

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1124 (Delegates V. Mitchell and Eckardt)
Environmental Matters

Referred to Finance

State Inter-LATA Network

This amended bill provides that it is the policy of the State to further telecommunication and computer networking among State and local governments, their agencies, and State educational institutions. The bill requires the Department of Budget and Management (DBM) to provide a telecommunication and computer network consisting of (1) one or more specified connection facilities to connect each of the four LATAs (Local Access and Transport Area) in the State; (2) a backbone comprised of and adhering to specified standards; and (3) facilities, equipment and services required to support the network in a reliable and secure manner. The bill requires that the network be accessible through direct connection and through local intra-LATA telecommunications to State and local governments, and public and private educational institutions in the State. The Governor is requested to include an appropriation in the State budget for fiscal 1999 through 2002 sufficient to continue to finance the inter-LATA network established by the bill. The bill has an effective date of July 1, 1997.

Fiscal Summary

State Effect: General fund expenditures would increase an estimated \$485,000 in FY 1998. Out-year expenditures assume a constant contract price. General fund revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$485,000	\$485,000	\$485,000	\$485,000	\$485,000
Net Effect	(\$485,000)	(\$485,000)	(\$485,000)	(\$485,000)	(\$485,000)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: None. The bill would not have a significant affect on small business.

Fiscal Analysis

Background: The Department of Budget and Management currently holds two contracts for “distance learning” one with Bell Atlantic for intra-LATA communications and one with AT&T for inter-LATA communications. The inter-LATA contract with AT&T has not been used based on affordability.

There are currently 90 institutions registered for the intra-LATA connections provided by Bell Atlantic. These contract users are primarily community colleges and K-12 schools.

State Expenditures: The current contract includes an option for AT&T to provide sufficient bandwidth between the various LATAs to provide connectivity for all schools connected to the Bell Atlantic intra-LATA network. This option provides for all bandwidth to be priced at the same rate. Each DS3 equivalent bandwidth connection would be priced at a fixed rate of \$830 with an additional charge of \$23 per mile. The billing would be for nine months, allowing three free months for non-use.

The Department of Management and Budget estimates the cost associated with the inter-LATA connections to be the following:

Baltimore to Silver Spring	(3 DS3 equivalent services)	\$4,674 per month
Baltimore to Hagerstown	(3 DS3 equivalent services)	\$7,002 per month
Baltimore to Salisbury	(3 DS3 equivalent services)	<u>\$8,412 per month</u>
		\$20,088 per month/9 months
	DS3 Subtotal	\$180,792 per year

Each of the 90 schools with intra-LATA connections would pay Bell Atlantic an additional \$375 per month for nine months (\$3,375) for access to the backbone network.

School Subtotal \$303,750 per year

TOTAL \$484,542 per year

The annual projected expenditures assume constant contract prices for fiscal 1998 through fiscal 2002.

Information Source(s): Department of Budget and Management

Fiscal Note History: First Reader - February 25, 1997

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