PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

K-20 Education Network Activity Assessment (June 30, 2011)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits on July 20, 2011

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Title: K-20 Education Network Activity Assessment

Audit Scope and Objectives:

The 2010 supplemental operating budget directed JLARC to select one of the results areas from the Priorities of Government budget exercise and prioritize the individual budget activities. The proviso directed the State Auditor's Office to conduct an "activity assessment" of at least one of the lowest-priority activities to determine whether it continued to merit state investment.

The JLARC members selected the "State Government" results area, and prioritized the 139 related activities into "highest," "mid," and "lowest" priority groups. JLARC members identified the K-20 Network as one of the lowest-priority activities. SAO indicates that it selected the network for this assessment because of the large number of educational institutions and students it serves, and because of the possible effect of changes in information technology and telecommunications on what is a relatively mature technology program.

SAO reports that, in response to the budget proviso, it designed the assessment to answer these questions:

1. Does the activity continue to serve the purpose for which it was created?
2. What does the activity cost the state and what would be the effect if it were eliminated?
3. Does the state have more cost-effective ways to achieve the objectives of the activity?

SAO Findings:

The Activity Assessment offers three key conclusions:

1. **Does the activity continue to serve the purpose for which it was created?** Yes. The Network enables about 500 schools, community colleges, universities, and libraries to connect to each other and to the Internet.

SAO Findings (continued)**:**

2. **What does the activity cost the state to operate, and what would be the effect if it were eliminated?** General Fund appropriations before 2009-11 were about $20 million per biennium. For 2009-11, the Legislature decreased the appropriation to about $16 million per biennium. Co-payment charges for the users have remained steady at about $7 million per biennium.

   The assessment identifies a number of effects that could occur if the Network were eliminated, including a cost to participating agencies of $10 to $15 million to transition to other systems and networks, an estimated cost of $15 million to $25 million for most of the school districts to redevelop administrative and back-office functions, and the University of Washington's telemedicine program being forced to spend more money to gain access to a different high-capacity system.

3. **Does the state have more cost-effective ways to achieve the objectives of the activity?** No. The idea of leasing out or contracting the management, operations and maintenance of the network to a telecommunications company in the private sector has been raised. However, the Network already solicits competitive bids for networking services and maintains contracts with multiple providers.

SAO Recommendations:

SAO recommends:

1. The Legislature continue to support the K-20 Network as a tool to improve educational services to K-12 schools, colleges and universities.
2. Universities, community and technical colleges and K-12 school districts include technology components in their instructional plans.
3. The K-20 Network identify ways to provide technical support to education groups that want to use the Network to improve their efficiency and effectiveness.
4. The K-20 Network develop a strategic plan with representatives from educational institutions, the Legislature and the Office of Financial Management.
5. The K-20 Network publish annual reports on services provided, performance, use and operating costs to inform participants and state decision-makers about the value of the Network.

Agency Responses in Audit Report?	No
Legislative Action Requested?	Yes; see Recommendation 1.

Agencies Testifying:

University of Washington (Clare Donahue, Associate Vice President)

Council of Presidents (Mike Reilly, Executive Director)

Department of Information Services (Doug Mah)

Summary of Testimony from Audited Agencies:

This audit was a positive experience. We concur with the findings. We do need to do a strategic plan. This is now a shared service, with the users very much involved in the governance and operation of the K-20 Network. When the legislation was originally crafted, the Legislature wanted a railroad, without determining the content of what was carried on that railroad.

However, times have changed, for example with on-line learning management systems, video-conferencing, and new opportunities for portals. In addition to doing a strategic plan and annual reporting, we also plan to revamp our website and look at some of these opportunities.

Many of our institutions now take the K-20 Network for granted. The Council of Presidents uses it frequently for video-conferencing. The audit was a chance to reaffirm many of the positive things about the K-20 Network. The 77 percent response rate to the survey is indicative of how much people really value this service. The call for a strategic plan is warranted. Within the broader context of the reforms, efficiencies, and accountability that higher education is trying to achieve, it is going to be critical that many services take place using the K-20 Network.

We support the methodology used in this assessment, and we concur with the conclusions. The new Office of the Chief Information Officer (CIO) will offer a framework and a vehicle for implementing a number of these recommendations. We look forward to working in partnership with the K-20 Network users to put the assessment and the recommendations to good use.

Other Parties Testifying:

(No other parties signed in to testify)

Summary of Testimony from Other Parties:

(No other parties signed in to testify)