


Approved: April 29, 2005   
Date

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:12 a.m. on March 4, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Eric Carter - Unexcused  
Representative Vaughn Flora - Excused

Committee staff present: Mary Galligan, Legislative Research  
Dennis Hodgins, Legislative Research  
Mary Torrence, Revisor of Statutes  
Jo Cook, Administrative Assistant

Conferees appearing before the committee:  
John Morton, Newton Public Schools, Newton, KS  
Fred Atchison, North Central KS Libraries System, Manhattan, KS  
Mona Carmack, Johnson County Library, Overland Park, KS  
Carol Swinney, SW Plains Regional Service Center, Sublette, KS  
Jennifer Findley, Kansas Hospital Association, Topeka, KS  
Leslie Lacy, Cheyenne County Hospital, St. Francis, KS

Others attending: See Attached List

**HB 2026 - KAN-ED funding**

The hearing continued on **HB 2026**.

Dr. John Morton, Superintendent for the Newton Public Schools, addressed the committee in support of **HB 2026 (Attachment 1)**. Dr. Morton urged the committee's support in maintaining the funding for Kan-Ed in order to increase its level of service.

Fred Atchison, Director for the North Central Kansas Libraries System, testified in support of **HB 2026 (Attachment 2)**. Mr. Atchison stated that the Kan-Ed network is a result of a unique public and private partnership. Libraries have benefitted from Kan-Ed through subsidies used to help pay for high-speed Internet connections.

Mona Carmack, Johnson County Library Librarian, appeared as a proponent to **HB 2026 (Attachment 3)**. Ms. Carmack said that the original goals of Kan-Ed still remain, as technology and strategies have changed. The work to date was not accomplished overnight and much work is still needed to be done.

Carol Swinney, Director of Distance Learning for the SW Plains Regional Service Center, addressed the committee as a proponent to **HB 2026 (Attached 4)**. Ms. Swinney provided a brief history of Kan-Ed. She explained how her organization interacted positively with the Kan-Ed system and urged the committee's support of continued funding.

Jennifer Findley, Kansas Hospital Association, spoke in support of **HB 2026 (Attachment 5)**. Ms. Findley stated that a large part of Kan-Ed's continued success will lie in its ability to receive adequate and stable funding. She said that many of the critical services the hospitals provide can only be successful if there is long-term usage and support.

Leslie Lacy, Administrator of the Cheyenne County Hospital, appeared in support of **HB 2026 (Attachment 6)**. Mr. Lacy listed several benefits hospitals have enjoyed from their participation in Kan-Ed. The association is on the brink of several comprehensive health care technology initiatives and participation in Kan-Ed supports them.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N, Statehouse, at 9:12 a.m. on March 4, 2005

Kan-Ed Actual Expenses (Attachment 7) and Facts on the Kansas Universal Service Fund (Attachment 8) were distributed to the committee.

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2026**.

The meeting adjourned at 10:27 a.m.

The next meeting will be Tuesday, March 8, 2005 at 9:00 a.m.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 4, 2005

NAME	REPRESENTING
Andy Shaw	Alltel
Hal Gorman	Kan-ed, KBOB
Fred Atchison	North Central Kansas Libraries
Jana Cunniff	Johnson Co Library - KAN-ED
Tatti Butcher	KS Library Assn.
John Mott	Newton Public Schools USD 373
Sandy Braden	Cingular
Bill Brady	KHA
Marc Garbison	KS STATE LIBRARY
Rosanne Siemens	Kansas Library Association
Shirley Allen	Allen Consulting
Jennifer Findley	KS Hosp Ass.
Leslie Fay	Cheyenne County Hospital / KAN-ED
Carol Swann	SW Plain Reg. Service Center (Sedgwick)
Wendell Swann	" "
Cindy Shuman	Kan-ed
Jamie Muddock	Kan-ed
Jerry Niebaum	KBOB Kan-ed
MEL CHASTAIN	KANSAS REGENTS EDUCATIONAL COMMUNICATIONS CENTER - KANSAS STATE UNIV.
Heather Morgan	Division of the Budget

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 4, 2005

NAME	REPRESENTING
Peta Jagers	KAIDG / I-CAN / USD 399
Charmin Chambers	KBOR - Kaned
Dave Cook	University of Kansas Medical Center
RYAN SPALDING	KU MEDICAL CENTER
Dan Murray	Federico Consulting
Brent Larson	Results Technology Group
Tim Gorkner	SBC
Eldan Bightneia	KBOR - Kaned
Dena Turk	Voyager (underlined)
Sandia Braden	Angular

Testimony before the House Utilities Committee  
Friday, March 4, 2005  
Presented by Dr. John R. Morton, Superintendent  
Newton Public Schools USD 373  
K-12 Representative to the Kan-ed User Advisory Committee  
Kal-Tech participant and mentor  
KATCL facilitator

Newton Public Schools  
USD 373

308 East First  
Newton, KS 67114 2846

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## Points of Emphasis:

