material at the current time, although conversation at the federal level indicates that substantive grants to provide broadband access to rural areas nationally may be on the horizon. Therefore, one grant reviewer/researcher may be sufficient during establishment of the office. Additionally, although the bill directs the office to map available broadband and connectivity statewide, the Federal Communications Commission (FCC) provides extensive and detailed maps of existing broadband availability nationally that the office can utilize to fulfill this requirement and should mitigate the need to recreate such mapping.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE ONE

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Christopher A. Keaton
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

Page 2 of 2

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Annualized cost estimates provided by the Division of Administration include:

- \$459,440 Personal Services (salaries and related benefits, salaries of \$125,000 for executive director and \$60,000 each for 3 researchers)
- \$21,500 Operating Services (travel at \$15,000, communications at \$2,500, software at \$2,500, and support and \$1,500)
- \$2,188 Equipment (for annual incidental equipment usage)

NOTE: The Division of Administration reports that it will absorb the personal services costs utilizing existing budgetary and personnel resources. The expenditure exposure will be related to the increase in operating services and equipment, at a total annual cost of approximately \$23,700 beginning in FY 22. In FY 21, the only costs not absorbed would be \$3,500 for operating expenses and \$729 for equipment (\$4,229 total). To the degree that staffing levels are less than that estimated by the Division of Administration, the workload costs would decrease proportionally.

Senate Dual Referral Rules


13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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