

Multiple Agency Fiscal Note Summary

Bill Number: 1617 HB	Title: Universal services program
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Utilities and Transportation Commission	0	0	10,522,958	0	0	10,000,000	0	0	10,000,000
Utilities and Transportation Commission	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	10,522,958	0	0	10,000,000	0	0	10,000,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Utilities and Transportation Commission	.6	0	0	10,522,958	.0	0	0	10,000,000	.0	0	0	10,000,000
Total \$	0.6	0	0	10,522,958	0.0	0	0	10,000,000	0.0	0	0	10,000,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.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

NONE

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Final

Individual State Agency Fiscal Note

Bill Number: 1617 HB	Title: Universal services program	Agency: 105-Office of Financial Management
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Part I: Estimates

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: Cassie Jones	Phone: 360-786-7303	Date: 01/26/2023
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/31/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 01/31/2023
OFM Review: Steven Puvogel	Phone: (360) 701-6459	Date: 02/01/2023

Part II: Narrative Explanation

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

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

HB 1617 removes the July 1, 2025, expiration date related to the Universal Communications Services Account. OFM transfers expenditures from General Fund – State into the Universal Communications Account when directed by enacted legislation. Removing the expiration date will have a de minimis impact on OFM.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished 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: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1617 HB	Title: Universal services program	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Universal Communications Services Acct-State 19J-1	5,522,958	5,000,000	10,522,958	10,000,000	10,000,000
Total \$	5,522,958	5,000,000	10,522,958	10,000,000	10,000,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3	0.0	0.7	0.0	0.0
Account					
Universal Communications Services Acct-State 19J-1	5,522,958	5,000,000	10,522,958	10,000,000	10,000,000
Total \$	5,522,958	5,000,000	10,522,958	10,000,000	10,000,000

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: Cassie Jones	Phone: 360-786-7303	Date: 01/26/2023
Agency Preparation: Amy Andrews	Phone: 360-481-1335	Date: 01/30/2023
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 01/30/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 02/01/2023

Part II: Narrative Explanation

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

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

Removes expiration dates of the state universal communications services program in sections: 1, 2, 3, 4, 5, 6.

Section 7 repeals RCW 80.36.700, Program expiration

The proposed bill eliminates the expiration date of the program. Current rules were created based on the program expiring on June 30, 2024. Rulemaking will take into consideration key areas such as technology, funding, deployment costs or other factors. Additionally, the UTC believes the eligibility criteria need to be reviewed and revised by considering changes in federal high-cost support, BEAD funding, and digital equity goals. Any broadband commitment should ensure it does not jeopardize potential BEAD or other federal support. State USF support distribution is currently based on a frozen federal metric that should also be reviewed to identify policy and funding priorities now and in the future.

The UTC assumes a complex rulemaking is necessary to identify number of unserved and underserved locations and determine the cost per location for equitable distribute of the support funding of \$5,000,000 per fiscal year. As part of the rule making, staff will review the broadband buildout location requirements, eligibility criteria, and the broadband speed to be consistent with stated goal in SB 5511.

The current cost per location was derived based on the CostQuest Associates cost model that Federal Communications Commission (FCC) has published in its alternative connect America program in the past. Over time, however, the cost of providing broadband service and building infrastructure have changed, the Commission needs to conduct new cost review and analysis based on the CostQuest Associates cost model which includes up-to-date data made available for purchase. One-time cost of \$312,000 to access CostQuest Associates cost model is included to support the rulemaking effort and program administrative support. By gaining access to the cost model, staff will be able to determine accurate costs and pinpoint specific locations where the state USF support is effectively used.

The commission will continue to administer the program and the administrative expenses will continued to be recovered from the funding of \$5,000,000 per fiscal year.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Cash receipt impact is indeterminate as the amount that will be deposited into the UCS account by the legislature and any penalties or other recoveries received pursuant to RCW 80.36.670 is not known at this time. Currently, \$5,000,000 is being deposited at the beginning of each fiscal year into the UCS account. The UTC assumes the baseline funding will continue at \$5 million per fiscal year and includes incremental revenue to cover the incremental expenditures identified within the fiscal note for the complex rulemaking and software purchase.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Expenditure impact is indeterminate as the amount that will be deposited into the UCS account by the legislature is not known at this time. Therefore, we do not know the number of applications that will be awarded and how much it will cost to administer the program. Currently, \$5 million is being deposited at the beginning of each fiscal year into the UCS account. The UTC assumes the \$5 million will remain the baseline for the program. The costs of the rulemaking are an incremental cost while the cost to administer the program is assumed to be absorbed within the baseline \$5 million.