- Kan-ed represents a concerted effort to link hospitals, libraries, institutions of higher education and school districts throughout the state of Kansas.
- Education in the 21st Century will increasingly rely upon effective technology networks in order to afford all Kansas students with equal and equitable educational opportunities.
- Connectivity to the Kan-ed network will assist all schools in Kansas in transitioning to a total online state assessment process in the coming years.
- With limited resources, it is important to get the most we can for our money. Kan-ed is making a multitude of technology resources available, saving money while providing top quality resources in the process at a reasonable cost.
- As we move to more professional training online, Kan-ed will assist in providing immediate training in identified skill areas for our staff members.
- As we proceed, we are going to have to work smarter and not harder. Utilizing programs such as Marratech, we have the potential to revolutionize our communications systems, save on travel costs, and provide our staff members with virtual communication tools. On Wednesday of this week, all fourth grade teachers in our district, in five different locations, met with the elementary principal who is the liaison for grade level meetings virtually, sitting in their classrooms and being able to both see and hear all other participants. Our elementary vocal teachers plan to utilize the same technology next week for their meeting. And, this is only the tip of the iceberg in harnessing the technology available through Kan-ed to maximize communication and learning in Kansas.
- Kan-ed will only increase its level of service if properly funded and supported.
- Finally, what better use could be made of the KUSF than providing for support, further development and growth of this 21st century technological system?

*"Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."*

*William Jennings Bryan*



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ATTACHMENT |

HB2026 Kan-ed Funding  
Prepared for the House Utilities Committee  
By Fred D. Atchison, Jr., Director  
North Central Kansas Libraries System  
Manhattan Public Library  
629 Poyntz Avenue  
Manhattan, KS 66502

Thank you for this opportunity to address this committee on the Kan-ed Network, a subject of great significance to the library community and the people we serve. My name is Fred Atchison, and I am the director of Manhattan Public Library and the North Central Kansas Libraries System. NCKL works with public libraries and school districts in the counties of Riley, Geary, Morris, Marion, Lyon, Chase, Pottawatomie, Wabaunsee, Marshall, Washington, Dickinson, and Clay. Many of our libraries would fit easily into this room. Those libraries are an expression of local community pride and commitment to the next generation. NCKL is one of seven regional library systems created by the legislature to extend library services throughout the state. The creation of the library systems has done much to improve the quality of library services in our communities, library systems that work to encourage collaboration and the sharing of resources. The creation of these library systems was a momentous step for Kansas.

The development of Kan-ed Network represents a huge opportunity to take resource sharing and collaboration to a level that a few years ago we could only dream about.

The Internet has transformed the way we live and work, and yet many communities and public institutions could not previously benefit from the information revolution. Often they lacked access to high-speed Internet connections due to lack of funding, and sometimes the local technical options simply weren't there. Libraries in local communities, particularly in locations dealing with geographic isolation and lack of economic development, have whole-heartedly embraced the promise of the Internet.

Kan-ed has responded to that need. The Kan-ed Network is the result of a unique public and private partnership of K-12 schools, libraries, hospitals, higher education, and the telecommunications business.

Libraries have benefited from Kan-ed through subsidies used to help pay for high-speed Internet connections. For example, in 2004 the library in Hope, Kansas (population 1,051), received a subsidy that enabled them to move from a slow dial-up connection to a fast DSL connection. The library was able to extend access to the Internet to patrons for the first time by adding two new computers.

Kan-ed has also provided libraries with the opportunity to apply for grants to develop educational and training content for the network. And libraries from Johnson County to Hope, Kansas have received access to databases provided by Kan-ed. Those databases include World Book Encyclopedia, Proquest Heritage Quest, Gale Literature

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Resource Center, Gale InfoTrac Custom Newspapers, Proquest nursing journals, and the Sprint-Empowered Desktop Education Program. Students, including those who are homeschooled, use these databases. They are available to business people, genealogists, and people seeking up-to-date health information. Few of the libraries in NCKL can afford these quality educational and informational resources, so it is the people we serve who truly benefit from these resources.

Right now, librarians are working together to create new educational and training content for use on the Kan-ed network. I believe that the great strength of the network is that it encourages collaboration and takes resource-sharing to a whole new level. For example, professional development and related training are natural ways to utilize the network; training modules will be developed that extend an opportunity to participate to every corner of the state.

Librarians have always collaborated, but Kan-ed facilitates working together on a scale never before possible. The really exciting thing about network collaboration is that it creates opportunities to work directly with other constituent groups. We are just beginning to find the ways that the resources and projects can be shared by libraries, schools, hospitals, and higher education.

This is a critical year of development for Kan-ed. It is essential that this work be allowed to continue. The network has already yielded remarkable results. The people we serve are the big winners in the effort. I urge you to support the full reauthorization of Kan-ed and to maintain a stable source of funding that will make it possible for our work to continue.

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**Testimony Regarding HB 2026  
House Utilities Committee**

**March 3, 2003  
Mona Carmack  
County Librarian  
Johnson County Library  
Overland Park, Kansas**

Good Morning, Chairman Holmes and committee members. I am Mona Carmack, County Librarian, Johnson County Library. I also am here today to provide comments supporting the reauthorization of HB 2026, the reauthorization of Kan-ed.

You have heard the statistics and achievements of Kan-ed from Hal Gardner and Fred Atchison. It has been an arduous path to reach this point today, and the work is far from over.

