

HOUSE BILL REPORT

HJM 4039

As Reported By House Committee On:

Appropriations

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:

Appropriations: 2/9/98 [DP].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 31 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Dyer; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Joe Hauth (786-7271).

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

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: The memorial is at the request of the Department of Information Services. The memorial will help make the case in front of the Federal Communications Commission to ensure that the full e-rate discounts for schools are received.

Testimony Against: None.

Testified: Steve Kolodney, Department of Information Services.