



# Oregon

Kate Brown, Governor



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**Colt Gill**

Director of the Oregon Department of Education

**Bill #: HB 4079 Rural Telecommunications Investment Act**  
**House Revenue Committee**  
**February 4, 2020**

**Introduction:**

My name is Michael Elliott and I am the School Facilities Program Manager for the Oregon Department of Education. I work with the Connecting Oregon Schools Fund, which would receive funds from the Universal Service Fund under HB 4079. I am here to discuss how HB 4079 could impact school districts across the state.

**Background:**

In 2018, the Legislature created the Connecting Oregon Schools Fund. This fund is designed to match federal funds going to districts. Each year districts have the opportunity to apply for federal funds to increase their internet capacity and connectivity. The amount of federal funds can be up to 90% of the construction costs. Recently, the federal government offered to increase its funding for construction projects by up to 10%, provided that the state would match that additional 10% with state funds. This means that many districts who would normally receive 80% of the construction costs from the federal government can now have their construction projects paid for completely. For many of our smaller and rural districts, this is the difference between better and faster internet and no change. With the additional funds, these districts get better and faster internet connections.

**Issue:**

The Connecting Oregon Schools Fund can do great things for our rural and small school districts. However, it does not have a stable source of funding. The Legislature, through its E-Board, was able to provide funding for the 2018 applicants. However, there was no funding available for 2019 applicants. That means that 13 applicants were not able to build \$13.7 million worth of better internet capacity and take advantage of millions of federal funds. The cost to the state would have been \$2.6 million.

**Legislation:**

HB 4079 provides a stable source of funding for the Connecting Oregon Schools Fund. HB 4079 provides additional revenue through expanding the types of telecommunications that will be subject to the Universal Service Charge. Up to \$5 million of these additional funds will go to Business Oregon to help build internet capacity across the state. The Connecting Oregon Schools Fund can receive up to \$1 million of those funds to provide matching grants to school districts, ESDs, and charter schools across the state.

This will be of critical importance to our smaller and more rural schools. The current distribution formula prioritizes small, rural school districts with high percentages of students receiving free and reduced lunches. This means those districts receive funds before other districts to build better, faster, and more stable internet connections to their schools. This helps eliminate the digital divide in our state and provides resources to those districts, ESDs, and charter schools that need it.

Another potential benefit from HB 4079 is the fact that this is a stable source of funds. With a stable source of funds, ODE can reach out to other small and rural school districts, ESDs, and charter schools and encourage them to apply for both the federal and state funds. The federal application can be difficult to complete. It requires districts to put forth significant resources to apply. Districts that know they can't afford to make up the gap between the cost of the project and the federal funds do not apply. With HB 4079, ODE can reach out to these organizations and encourage them to apply for both the federal and state funds knowing they can receive state and federal funds and accomplish the construction.

Fiscal:

ODE, through its Office of School Facilities, is already administering the program. It is anticipated that current staff will be able to run the program with these new funds.