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## K-12 High Speed Network

*Improved Budgeting, Greater Transparency, and Increased Oversight Are Needed to Ensure That the Network Is Providing Reliable Services at the Lowest Cost to the State*

### Background

California's K-12 High Speed Network (K12HSN) program connects the State's K-12 public school system to the high-speed California Research and Education Network backbone. The Imperial County Office of Education (ICOE) administers the K12HSN program, which includes its oversight of a physical network of 86 sites located mostly at county offices of education and to which school districts connect. ICOE contracts with the Corporation for Education Network Initiatives in California (CENIC)—a nonprofit organization—to manage network connections.

### Key Recommendations

- To ensure continuous network operations, the Legislature should appropriate up to \$10.4 million to K12HSN for fiscal year 2017-18 or can appropriate a lower amount if it directs ICOE to modify planned network upgrades.
- The California Department of Education (Education) should ensure it has sufficient information to measure the program's effectiveness and direct ICOE to report annually on specific performance measures.
- ICOE should perform the following:
  - » Improve budgeting processes and cost projections to better identify true funding needs for operating and maintaining the network.
  - » Establish and maintain a prudent reserve that considers the likelihood of equipment failure or any revenue issues.
  - » Develop a formal process for reviewing capacity needs, options, and costs to ensure that the network upgrades are necessary and cost-effective.
  - » Require CENIC to report on specific performance measures.

### Key Findings

- ICOE's inadequate budgeting and a lack of state-level fiscal oversight contributed to an accumulation of a large operating reserve over the past five years.
  - » ICOE continued to request the same appropriation each year even though its annual spending was much lower, and its budget requests did not include detailed information about critical estimates, such as network site upgrades.
  - » Education performed summary level reviews of the budget requests but did not adjust them despite growing reserves.
  - » Although ICOE recently improved its budgeting process for K12HSN, the information it used to project costs in current budget documents was inconsistent and inaccurate.
- ICOE reduced its planned funding request for fiscal year 2017-18 from \$14 million to \$10.4 million partly in response to our inquiries.
- ICOE's process for determining the capacity needs for the network does not sufficiently account for cost differences among available options.
  - » Recent and planned network upgrades have not been the most cost-effective options and have been based on incomplete data.
  - » ICOE's network structure provides equal backup routes to all users to ensure continuous access. However, this structure is costly especially where neighboring sites have different levels of usage.
- ICOE has not consistently reported on performance measures for some of the statutory goals and services established for the K12HSN program and on other performance metrics, such as network reliability and cost effectiveness of internet service provided by CENIC.

### K12HSN Year-End Operating Reserves

