

Motion R/C

MAR 7 2006  
APPROPRIATIONS

HOUSE FILE 2686  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HSB 743)

Passed House, Date 3-21-06  
Vote: Ayes 99 Nays 0

Passed Senate, Date 4/19/06  
Vote: Ayes 49 Nays 0

Approved \_\_\_\_\_  
4-25-06  
passed 95-0

A BILL FOR

1 An Act providing for technical and substantive changes relating  
2 to the Iowa communications network.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2686

1 Section 1. Section 8D.6, subsection 1, Code 2005, is  
2 amended by striking the subsection.

3 Sec. 2. Section 8D.6, subsection 2, Code 2005, is amended  
4 to read as follows:

5 2- The commission may establish ~~other~~ and abolish advisory  
6 committees as necessary representing authorized users of the  
7 network and providing other expertise needed to assist the  
8 commission in performing its duties.

9 Sec. 3. Section 8D.14, Code 2005, is amended to read as  
10 follows:

11 8D.14 IOWA COMMUNICATIONS NETWORK FUND.

12 There is created in the office of the treasurer of state a  
13 fund to be known as the Iowa communications network fund under  
14 the control of the Iowa telecommunications and technology  
15 commission. There shall be deposited into the Iowa  
16 communications network fund proceeds from bonds issued for  
17 purposes of projects authorized pursuant to section 8D.13,  
18 funds received from leases pursuant to section 8D.11, and  
19 other moneys by law credited to or designated by a person for  
20 deposit into the fund. Amounts deposited into the fund are  
21 appropriated to and for the use of the commission.

22 Notwithstanding section 12C.7, interest earned on amounts  
23 deposited in the fund shall be credited to the fund.

24 Notwithstanding section 8.33, moneys deposited into and  
25 appropriated from the fund that remain unencumbered or  
26 unobligated at the close of the fiscal year shall not revert  
27 but shall remain available for expenditure for the purposes  
28 designated until the close of the succeeding fiscal year.

29 Sec. 4. Section 8D.7, Code 2005, is repealed.

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#### EXPLANATION

31 This bill makes several technical and substantive changes  
32 regarding the operation of the Iowa communications network.

33 The bill modifies provisions relating to the appointment of  
34 advisory committees to assist the commission. The bill  
35 deletes a provision establishing an advisory group to examine

1 the use of the network for telemedicine applications, and adds  
2 commission authority to abolish, in addition to the existing  
3 authority to establish, as necessary, other advisory  
4 committees representing authorized users of the network. The  
5 bill deletes a provision establishing a telecommunications  
6 advisory committee, which consists of five members appointed  
7 by the commission representing specific telecommunications  
8 industries or persons with technical expertise related to the  
9 network.

10 The bill provides that interest earned on the existing Iowa  
11 communications network fund be retained by the fund, rather  
12 than going to the state general fund, and also provides that  
13 amounts deposited into the fund are appropriated to and for  
14 the use of the fund, and shall not revert at the close of the  
15 fiscal year.

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#### HOUSE FILE 2686

#### H-8284

1 Amend House File 2686 as follows:

2 1. Page 1, by inserting before line 1 the  
3 following:

4 "Section 1: Section 8D.3, subsection 3, paragraph  
5 f, Code Supplement 2005, is amended by striking the  
6 paragraph and inserting in lieu thereof the following:

7 f. Include in the commission's annual report  
8 related to the network the actual income and expenses  
9 for the network for the preceding fiscal year and  
10 estimates for income and expenses for the network for  
11 the two-year fiscal period that includes the fiscal  
12 year during which the report is submitted. The report  
13 shall include the amount of any general fund  
14 appropriations to be requested, any recommendations of  
15 the commission related to changes in the system, and  
16 other items as deemed appropriate by the commission."

17 2. By renumbering as necessary.

