

Revised to reflect all amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	1,780,378		1,692,973	
FEDERAL FUNDS	63,079	1,843,457		1,692,973
OTHER FUNDS				
TOTAL FUNDS	1,843,457	1,843,457	1,692,973	1,692,973

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB683 states the Legislature's intent to ensure all funding for broadband (federal, state, and local) be leveraged strategically ensuring Nebraskans have access to affordable and reliable broadband by January 1, 2028. LB683 also establishes a new Nebraska Broadband Office, along with a new position the Director of Broadband. The Nebraska Broadband Office would administratively be under the Nebraska Department of Transportation, and be housed within. The Director of Broadband shall be appointed by the Governor and serve at the pleasure of the Governor. The Director of Broadband will be subject to Legislative confirmation. The Nebraska Broadband Office would collaboratively develop a strategic broadband plan to maximize public and private resources. This new office would also, provide policy direction on using state and federal funding for broadband infrastructure, operation and maintenance. The new office would be an advocate on broadband issues at the federal level including the accuracy of federal mapping and speed data. In addition, this office shall provide coordination, education, resources, and assistance to libraries, schools, and the public. LB683 amends the current law, to allow for the new Nebraska Broadband Office to take over the responsibility of developing and maintaining the Nebraska State Broadband Map from the Nebraska Public Service Commission.

Expenditures:

As amended by AM870, the Nebraska Public Service Commission (PSC) is estimating the need for previously incurred reimbursed costs from the BEAD funds. No BEAD reimbursement for this activity has occurred yet. Primarily, this reimbursement reflects the costs associated with transitioning the program to NDOT. It should be noted, that in FY2022-23 (current fiscal year) the BEAD reimbursement amount is estimated at \$462,187. This amount is not included in the table above.

The Nebraska Department of Transportation (NDOT) is estimating the newly formed Nebraska Broadband Office would incur expenses for ten FTEs, plus all associated salary, benefits, and operating expenses (such as training, computers, phones, IT support, etc.) for the setup of these 10 new employees in FY2023-24. Then in FY2024-25, NDOT is projecting a 5% salary increase. The combined salary and benefits would be \$1,115,921 in the first year of the biennium, and \$ 1,137,973 in the second year. Additionally, NDOT is approximating the new Nebraska Broadband Office would have travel costs associated with statewide meetings and coordination of around \$14,457 in FY2023-24 and \$5,000 in FY2024-25. Next, there is an anticipated outlay related to the hiring of a consultant to aid in the drafting of a strategic five-year broadband action plan (which is a requirement of the Infrastructure Investment and Jobs Act), at a cost of \$300,000 in FY2023-24 and \$200,000 in FY2024-25. Finally, NDOT is presuming a contractor would be utilized to help create an official Nebraska location fabric broadband access map, at an estimated price of \$300,000 in both FY2023–24 and FY2024–25. This brings the total cash fund expenditures estimated by NDOT to be incurred by the new Nebraska Broadband Office to \$1,780,378 in FY2023–24 and \$1,692,973 in FY2024–25.

Revenues:

The PSC did not estimate revenue in their submission, however this fiscal note includes Federal Fund revenue in an amount equal to anticipated expenditures.

The Broadband Equity Access Deployment Program (BEAD) is a reimbursement program. Thus, the NDOT would seek full federal reimbursement of these initial expenses incurred from the National Telecommunications and Information Administration (NTIA) of \$1,780,378 in FY2023–24 and \$1,692,973 in FY2024–25.

There is no basis to disagree with the either the NPSC or NDOT estimates, as they appear reasonable given the assumptions used.