I am here to exercise my usual role of providing corporate memory, and to review the original vision of the project that came to be called Kan-ed. In 2000 I was appointed by Governor Graves, and subsequently asked by his office to serve as vice-chair of the State Education Technology-Based Network Task Force. I had requested that the Governor consider appointing me to the study committee because I thought it was so important to the future of providing up to date communication among libraries in this large state. At the time I was serving as chair of the Kansas Library Network Board and I understood the need to provide adequate library services to the school districts and public libraries in Kansas.

Other rural states had developed statewide library networks and were providing informational databases to their citizens. South Dakota had developed a network for all school, public, and university libraries which provided an online catalog of the collections of the entire state as well as circulation systems. I am a native South Dakotan and I knew that if South Dakota could develop such a comprehensive, effective system, surely Kansas could do the same for its people. Missouri had developed a similar system and it was that network that our legislators had seen and encouraged Duane Johnson, then Kansas State Librarian, to study. That legislative interest was all we needed to launch a vision of a statewide library network for Kansas.

The Task Force met five times over the summer and fall of 2000 and heard presentations from representatives of public television, school districts, public and university libraries. We had a teleconference with several telecommunications people in South Dakota who had worked on the network. And we heard about the difficulty of small schools and libraries in western Kansas to have dependable service—even dial up. Broadband communication was a very far-away dream.

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Ultimately our recommendation for legislation was presented to the legislature in 2001. The Kansas Library Association and the Kansas Library Trustee Association became the champions of what was to become Kan-ed. As we talked to news media and legislators, we used examples of school districts sharing distance classroom experiences, of schools and public libraries sharing summer reading programs, or perhaps a creative writing contest or experience, or possibly an online science fair.

Kansas is a large state of great distances for travel to meetings. Since I live in the metro area, I usually travel to Lawrence, Topeka, and maybe Emporia. But it's a long way for a school librarian in Goodland to come to a meeting in Leavenworth which is easily accessible to me. That limits their participation. Today, we are able to limit the "windshield" time of members because we have low-cost communication systems that allow us to have statewide teleconference meetings—a much more productive way to use our time.

The development of the Kan-ed network is very important as a portal of information for Kansas libraries. It is very important that this network be allowed to develop and grow and that \$10 million continue to be provided through the Universal Service Fund. The library community is particularly interested in maintaining access to Universal Service Fund as the fund's original purpose was to level the playing field for telecommunication in all of Kansas.

As I prepared this testimony, I found a library system newsletter from 2003. The headline was quite prophetic: KAN-ED: A NEW DAY—BUT NOT OVERNIGHT! The article succinctly outlined the proposed program:

- Provide subsidies for certain libraries and schools to access the broadband network
- Provide funding for access to additional online research data-bases by schools and libraries
- Provide interactive distance learning and video conferencing networks to reduce travel and improve accessibility to state-wide training and education.

These goals remain today, even though the technology and strategies have changed. The new technological day for Kansas hasn't happened overnight. Much work remains to be done, but much has been achieved.

I encourage you to recommend reauthorization so that the vision of a broadband network serving Kansas schools, libraries, and rural hospitals can become a reality.

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Testimony to the House Utilities Committee  
March 4, 2005

Good morning, Chairman Holmes and esteemed members of the House Utilities Committee. I am pleased to have this opportunity to speak to you in support of Kan-Ed. My name is Carol Swinney and I am the Director of Distance Learning at SW Plains Regional Service Center in Sublette. I would like to address Kan-Ed from two different perspectives: first, as a representative of the Regional Service Center and chair of Kan-Ed's Region 7; and second, as President of the Kansas Association of Interactive Distance Education (KAIDE).

As Director of Distance Learning, the primary "hat" that I wear, is serving the distance learning needs of the 35 school districts, 3 community colleges and 2 special education cooperatives that comprise the membership of SW Plains. We serve 20 counties in the far southwest corner of the state, covering more than 10,000 square miles. You can easily see that our rural and remote location provides unique challenges in providing both statewide services and communication for our membership. Since 1989 we have utilized interactive video technology in partnership with Pioneer Communications. This has allowed us to bridge the equity gap of instructional opportunity in our small rural schools. We have also enjoyed a positive relationship with our three community colleges (Dodge City CC, Garden City CC, and Seward County CC) and Fort Hays State University who through distance learning have helped meet the life-long learner and re-training needs that we encounter with no four-year institution in our quadrant of the state.

In 1993 we took advantage of the KANS-AN compressed video network which allowed us to connect across the state, specifically to Topeka, our capital. Our geographic challenges are underscored by the fact that we are closer to three other states' capitals than to our own. Via KANS-AN, we were able to communicate with state agencies, especially the KSDE on a regular basis. Some years saw as many as 250 of these intra-state connections. But the challenge of consistency and reliable access remained. Then in 1996 even though TeleKansas 2 brought digital technology to some of our "sister" video networks, we were still challenged to bridge the gap caused by our differing technologies.

Essentially, our video network known as High Southwest Plains Network (HSPN) functioned independently in our corner of the world. We worked hard to provide the same educational opportunities to our students that their counterparts in the more populous eastern sections of our state enjoyed. We also worked creatively and collaboratively with our "sister" networks to share resources although we remained limited in the number and quality of connections that we could create.