By WATTS of Dallas

H-8284 FILED MARCH 15, 2006

HOUSE FILE 2686  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HSB 743)

(As Amended and Passed by the House March 21, 2006)

Re- Passed House, Date 4-25-06 Passed Senate, Date 4-19-06  
Vote: Ayes 95 Nays 0 Vote: Ayes 49 Nays 0  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for technical and substantive changes relating  
2 to the Iowa communications network.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments \_\_\_\_\_

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TLSB 5345HV 81

rn/gg/14

1 Section 1. Section 8D.3, subsection 3, paragraph f, Code  
2 Supplement 2005, is amended by striking the paragraph and  
3 inserting in lieu thereof the following:

4 f. Include in the commission's annual report related to  
5 the network the actual income and expenses for the network for  
6 the preceding fiscal year and estimates for income and  
7 expenses for the network for the two-year fiscal period that  
8 includes the fiscal year during which the report is submitted.  
9 The report shall include the amount of any general fund  
10 appropriations to be requested, any recommendations of the  
11 commission related to changes in the system, and other items  
12 as deemed appropriate by the commission.

13 Sec. 2. Section 8D.6, subsection 1, Code 2005, is amended  
14 by striking the subsection.

15 Sec. 3. Section 8D.6, subsection 2, Code 2005, is amended  
16 to read as follows:

17 2- The commission may establish other and abolish advisory  
18 committees as necessary representing authorized users of the  
19 network and providing other expertise needed to assist the  
20 commission in performing its duties.

21 Sec. 4. Section 8D.14, Code 2005, is amended to read as  
22 follows:

23 8D.14 IOWA COMMUNICATIONS NETWORK FUND.

24 There is created in the office of the treasurer of state a  
25 fund to be known as the Iowa communications network fund under  
26 the control of the Iowa telecommunications and technology  
27 commission. There shall be deposited into the Iowa  
28 communications network fund proceeds from bonds issued for  
29 purposes of projects authorized pursuant to section 8D.13,  
30 funds received from leases pursuant to section 8D.11, and  
31 other moneys by law credited to or designated by a person for  
32 deposit into the fund. Amounts deposited into the fund are  
33 appropriated to and for the use of the commission.  
34 Notwithstanding section 12C.7, interest earned on amounts  
35 deposited in the fund shall be credited to the fund.

1 Notwithstanding section 8.33, moneys deposited into and  
2 appropriated from the fund that remain unencumbered or  
3 unobligated at the close of the fiscal year shall not revert  
4 but shall remain available for expenditure for the purposes  
5 designated until the close of the succeeding fiscal year.

6 Sec. 5. Section 8D.7, Code 2005, is repealed.

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HOUSE FILE 2686

S-5209

1 Amend House File 2686, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, line 24, by inserting before the word  
4 "There" the following: "1."

5 2. Page 2, by inserting after line 5 the  
6 following:

7 "2. The commission shall be required to repay one  
8 million dollars of start-up funding from the Iowa  
9 communications network fund to the general fund of the  
10 state. For the fiscal year beginning July 1, 2007,  
11 and ending June 30, 2008, the commission shall repay  
12 two hundred fifty thousand dollars of start-up funding  
13 at the end of that fiscal year, and for the fiscal  
14 year beginning July 1, 2008, and ending June 30, 2009,  
15 the commission shall repay two hundred fifty thousand  
16 dollars of start-up funding at the end of that fiscal  
17 year. The remaining five hundred thousand dollars  
18 shall be repaid in a reasonable period of time  
19 thereafter as provided in this subsection. The  
20 commission shall conduct a review of the operation of  
21 the fund and the extent to which a continued need for  
22 funding for cash flow support exists, and shall  
23 provide a report summarizing the results of the review  
24 to the general assembly by January 1, 2010. The  
25 report shall also include a plan regarding repayment  
26 of the remaining five hundred thousand dollars in  
27 start-up funding in a manner which will not adversely  
28 affect network operations, and any other  
29 recommendations relating to the fund and the operation  
30 of the network deemed appropriate by the commission."

