

The current universal rates charged by the Division of Information Technology Services for telecommunication services attempts to equalize the cost between urban and rural users. If major user agencies in urban areas elect to seek other providers, there is the probability that rates for some rural users may increase. However, the reality of this happening is contingent on what service providers are willing to negotiate with the user agencies. Conversely, it is possible that these negotiations, both urban and rural, could result in enough overall statewide savings so as to offset rate increases in particular geographic locations. Increased competition may also lead to additional savings for the State. Any calculation of savings should include administrative costs since the current central structure provides some efficiencies. However, actual fiscal impact cannot be determined until it is known what the private sector providers are willing to do.

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