So when discussions regarding a statewide network began in 2000, we were eager to support a technology framework that would promote ease of communication and encourage collaborative efforts throughout the state of Kansas. We have long enjoyed the support of our local telecommunications providers in western Kansas, and I believe that one of the most significant steps in the founding of Kan-Ed occurred when

Carol J. Swinney  
March 4, 2005

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representatives of our state's more than 50 service providers sat down at the same table and pledged support of a statewide technology backbone. The result of this collaborative effort was the creation and funding of Kan-Ed, designed to meet the instructional and communication needs of all school districts, libraries, institutions of higher learning and hospitals in our state. Suddenly, more than 1300 entities across Kansas received the hope of a connected state and the promise of improved communication. I would be remiss if I didn't thank those of you who supported the establishment and funding of Kan-Ed. It is especially important to the constituent groups that the program be continued with stable funding. Keeping Kan-ed funding within the arena of the KUSF ensures the kind of stable dependability required by a statewide backbone. A statewide network requires long term financial commitment that is not dependant on the ebb and flow of tax receipts.

Each of these four constituent groups in SW Kansas has benefited from the establishment of Kan-Ed. Our 35 school districts have received Internet subsidies which have brought broadband access to the district. Our 17 member HSPN ITV network now has access to a statewide pool of instructional resources. This semester we travel the Kan-Ed highway daily providing Auto Mechanics, Spanish and German to schools outside our network while receiving evening offerings for our adult learners. Our superintendents and principals enjoy monthly visits with the state department of education, our K-1 teachers have participated in statewide Reading Academies, and we are exploring new opportunities for classroom enrichment for the K-8 student. With the restrictions of differing technologies removed, we are limited only by our energy and imagination.

Kan-Ed technology grants have further enhanced the connectivity of SW Kansas schools. Each HSPN member is now able to directly access the backbone using the Internet protocol of Kan-Ed while simultaneously participating in network classes and events. The standardization of technology has magnified the potential for video conferencing which provides such benefits as enrichment activities, continuing education, reduced "windshield time", and enhanced communication at all levels.

The hospitals of SW Kansas will use Kan-Ed connectivity to increase communication both within the region and across the state. Continuing education opportunities for health professionals is vital and the future is likely to bring medical services directly to the "end user". The Pioneer Health Network, a consortium of 17 SW Kansas hospitals, is working with Kan-Ed to configure their sites for video conferencing and other broadband capabilities.

Charlene McGuire of the SW Kansas Library System notes there are 31 libraries that receive Internet subsidies from Kan-Ed. All of the libraries in SW Kansas have been able to upgrade to upgrade their bandwidth. Kan-Ed grants were used by many libraries to purchase new computers, updated operating systems, memory upgrades, and video conferencing equipment to facilitate attendance at statewide meetings.

Sara McFarland, Cimarron librarian, praises Kan-Ed for what it has meant to the small libraries of Gray County. Without Kan-Ed there would be no Internet access to serve the

Carol J. Swinney  
March 4, 2005

children of Ingalls and Ensign where quite a few children have no access to the Internet at home.

Kan-Ed databases are another important resource for our rural libraries. For the future of Kan-Ed, libraries desire consistent resources and stable funding to ensure long term access to broadband Internet, database resources and the expansion of video conferencing.

The second "hat" I wear is that of President of the Kansas Association of Interactive Distance Education (KAIDE). KAIDE was established in 1996 to promote and encourage distance learning opportunities across the state of Kansas. Prior to Kan-Ed, our video networks resembled a patchwork quilt of technologies: analog, E-series digital and motion J-Peg. The sharing of resources among our networks was limited by these technical differences. The selection of a standard technology (H.323) and the support of an in-state Network Operations Center (NOC) have established an environment of prompt and reliable support.

The KAIDE organization involved itself in the Kan-Ed initiative from the beginning. This statewide platform expands the pool of instructional resources and creates a forum for the issues and events of interactive distance learning. This past year KAIDE created Protocols for Interactive Distance Learning (IDL) for Kan-Ed. These Protocols include IDL Technology, Finances, Training and Scheduling. KAIDE used Kan-Ed grant funds to provide statewide IDL trainings on the campus of Barton County Community College in August and in Oakley and Manhattan this past week.

My KAIDE colleagues echo this positive refrain. Larry Carver of Hutchinson Community College says that Kan-Ed has made it possible for their schools to be connected to a system that has improved quality of reception and "provided a level of service that makes a direct difference in delivering learning to Kansas students".

Lesta Jagers of the I-Can Network in North Central Kansas notes that Kan-Ed has reduced the shortage of teachers in critical areas like foreign language by the sharing of teacher resources. Kan-Ed also creates a sense of community throughout the state while affording savings to local patrons by bringing continuing education to their doorstep.

Ann Lundy of the South Central Kansas Network praises Kan-Ed subsidy support which eased the conversion to H.323 technology in her multiple service provider network. Strategically positioned Network Access Points (NAP's) eliminated second loop charges for several of her network members. Access to the Kan-Ed bridging services has expanded the traditional 4-site connection, and access to Internet 2 brings a plethora of special programming opportunities.