The Commission would conduct a complex rulemaking in FY 2024 to update the existing state UCS program and codify a process for calculating the broadband deployment cost per location, number of broadband deployment obligations for each company, and update the broadband speed definition. The Commission would also be required to administer the program indefinitely. Costs associated with a complex rulemaking and for administering the program are assumed to be recovered from the Universal Service Fund (USF) appropriation that supports the UCS program.

Complex Rulemaking (FY24)
\$210,598

(Administrative Law Judge, 0.17; Commissioner, 0.05; Consumer Program Specialist 3, 0.31; Deputy Director | Regulatory Services, 0.05; Director | Regulatory Services, 0.05; Paralegal 3, 0.07; Policy Advisor, 0.13; Regulatory Analyst 2, 0.05; Regulatory Analyst 3, 0.31; Asst. Director, Policy, 0.10) “E” includes \$27,000 attorney general expense.

Broadband Infrastructure Cost Software (FY24) One-time cost
\$312,000

The current cost per location was derived based on the CostQuest Associates cost model that Federal Communications Commission (FCC) has published in its alternative Connect America program in the past. Over time, however, the cost of providing broadband service and building infrastructure have changed, the Commission needs to conduct a new cost review and analysis based on the CostQuest Associates cost model. These costs are not included in the rulemaking expenditure. By gaining access to the cost model, staff will be able to determine accurate costs and pinpoint specific locations where the state USF support is effectively used.

Program Administration (FY24 – FY29)

Annual expenditures would be commensurate with current spending levels incurred in administering the program in its current form. The Commission estimates 3% of annual USF funds to be used on administering the program. Therefore, assuming \$5 million is deposited each fiscal year, the estimated amount available for awarding grants is \$4.85 million, assuming administrative costs of \$150,000 per fiscal year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
19J-1	Universal Communications Services Acct	State	5,522,958	5,000,000	10,522,958	10,000,000	10,000,000
Total \$			5,522,958	5,000,000	10,522,958	10,000,000	10,000,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.3		0.7		
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	312,000		312,000		
E-Goods and Other Services	42,017		42,017		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	4,850,000	4,850,000	9,700,000	9,700,000	9,700,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	318,941	150,000	468,941	300,000	300,000
9-					
Total \$	5,522,958	5,000,000	10,522,958	10,000,000	10,000,000

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 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Law Judge	119,088	0.2		0.1		
Asst Director Policy	110,064	0.1		0.1		
Commissioner	168,012	0.1		0.0		
Consumer Program Spec 3	68,076	0.3		0.2		
Deputy Director Regulatory Services	101,136	0.1		0.0		
Director Regulatory Services	134,532	0.1		0.0		
Paralegal 3	78,900	0.1		0.0		
Policy Advisor	100,008	0.1		0.1		
Regulatory Analyst 2	82,896	0.1		0.0		
Regulatory Analyst 3	93,840	0.3		0.2		
Total FTEs		1.3		0.7		0.0

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

New rules are necessary in WAC 480-123 to account for changes in technology, broadband speed demands, deployment costs for each location, rising deployment costs and to define supported broadband speeds. Additionally, as the program criteria were originally developed for a 5-year program timeframe, the UTC believes the eligibility criteria need to be reviewed and revised by considering changes in federal high-cost support, BEAD funding, and digital equity goals. Any broadband commitment should ensure it does not jeopardize potential BEAD or other federal support. State USF support distribution is currently based on a frozen federal metric that should also be reviewed to identify policy and funding priorities now and in the future.

The complex rulemaking is expected to entail one workshop, development of draft and proposed rules, and two rounds of public comments.