31 3. Title page, line 2, by inserting after the  
32 word "network" the following: ", and relating to  
33 funding of the network".

By JEFF ANGELO

S-5209 FILED APRIL 19, 2006

ADOPTED

SENATE AMENDMENT TO  
HOUSE FILE 2686

H-8567

1 Amend House File 2686, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, line 24, by inserting before the word  
4 "There" the following: "1."

5 2. Page 2, by inserting after line 5 the  
6 following:

7 "2. The commission shall be required to repay one  
8 million dollars of start-up funding from the Iowa  
9 communications network fund to the general fund of the  
10 state. For the fiscal year beginning July 1, 2007,  
11 and ending June 30, 2008, the commission shall repay  
12 two hundred fifty thousand dollars of start-up funding  
13 at the end of that fiscal year, and for the fiscal  
14 year beginning July 1, 2008, and ending June 30, 2009,  
15 the commission shall repay two hundred fifty thousand  
16 dollars of start-up funding at the end of that fiscal  
17 year. The remaining five hundred thousand dollars  
18 shall be repaid in a reasonable period of time  
19 thereafter as provided in this subsection. The  
20 commission shall conduct a review of the operation of  
21 the fund and the extent to which a continued need for  
22 funding for cash flow support exists, and shall  
23 provide a report summarizing the results of the review  
24 to the general assembly by January 1, 2010. The  
25 report shall also include a plan regarding repayment  
26 of the remaining five hundred thousand dollars in  
27 start-up funding in a manner which will not adversely  
28 affect network operations, and any other  
29 recommendations relating to the fund and the operation  
30 of the network deemed appropriate by the commission."

31 3. Title page, line 2, by inserting after the  
32 word "network" the following: ", and relating to  
33 funding of the network".

RECEIVED FROM THE SENATE

H-8567 FILED APRIL 24, 2006

WATTS, CH  
JENKINS  
QUIRK

HSB 743  
COMMERCE, REGULATION & LABOR

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED IOWA TELECOMMUNICATIONS  
AND TECHNOLOGY COMMISSION BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to long-distance and shared learning efficiencies  
2 and operation, providing for technical and substantive changes  
3 relating to the Iowa communications network, and providing for  
4 supplementary weighting for shared classes taught via the  
5 network.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 8D.3, subsection 3, paragraph d, Code  
2 Supplement 2005, is amended to read as follows:

3 d. Review and approve for adoption, rules as proposed and  
4 submitted by an authorized user group necessary for the  
5 authorized ~~user-group's~~ user's access and use of the network.  
6 The commission may refuse to approve and adopt a proposed  
7 rule, and upon such refusal, shall return the proposed rule to  
8 the respective authorized user group proposing the rule with a  
9 statement indicating the commission's reason for refusing to  
10 approve and adopt the rule.

11 Sec. 2. Section 8D.3, subsection 3, paragraph f, Code  
12 Supplement 2005, is amended by striking the paragraph.

13 Sec. 3. Section 8D.6, subsection 1, Code 2005, is amended  
14 by striking the subsection.

15 Sec. 4. Section 8D.6, subsection 2, Code 2005, is amended  
16 to read as follows:

17 ~~2.~~ The commission may establish ~~other~~ and abolish advisory  
18 committees as necessary representing authorized users of the  
19 network and providing other expertise needed to assist the  
20 commission in performing its duties.

21 Sec. 5. Section 8D.13, subsection 5, unnumbered paragraph  
22 1, Code Supplement 2005, is amended to read as follows:

23 The state shall lease all fiberoptic cable facilities or  
24 facilities with DS-3 capacity for Part III connections for  
25 which state funding is provided. The state shall lease all  
26 fiberoptic cable facilities or facilities with DS-3 or DS-1  
27 capacity for the judicial branch, judicial district department  
28 of correctional services, and state agency connections for  
29 which state funding is provided. Such facilities shall be  
30 leased from qualified providers. The state shall not own such  
31 facilities, except for those facilities owned by the state as  
32 of January 1, 1994. Notwithstanding any contrary provision of  
33 this section, the state may acquire a Part III connection  
34 following the termination of a lease with a qualified provider  
35 if offered by the vendor for such a Part III connection, and

1 if the commission determines it to be in the best interest of  
2 the network.

