SENATE EDUCATION COMMITTEE
February 14, 2012
Testimony in Support of Senate Bill 398 - Kan-ed
Andy Tompkins, President and CEO

Chairman Apple and members of the Committee, thanks for allowing me the opportunity to speak to you today in support of Senate Bill 398 regarding the redesign of Kan-ed. As a reminder, Kan-ed was established to provide a broadband network to schools, libraries, and hospitals for access to the internet, video conferencing, distance learning, and telemedicine.

During the last legislative session a number of concerns were expressed about the network. A major concern we heard was that the Kan-ed program was not originally designed to provide content support to schools, libraries, and hospitals. Kan-ed provided either content services or access to content to attract members to the network. In response to this concern, we cut content support by 50 percent in FY 12 and will provide no content support in FY 13 and beyond. Some members of the legislature also questioned why the qualifying institutions were not assessed fees. Some of these questions were related to content and some were not. Our legal counsel could find no specific authority for assessing fees. However, there was some implied authority to charge for the use of video services but Kan-ed has never had a business operation established to charge fees. The transition for Kan-ed that is included in this bill would require all users to pay fees for services. Additionally, there was criticism that we had not utilized the Kan-ed Advisory Council in guiding decisions for the network. In response to this concern, we have restructured the Council and are meeting with the Council on a quarterly basis. The most recent meeting was held on January 27, 2011 to review the findings of the LPA report on Kan-ed. From that meeting, the Kan-ed Advisory Council reaffirmed the following guiding principles that it believes must be considered during this transition:

- Not all Kan-ed members have the same needs. Some organizations need a video conferencing network and some just need commercial internet.
- Kan-ed members need help in determining what their connectivity needs are. A technology needs assessment of each connected site should be done.
- Every Kan-ed member needs to pay something for their connectivity. Options to consider include connectivity needs, financial need and geography.
- Those entities that can apply for e-rate may need training and assistance if Kan-ed no longer applies on their behalf.
- The State has an obligation to ensure that underserved areas (both rural and urban) have access to connectivity.
- We envision one network to meet the needs required for quality video distance learning and telemedicine.

- Collaboration among Kan-ed members is critical to the future of the program.
- Providing a network for high quality video conferencing is needed for some Kan-ed members. Services provided as part of this network should include a MCU, scheduling system and technical support.
- A user-based group like the KAC needs to continue to provide input to the Board of Regents.
- Kan-ed should be aware of the overall goals and priorities of the State and when possible demonstrate how it can help achieve those goals.
- Regardless of what happens with the Kan-ed program, Kan-ed members need to be given a transition period so they have adequate time to plan for the future.

As you know, the Kan-ed appropriation was cut by $4 million at the end of the session. Immediately after the session ended, we began working to find ways to make Kan-ed responsive to these concerns while ensuring connectivity for its members. Additionally, we made the budget cuts in collaboration with the Kan-ed Advisory Committee. The plan we have proposed would transition Kan-ed to a new structure over the next 18 months. The plan is as follows:

1. Transition Kan-ed members over approximately an 18 month period of time. During this transition process, priority will be given to assisting those currently connected to the Kan-ed network to migrate to a commercial internet provider or to an advanced research network such as KanREN, if their connection needs require these services.
2. We will develop a needs analysis to assist members in determining their connection needs in terms of quality, quantity and cost.
3. Kan-ed will continue to file e-rate for the circuits for which it pays for the upcoming e-rate year beginning 7/1/12 and ending 6/30/13. This will allow sufficient time for Kan-ed members to begin planning and budgeting in order to make their own federal funding applications for the e-rate year beginning 7/1/13.
4. We will provide support and training to assist members in filing their own applications for federal funding, e.g. e-rate.
5. The Kan-ed program will transition to a subsidy program, but will continue to provide support for video conferencing, distance learning, and telemedicine. The Kan-ed video equipment would remain at the Kan-ed network operations center located at KanREN in Lawrence. Kan-ed would continue to contract with KanREN for video support services during this time of transition. Kan-ed will develop a fee schedule for use of its video services which would begin 7/1/13.
6. The subsidy will compliment federal funds received by members in order to make the state funds go further. The subsidy will be calculated after federal funds have been first applied to the member's connection. All members participating in the Kan-ed program will share in the costs of their own connection. The subsidy criteria will be reviewed annually and approved by the Kansas Board of Regents.
7. Content services will no longer be provided through Kan-ed beginning in FY13.
8. We believe the Governor's budget recommendation of $6 million for Kan-ed for FY2013 will be necessary in order to effectively manage the transitioning of the Kan-ed network.

While transitioning to the redesigned network, Kan-ed would utilize the following recommendations of the interim committee:

1. Kan-ed staff should continue to implement the recommendations in the Circuit Utilization Report provided to the Committee. Those recommendations are to determining the most efficient and effective actions to take with underutilized circuits and those circuits with a "disconnect" recommendation. During this review, Kan-ed staff should keep in mind that some customers may under utilize circuits because of the sporadic manner in which the circuit is needed; therefore, the circuit should be maintained.
   a. Six entities listed in the disconnect category have now been disconnected. However, before a disconnection is made, we have a discussion with each entity in order to be sure they understand why the circuit is being disconnected.
2. Kan-ed should continue to conduct circuit utilization reviews of all circuits under the Kan-ed jurisdiction. Kan-ed should conduct utilization analysis with defined and published objective metrics with a formulaic approach and avoid subjective or anecdotal analysis that cannot be numerically backed.
   a. We continue to update our circuit utilization reports. We believe this is and will be an ongoing process as we review the usage and needs of all of these members. We are aware that this process needs to look at each individual user and make a decision based on their actual needs and not the print out report so that we make decisions that are workable and equitable. (i.e. a school that only offers one class a semester may not register as a high user). A needs analysis is being developed in order to help each site determine the type of connection they are in need of and the amount of bandwidth that is needed.
3. Kan-ed should re-work their network program to provide equity in funding alternative solutions for members with needs that are not effectively or efficiently served within the confines of the current Kan-ed 2.0 Advanced Virtual Private Network (AVPN) or Kan-ed Authorized Provider (KAP) offerings.
   a. We brought forward to the committee a plan for transitioning the network as described below.
4. There also needs to be some kind of formula prepared that would, going forward, allow Kan-ed to know at what point an under-utilized site needs to be disconnected and allowed to seek the kind of connectivity that suits a site's individual needs.
   a. We are planning on doing a needs analysis of every circuit as a part of our transition plan and will continue to use the formula in the Circuit Utilization Report.

Additionally, yesterday we met with a group representing Kan-ed members and telecommunication vendors. The purpose was to discuss what is being proposed for Kan-ed in SB 398. A couple of ideas surfaced that you may want to consider. The first was to conduct an independent study of all network connections to determine the most cost efficient and effective plan for moving forward. A second idea was to move the internet only users to a commercial provider but retain the Kan-ed network for video conferencing, distance learning, and telemedicine services. If you decide to pursue either of these ideas, then changes would be needed in SB 398.