Carol Woolbright of the Greenbush Network in SE Kansas echoes these positive sentiments and emphasizes the impact of Kan-Ed in the equalization of educational opportunities across the state by making the Kansas Regents Curriculum, Advanced Placement and college credit available to schools of all sizes and locales. Carol also

Carol J. Swinney  
March 4, 2005

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notes the equalization of costs that the statewide backbone has promoted. In partnership with Kan-Ed, the advantages and opportunities of distance learning are available in schools and communities across our state.

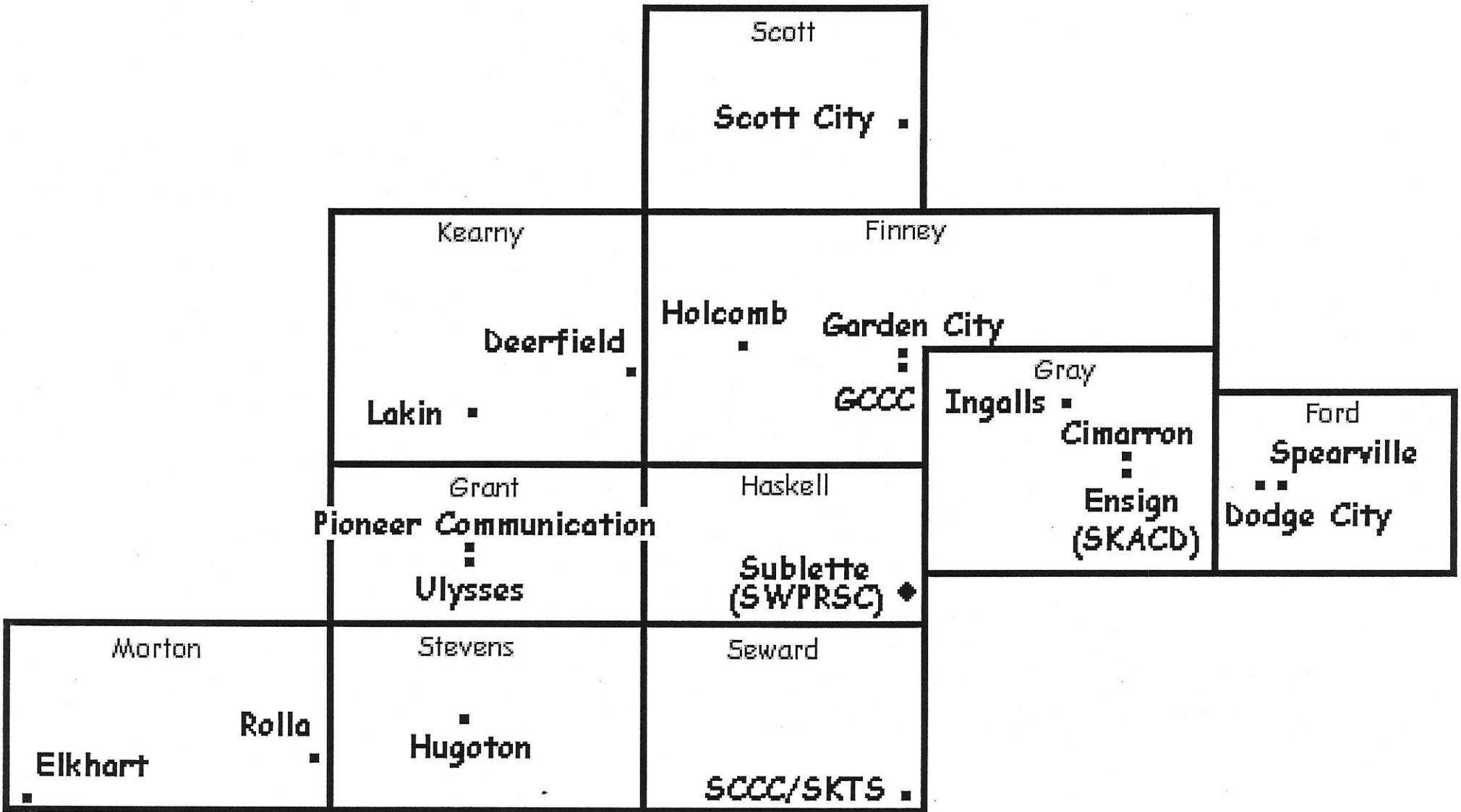
As you can see, the vision of the KAIDE organization is compatible with the goals of Kan-Ed and we are grateful for the expanded opportunities that Kan-Ed has brought to distance learning in the state of Kansas. So whether I wear the "hat" of Director of Distance Learning in the SW corner of our state or the KAIDE "hat", I heartily support continued KUSF funding for a future of seamless communication across the Information Super Highway that is Kan-Ed.

Carol J. Swinney  
March 4, 2005

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# HSPN Network 2004-09

5/17





Thomas L. Bell  
President

To: House Utilities Committee Members  
From: Jennifer Findley, Kansas Hospital Association  
Date: March 4, 2005  
Re: House Bill 2026

The Kansas Hospital Association appreciates the opportunity to provide comments in support of HB 2026. We would specifically like to share our concerns with the amendment introduced yesterday by Verizon Wireless.

