



## ***Fund Data***

(\$ in Millions)

<i>Description</i>	<i>2007*</i> <i>Approp.</i>	<i>2008</i> <i>Approp.</i>	<i>2009</i> <i>Request</i>	<i>2010</i> <i>Estimate</i>	<i>2011</i> <i>Estimate</i>	<i>2012</i> <i>Estimate</i>	<i>2013</i> <i>Estimate</i>
PAYGO GF	\$2.000	\$0.000	\$2.000	\$0.000	\$0.000	\$0.000	\$0.000
PAYGO SF	\$2.000	\$4.000	0.000	0.000	0.000	0.000.	0.000
PAYGO FF	\$1.839	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$5.839</b>	<b>\$4.000</b>	<b>\$2.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

\* Does not include \$2.0 million advanced by the Department of Business and Economic Development from the Maryland Economic Development Assistance Authority and Fund.

## ***Issues***

### **1. Project May Require Additional Funds; Completion Timeline Uncertain**

The original timeline for the Rural Broadband project was outlined in three phases. The goal of phase I was to link Wallops Island, Virginia to Salisbury; Elkton to the I-95 corridor; and Patuxent River Naval Air Station to the Chesapeake Bay Bridge and run cable across the Bay Bridge. Phase II was expected to link Salisbury to the Bay Bridge and run spurs to Easton and Denton, including a link in Elkton to provide redundancy in the event that a Bay Bridge Cable goes out. Phase III would link the Bay Bridge to Baltimore and communities in Western Maryland. The timeline assumed that phases I, II, and III would be completed with appropriations from fiscal 2007, 2008, and 2009, respectively.

While phases I and II are complete, it appears that the fiscal 2009 allowance may not be sufficient for the completion of phase III. Continuation of the Rural Broadband project to install fibers from the Bay Bridge to Western Maryland may require significant funding over many phases. As a result, additional funds may be necessary in fiscal 2010 and beyond if sufficient federal funds are not secured. Currently, the *Capital Improvement Plan* does not commit any funds to the project beyond fiscal 2009 as the State has satisfied its obligation as specified in statute. Furthermore, the Department of Business and Economic Development and the cooperative have not provided information on the status of the project, use of State funds received to date, and estimates for project completion.

*T00F – Department of Business and Economic Development – PAYGO*

**The Rural Broadband Cooperative should comment on the future need for State funds, the outlook for leveraging federal and private funds to support future expansion of the network, and the current timeline for project completion.**

***Recommended Actions***

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	<b><u>Amount Reduction</u></b>
1. Delete general funds. The Department of Legislative Services further recommends budget language that would require the transfer of available Maryland Economic Development Assistance Authority and Funds to replace the general funds. The language would make the transfer contingent upon the submission of a report on project status and expenditures.	\$ 2,000,000 GF

**Fiscal Summary  
Department of Business and Economic Development – PAYGO**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
10 Maryland Rural Broadband Assistance	\$ 5,839,383	\$ 4,000,000	\$ 2,000,000	-\$ 2,000,000	-50.0%
<b>Total Expenditures</b>	<b>\$ 5,839,383</b>	<b>\$ 4,000,000</b>	<b>\$ 2,000,000</b>	<b>-\$ 2,000,000</b>	<b>-50.0%</b>
General Fund	\$ 2,000,000	\$ 0	\$ 2,000,000	\$ 2,000,000	N/A
Special Fund	2,000,000	4,000,000	0	-4,000,000	-100.0%
Federal Fund	1,839,383	0	0	0	0.0%
<b>Total Appropriations</b>	<b>\$ 5,839,383</b>	<b>\$ 4,000,000</b>	<b>\$ 2,000,000</b>	<b>-\$ 2,000,000</b>	<b>-50.0%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.