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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/21

SPONSOR Pinto LAST UPDATED _____ HB _____

SHORT TITLE Higher Ed Dept. Libraries SB 253

ANALYST Hoffmeister

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|---------|------------------------------|------------------|
| FY21 | FY22 | | |
| | \$494.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY21 | FY22 | FY23 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------------------------------|------------------------------|------------------------------|------------------------------|------------------|
| Total | NFI | Indeterminate but minimal | Indeterminate but minimal | Indeterminate but minimal | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act
Relates to HB10, HB85, HB86, SB93

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 253 appropriates \$494 thousand from the general fund to the Higher Education Department (HED) in FY22 for libraries at higher education institutions (HEIs) to provide for Internet access. The bill requires HED to prioritize funding to the oldest libraries first, libraries with capacity to support an Internet update second, and libraries used by the public third. Any unexpended or unencumbered balance of the appropriation remaining at the end of FY22 would

revert to the general fund.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$494 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY22 shall revert to the general fund. Although SB253 does not specify future appropriations, establishing a new grant program to support Internet access at HEI libraries could create an expectation that the program will continue in future fiscal years. Therefore, this cost is scored as recurring.

To distribute the funding appropriated by this bill, HED would need to establish an application process, determine applicant dollar thresholds, and develop criteria to prioritize funding according to the requirements set forth in the bill. HED indicates it may be able to use existing capital outlay funding request forms and grant agreements for the bill's purposes, and the department would also process requests to draw funding for the libraries receiving funding. HED indicates these additional functions would likely minimally increase the department's administrative costs.

SIGNIFICANT ISSUES

SB253 does not define "Internet access" for the purposes of the appropriation included in the bill. Costs of Internet access could range from installation of additional or upgraded broadband infrastructure for HEI libraries and equipment to accommodate such infrastructure, to the costs of subscribing to Internet service providers (ISPs). The bill also does not define "capacity to support an Internet update." Within the limits set forth in the bill, HED could develop its own definition and criteria for eligible costs to be funded under the appropriation, including setting age thresholds for eligible libraries under the first priority and capacity standards for eligible libraries under the second priority.

HED's Capital Projects Division is responsible for administering capital outlay funding appropriated to the department, including evaluation of infrastructure and facilities for HEIs, and the process for drawing funds appropriated to the department. The division develops and manages the policies, standards, strategic initiatives, and reports associated with capital projects on HEI campuses and manages annual statewide capital outlay hearings for all HEIs including tribal and special schools.

RELATIONSHIP

This bill relates to the FY22 LFC budget recommendation, which includes \$20 million for statewide broadband projects. The bill also relates to HB10 and SB93, which each propose to create a centralized, statewide structure for administering and coordinating broadband infrastructure projects, including coordinating state and federal sources of funding, conducting mapping of broadband infrastructure, and navigating intergovernmental relationships. HB85 and HB86 propose appropriations for broadband infrastructure at tribal libraries and tribal communities.