DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

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WORKING FILE

FROM:DON HOWELL

DATE:AUGUST 24, 1997

RE:USE OF REVENUE SHARING FUNDS BY THE WESTERN GOVERNORS’ UNIVERSITY, CASE NO. USW-S-96-4

In Order No. 26672 issued November 1, 1996, the Commission approved the use of $300,000 of revenue sharing funds to support the Western Governors’ University as proposed by the Idaho State Board of Education.  The State Board had proposed that Title 61 revenue sharing funds be used in the following manner:

|  |  |
| --- | --- |
| Network Server  Equipment  Phone lines  1/2 Administration  Approx. Total | $  75,000  $  78,000  $104,000  $  38,000  $300,000 |

On August 12, 1997, the State Board filed a report with the Commission outlining its utilization of the $300,000.  The Report stated that by using existing resources and donations from the universities, the WGU’s advisory team is $132,041 under budget.  “We wish to ask the PUC if we can use the remaining funds as mentioned in the report to continue to provide guidelines to educational institutions on how to best support citizens in Idaho learning at a distance.”  Transmittal Letter at 1.

Included in the Report as Attachment B was the FY 1998 and 1999 budgets for the WGU.  This budget shows that $167,959 in Title 61 revenue sharing funds is committed over the two fiscal years.  The budget also indicates that approximately $88,000 of the budgeted fund has been used for staffing costs including projected expenditures for travel and training.  Adding the two-year budget and the requested $132,000 would total about 73% for administrative expenditures.

Staff Analysis

Providing revenue sharing funds to support educational activities is not a recent phenomena.  In its review of the 1994 revenue sharing year, the Commission directed that Title 61 revenue sharing funds be provided to public school facilities and library.  Order No. 26355 at 12-13.  In that Order, the Commission determined that it was appropriate to use revenue sharing money to purchase equipment and services but not to defray administrative or overhead costs.  The Order specifically states that it is the Commission’s

intent that revenue sharing funds made available be utilized entirely for the acquisition for the infrastructure or access to networks and not for administration or other overhead costs.  This will make more funds available for infrastructure.

Order No. 26355 at 12.  In Order No. 26461 issued June 10, 1996, the Commission provided approximately $485,000 in 1994 revenue sharing funds for library communication projects and approximately $3.838 million for public school communication projects.  Order No. 26461 at 5.  In these prior Orders, the Commission specifically addressed its desire that revenue sharing funds not be used for administrative or overhead costs.

Order No. 26672 authorizing the use of Title 61 revenue sharing funds for the Western Governors’ University differed from the prior Orders in that it implicitly approved the use of sharing funds for administrative purposes.  As indicated above, the State Board’s proposal included using $38,000 in revenue sharing money for administrative costs.  While the Commission did not specifically approve this, it did approve the State Board’s proposal including the administrative costs.  Thus, it appears that the Commission has not established a consistent policy whether revenue sharing funds may appropriately be used for administrative costs.

The State Board seeks the Commission’s approval to use approximately $132,000 in the remaining revenue sharing fund for training or administrative costs.  This represents approximatley 44% of the $300,000 originally provided to the State Board.  Under the State Board’s initial proposal, the $38,000 in administration costs represented approximately 13% of the total amount.

Staff Recommendation

Given the substantial increase in the amount proposed for training and overhead, the Staff recommends that the Commission process the State Board’s request under Modified Procedure.  Processing this matter under Modified Procedure will accomplish two goals.  First, the Commission might inquire whether the Board could use any of the $132,000 for other infrastructure acquisitions.  Second, it would afford interested parties an opportunity to address whether Title 61 revenue sharing funds should be used for overhead, training, or administrative costs.

The Staff further recommends that a new case number be utilized for this procedure.

Commission Decision

1.  Does the Commission wish to solicit comments on the State Board’s proposal to utilize the remaining $132,000 of the original $300,000 provided to the Board for administration and training costs?

2.  Does the Commission wish to open a new docket to examine this question?

Don Howell

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