Multiple Agency Fiscal Note Summary

Bill Number: 2414 P S HB	**Title:** Digital equity

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Commerce	1.8	593,472	593,472	3.6	1,130,344	1,130,344	3.6	1,083,744	1,083,744
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Total $	**1.8**	**593,472**	**593,472**	**3.6**	**1,130,344**	**1,130,344**	**3.6**	**1,083,744**	**1,083,744**

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

Prepared by: Gwen Stamey, OFM	**Phone:** (360) 902-9810	**Date Published:** Final 2/11/2020

FNPID: 59929

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 2414 P S HB	Title: Digital equity	Agency: 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	3.6	1.8	3.6	3.6
Account					
General Fund-State 001-1	0	593,472	593,472	1,130,344	1,083,744
Total $	0	593,472	593,472	1,130,344	1,083,744

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Kyle Raymond	Phone: 360-786-7190	Date: 01/24/2020
Agency Preparation:	Buck Lucas	Phone: 360-725-3180	Date: 02/06/2020
Agency Approval:	Darrell Stoa	Phone: (360) 725-2723	Date: 02/06/2020
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 02/11/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 states it is the intent of the Legislature to create a digital equity opportunity grant program to promote the expansion of digital equity.

Section 2 defines terms.

Section 3 amends RCW 43.330.532 and the responsibility for the Office to improve adoption of broadband in underserved, not unserved communities.

Section 4 amends RCW 43.330.534. The office may assist applicants of the Commerce program outlined in Section 7 to seek federal funding or matching grants for deploying or increasing adoption of broadband services.

Section 5 amends RCW 43.330.538 to add to the Office's biannual reporting requirements. Subject to funds appropriated, by July 1, 2021, the Office must prepare a report documenting the comparative availability and adoption of broadband across the state, including barriers to adoption. The Office may use any data source, including the Federal Communications Commissions, the American Community Survey or other data from the United State Bureau of the Census, or state, local, and community reports.

Section 6 amends RCW 43.330.412 to authorize the digital equity opportunity program to advance broadband adoption and digital equity and inclusion throughout the state. After July 1, 2023, no more than 15 percent of funds received may be expended on evaluating the impact and efficacy of activities supported by these Commerce grants, or developing, cataloguing, disseminating, and promoting the exchange of best practices to achieve digital equity.

Commerce must establish a digital equity opportunity grant program to advance digital equity and inclusion by providing training and skill-building opportunities; access to hardware and software; internet connectivity; digital media literacy; and assist low-income and underserved areas and populations adopt information and communication technologies.

Section 6(2) outlines grant application requirements. Applicants must provide evidence of matching funds of at least 10 percent of the grant amount. No more than 10 percent of funds of the digital equity opportunity program may cover administrative expenses.

Section 6(4) states Commerce must establish expected program outcomes and requires grant recipients to report annually.

Section 6(5) states Commerce must consult with community groups outlined in RCW 44.330.421

Section 7 states that subject to funds appropriated, the Department of Commerce (Commerce) must establish a digital equity planning grant program in addition to the digital equity opportunity program. Priority to applications accompanied by express support from nonprofit community or neighborhood-based organizations, public development authorities, federally recognized Indian tribes in the state, or other community partners. Commerce would evaluate and rank applications using objective criteria. Commerce must develop the criteria for what the digital equity plans must include, and may adopt rules in this section.

Section 8 amends RCW 43.330.421. Commerce may convene a statewide action team on broadband access and adoption. The team may include and it not limited to volunteer representatives from:

• Community-based organizations
• Workforce training providers
• Telecommunications providers
• Higher education institutions, K-12 education institutions
• Public housing entities
• Local government and other governmental and community entities engaged in community technology and digital inclusion activities.

Consideration must be given to ensure diverse demographics and representation of covered population who most need broadband access and help with broadband adoption.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Overall assumptions and a timeline of the proposed legislation program development, rulemaking and stakeholder engagement would occur between July 1, 2021 and December 31, 2022.

Consultation with state agencies in the broadband grant and loan industry would occur in this two-year period. It is assumed interagency coordination and consultation would require approximately 50 hours of staff time (0.025 FTE) each year. In FY21 and FY22, it is assumed that 4 meetings and 12 hours of interagency consultation and coordination would occur over a two month period. Light refreshments would be served.