We believe the Kansas Universal Fund is the appropriate mechanism for continued funding of the KAN-ED network. Coming from the health care industry, we may not fully understand the pressures facing universal service, but we do understand that Section 254 of the "Telecommunications Act of 1996" incorporated health care, education and libraries as beneficiaries of the Act's universal service provisions. We also understand that in Kansas "enhanced universal service" as defined in K.S.A. 66-1, 187 (q) includes "broadband capable facilities to: All schools...hospitals...public libraries...which request broadband services". We believe KAN-ED's efforts are consistent with both the federal and Kansas versions of universal service.

A large part of KAN-ED's continued success will lie in its ability to receive adequate and stable funding. Many of the critical services provided to hospitals are only successful if there is long-term usage. The stability of KAN-ED is jeopardized if it has to compete in an already overburdened State General Fund. Reauthorizing the current statute and waiting to review federal actions regarding universal service are appropriate steps in creating that stability.

On behalf of all Kansas hospitals, we urge the committee to pass HB 2026.

Thank you for consideration of our comments. Please feel free to contact us if you need any additional information.

*HOUSE UTILITIES*

**Kansas Hospital Association**

DATE: 3-4-05

215 SE 8<sup>th</sup> Ave. • P.O. Box 2308 • Topeka, KS • 66601 • 785/233-7436 • Fax: 785/233-7436  
ATTACHMENT 5



Thomas L. Bell  
President

To: House Utilities Committee Members  
From: Leslie Lacy, Kansas Hospital Association  
Date: March 4, 2005  
Re: House Bill 2026

The Kansas Hospital Association appreciates the opportunity to provide comments in support of HB 2026. I am Les Lacy, Administrator, Cheyenne County Hospital and Vice Chair of the KAN-ED User Advisory Council and am here today to represent the 92 hospitals currently participating in KAN-ED.

Hospitals of all sizes have enjoyed many benefits from their participation in KAN-ED including:

- Financial and technical assistance in acquisition of broadband services;
- Grants to hospitals for upgrading video conferencing equipment to allow operation on the KAN-ED network;
- Educational and reference resources for hospital employees;
- Grants to hospital members to develop continuing education programs that will be provided over the KAN-ED network;
- Opportunities for collaboration among KAN-ED constituents; and
- Access to a state-wide hospital communication system.

There are two specific hospital related KAN-ED projects that we would like to highlight.

First, KAN-ED has provided hospitals access to EMSsystem, a trauma diversion and resource tracking system. Hospitals can view in real-time information on hospital emergency department status, hospital patient capacity, availability of staffed beds, and special resources available. This information enables all hospitals to better handle daily trauma incidents and will also be a key part to managing a major disaster or terrorist event.

Second, KAN-ED has fostered collaboration between KAN-ED constituents through its support of the Connected Kansas Kids project. This project between the Kansas University Center for Telemedicine and Telehealth of the Kansas University Medical Center (KUMC) and Unified

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**Kansas Hospital Association**

DATE: 3-4-05

215 SE 8<sup>th</sup> Ave. • P.O. Box 2308 • Topeka, KS • 66601 • 785/233-7436 • Fax: 785 ATTACHMENT 6



School District (USD) 500 of Wyandotte County, Kansas uses the technological infrastructure in Kansas to assist kids in the hospital with chronic illnesses to keep in touch with friends and family and allows schools to continue working with these students make progress in academics.

We urge you today to support HB 2026 not just for what KAN-ED has already provided to Kansas hospitals, but equally important for the potential that exists for future services. The Medicare Modernization Act, the Governor's Healthy Kansas Initiative, the Leapfrog Initiative and many others have all focused on increased use of technology as a key factor to decreasing costs and increasing the quality and safety of the health care delivery system.

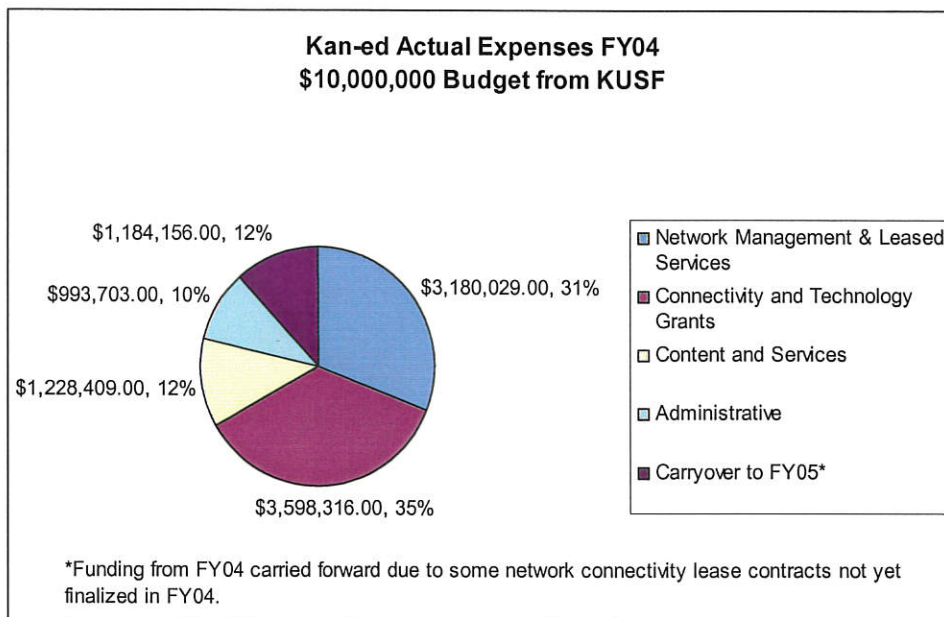
We are currently at the brink of several comprehensive health care technology initiatives. For example on the national level, President Bush's has set a goal for most Americans to have interoperable electronic health records within 10 years. Here in Kansas, the rural nature of our state coupled with the anticipated health care workforce shortages in future years make expanding telemedicine programs in Kansas imperative. Having Kansas hospitals connected to a state-wide network that allows communication and data transfer to be easy, reliable and secure will make implementation of these kinds of programs easier and more effective. We believe KAN-ED can be that network for hospitals.

