

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3256 - 2

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes the Connecting Oregon Libraries Fund in the State Treasury, separate and distinct from the General Fund.

Government Unit(s) Affected:

Oregon State Library (OSL)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

General Fund	2021-23 Biennium	2023-25 Biennium
Personal Services	\$67,965	\$90,620
Services and Supplies	5,678	5,678
Total Funds	\$73,643	\$96,298
Positions	1	1
FTE	0.38	0.50

Analysis:

House Bill 3256, as amended by the -2 amendments, establishes the Connecting Oregon Libraries Fund. The Fund consists of any moneys deposited into it from whatever source, and it may include moneys appropriated, allocated, deposited or transferred to the Fund by the Legislative Assembly or otherwise and interest earnings. Moneys in the Fund are continuously appropriated to the Oregon State Library (OSL) to provide matching funds for federal moneys received by eligible libraries to provide broadband access to libraries in Oregon. An eligible public, school, tribal, or academic library may receive these matching funds if the library receives federal moneys to provide broadband access to the library, takes steps to determine whether existing broadband infrastructure may be integrated into the proposed broadband project, and meets any other eligibility requirements that OSL establishes. Before OSL may distribute any state funds in accordance with this measure, the OSL Board shall adopt administrative rules to implement the measure, including establishing criteria that govern the distribution of the matching funds to eligible libraries. The measure takes effect on January 1, 2022.

At the outset, it is worth noting that while the measure establishes a new fund, it does not yet appropriate, allocate, deposit or transfer any moneys to the fund. Nevertheless, the measure directs OSL to administer this new matching funds program for eligible libraries that receive federal funds for the purpose of providing broadband access to libraries. The measure also directs the OSL board to adopt administrative rules to implement this program.

The Schools and Libraries Universal Service Support Program, commonly known as the “E-rate program,” is a federal program through the Federal Communications Commission that helps schools and libraries obtain affordable broadband access. While the program does provide discounts for support, discounts depend on the level of poverty and whether the school or library is in an urban or rural area. The discounts range from 20 to 90

percent of the costs of eligible services. A library's E-rate eligibility for support also depends on its funding as an independent entity. A library is only eligible to receive discounted services under the E-rate program if its budget is separate from any education institution, including but not limited to elementary and secondary schools, colleges and universities. This is relevant because, according to OSL, there are no school or academic libraries in Oregon that are separately funded from their education institution. Consequently, although the measure states that school and academic libraries would be eligible for these matching funds, as a practical matter, OSL anticipates that only public and tribal libraries would be eligible to receive these matching funds.

In 2016, OSL conducted an E-rate program survey of public libraries in Oregon. Of the 97 respondents, 58 libraries (59 percent) indicated they had never participated in the E-rate program. The primary reasons for not participating in the program included not having the staffing and/or resources to complete the application process and a lack of awareness or understanding of the program. According to OSL, when respondents were asked about their biggest concerns about the E-rate application process, 50 percent indicated that the process was too complex, and 30 percent indicated they did not know how to navigate the process.

In addition to administering the matching funds program, the measure would require OSL to provide information, resources, training, and consultation services to local libraries in navigating the E-rate program. Given the low utilization of the E-rate program by Oregon libraries, the complexity of the application process, and the resource constraints of the libraries who could most benefit from this program, OSL would need one permanent, part-time Librarian position (0.38 FTE in 2021-23, 0.50 FTE in 2023-25) to administer this program. Unless another funding source is identified, OSL would need a General Fund appropriation to pay for this position. Including related personal services and services and supplies, this position would cost \$73,643 General Fund in 2021-23 and \$96,297 General Fund in 2023-25.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of the continuously appropriated fund it establishes, as well as the impact to the State's General Fund and OSL's biennial budget.