

Board of Governors

Development of 2004 Legislative Issues

January 22, 2004

Issue: Repeal of Required SUNCOM Use by Universities

Issue Summary: Unlike community colleges and school districts, universities are statutorily required to use the state SUNCOM program for all telecommunications services (local, long distance, data, video, etc). At its discretion, the State Technology Office may allow a university to procure services elsewhere on a case-by-case basis. The results are: rates frequently above market; a slow, centralized response to service requests; and a billing system that is continually in arrears.

Background: SUNCOM is a centralized telecommunications procurement and administration program that was established to meet the needs of *state agencies*. Non-state agency governmental entities in Florida, such as school districts, community colleges, county governments, etc. are permitted, but not required, to use SUNCOM services. The business case for required use by *state agencies* was to guarantee a large purchase volume to achieve best prices and terms when negotiating with telecommunications providers. Prior to the 2002 Legislative Session, as *state agencies*, universities were required to use SUNCOM. Although the 2002 school code rewrite gave greater decentralized authority to all educational delivery systems, Florida statutes still require universities, but not community colleges or school districts, to use SUNCOM. SUPA has included in its legislative package a desire to remove this requirement.

The state university share of the total SUNCOM volume has decreased over time to approximately 4.7%, which was \$6.2 million in 2002. Survey responses since that report indicate a continued trend in proportion. Even if all universities had terminated all SUNCOM services in FY 02-03, the normal growth in revenue from all subscribers (7.5% in 01-02) would have more than offset this reduction. When surveyed in October 2002, the majority of universities indicated that if permitted to discontinue SUNCOM services they would do so over time as new contracts could be negotiated and implemented for each service type. Additionally, some institutions indicated they would likely retain SUNCOM as the provider for some of their telecommunications requirements. The net result is that any negative fiscal impact on the SUNCOM program due to a change from required to permissive use by universities would be both small and gradual.

Staff Recommendation: Florida statutes should be amended to permit, rather than require, state universities to use SUNCOM network services.