Thereafter, ongoing consultation and collaboration would be strategically timed in accordance with program planning and implementation. These meetings would likely be via remote and no longer than two hours in duration for an assumed 20 hours of staff time (0.01 FTE).

State agencies the department would coordinate with may be, but is not limited to: the Public Works Board, Community Economic Revitalization Board Statewide Broadband Office, Utilities and Transportation Commission, the State Librarian within the Secretary of State's Office, Consolidated Technology Services, Department of Veterans Affairs, Office of Minority and Women's Business Enterprises, or the Office of Superintendent of Public Instruction.

• The Director of the Office would allocate 100 hours (0.05 FTE) annually to coordinate with the Commerce program in addition to the work associated with reporting on the comparative availability and adoption of broadband across the state.

• Commerce would hire three staff positions to develop, operate and maintain the program:

1.0 FTE Commerce Specialist 5 to direct the program. Duties include coordination with stakeholders, and development of the program.

2.0 FTE Commerce Specialist 3 positions to support the program. Duties include contract management, outreach, training, and program technical assistance.

• In FY21 and FY22, the costs for rulemaking would require public outreach and public hearings, in addition consultation with the Commerce Assistant Attorney General (AAG). The costs for AAG consultation would decline in FY23 and thereafter. At an average $200 per hour and an assumed 100 hours of consultation, the digital equity opportunity grant program would experience $20,000 in AAG costs in FY21 and FY22, and declining by half thereafter.

• Commerce and Public Works Board staff would co-host four digital equity and inclusion trainings during FY21 and FY22 to prepare communities for open of the Commerce digital equity opportunity grant program. Training will support communities by building a base of knowledge, or capacity to develop digital equity and inclusion plans, best practices, and community engagement. Thereafter, it is assumed digital equity and inclusion training would be an eligible activity for funding.

To prepare communities for digital equity and inclusion, Commerce digital equity opportunity grant program staff and staff of the Public Works Board broadband grant and loan program would convene four trainings on digital equity and inclusion at different locations in the state. Based on the experience of the 2019 Public Works Board regional trainings, which convened communities and subject matter experts across a range of technical assistance, the average cost to rent facilities, catering, and staff travel costs was approximately $3,000 for each training.

Costs for the Public Works Board would be $4000, and $8000 for Commerce, in addition to $20,000 for training facilitation. Staff time for the Public Works Board Broadband Program Director would require approximately 50 hours (0.025 FTE) to prepare, travel, and attend equity and inclusion training.

The costs to secure a facilitator for digital equity and inclusion training is assumed to mirror the costs for securing the services of a strategic planning consultant based on the unique skills and subject matter associated with digital equity and inclusion. The total cost to host four digital equity and inclusion trainings in each FY21 and FY22 would be $32,000 each year.

Commerce Rulemaking

Section 7 outlines that Commerce may adopt rules in support of their digital equity planning grant program. The costs to complete these rulemaking activities reflect those currently underway by the Public Works Board for its broadband grant and loan program. The costs for four public hearings, staff travel, per diem, facility rentals, food and beverage, and staff lodging those costs would be approximately $5,000.

Program Development, Outreach, Training, New staff expenditures, and Staff to contract ratio

1.0 FTE Commerce Specialist 5 (2088 hours) FY21-FY25. Duties of this position include leadership, general program oversight, supervision, rules coordination, coordination with stakeholders, track expenditures and awards, and development of the program.

2.0 FTE Commerce Specialist 3 (2088 hours) FY21-FY25. Duties of these positions include contract management, database management, digital equity and inclusion training, coordination with local jurisdictions on grant opportunities, evaluation of grants and contract fulfillment, collection of data and reports, GIS analysis, production of an annual legislative report, reviewing grant applications, and program technical assistance.

0.05 FTE Budget Analyst 4 (104 hours) FY21-FY25 to provide financial and technical assistance in monitoring grant expenditures and ensuring accurate reporting and financial controls.

