Financing Report for navigatOR

SUMMARY

The report was prepared in 2006. It is a detailed compilation of financing options for the navigatOR program, which is the coordination initiative for the collection, use, management, sharing, maintenance, and funding of geospatial data, with a particular emphasis on geospatial Framework data. A companion report for navigatOR indicated that there was a need at that time for $173 million, mostly for data development ($120M) to complete statewide Framework data.

The report contains "best practices" information gathered from 12 other states with regard to funding approaches, and makes recommendations for program funding for Oregon. Virtually all the states use a combination of sources and approaches for funding to support statewide geospatial program. The four recommendations for Oregon funding were:

- The primary source should be capital funding, with the $120 million of Framework data serving as the principal source of collateral, in addition to the technical infrastructure and applications developed to add value and provide data access.
- Federal and private sector investment should be a secondary source of funding, leveraged against the capital funding.
- Assessments against state agencies should be another secondary source of funding, following the existing model.
- Accounting for geospatial data usage and applying a percentage of the ROI against the ongoing operational costs of the geospatial efforts and repayment of capital funds should be another secondary source of funding.

The report describes and examines five funding sources used by the states, including advantages and disadvantages of each:

- Dedicated Funds
- Mission Driven Funding
- Assessments on Agencies
- Central and Capital Funding
- Cost Recovery

Dedicated Funds

A dedicated source providing a continuous stream of funding. Sales taxes are sometimes established for a dedicated purpose. Property transfer fees and other types of fees are often established for a dedicated purpose, and small portions of those fees have been used by some states to fund geospatial data development, management, and sharing.

Mission Driven Funding

Aligning the geospatial coordination and data efforts with specific missions, and using funds that support those missions for some of the costs of the statewide geospatial program, has been used by quite a few states. Examples of the missions that rely on geospatial Framework data include E9-1-1, land use planning (smart growth), public land and facilities management, and economic development.

Assessments on Agencies

Assessing a charge to user agencies to support centralized functions of government is a common funding approach, often used for IT, human resources, payroll and other such functions. It is the primary source of funding right now for the Oregon Geospatial Enterprise Office. It is charged to every state agency, it funds the GEO budget for four FTE and $500,000 per biennium for geospatial Framework development, and is based on the size of each agency and the relative importance of location to the agency mission.

Central and Capital Funding

According to the Federal Geographic Data Committee, assets with a life span of more than one year should be considered capital (not operating) assets and should be financed so as to extend their useful life. Annual sums spent to maintain and enhance capital assets can be leveraged and pooled with other investments in similar assets. If the annual investments are made contractual, the contract can be pledged as collateral to finance new or replacement capital assets.

Cost Recovery

While cost recovery is not a prevalent funding method for statewide geospatial programs, it is something that has been used in some cases. This could involve something as simple as a central operating unit, like GEO, charging non-government entities for data access, to more complex arrangements with a public/private partnership. In that case, a private sector partner would aggregate geospatial Framework data from all custodians, develop value-added products and services, charge non-government customers for those products and services, and share the profits with the custodians (data producers) to fund development and maintenance of the data. The raw public data would continue to be made publicly available, subject to existing statutory restrictions.

The report also contains a detailed description of a methodology for capturing the value of geospatial Framework data. If captured, that value can be another funding source. The report ends with a section on other innovative funding approaches and a section on conclusions and recommendations.