

Approved: 3/15/2012  
(Date)

## MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Vice Chair Pete DeGraaf at 3:30 p.m. on Thursday, March 1, 2012 in Room 546-S of the Capitol.

All members were present except:

- Rep. Burgess - Excused
- Rep. Loganbill - Excused
- Rep. Meigs - Excused
- Rep. Roth - Excused
- Rep. Wolf - Excused

All Committee staff was present except Julian Efird, Legislative Research, and Jim Wilson, Revisor of Statutes.

Conferees appearing before the Committee:

- Laurel Murdie, Principal Auditor, Legislative Post Audit
- Mary Jane Stankiewicz, Dir. of Communications and Government Rel., Board of Regents
- Charmine Chambers, Network Access Manager, Kan-ed

Others in attendance:

See attached list.

Vice Chair DeGraaf introduced Laurel Murdie who gave a presentation on the Kan-ed Legislative Post Audit Report (Attachment 1- Highlights – complete report available from Legislative Post Audit Division). The Kan-ed Act, which was passed by the 2001 Legislature, directed the Kansas Board of Regents to establish a broadband technology-based network for schools, libraries, and hospitals. During the 2011 Kansas Legislature, HB 2390 proposed eliminating the Kan-ed program. After hearing proponents and opponents, Senate Substitute for HB 2014 required an audit of Kan-ed. Ms. Murdie presented a summary of that report. This audit report was presented to the Legislative Post Audit Committee on January 27 and a number of other legislative committees.

Ms. Murdie continued noting that the audit question was: what critical services does Kan-ed provide its connected members, and could members afford to pay for those services? Kan-ed provides 1) internet access; 2) private network for video conferencing; and 3) funding for databases and software services.

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Kan-ed has 880 members. Only half of those are connected right now. Of that number, 336 are K-12 schools with 207 of those connected; 338 libraries with 129 connected; 153 hospitals with 73 connected; and 53 high education with 41 connected.

The findings related to the internet access were that although the Kan-ed network is connected to the internet, it is very slow and expensive. The network was really designed to support high-quality video conferencing and distance learning. Most members connected only need commercial internet access. Kan-ed could save up to \$2 million a year by switching slightly more than half of members to commercial internet and disconnecting others. There were concerns heard by some connected members that they would not be able to get connected services elsewhere. However, commercial internet service is readily available statewide and many Kan-ed members could afford to purchase internet services from a commercial provider with the cost being about \$70 per month. Some of the savings from disconnecting members could be offset by penalties in the state's contract with AT&T estimated at \$800,000.

Only about one-third of connected members use the Kan-ed network for video conferencing and distance learning. Schools had the most use primarily for distance learning. Hospitals and libraries rarely used this video conferencing. A number of less costly alternatives could support video conferencing and distance learning but the cost and quality varies.

Whether schools used the network connection or not, Kan-ed paid \$690 per month or \$8,000 a year for each. It is estimated there are about 40 member schools not using Kan-ed. A connection to the Kan-ed network is approximately ten times as expensive as commercial internet access and the cost to the state is approximately \$2 million a year.

Although not specified in the statute, it was expected that only members would be eligible for the program. Since 2009, Kan-ed has paid almost \$1 million in grants to non-members including the Board of Regents, Kansas Hospital Association (KHA), Kansas Library Association, and Kansas Children's Discovery Center. Kan-ed connected some entities even though they weren't eligible for membership which included the Kansas Hospital Association and the Garden City Zoo.

Mary Jane Stankiewicz, Director of Communications and Government Relations, Kansas Board of Regents, explained some of the findings about Kan-ed. She indicated the Garden City Zoo was connected to benefit the school district and is scheduled to be removed this April. The Kansas Hospital Association was connected as a recommendation from Stormont-Vail Hospital due to the hospitals that receive information, training, and support from KHA. KHA will be disconnected in June. Three school districts have been connected to Kan-ed since last June.

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She further explained the \$4 million budget cuts for this fiscal year. She feels they have a good plan going forward in addressing concerns and asked that Kan-ed continue until reviewed by the Legislature for the design of the model going forward.

In response to questions:

--Ms. Stankiewicz noted that when originally connecting with Kan-ed, the \$680 a month was a good deal for a T-1 communication coming in and going out. It was also provided in areas of the state where no service was available.

--About 57% of connections could possibly be replaced. Before disconnecting, the member would be asked if commercial internet is needed versus the private network at a cost of \$70 per month.

Hospitals use the connection for telemedicine and even if it is not used but a couple of times a month, it is very worthwhile.

Charmine Chambers, Network Access Manager for Kan-ed, added that they help members to get connected through federal grants or e-rate dollars which are received in the spring. Last year, it amounted to \$2 million.

Ms. Stankiewicz will furnish Committee members with additional information on Kan-ed including itemizing the areas affected by budget reductions for the current fiscal year (Attachment 2). Vice Chair DeGraaf thanked Laurel Murdie, Mary Jane Stankiewicz, and Charmine Chambers for their comments.

There being no other business, the meeting was adjourned at 4:20 p.m.