Commerce program staff would conduct outreach and engage with communities annually at a cost of $5,000 per year. This will smooth out coordination with communities and lower local barriers to engage with Commerce during development and implementation of the program. Based on this level of expenditure, the Commerce program would develop, catalogue, disseminate and promote best practices at these trainings. At this level of expenditure, training and community outreach would not exceed the 15 percent limitation on these activities.

Per Section 6(2)(e) and based on a theoretical biennial appropriation of $1 million for awards not administrative costs, and an average award of $25,000, this would result in 40 contracts per biennium. This staff to contract ratio would require the two Commerce Specialist 3 positions to manage these contracts in addition to other ongoing administrative duties.

0.05 FTE EMS 3 (100 hours) FY21-FY25 to coordinate with the Commerce program in addition to the work associated with reporting on the comparative availability and adoption of broadband across the state.

Salary and benefits for the Commerce digital equity opportunity program

FY21-FY25: $331,329 per fiscal year

Goods and Services, Travel and Equipment for the Commerce digital equity opportunity program

FY21: $217,689
FY22: $212,689
FY23-FY25: $190,089 per fiscal year

*Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Professional Service Contracts for the Commerce digital equity program

FY21-FY22: $20,000 per fiscal year

Total Costs for the Commerce digital equity program

FY21: $569,018
FY22: $564,018
FY23-FY25: $521,418 per fiscal year

Total salary and benefits for the Statewide Broadband Office

FY21-FY25: $8,342 per fiscal year

Total Goods and Services, Travel and Equipment for the Statewide Broadband Office

FY21-FY25: $3,522 per fiscal year

*Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Total costs for the Statewide Broadband Office

FY21-FY25: $11,864 per fiscal year

Total salary and benefits for the Public Works Board

FY21-FY25: $5,920 per fiscal year

Total Goods and Services, Travel and Equipment for the Public Works Board

FY21-FY22: $6,669 per fiscal year
FY23-FY25: $2,669 per fiscal year

*Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Total costs for the Public Works Board

FY21-FY22: $12,589 per fiscal year
FY23-FY25: $8,589 per fiscal year

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Total Costs

FY21: $593,472
FY22: $588,472
FY23-FY25: $541,872 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	0	593,472	593,472	1,130,344	1,083,744
		Total $	0	593,472	593,472	1,130,344	1,083,744

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		3.6	1.8	3.6	3.6
A-Salaries and Wages		256,482	256,482	512,964	512,964
B-Employee Benefits		89,109	89,109	178,218	178,218
C-Professional Service Contracts		20,000	20,000	20,000	
E-Goods and Other Services		185,643	185,643	356,686	342,086
G-Travel		22,000	22,000	22,000	10,000
J-Capital Outlays		20,238	20,238	40,476	40,476
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	593,472	593,472	1,130,344	1,083,744

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Administrative Services	69,552		0.5	0.3	0.5	0.5
Budget Analyst 4	79,944		0.1	0.0	0.1	0.1
Commerce Specialist 3	74,196		2.0	1.0	2.0	2.0
Commerce Specialist 5	86,064		1.1	0.5	1.1	1.1
EMS Band 3	125,100		0.1	0.0	0.1	0.1
Total FTEs			3.6	1.8	3.6	3.6

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 3 outlines that Commerce may adopt rules, as necessary for sections 4 through 9 of this act, which include the planning and capacity grants and the award formula outlined in Section 6. In addition, rulemaking may occur to: establish the digital equity competitive grant program in Section 10; to describe partnerships between local entities that are in the public interest in Section 11; to support the evaluation of grant assurances, requirements and goals, as necessary, in Section 18; and regarding consistency with human rights discrimination within 49.60 RCW in Section 22.

Individual State Agency Fiscal Note

Bill Number: 2414 P S HB	Title: Digital equity	Agency: 105-Office of Financial Management

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

[ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

[ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

[ ] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:	Kyle Raymond	Phone: 360-786-7190	Date: 01/24/2020
Agency Preparation:	Jim Jenkins	Phone: 360-902-0403	Date: 01/27/2020
Agency Approval:	Aaron Butcher	Phone: 360-902-0406	Date: 01/27/2020
OFM Review:	Bryan Way	Phone: (360) 902-0650	Date: 01/28/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The Office of Financial Management (OFM) is no longer included in this new bill version and continues to have no fiscal impact related to this bill.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

Part V: New Rule Making Required