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2023

LB⁽¹⁾ 683 AM870

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Service Commission

Prepared by: ⁽³⁾ Laurie Casados Date Prepared: ⁽⁴⁾ 3/23/2023 Phone: ⁽⁵⁾ 402-471-0252

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

Explanation of Estimate:

	<u>FY2022-2023</u>		<u>FY2023-2024</u>		<u>FY2024-2025</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds						
Federal Funds	462,187		63,079			
Other Funds						
Total Funds	462,187		63,079		0	0

LB 683 AM870 creates the Nebraska Broadband Office, to be housed in the Department of Transportation. The bill lists the responsibilities of this newly created office as:

- 1) Collaborate with officials at all levels of government and stakeholders across the state.
- 2) Develop a strategic plan that maximizes the use of public and provide resources.
- 3) Direct coordination among state agencies, boards and commissions on policy matters affecting use of federal or state funding for broadband infrastructure deployment, operation, and maintenance.
- 4) Conduct state advocacy on broadband issues at the federal level, including the accuracy of federal mapping and speed data.
- 5) Ensure that all governmental funding is utilized in a cost effective and accountable manner for Nebraska broadband projects.
- 6) Oversee the coordination of programs for broadband users, such as libraries and schools, and digital equity and inclusion projects.
- 7) Provide resources and assistance for local and regional broadband planning.
- 8) Provide resources and information to the public through a website and other communication modes.
- 9) Creating and maintaining an official Nebraska Location Fabric broadband access map.

In July of 2022, the Public Service Commission (Commission) was designated as the entity to administer the federal grants to be awarded through the Broadband, Equity, Access and Deployment (BEAD) program, established by the Infrastructure Investment and Jobs Act (IIJA). The Commission received notice of the federal award for BEAD planning funds in November of 2022, allowing the Commission to move forward with necessary planning activities for administration of the BEAD program. The Commission has incurred costs related to staff time, a contract for mapping, and other necessary operating expenses during the planning process thus far. The Commission has also begun the process of the extensive required outreach activities related to BEAD.

While the amended bill does not explicitly state that the administration of the BEAD program grants will be the duty of the newly created Broadband Office, the intent of LB683 as expressed during the Committee hearing indicated that the administration of these grants would also be moved to this newly created office. Assuming the transition of the BEAD program grants is intended, the Commission would need to be reimbursed for costs it incurred from the BEAD planning funds in fulfilling the duties and requirements related to BEAD prior to the transition of the administration of BEAD funding to the Broadband Office.

The Commission has entered into a contract with Vetro, LLC, for the creation of an official Nebraska Location Fabric broadband access map. The first year of the contract in the amount of \$300,000 has been paid, but not yet reimbursed by federal BEAD planning funds.

The Commission is also currently conducting the outreach required for the state of Nebraska to perform under the BEAD program and working on the required Five-Year Action Plan that is due in August of 2023. The cost estimates for this ongoing work are dependent upon when the transition of BEAD requirements and grant administration may transfer to the new Broadband Office.

BEAD is a federal program that is structured on a reimbursement-only basis, meaning that recipients are required to cover the costs and then request federal reimbursement. The Commission has worked with the State Budget office and the State Accounting office to set up the necessary accounting structure for recovering these expenses, first utilizing the Broadband Bridge fund and then processing the federal reimbursement request, all under Program 793.

This fiscal note includes all actual expenses incurred as of the date of this fiscal note that have not yet been federally reimbursed, as well as estimates for the ongoing outreach requirements and work on the Five-Year Action Plan through August of 2023.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSTIONS</u>	<u>2022-23 Expenditures</u>	<u>2023-24 Expenditures</u>	<u>2024-25 Expenditures</u>
Department Director		11,156	3,027	
Assistant Department Director		4,922	2,044	
Deputy Executive Director		1,233	470	
Budget Manager		2,354	435	
Auditor		1,491	470	
Senior Attorney		1,371	0	
Attorney		28,462	8,333	
Human Resource Officer		12,981	3,750	
Outreach Coordinator		25,917	10,833	
Benefits.....		25,559	9,845	
Operating.....		316,923	5,478	
Travel.....		29,818	18,391	
Capital outlay.....		0	0	
Aid.....		0	0	
Capital improvements		0	0	
TOTAL		462,187	63,079	0

