

### **What Is KanEd?**

KAN-ED was conceived as a "network of networks" in the year 2000 when broadband internet infrastructure was in its infancy.<sup>1</sup> This conception became operational through legislation in 2001. The Senate Substitute for House Bill 2035S stated:

"The purpose of this act is to provide for a broadband technology-based network to which schools, libraries and hospitals may connect for broadband Internet access and intranet access for distance learning. For that purpose, the state board of regents shall contract in accordance with this act for the creation, operation and maintenance of such network, to be known as the KAN-ED network."

KAN-ED successfully and effectively accomplished its mission by 2007. Five years later, with its sponsorship of HB 2021 in the 2011 legislative session, KAN-ED seeks to dramatically expand its mission, using its tax-funded privileges to directly compete with private telecommunications businesses. This mission creep is in direct conflict with the intent of the original KAN-ED enabling laws, which sought to encourage rather than discourage private-sector competition and investment.

### **Marketplace:**

- The marketplace has caught up with the demand the Legislature identified in 2001/2002. The modern internet has made the KAN-ED private network obsolete.
- Most of the KAN-ED services are now readily available in the marketplace and the KAN-ED membership base can access federal government E-Rate subsidies to pay for their use over the public internet.
- If KAN-ED ceased to operate, its members would notice no difference in internet functionality. They are connected to high-speed internet already; that infrastructure will remain.
- Based on the National Broadband Plan definition, and using Connect Kansas data, the Kansas Corporation Commission finds that an average of 99.41% of Kansas households have access to broadband internet.

### **Cost:**

- KAN-ED is a state subsidy program competing against a federal subsidy program.
- The original legislation intended for KAN-ED KUSF funding to be capped at \$10 million and to revert to SGF funding in FY 2006 on a gradually increasing scale.
- KAN-ED is funded twice, once through KUSF, second through e-rate reimbursements.

### **Government Competition:**

- Kan-Ed seeks to expand its mission and scope with the introduction of their bill (HB 2021):
  - Capture the entire market segments of public, not-for-profit, and any "community anchor institution."
  - Launch a phone product.
  - Remove competitive bid requirements.
  - Prohibit private sector from competing against future clients.

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Appropriations Committee  
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Attachment 3