

# Issue Brief – Network Infrastructure Development

**SUMMARY**

The Utah Education Network has partnered with numerous private sector telecommunications providers to upgrade UEN’s data circuits statewide. The total cost of the upgrade will be nearly \$9 million per year, with the state paying \$3 million and the remainder coming from federal eRate discounts. UEN has requested \$2.8 million ongoing in FY 2007 to complete the project. The Analyst recommends \$2.05 million ongoing for this initiative.

**BACKGROUND**

Since its inception, UEN has been expanding its data circuits to accommodate growth in the demand for its services. Utilization of UEN’s network doubles about every eighteen months. Its education customers rely upon connectivity provided by UEN to deliver data, audio, and video for administration, enrollment, instruction, testing, and accountability. State government computers also use UEN as a gateway to the Internet.

In its latest network initiative, UEN is contracting with more than twenty telecommunications companies to replace older, smaller, slower microwave and copper line circuits with broadband fiber circuits. In some cases, the potential capacity of circuits will increase from 1.5 megabits per second to as much as 600 megabits per second or more. Table 1 lists the telecommunications providers with which UEN is partnering.

**Table 1: UEN Telecom Partners**

360 Networks	Electric Lightwave
All West	Emery Telecom
American Fiber	Frontier
AT&T	Gunnison
Beehive	Hanksville
Broadwing	Manti
Carbon-Emery	South Central
CentraCom	Qwest
Conterra	UBTA
Comcast	XO
CUT	

The Legislature has supported UEN’s initiative with increased appropriations in each of the last three general sessions. Table 2 shows the state funding history for network infrastructure.

**Table 2: State Funding for Network Infrastructure**

	2003 GS	2004 GS	2005 GS
Ongoing	400,000		400,000
One-time		400,000	1,500,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>	<b>1,900,000</b>

UEN has prudently timed implementation of its network upgrades to correspond with commitment of ongoing funds by the State. Ongoing support for Phase II (\$400,000 for FY 2006) came during the 2005 General Session, more than half-way through FY 2005. As a result, Phase II implementation is taking place throughout FY 2006.

Similarly, while the Legislature provided one-time funding for continuation of the project beyond Phase II (\$1.5 million in FY 2006), UEN plans to wait for an ongoing commitment before implementing Phase III. Phase III implementation, then, will likely take place throughout FY 2007 using \$1.5 million in one-time funds that have already been appropriated.

UEN requires \$1.3 million to pay ongoing costs associated with phases I – III. Since its initial budget request, UEN has received additional cost information from potential partners on Phase IV which suggests that \$750,000 ongoing beginning in FY 2007 may be sufficient to fund Phase IV.

**RECOMMENDATION**

The Analyst recommends the following steps to finish UEN’s current network expansion initiative:

1. Place on a priorities list a \$2.05 million ongoing appropriation from Income Tax for Network Infrastructure Development.