

March 21, 2011

The Honorable Marc Rhoades, Chairperson
House Committee on Appropriations
Statehouse, Room 351-S
Topeka, Kansas 66612

Dear Representative Rhoades:

SUBJECT: Fiscal Note for HB 2390 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2390 is respectfully submitted to your committee.

HB 2390 would require that on July 1, 2011, all money in the KAN-ED Fund of the Board of Regents be transferred along with all liabilities of the fund to the State General Fund and that the KAN-ED Fund be abolished. In addition, the bill would eliminate the fee necessary to finance KAN-ED from the Kansas Universal Service Fund.

Under HB 2390 the transfer to the State General Fund on July 1, 2011, would be any monies remaining in the fund; however, the projected remaining monies and liabilities are unknown. In addition, funding for 8.87 FTE positions in the Board of Regents would be eliminated. KAN-ED is currently funded by the Kansas Universal Service Fund (KUSF) which resides with the Kansas Corporation Commission. Abolishing KAN-ED would reduce \$10.0 million in fees collected for KUSF annually, which would reduce phone customers' bills an average of 25 cents per month.

Passage of HB 2390 would also terminate any contract of grants with providers, in addition to connections and services. That would include network and video connections, such as the Renovo Video scheduler, statewide video licenses and services, Multi-Point-Control Unit, KAN-ED Live Tutor.com, Empowered Desktop (420,000 users), Learning Station test builder and hospitals' major disaster emergency room tracking database, and statewide 1-800 E-rate support. Currently, KAN-ED is connected to 443 members (K-12 schools, libraries, hospitals and higher education institutions) with daily internet access and to a private advanced network for distance learning and telemedicine. KAN-ED currently pays telecommunication providers in

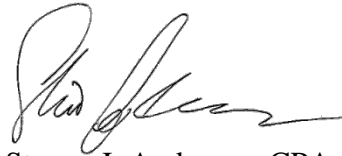
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Kansas to provide local services and KAN-ED connectivity. Any fiscal effect associated with HB 2390 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Diane Duffy, Board of Regents