

SB 773 Testimony
Telecommunications Discount
Region XIII Education Service Center

The telecommunications discounts extended by SB 733 in the 82nd Regular Legislative Session provide the majority of school districts in Texas with affordable rates as they maintain connectivity to the Internet and in some cases between school campuses. Schools are able to purchase high speed services from local exchange carriers at 110% of long run incremental costs instead of commercial rates that vary from city to city. To calculate the discount, the local exchange carrier estimates the wholesale cost of providing a service, then adds 10% to reach the rate given to a school. Schools have relied on these rates since HB 2128 was enacted in 1995 and plan their technology budgets accordingly.

There are two categories that can describe a school's relationship to local exchange carriers. A school either has a choice in carriers or they do not. Schools in metropolitan areas have a choice in carriers that include at least one carrier required to extend discounts based on SB 773. Schools in rural areas typically do not have a choice. In very rural areas, they work with a local carrier that is not required to extend discounts. Approximately 23% of schools in Region XIII have no choice in carriers.

Specifically in Region XIII, we provision Internet services for 40 school districts in the area. The costs from the local exchange carriers to connect each school district are charged to Region XIII, and we directly pass those costs on to school districts as part of an Internet service package. Using Lockhart ISD as an example, the school district uses a high speed service from AT&T called an Opteman circuit for \$257.71 per month based on SB 733 discounts. The same circuit without discounts would cost the district \$2,050 per month. While providing Internet services since 1997, Region XIII has been able to maintain affordable services for schools. In addition, carriers outside of the SB 733 provision in some cases have been able to match or beat the 110% discount rate of local exchange carriers, proving that competition in the metropolitan market exists.

Without the discount provision provided by SB 733, many school districts with only one local carrier choice could see rates increase significantly. The current trend in the school environment is to provide more Internet bandwidth due to the increasing use of smart devices by students. Any increase in costs to provide additional Internet bandwidth would limit a school district's ability to provide a robust online experience.