



Legislative Fiscal Bureau

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January 14, 2010

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Public Service Commission: Governor's Section 13.10 Request for the Use of Federal Economic Funding for Broadband Availability Mapping -- Agenda Item IV

REQUEST

The Governor has submitted a request dated January 6, 2010, for the approval of the use of federal stimulus funding by the Public Service Commission (PSC) for mapping the current availability of broadband access (\$1,232,328) and broadband planning (\$485,356). The Governor has asked for the approval of \$1,717,684 FED in 2009-10 under the FED-continuing federal funds appropriation [s. 20.155(1)(m) of the statutes].

BACKGROUND

On July 8, 2009, the National Telecommunications and Information Administration (NTIA) issued a notice of funding availability in which American Recovery and Reinvestment Act (ARRA) funds were made available for a state broadband data program [an element of the federal Broadband Data Improvement Act (BDIA) which was passed in October, 2008] as competitive, merit-based matching grants. Funding was made available for the development of broadband maps and to fund statewide initiatives directed at broadband planning. Applications were due on August 14, 2009.

Broadband is defined by NTIA to include: "data transmission technology that provides two-way data transmission to and from the Internet with advertised speeds of at least 768 kilobits per second (kbps) downstream and at least 200 kbps upstream to end users, or providing sufficient capacity in a middle mile project to support the provision of broadband service to end users within the project area." This definition includes digital subscriber lines, fiber optics, cable modem services, and wireless.

Broadband Mapping. The American Recovery and Reinvestment Act specifies that the federal Department of Commerce (USDOC) must develop and maintain a comprehensive, interactive and searchable nationwide inventory map of available broadband service capability. This map is to be made available to the public. States that receive funds must provide a link for NTIA's website. That website is to be available to the public by February 17, 2011.

The federal government reserves the right to undertake the mapping project on its own, if any state does not provide an adequate application. Each state had to designate a single authorized recipient. On August 12, 2009, the Governor sent a letter to NTIA indicating that the PSC would be Wisconsin's designee. According to the funding announcement, the information provided on a state's broadband access map is to be used by USDOC for federal broadband grant opportunities under the Broadband Technology Opportunities Program.

At a minimum, the federal map will provide the following: (a) geographic areas in which broadband service is available; (b) the technologies used to provide broadband service in those areas; (c) the spectrum used for the provision of wireless broadband access; (d) the operational speeds of the broadband; and (e) broadband availability at schools, hospitals, libraries, colleges and universities, and all state and municipal public buildings. States must be able to present the data to NTIA in such a way that the data is comprehensive, verifiable and can be repeated. Grant recipients must plan for collaboration with state agencies and local units of government that identify and address broadband challenges. The state, as a grant recipient, must agree to treat any matter of trade secrets, commercial or financial information as privileged and confidential and not available to the public, unless the provider and the state have agreed to a lesser restriction.

The state's site must be searchable by address and information must, to the extent possible, include the type of service available at each address, including the type and speed of the broadband service. If the providers wish, the name of the broadband provider may be included.

Broadband Planning. According to PSC, the planning funds would be used to allow the state to implement broadband planning and assess demand for broadband services, including: (a) a situational assessment of Wisconsin broadband accessibility; (b) an assessment of current and future broadband uses and barriers to adoption; (c) mapping of broadband growth that considers distance learning, economic development, e-government, and telemedicine; and (d) work with regional planning teams to develop strategies to expand broadband access at a local level, including use of federal grants for broadband access.

Funding. Applicants must provide a 20% non-federal match that may be either cash or in-kind services. The Governor has indicated that the \$467,067 of in-kind services already rendered by PSC will be used to count toward this match. The Commission states that the in-kind service will be met by counting the ongoing salaries, fringe benefits, and supplies and services of PSC staff that have and will continue to work on current and prior studies, surveys and maps. The time used by providers in answering the surveys could also be counted according to PSC, but the match is met without counting those services.

The Commission initially requested funding over a five-year period (as allowed in the initial funding application) totaling \$4,422,533, including \$3,137,521 from requested ARRA funds. After the initial application was sent out, the NTIA revised its funding announcement to state that it would only fund two years of mapping activities. After two years NTIA will review its mapping and data collection efforts and will determine which activities it would like to modify before awarding additional funds in future years, pending availability of funds. Based on this change, NTIA awarded Wisconsin \$1,717,684 FED, which requires a minimum state share of \$429,421.