3 Sec. 6. Section 8D.14, Code 2005, is amended to read as  
4 follows:

5 8D.14 IOWA COMMUNICATIONS NETWORK FUND.

6 There is created in the office of the treasurer of state a  
7 fund to be known as the Iowa communications network fund under  
8 the control of the Iowa telecommunications and technology  
9 commission. There shall be deposited into the Iowa  
10 communications network fund proceeds from bonds issued for  
11 purposes of projects authorized pursuant to section 8D.13,  
12 funds received from leases pursuant to section 8D.11, and  
13 other moneys by law credited to or designated by a person for  
14 deposit into the fund. Amounts deposited into the fund are  
15 appropriated to and for the use of the commission.

16 Notwithstanding section 12C.7, interest earned on amounts  
17 deposited in the fund shall be credited to the fund.

18 Notwithstanding section 8.33, moneys deposited into and  
19 appropriated from the fund that remain unencumbered or  
20 unobligated at the close of the fiscal year shall not revert  
21 but shall remain available for expenditure for the purposes  
22 designated until the close of the succeeding fiscal year.

23 Sec. 7. Section 257.11, subsection 6, Code Supplement  
24 2005, is amended to read as follows:

25 6. SHARED CLASSES DELIVERED OVER THE IOWA COMMUNICATIONS  
26 NETWORK. A pupil attending a class in which students from one  
27 or more other school districts are enrolled and which is  
28 taught via the Iowa communications network is ~~not~~ deemed to be  
29 attending a class in another school district or in a community  
30 college for the purposes of this section and the school  
31 district is ~~not~~ eligible for supplementary weighting for that  
32 class under this section.

33 Sec. 8. Section 8D.7, Code 2005, is repealed.

34 EXPLANATION

35 This bill makes several technical and substantive changes

1 regarding the operation of the Iowa communications network,  
2 and also the extent to which supplementary weighting for  
3 student enrollment is available for shared classes over the  
4 network.

5 The bill makes a change in terminology relating to the  
6 statutory duty of the Iowa telecommunications and technology  
7 commission to review and approve rules submitted by authorized  
8 user groups relating to their access to and use of the  
9 network. The bill deletes the word "group", resulting in  
10 references simply to "authorized user". The bill also deletes  
11 the duty that the commission annually prepare a written five-  
12 year financial plan for the network, to be provided to the  
13 general assembly and the governor by January 15 annually.

14 The bill modifies provisions relating to the appointment of  
15 advisory committees to assist the commission. The bill  
16 deletes a provision establishing an advisory group to examine  
17 the use of the network for telemedicine applications, and adds  
18 commission authority to abolish, in addition to the existing  
19 authority to establish, as necessary, other advisory  
20 committees representing authorized users of the network. The  
21 bill deletes a provision establishing a telecommunications  
22 advisory committee, which consists of five members appointed  
23 by the commission representing specific telecommunications  
24 industries or persons with technical expertise related to the  
25 network.

26 The bill authorizes the state to acquire a Part III network  
27 connection following the termination of a lease with a  
28 qualified provider if offered by a vendor, if the commission  
29 determines it to be in the best interest of the network.  
30 Currently, the state may lease, but is prohibited from  
31 purchasing or owning, such connections.

32 The bill provides that interest earned on the existing Iowa  
33 communications network fund be retained by the fund, rather  
34 than going to the state general fund, and also provides that  
35 amounts deposited into the fund are appropriated to and for

1 the use of the fund, and shall not revert at the close of the  
2 fiscal year.

