

HOUSE BILL REPORT

HJM 4011

As Passed House:

March 10, 1999

Brief Description: Allowing schools and libraries to receive telecommunications at below-tariffed rates without losing universal service discounts.

Sponsors: Representatives Bush, Poulsen, Radcliff, Thomas, Scott, Huff, D. Schmidt, Lantz, Benson, Kessler, Wolfe, Schoesler, Santos, Grant, Quall, Boldt, Pennington, Mastin, Koster, Hankins, Esser, Regala, Cox, Schindler, McDonald, Clements, Wood, Cooper, Kenney, Reardon, Hurst, Talcott, Hatfield, Tokuda, Conway, Sump, Lovick, D. Sommers, Schual-Berke, Carlson, H. Sommers, McMorris, Fortunato, Murray, O'Brien, Anderson, Veloria and Haigh.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/24/99, 2/26/99 [DP].

Floor Activity:

Passed House: 3/10/99, 94-0.

Brief Summary of Bill

- Requests Congress to urge the Federal Communications Commission to reply to the Department of Financial Institutions' petition for reconsideration by ruling that schools and libraries may include non-profit independent baccalaureate institutions in below-cost telecommunications networks without losing universal service discounts.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass. Signed by 12 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; DeBolt, Republican Vice Chair; Ruderman, Democratic Vice Chair; Bush; Cooper; Delvin; McDonald; Mielke; Morris; Reardon and Wolfe.

Staff: Anntonette Alberti (786-7117).

Background:

Washington state is developing the K-20 Educational Telecommunications Network (K-20 Network). The K-20 Network leverages the state's purchasing power so that the state gets the best price possible for telecommunications infrastructure deployment. The K-20 Network is a statewide backbone telecommunications network that is linking K-12 school districts, educational service districts, public and private baccalaureate institutions, public libraries, community colleges and technical colleges. However, the K-20 Network does not extend to nonprofit independent baccalaureate institutions (such as Antioch University, Cornish College of the Arts, Gonzaga University, etc.) because a Federal Communications Commission (FCC) ruling potentially makes inclusion of such institutions in the K-20 Network cost prohibitive.

Pursuant to the Telecommunications Act of 1996, the FCC implemented a universal service fund program that provides telecommunication service discounts to public schools and libraries. However, the FCC ruled on May 8, 1997, that schools and libraries joining consortia for telecommunications services including non-governmental entities cannot take advantage of the universal service fund program unless the services purchased by the consortia are based on tariffed rates. Washington is concerned that nonprofit independent baccalaureate institutions would be considered non-governmental entities by the FCC.

On July 16, 1997, the Washington State Department of Information Services (DIS) petitioned the FCC to clarify that Washington schools and libraries would not lose universal service program discounts if they include nonprofit independent baccalaureate institutions in the K-20 Network. After 18 months, the FCC has not yet responded.

Summary of Bill:

The Legislature respectfully asks that the relevant committees in the United States Senate and House of Representatives urge the FCC to promptly respond to DIS's petition by ruling that schools and libraries may include nonprofit independent baccalaureate institutions in below-cost telecommunications networks without losing universal service discounts.

Appropriation: None.**Fiscal Note:** Not requested.**Testimony For:** It is vital that this Memorial be sent to Congress because a stellar list of Washington institutions are unable to be involved in the K-20 Network. The FCC's ruling on loss of universal service discounts for schools and libraries that participate in

private consortia prevents schools and libraries from taking advantage of economies of scale. The FCC's ruling prohibits about 25 percent of Washington undergraduate students and 66 percent of Washington postgraduate students from access to the K-20 Network. In addition, it prohibits schools and libraries in the K-20 Network from benefitting from connection to some of the best colleges and universities in the state. When Washington planned the K-20 Network, it was anticipated that private independent baccalaureate institutions would be hooked up. The money for the hook up is in escrow awaiting reconsideration of the FCC ruling. All other hurdles to including these institutions in the K-20 Network have been cleared. Senator Slade Gorton will prepare a delegation letter to the FCC as soon as HJM 4011 is passed and delivered to him.

Testimony Against: None.

Testified: Representative Bush, prime sponsor; Steve Kolodney, Department of Information Services; and Tom Parker, Independent Colleges.