A large part of KAN-ED's continued success will lie in its ability to receive adequate and stable funding. Many of the critical services related to hospitals are only successful if there is long-term usage. In light of all the pressures currently placed on the State General Fund, reauthorizing the current statute to provide KAN-ED funding from the Kansas Universal Services Fund is a good first step in creating that stability.

On behalf of all Kansas hospitals, we urge the committee to pass HB 2026.

Thank you for consideration of our comments. Please feel free to contact us if you need any additional information.

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The graph above represents actual expenditures for fiscal year 2004. During FY04, Kan-ed began leasing routers and circuits to begin the implementation and set the foundational framework for the Kan-ed network which was completed as planned and reported in FY05. Kan-ed has a relatively low amount of administrative overhead (10%), compared to the services and funding that directly benefits our membership. Administrative fees include Kan-ed staff salaries, telephones, computers, rent, and one-time expenses necessary to establish the Kan-ed office which is located within the Kansas Board of Regents offices in the Curtis State Office Building.

Kan-ed provided \$3.6 million in connectivity grants and technology grants in FY04. Because the network infrastructure was not fully deployed until FY05, FY04 represented a year of gearing up our members for direct connections to the Kan-ed network, providing them with subsidy relief for the high-cost of their commercial internet access, and providing them with equipment grants for videoconferencing equipment.

Through State of Kansas procurement processes, Kan-ed also signed contracts to lease \$3.2 million dollars in OC-3 network connectivity, network management and equipment to build the foundation of the Kan-ed network...the network backbone itself. Contracts are with major telephone companies, independent phone companies and a local Kansas company for network management services. More contracts were realized in FY05 and additional contracts will be pursued as we continue to deploy the network to get to the last 10%-15% of the geographical population that needs Kan-ed and its services the most.

\$1.2 million dollars were allocated for content and services, including databases contracted through the Kansas State Library, and other online content for our members to take advantage of.

Kan-ed also maximizes state dollars by utilizing the federal e-rate program to achieve discounts on telecommunications services at a 65% discount. Kan-ed must be prudent and budget for the scenario that we do NOT receive federal discounts. Federal discounts are not received until the fiscal year after application is made for such discounts. Because of e-rate discounts and the fact that not all contracts were in place in FY04, there was a carryover balance which will be needed and used in FY05.

Kan-ed is funded via appropriation from the Kansas Universal Service Fund (KUSF) at 10 million dollars per year through June 30<sup>th</sup>, 2005. The Board of Regents is requesting that Kan-ed funding be continued through the Kansas Universal Service Fund. Kan-ed funding represents 13% of total funds collected in the KUSF. The KUSF was established by the legislature to address telecommunications inequalities in rural areas in the state...which is exactly what Kan-ed has been positioned to assist with.

Kansas Board of Regents staff develop the Kan-ed budget each year in cycle with the overall Kansas Board of Regents budget that is developed for state general fund requests to the legislature. Kan-ed budget estimates are developed by the Kan-ed Director of Business Operations and Planning, in conjunction with the Kan-ed Director of Technical Operations and Planning and the KBOR Director of Finance. The budget is then submitted to the Executive Director of Kan-ed, who then presents the budget to the President and CEO of the Kansas Board of Regents for approval.

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DATE: 3-4-05

ATTACHMENT 7

# Get the Facts on the Kansas Universal Service Fund

- The Kansas Universal Service Fund (KUSF) was created by the enactment of House Bill 2728 (Telecommunications Act) by the 1996 Kansas Legislature.
- The purpose of the KUSF is to assure quality services be made available to all Kansans.
- All telecommunications companies must contribute (to the KUSF) a percentage of all intrastate (within Kansas) retail revenues. The company is authorized to pass on its assessment to the consumer.
- KUSF support is distributed back to the local telephone companies and designated **eligible telecommunication carriers** to offset the costs of providing service.