3 The bill provides that pupils attending classes taught via  
4 the Iowa communications network qualify for supplementary  
5 weighting pursuant to Code section 257.11. Currently, pupils  
6 attending a class in which students from one or more other  
7 school districts are enrolled which is taught via the Iowa  
8 communications network are not regarded as attending a class  
9 in another school district or in a community college for  
10 supplementary weighting purposes. The bill provides that  
11 pupils attending classes via the Iowa communications network  
12 qualify for supplementary weighting to the same extent and on  
13 the same basis as a pupil qualifying pursuant to Code section  
14 257.11, subsection 2, regarding district-to-district sharing  
15 programs, and Code section 257.11, subsection 3, regarding  
16 district-to-community college sharing programs.

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## IOWA TELECOMMUNICATIONS & TECHNOLOGY COMMISSION

Thomas J. Vilsack  
GOVERNOR

Betsy Brandsgard  
CHAIRPERSON

Pamela A. Duffy  
Robert R. Hardman

Timothy L. Lapointe  
Vacant

David A. Vaudt

Sally J. Pederson  
LT. GOVERNOR



January 2, 2006

# Memorandum

**TO:** Members of the General Assembly

**FR:** John Gillispie, Executive Director

**RE:** Proposed Policy Change

This memorandum is provided to you as an explanation of the need for, the purpose of, and the intent of the ICN's proposed policy changes. This departmental policy bill addresses the following issues:

- Ownership of Part III ICN connections.
- Interest earned on Iowa Communications Network Fund.
- Annual five-year report requirement.
- Iowa Telecommunications and Technology Commission (ITTC) advisory committees.
- Weighted Funding for shared classes.

**Part III connections** – Part III ICN connections are those connections going from each county point of presence to the schools, area education agencies and public libraries. Currently, these connections must be leased rather than owned by the state.

An invitation to bid (ITB) on Part III leases for 51 connections was issued this summer. Forty-six of those leases expire on June 30, 2006. On October 7, 2005 the ICN cancelled ITB and all bid proposals were rejected. The incumbent vendor for many of these connections did not bid and other bids received were noncompliant with the ITB. The agency is concerned that the costs to lease these connections may rise substantially. Currently, there are incumbent vendors that are not bidding on Part III leases. These vendors are facing bankruptcy and do not want to maintain the connections thus, schools and libraries may not have available a Part III circuit to their facility.

The state cannot afford to fund these increased costs. Decision makers have indicated that they want to reduce or delete appropriations for state network related costs. One vendor has indicated an interest in disposing of these connections to the state rather than extending their leases. ICN staff believes other vendors would be interested in this option, if available. This language would not affect Part III circuits unless incumbent vendors no longer desire to provide services connected with the lease and wish to dispose of the circuits.

Original vendors have been compensated for circuit construction costs since the original Part III lease agreements included construction funding for vendors. State ownership of these sites would reduce funding required for the connections to the educational entities. As stewards of the state telecommunications infrastructure the ITTC/ICN believe that this option will benefit the state and authorized ICN users.

At this time, the state cannot accept this offer because the law does not allow these connections to be owned by the state. For the past several years, legislation has been proposed by the ITTC/ICN to allow the ICN the ability to negotiate a one-time payout for Part III leased connections if a vendor no longer desires to own them. The opposition to this proposal claims that allowing the state to own these connections would be an expansion of the network. Changing the Part III ownership language in Chapter 8D of the *Code of Iowa* would not expand the ICN user base, but would allow the state to avoid substantially increased annual lease costs.

**Revolving fund interest:** The Iowa Communications Network fund was established to support ongoing operational needs and to facilitate cash flow requirements. Revenues, payments from ICN customers for services rendered, are used to pay for the expenses incurred by the network. There is approximately \$2 million to \$4 million in the fund at any one time. The balance earns approximately \$75,000 annually in interest.

