

PUBLIC SERVICE COMMISSION

Funding for Broadband Expansion Grants from the Universal Service Fund  
[LFB Paper #545]

Motion:

Move to modify the Governor's proposal for making broadband expansion grants as follows: (1) adopt Alternative 5 to delete the Governor's proposal, with the exception of renumbering the existing PR appropriation and converting it from a continuing to a biennial appropriation; (2) create a biennial GPR appropriation for making broadband expansion grants and authorize the expenditure of \$7,500,000 GPR annually; (3) modify the current law provision enumerating eligible applicants to also include school districts, technical college districts, and public library boards, provided those entities partner with a profit or not-for-profit organization or with a telecommunications utility; and (4) modify current law provisions regarding eligibility criteria for awarding grants to require that preference be given to applicants located in counties with the highest unemployment rates in the state and to applicants in counties with the lowest rates of broadband access.

In addition, adopt Alternative 4.c. to require the PSC to submit a report to the Joint Committee on Finance on causes of the unencumbered balance in the universal service fund and the changes that could be made to the procedures for setting the budgets for the various universal service fund programs and for establishing contribution rates for providers that would reduce the unencumbered balance in the future. Require the report to include a recommendation on the level of fund balance that is appropriate to accommodate timing imbalances between revenues and expenditures. Require the report to include an explanation of how unspent revenues in the fund's balance, in excess of any revenues needed to accommodate timing imbalances between revenues and expenditures, was incorporated into the contribution rates to be imposed on telecommunications providers in 2015-16. Require the report to be submitted to the Committee for its third quarterly meeting in 2015 (September) under s. 13.10 of the statutes. Prohibit the PSC from imposing any revisions to contribution rates in 2015-16 unless the report is approved by Joint Finance.

Finally, direct the PSC to prepare a comprehensive report on all federal broadband expansion funding opportunities and submit that report to the Joint Committee on Finance no later than January 1, 2016.

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Note:

The motion would increase the funding for broadband expansion grants by \$7.5 million GPR in each year of the biennium. The Governor proposed providing \$6.0 million SEG in 2015-16 and

an ongoing amount, estimated at \$2.5 million in Paper #545, beginning in 2016-17 from the USF. Both this motion and the Governor's proposal would continue, but modify, the existing broadband expansion grant appropriation, funded at \$500,000 PR annually.

Under the grant program, profit and not-for-profit organizations, telecommunications utilities, and those organizations and utilities in partnership with municipalities and counties are eligible to apply for grants. This motion would expand the types of public entities that profit and not-for-profit organizations and telecommunications utilities can partner with to include school districts, technical college districts, and public library boards.

Broadband expansion grants are to be used for projects that increase broadband access and capacity in underserved areas of the state. Current law directs the PSC to establish criteria for evaluating applications and awarding grants and specifies that the criteria give priority to projects that include matching funds, involve public--private partnerships, affect areas with no broadband providers, or affect a large geographic area or a large number of underserved individuals or communities. The motion would provide additional criteria requiring that preference be given to applicants located in counties with the highest unemployment rates in the state and to applicants in counties with the lowest rates of broadband access.

The motion incorporates Alternative 4.c. from Paper #545, which requires the PSC to submit a report to the Joint Committee on Finance for review at its September, 2015, meeting under s. 13.10 of the statutes, on the unencumbered balance in the USF. The PSC would be prohibited from imposing any revisions to contribution rates in 2015-16 unless the report is approved by the Committee.

Finally, the motion would require the PSC to submit a report to the Committee on federal broadband expansion funding opportunities by January 1, 2016.

[Change to Bill: -\$6,000,000 SEG, \$15,000,000 GPR]