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2023

LB⁽¹⁾ 683 AM870

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 3/31/23 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>1,780,378</u>	_____	<u>1,692,973</u>	_____
FEDERAL FUNDS	_____	<u>1,780,378</u>	_____	<u>1,692,973</u>
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>1,780,378</u></u>	<u><u>1,780,378</u></u>	<u><u>1,692,973</u></u>	<u><u>1,692,973</u></u>

Explanation of Estimate:

LB 683 as amended by AM870 would allow the Department of Transportation (NDOT) to use state highway funds from the Highway Cash Fund and Roads Operations Cash Fund for projects related to fiber optic, broadband, or other similar technology infrastructure on state highway property solely to meet the state’s present and future transportation technology needs along the state highway system. The department is further authorized to enter into public-private partnerships, or to use other alternative project delivery methods set out in the Transportation Innovation Act. The amendment authorizes NDOT to work with the Nebraska Broadband Office for such projects and seek or solicit the use of eligible federal highway funds to pay some or all of the state’s costs for such projects. Through the amendment NDOT is not authorized to own, operate, manage, construct, or maintain fiber optic, broadband, or other similar technology outside of the state highway property.

AM870 continues to ensure that all federal, state, and local government funding for broadband infrastructure and services in Nebraska be leveraged strategically to ensure that all Nebraskans have access to affordable, reliable broadband services before January 1, 2028 which is the intent of the Legislature. To accomplish this intent, the Nebraska Broadband office is created. The office shall be headed by the Director of Broadband and appointed by and serve at the pleasure of the Governor with the approval of a majority of the Legislature. For administrative and budgetary purposes, the Nebraska Broadband Office shall be located in the Department of Transportation (NDOT). All administrative and budgetary decisions for the Nebraska Broadband Office shall be made by the Director of Broadband. The bill also provides the duties of the Nebraska Broadband Office some of which have been shifted from the Public Service Commission.

To administer and utilize all governmental funding for Nebraska broadband projects up to ten additional full-time employees (FTEs) will be required. In FY2024 – 25, the estimated salaries for the ten FTEs includes a five percent increase over the FY2023 -24 base salary. Operating expenses, such as computer, phone, IT site support, printing, postage, training, etc. will be incurred for the ten additional FTEs and is estimated at \$5,000/year per FTE. As needed, NDOT staff will assist the Nebraska Broadband office with administration and budgetary items.

Travel across the state of Nebraska will be required to meet the outreach and local coordination requirements of the Broadband Equity Access Deployment (BEAD) program. It is anticipated three employees located in Lincoln will hold meetings in twenty-two locations across the State two times during FY2023 – 24. Three of the meetings will require one overnight stay. Travel cost includes estimates for vehicle transportation, lodging, and meals. Ongoing coordination with applicants is expected to continue through the period of performance resulting in approximately \$5,000 in travel cost for FY2024 – 25.

To draft the strategic five-year broadband action plan as required by the Infrastructure Investment and Jobs Act, the department will work with a consultant. The estimated cost of the consultant is \$300,000 in FY2023-24 and \$200,000 in FY2024-25.

If LB 683 passes, the creation and maintenance of an official Nebraska location fabric broadband access map will transition from the Public Service Commission to the Nebraska Broadband Office. The access map would be created with the assistance of a contractor. The estimated cost of the contract is \$300,000 in FY2023 – 24 and \$300,000 in FY2024 – 25.

The BEAD program is a reimbursement program. All expenses will be incurred by NDOT initially with a request for reimbursement to follow from the National Telecommunications and Information Administration (NTIA).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Director of Broadband	1	1	125,000	131,250
Deputy Director	1	1	85,000	89,250
Auditor Senior	1	1	53,267	55,930
Program Manager	1	1	65,000	68,250
Outreach Coordinator	1	1	80,000	84,000
Legal Counsel	1	1	85,000	89,250
Federal Aid Administrator III	1	1	60,000	63,000
Technical Support	2	2	165,000	173,250
Administrative Specialist	1	1	50,000	52,500
Benefits			347,654	331,293
Operating			650,000	550,000
Travel			14,457	5,000
Capital outlay				
Aid				
Capital improvements				
TOTAL			1,780,378	1,692,973