When the Iowa Communications Network Fund was originally developed and during the years when the network backbone and circuits were being constructed, the ICN received an annual appropriation of up to \$5 million from the General Fund to subsidize video rates. General Fund video appropriations were placed in this account, as well as revenues received for provision of services. As a recipient of General Fund appropriations, it made sense for the interest to revert to the General Fund.

Since FY 2005, the ICN has not received or requested a General Fund appropriation to subsidize operational costs. Monies currently in the fund are from ICN authorized users for services received. Earned interest from the monies in the ICN revolving account should be placed in that account. During FY 2005, the estimated interest earned on the balance of the monies totaled \$75,760.<sup>1</sup>

The ITTC proposes that the interest earned on the Iowa Communications Network Fund be placed in that fund rather than going to the General Fund. Interest could be used for ICN customers' benefits such as repair of outdated equipment, equipment and software upgrades to current services, or rate adjustments.

**Five-year report requirement:** This report requirement was included in the original language creating the ICN as an agency and at the beginning of the Part III construction project. The report is supposed to include information regarding General Fund appropriations and debt service payments. A meaningful five-year plan as requested is difficult to prepare for the following reasons:

- The ICN no longer receives General Fund appropriations.
- The final debt service payment was made in March 2005.
- The Part III construction project is complete.
- The Part III lease payments are made to the Department of Education.

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<sup>1</sup> The rate used for FY 05 was 2.63% which was the rate suggested that we use by the Treasurers Office for Investments. The average monthly balance of the ICN revolving fund for FY 05 was \$2,842,912.

- The technologies in the telecommunications industry change several times during a five-year period.

The ITTC proposes striking this requirement.

**ITTC Advisory Committees:** The advisory committees were established to assist in developing administrative rules at a time when the customer service, and service delivery functions had not evolved. Except for the Education Telecommunications Council (ETC) and the Regional Telecommunications Councils (RTC), these committees' roles have diminished and finding members is difficult. This code change would delete the requirement for advisory committees except for the ETC and RTCs and authorize the ITTC to appoint committees as needed for Commission members to perform their duties.

**Weighted Funding for shared classes:** School districts are balancing budget constraints with the need to offer specialized courses like AP courses, vocational tech courses, and foreign language courses to meet educational requirements. Sharing curriculum resources is becoming the affordable way to ensure students' academic needs are met. Here are ways that schools can share resources use to deliver specialized courses:

1. Districts can "physically" share a teacher where the teacher travels between buildings or share courses with students traveling to another district. There are several implications of "physically" sharing classes. There is a loss of available teacher and student classroom time due to travel. Liability to the district increases due to travel. Classes and teachers that can be shared are limited to neighboring schools due to travel constraints. Providing supplemental funding expends several million dollars of General Fund monies.
2. Districts can share courses "virtually" using ICN full-motion, interactive classes, online courses or hybrid courses combining video and online courses. There is no loss of available teacher and student classroom time or increase in liability since travel is not required using virtually shared classes. By being able to share resources on a state wide basis there is an increase in the resource base since travel does not limit sharing to neighboring schools. Because courses shared over the ICN or Internet do not receive weighted funding, additional state would not be expended from the General Fund.

The ITTC believes that there needs to be an equalization of funding between virtual and physically shared classes. For example, last year, Exira School District "physically" shared a Spanish teacher with Anita. This sharing allowed Exira to obtain supplemental weighted funding. This year Exira is getting their Spanish classes from Elk Horn-Kimballton via the ICN and is not eligible for the weighted funding incentive. The district is being financially penalized for "virtually" sharing curriculum via the ICN.

