

FINAL BILL REPORT

HJM 4039

Brief Description: Petitioning for amendment to the Federal Communications Commission ruling barring direct reimbursement to state agencies that provide telecommunications services.

Sponsors: Representatives Huff, Carlson, H. Sommers, Kenney and Wolfe.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: In 1987, the Legislature created the Department of Information Services (DIS) as a cabinet-level agency responsible for providing to state agencies and local governments computing and telecommunications services, including: (1) the K-20 educational network, designed to provide universities, colleges, public libraries, and the state's 296 school districts with telecommunications services such as Internet access, interactive video, and other services; (2) long distance telephone services; and (3) other statewide telecommunication services.

Pursuant to the Telecommunications Act of 1996, the Federal Communications Commission (FCC) began implementing a \$2.25 billion universal service fund to discount the cost of telecommunications and information services to schools and libraries ("e-rate"). The e-rate provides discounts on designated commercially available telecommunication services, Internet access, and internal connections. The e-rate discounts on commercial telecommunications services range from 20 percent to 90 percent based on the eligibility of students within a school district for free- and reduced-price school lunch (a measure of poverty) and location.

On December 30, 1997, the FCC ruled that state networks, such as the K-20 network and other DIS networks, may not recover directly from the universal service fund for telecommunication services, other than Internet services and internal connections provided and billed to schools and libraries. The FCC ruling could lead schools and libraries to forego the use of the DIS services and opt instead to procure commercial services which would allow them to receive the e-rated discount.

Summary: The Congress is requested to urge the FCC to review and amend its ruling barring direct reimbursement to state agencies that provide telecommunications services. The memorial must be sent to the Congress, President Clinton, and the FCC.

Votes on Final Passage:

House 96 0
Senate 46 0