The KUSF also supports the following:

- **Lifeline** - assistance to the disadvantaged (matched by federal universal funds)
- Kansas Relay Services, Inc. - hearing impaired relay center service
- Telecommunications Access Program - to provide terminal equipment for disabled individuals
- Support network enhancements and upgrades in rural areas

## Other Important Facts

- The Fund Administrator is the National Exchange Carrier Association, Inc. which was selected by a competitive bid process.
- The Kansas Corporation Commission is currently in the process of auditing local telephone companies to determine if the amount of the fund should be lowered or raised.

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HOUSE UTILITIES

DATE: 3-4-05

ATTACHMENT 8

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KCC History of KUSF Size Assessments

Description	Year 1 3/1/1997	Year 2 Implemented 6/1/1998	Year 3 3/1/1999	Year 4 (d) 3/1/2000	Year 5 (e) 3/1/2001	Year 6 (f) 3/1/2002	Year 7 (g) 3/1/2003	Year 8 3/1/2004	Year 9 3/1/2005
Order Date	12/27/1997	4/29/1998	1/29/1999	1/19/2000	1/19/2001	1/22/2002	1/24/2003	1/27/2004	1/27/2005
Docket No.	GIT	94-GIMT-478-GIT	GIT	00-GIMT-236-GIT	GIT	02-GIMT-161-GIT	03-GIMT-284-GIT	04-GIMT-331-GIT	05-GIMT-260-GIT
Size of Fund [1]	\$ 70,468,892	\$ 100,452,021	\$ 100,296,911	\$ 63,071,500	\$ 65,002,308	\$ 60,134,748	\$ 73,602,709	\$ 66,781,685	\$ 61,517,756
Amount toBe Collected [2]	77,788,220	68,756,420	85,824,741	60,270,500	58,760,820	49,073,331	65,739,179	62,059,381	54,445,408
Est. Industry Rev. [3]	\$ 864,361,690	\$ 1,006,520,487	\$ 1,125,051,194	\$ 1,225,326,005	\$ 1,270,067,963	\$ 1,326,562,228	\$ 1,316,330,994	\$ 1,274,195,207	\$ 1,260,383,952
<b>KUSF Rates:</b>									
Assessment	9.00%	6.83%	7.63%	4.92%	4.85%	3.70%	4.99%	4.87%	4.32%
Surcharge	9.89%	7.33%	8.26%						
Wireless Assessment (a)		6.49%	7.24%	4.66%	4.38%	3.34%	4.99%	4.87%	4.32%
Wireless Surcharge (a)		6.94%	7.81%	Adopted application of one assessment rate to landline and one			KCC approved use of same assessment rate for all carriers		
<b>Wireless Reduction Factor:</b>									
(implemented 10/98)		5.03%	5.03%	5.03%	9.69%	9.69%			
<b>Per Line Amount:</b>									
SWBT	\$ 2.00	\$ 1.99 (b)	\$ 2.21 (c)	\$ 1.51	\$ 1.45	\$ 1.19	\$ 1.61	\$ 1.50	\$ 1.31
Sprint	1.35	1.37	1.55	0.97	1.15	0.98	1.43	1.54	1.36
RLECs in Stipulation	1.43	1.41	1.50	0.79	0.63	0.49	0.77	0.87	0.79
Tri-County	1.07	0.87	0.96	0.33	0.54	0.42	0.70	0.76	0.96
Cass County	2.11	1.81	2.24	1.35	1.34	1.10	1.61	1.66	1.48

Notes:

- (a) Pursuant to K.S.A. 66-2008(b), the KCC reduced wireless providers' assessment by 5.03% effective 10/1/98. Pursuant to the Commission's July 9, 2002 Order, Docket 02-GIMT-161-GIT, all carriers will pay the same assessment rate, effective 3/1/2003.
- (b) Amount/Line was overstated since coin revenue was included in SWBT revenues.
- (c) Includes a reduction of assessment for \$690,506 already collected in prior year.
- (d) KUSF reduced to recognize Docket 98-SWBT-677-GIT Stipulation for phase-one rebalancing of \$32.5M and SWBT foregoing \$15 million of KUSF support. RLECs reduced local increase offset to 1/2 of KUSF assessment.
- (e) SWBT & Sprint/United's KUSF Support was reduced to recognize transition to cost-based KUSF (Docket Nos. 98-SWBT-677-GIT, 00-UTDT-455-GIT, 99-GIMT-326-GIT).
- (f) Revenues reported to KUSF exclude all flow-throughs, therefore, the assessment rate should be calculated by determining the amount of funding needed divided by the assessable revenues.
- (g) Industry revenues were reduced to reflect the FCC's Report and Order and Second Further Notice of Proposed Rulemaking, Docket FCC 02-239, in which the Safe Harbor provision for wireless carriers' revenues changed from 85% intrastate/15% interstate to 71.5% intrastate/28.5% interstate.
- [1] Size of Fund was revised for Year 5 through Year 8 to reflect monies to be paid out plus contingency funding allowance.
- [2] Amount to be Collected was revised for Years 5 and 6 to reflect the reserve balance, used as an offset to amount of monies to collect.
- [3] Estimated Industry Revenues have been restated to reflect access reductions implemented, consistent with KCC orders and state statute, since the assessment is based on estimated revenues adjusted by access reductions flowed through to customers.

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