

SENATE BILL REPORT

HJM 4039

As of February 24, 1998

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.

Brief History:

Committee Activity: Ways & Means: 2/24/98.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Michael Groesch (786-7434)

Background: In 1987, the Legislature created the Department of Information Services (DIS) as a cabinet-level agency responsible for providing computing and telecommunications services to state agencies and local governments, 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 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. Potentially, the FCC ruling could lead to schools and libraries foregoing the use of the DIS services and instead opting to procure private services in order to obtain a better price on telecommunication services with the universal service fund discount.

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

Appropriation: None.

Fiscal Note: Not requested.