Based on the revised time period, the Commission was approved for two years of funding for mapping and three years of planning. Under the award, all funding would be paid to LinkAMERICA which is a consortium consisting of: (a) CostQuest Associates which works in geospatial economic and network modeling; (b) EFRsource is a technology and research firm that works in telecommunications and telehealth; (c) L. Robert Kimball & Associates is an engineering firm that works in areas that include GIS mapping conversion and production; and (d) e-Copernicus which does governmental affairs public relations and business development advising.

The table below shows the PSC's budget associated with the NTIA award. LinkAMERICA would support 4.15 positions in the first year and 2.675 in the second year for mapping and 1.7 positions in the first year and 1.5 in the second year for planning. Contractual services would include a vendor for phone surveys of customers; answer data assurance and mapping questions, including testing provider responses for accuracy; and web site design. "Other" includes printing and production of maps; and obtaining and licensing of information related to tower locations and specifications, roads and demand points, demographics, infrastructure, mobile wireless coverage and business data.

	<u>First Year</u>	<u>Second Year</u>	
Mapping			
Salary and Fringe Benefits	\$478,750	\$282,928	
Travel	21,000	7,700	
Supplies	2,450	500	
Contractual	305,000	40,000	
Other	<u>62,000</u>	<u>32,000</u>	
Total	\$869,200	\$363,128	\$1,232,328

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	
Planning				
Salary and Fringe Benefits	\$173,250	\$178,448	\$73,919	
Travel	16,680	5,480	5,480	
Supplies	9,400	6,900	2,400	
Contractual	5,500	5,500	0	
Other	<u>1,200</u>	<u>1,200</u>	<u>0</u>	
Total	\$206,030	\$197,528	\$81,799	\$485,357

According to the grant request, the location of broadband access would be determined primarily by requesting broadband providers to provide data on accessibility and checking that data through customer input. A geographic information system (GIS) would be created that allows searches via address and would be overlaid with data from broadband providers. LinkAMERICA would verify information provided; likely by surveying different geographic areas in rural settings and vendor cross verification (checking multiple providers of the same address to ensure that the same information about availability is provided) in urban settings. In some areas, capability may be verified based on known cable or fiber optic distribution and distances from provider distribution facilities (checking against a theoretical service area). Customers may also be surveyed to verify whether access is available.

ANALYSIS

Over the last year, PSC has established a questionnaire that allows individuals to report on their residential and business access to the broadband. In October, 2009, the Commission posted responses regarding broadband access (in a yes or no format) from over 8,500 respondents. Most of these responses appear to be centered around Verizon North and AT&T customer bases.

In anticipation of receiving an ARRA grant, PSC conducted a request for proposal (RFP) based on NTIA's opportunity notice. The Commission received 13 responses to the RFP and selected LinkAMERICA on August 10, 2009. On August 14, 2009, PSC filed its grant application with NTIA. On August 17, 2009, PSC and LinkAMERICA entered into a contract for mapping and planning, subject to grant approval. The Commission was informed on November 6, 2009, that the NTIA had approved two years of funding for Wisconsin broadband planning and mapping.

The Commission and LinkAMERICA began working on the project on August 17, 2009. Under Section 9131 of 2009 Act 2, "After receiving the plan or plans, the cochairpersons of the Joint Committee on Finance shall convene a meeting of the joint committee on finance within 14 days after the plan or plans are submitted to either approve or modify and approve the plan or plans. The governor shall then implement the plan or plans as approved by the Committee." Under the requirements of Act 2, it can be argued that PSC should not have begun implementation of the plan, until authorized by the Committee.

Given NTIA's fairly aggressive timeframe for completing national mapping, however, it could be argued that the Commission was justified in seeking RFP's concurrent with filing the federal application. The funding announcement specifies that the federal government will seek to map broadband access for the entire United States and absent an adequate state recipient, that NTIA would complete the project on its own. However, under this scenario funding would likely not be provided for planning elements that could provide data on broadband development roadblocks and specific demand requests from customers. As stated by the Governor and PSC, the project would provide data to Wisconsin residents about broadband access. It would also allow individuals and businesses to preview availability in determining where to locate or relocate. Finally, planning data could help providers, customers and policymakers in choosing how broadband access may expand.

ALTERNATIVES

1. Approve the request to provide \$1,717,684 FED in 2009-10 for broadband mapping and planning under the FED-continuing federal funds appropriation [s. 20.155(1)(m) of the statutes].
2. Deny the request.

Prepared by: Darin Renner