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## BUDGET UNIT BRIEF – FY 2018

Fiscal Services Division

December 13, 2017



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

# Leases for Part III of the Iowa Communications Network — TRF

## Purpose and History

Appropriations for the maintenance and leases of the Part III data circuits of the Iowa Communications Network (ICN) are made to the Department of Education in the infrastructure budget.

Authorization for the construction of the ICN was provided by the 73rd General Assembly in the 1989 Legislative Session. Authorized users of the ICN include higher education entities, K-12 schools, area education agencies (AEAs), State agencies, the National Guard, judicial districts, libraries, hospitals, and agencies of the federal government.

The ICN was built in three phases: Parts I, II, and III. Parts I and II consisted of the installation of State-owned fiber optic endpoints in each county, the three Regents universities, Iowa Public Television, and the State Capitol Complex, for a total of 104 endpoints. In the 1995 Legislative Session, HF 578 (Iowa Communications Network Part III Appropriations Act) proposed connections to a minimum of 474 users to provide communications to public and private school districts, AEAs, and public libraries throughout the State. The Part III data circuits provide high-speed Internet access and capacity for other data and video services.

Funding for the initial build-out of Part III was provided from the Rebuild Iowa Infrastructure Fund (RIIF), totaling \$81.5 million between FY 1996 and FY 1999. Unlike Part II sites, the Part III circuits are leased by the ICN from private sector providers and require lease payments. As a result, the General Assembly appropriates funds to support the maintenance and lease costs of the Part III connections. According to the Department of Education infrastructure status report submitted in January 2015, Part III leased connections provide 438 K-12 schools and 44 public libraries with access.

## State Funding

Beginning in FY 2000, funding for maintenance and leases of the Part III circuits has been provided from the infrastructure budget, either from the RIIF or the Technology Reinvestment Fund (TRF). Generally, the appropriation for maintenance and leases is \$2.7 million annually. However, the estimated costs of the maintenance and leases exceed the amount of the appropriation. For example, in FY 2015 costs are estimated at approximately \$3.3 million. To fund the difference, the Department of Education applies to the E-rate Program of the federal Universal Service Fund and uses the State appropriation to draw down federal funding to pay the remaining costs. Between FY 2000 and FY 2015, funding from State sources for the maintenance and costs of the Part III leased circuits totaled \$46.3 million.

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## More Information

Iowa Communications Network: [icn.iowa.gov](http://icn.iowa.gov)

Universal Service Administrative Company – E-rate: [www.universalservice.org/si](http://www.universalservice.org/si)

LSA Staff Contact: Adam J. Broich (515.281.8223) [adam.broich@legis.iowa.gov](mailto:adam.broich@legis.iowa.gov)

**Related Statutes and Administrative Rules**

Iowa Code chapter [8D](#)