



## **Testimony In Opposition To SB398**

**John J. Federico: KCTA**

**Senate Utilities Committee**

**February 14, 2012**

Thank you for allowing me the opportunity to testify Chairman Apple. My name is John Federico and I serve as the President of the Kansas Cable Telecommunications Association. The KCTA represents cable companies large and small, doing business in all four corners of the state in both urban and rural communities. The cable industry is the largest provider of broadband in the state and, for good reason have been monitoring the KanEd project since its inception in 2001. I appear before you today in opposition to SB398.

We stand in opposition to SB398 for a variety of reasons. Although the Board of Regents should be complimented for their attempt to address the concerns recently expressed by various interested parties and legislators, I do not believe that SB398 is the solution to the problems that are plaguing KanEd. Unfortunately, yesterday was the first opportunity the KCTA and/or our member on the KanEd Advisory Committee had to visit with the Board of Regents about this bill when they called a meeting of the interested parties at 11:00am.

Of immediate concern is the delay in bringing about any real change given the timeline lay out in the bill. We believe that an implementation date of January 1, 2014 is unjustifiable given that the LPA Report suggests with great confidence that based on usage of the KanEd network “57% of KanEd network connections could possibly be replaced with commercial internet connections or disconnected entirely.”

To further bolster this argument, the LPA Report confirms what the cable industry already knows, ...that there are cheaper options available to KanEd subscribers. To quote: “*the total cost of unneeded network connections is significant. A current connection to the KanEd network is approximately 10 times as expensive as commercial internet access. Collectively, these connections cost the state approximately \$2M a year.*”

Our other area of concern is the oversight of the KanEd Program. The bill is silent as to who would be responsible for conducting the “needs assessment.” I can appreciate the good work Dr. Tompkins and Jerry Huff are doing of late to fix some glaring problems with KanEd, but we still have concerns. I reference page 26 and page 27 of the audit where it states; *KanEd has done a poor job of monitoring the network connections to ensure members actually need them and has rarely disconnected unneeded connections.* The auditors also determined that; *since 2009, KanEd has provided almost \$1M in grants and subsidies to entities that are not eligible for membership.*

In closing Mr. Chairman, there are other concerns that the Kansas Cable Telecommunications Association has with the direction of the KanEd Program and we look forward to the opportunity to visit with the Legislature and the folks at KanEd when time allows.