Currently the Iowa Code 257.2, allows K-12 districts to receive extra funding (weighting) for shared classes or teachers. This funding is for either school-to-school or community college-to-school classes. Iowa Code 257.6 excludes shared classes provided over the ICN or online from receiving this funding incentive. The ITTC suggests that supplemented weighted funding for sharing of classes be repealed. The several million dollars saved by not funding "physical class or teacher sharing" could be used to benefit districts and teachers in other ways. By removing the disincentive for using the ICN, the basis for making an unbiased financial decision whether to use the ICN or travel to other districts will be provided. The current law pays schools to reduce available teacher classroom time, student classroom or study time, increases the liability

associated with teacher or student travel between buildings and limits the shared curriculum resources to neighboring school districts by only funding "physically" shared classes or teachers.

The current funding model for shared classes is based on the number of students in the class. This model does not take into account the additional costs associated with shared classes, such as transportation, materials, and teacher travel. This model also does not take into account the fact that shared classes are often more expensive than traditional classes because of the additional costs mentioned above.

The current funding model for shared classes is based on the number of students in the class. This model does not take into account the additional costs associated with shared classes, such as transportation, materials, and teacher travel. This model also does not take into account the fact that shared classes are often more expensive than traditional classes because of the additional costs mentioned above.

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HOUSE FILE 2686

AN ACT

PROVIDING FOR TECHNICAL AND SUBSTANTIVE CHANGES RELATING TO THE IOWA COMMUNICATIONS NETWORK, AND RELATING TO FUNDING OF THE NETWORK.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 8D.3, subsection 3, paragraph f, Code Supplement 2005, is amended by striking the paragraph and inserting in lieu thereof the following:

f. Include in the commission's annual report related to the network the actual income and expenses for the network for the preceding fiscal year and estimates for income and expenses for the network for the two-year fiscal period that includes the fiscal year during which the report is submitted. The report shall include the amount of any general fund appropriations to be requested, any recommendations of the commission related to changes in the system, and other items as deemed appropriate by the commission.

Sec. 2. Section 8D.6, subsection 1, Code 2005, is amended by striking the subsection.

Sec. 3. Section 8D.6, subsection 2, Code 2005, is amended to read as follows:

2. The commission may establish other and abolish advisory committees as necessary representing authorized users of the network and providing other expertise needed to assist the commission in performing its duties.

Sec. 4. Section 8D.14, Code 2005, is amended to read as follows:

8D.14 IOWA COMMUNICATIONS NETWORK FUND.

1. There is created in the office of the treasurer of state a fund to be known as the Iowa communications network fund under the control of the Iowa telecommunications and technology commission. There shall be deposited into the Iowa communications network fund proceeds from bonds issued for purposes of projects authorized pursuant to section 8D.13, funds received from leases pursuant to section 8D.11, and other moneys by law credited to or designated by a person for deposit into the fund. Amounts deposited into the fund are appropriated to and for the use of the commission. Notwithstanding section 12C.7, interest earned on amounts deposited in the fund shall be credited to the fund. Notwithstanding section 8.33, moneys deposited into and appropriated from the fund that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

2. The commission shall be required to repay one million dollars of start-up funding from the Iowa communications network fund to the general fund of the state. For the fiscal year beginning July 1, 2007, and ending June 30, 2008, the commission shall repay two hundred fifty thousand dollars of start-up funding at the end of that fiscal year, and for the fiscal year beginning July 1, 2008, and ending June 30, 2009, the commission shall repay two hundred fifty thousand dollars of start-up funding at the end of that fiscal year. The remaining five hundred thousand dollars shall be repaid in a reasonable period of time thereafter as provided in this subsection. The commission shall conduct a review of the operation of the fund and the extent to which a continued need for funding for cash flow support exists, and shall provide a report summarizing the results of the review to the general assembly by January 1, 2010. The report shall also include a plan regarding repayment of the remaining five hundred thousand dollars in start-up funding in a manner which will

not adversely affect network operations, and any other recommendations relating to the fund and the operation of the network deemed appropriate by the commission.

Sec. 5. Section 8D.7, Code 2005, is repealed.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JEFFREY M. LAMBERTI  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2686, Eighty-first General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2006

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THOMAS J. VILSACK  
Governor