

**Report of the Maine State Library and the Department of Education
to the Maine Public Utilities Commission
for Funding Year 2009 (July 1, 2009 through June 30, 2010)**

"MSL and DOE shall file prior to Oct. 31, 2008, their plans for the July 2009-July 2010 period so we can determine before the filing of the Federal E-rate application in Feb. 2009, now best to make maximum use of MTEAF funds for 2009-2010."

The Maine State Library and the Department of Education met to determine the best way in which to proceed to maximize the opportunities provided by both the federal E-rate program and the Maine Telecommunications Education Access Fund. Having just undergone an E-rate audit for Funding Year 2005 and 2006, MSL and DOE also considered ways in which to minimize risk to the agencies and to the state. We present the following summary of our discussions prior to the filing of the FY 2009 (July 1, 2009 – June 30, 2010) federal E-rate application deadline of February 12, 2009 for the Public Utilities Commission's consideration of the best way in which to maximize use of the MTEAF funds for the above named period.

1. The capacity needs of both schools and libraries are, in many cases, far exceeding the services covered by existing contracts.
2. The MTEAF fund at 0.06%, is not sufficient to fund all schools and libraries at a rate of 2-T1s or 3 Mbps per entity.
3. Current contracts for both transport and Internet access provided for a one-year extension which could be exercised for Funding Year 2009 (July 1, 2009 – June 30, 2010)
4. The initial contract period for ATM services expires on June 30, 2009 but contained an option to exercise two additional one-year contract extensions.

Therefore, the following conclusions were reached:

1. Extend existing contracts for both transport and Internet access services for Funding Year 2009.
2. Extend the contract for ATM services for Funding Year 2009 (July 1, 2009 – June 30, 2010).
3. It has always been the intention for the MSLN2 to provide 100% subsidies to all schools and libraries to achieve their bandwidth requirements where it made financial and technical sense to do so. As Internet and last mile technologies have advanced and the cost of those technologies have decreased, we now find ourselves in the position to start addressing the needs of all MSLN2 entities in creating a comprehensive plan that can be executed on to meet these requirements. We have had contracts in place to address basic connectivity for all schools and libraries that qualified for MSLN2 services to date. Over the course of 2009, we will finalize our plans for the commission to consider, which will bring solutions to qualified schools and libraries that meet their needs not only for today, but as they become more and more dependent on the Internet to drive life-long 21 Century Learning Skills.

Therefore, for Funding Year 2009 (July 1, 2009 – June 30, 2010), we respectfully submit the following request to the Commission for its consideration:

The MSL & DOE ask continued funding for connectivity and Internet service at no cost to all qualified schools and libraries pursuant to 35-A M.R.S.A. § 7104-B(1) (referred to as MSLN2) as long as funding is available to do so.

1. Increase the number of library sites from 25 in Funding Year 2008 (July 1, 2008 – June 30, 2009) to 60 out of 237 participating libraries in Funding Year 2009 (July 1, 2009 – June 30, 2010), that will require a minimum of 2 T1s to meet their capacity requirements based on the following criteria:

- Exceeding utilization of 98% or greater of existing T1 based upon bandwidth monitoring charts examined by MSLN2 Project Manager and the Maine State Library over the course of Sept, Oct, Nov of 2008.
- Exceeding utilization over 90% for libraries serving large legal service areas (LSA) with no high speed access for citizens and libraries with heavy summer usage.

The total impact on MTEAF will be \$113,8200.00.

	MTEAF	Federal Erate	Total
35 T1s	\$45,045.00	\$91,455.00	\$136,500.00
35 Installations	\$5,775.00	\$11,725.00	\$17,500.00
35 Routers	\$63,000.00	0	\$63,000.00
	\$113,820.00	\$103,180.00	\$217,000.00

2. Increase the number of school sites from 137 in Funding Year 2008 (July 1, 2008 – June 30, 2009) to 197 out of approximately 476 participating schools in Funding Year 2009 (July 1, 2008 – June 30, 2009) that will require a minimum of 2 T1s to meet their capacity requirements based on the following criteria:

- Exceeding utilization of 98% or greater of existing T1 based upon bandwidth monitoring charts examined by MSLN2 Project Manager over the course of Sept, Oct, Nov of 2008.

The total impact on MTEAF will be \$195,120.00

	MTEAF	Federal E-rate	Total
T1s	\$77,220.00	\$156,780.00	\$234,000.00
Installations	\$9,900.00	\$20,100.00	\$30,000.00
Routers	\$108,000.00	\$0.00	\$108,000.00
	\$195,120.00	\$176,880.00	\$372,000.00

3. Increase the Internet bandwidth for 25 of the 89 ATM sites from 10 Mbps to 20 Mbps for Funding Year 2009 (July 1, 2009 – June 30, 2010):

The impact on MTEAF will be \$120,000.00 for this increased Internet bandwidth for ATM sites. This additional expenditure represents the additional cost to move all ATM sites from the existing OC3 (144 Mbps) Internet conduit from the University of Maine to an

OC12 (622 Mbps) Internet conduit which would be necessary to serve the additional bandwidth of all ATM sites connecting to the Internet as an aggregate.

4. AEV (Alternative Equivalent Value)

For Funding Year 2009 (July 1, 2009 – June 30, 2010): When schools and libraries can procure equal to or broader bandwidth at equal to or less cost than what would have been provided by the current state master contracts. MTEAF will reallocate funds at the same level of MTEAF support for MSLN2

- Anticipated impact on MTEAF: For every dollar spent on AEV there is a savings to the fund with reduction of costs.

The MSLN Project Manager will review and approve all requests for AEV to ensure that the cost to the MTEAF fund is not exceeding what the cost would be if MSLN2 services were provided.

5. Fund administrator

The MSLN2 asks that the Commission re-authorize the expenditure of funds to pay for a fund administrator to assess carriers, collect funds from carriers and make payments from the Fund (as permitted by 35-A M.R.S.A. §§ 7104-B(2) and 7104(3)).

- Anticipated impact on MTEAF is a \$ 27,600.00.

6. Project manager

The project manager provides day to day management of MSLN2, including oversight of schools and libraries regarding the use of MSLN2 Internet bandwidth, recommendations to the Department of Education and Maine State Library on future bandwidth growth, coordination of circuit moves, and changes of circuits throughout the billing year. The project manager also consults with school and library personnel on the impact on bandwidth of their technology initiatives. DOE/MSL request that the Commission approve funding this position for Funding Year 2009 (July 1, 2009 – June 30, 2010).

- Anticipated impact on MTEAF is \$85,000.00

7. Federal E-Rate Consultant

The Maine State Library and the Maine Department of Education anticipate a continued need for E-rate consulting. Each agency will contract on its own for these services.

The Maine State Library requests continuation of funds for the current federal E-rate consultant to help with the Federal E-rate application process. This extra assistance has been instrumental in MSLN2 receiving Federal E-rate on a timelier basis with fewer sites being eliminated from the application due to errors.

Because of this service the MSLN2 has received an overall percentage increase of Federal E-rate funds from 57.5% to 66%. Using today's dollars based upon cost of circuits and ISP services that is a gain of \$429,535.51 which comes into the State of Maine for the MSLN2 network for Federal E-rate money that our Federal E-RATE consultant helps us collect.

Funding also supports dealing with the complexities of the MSLN2 E-rate application and rules governing Federal E-rate disbursement resulting from the enacted school administrative restructuring which is just beginning.

The Consultant's work was also invaluable during the 2008 federal audit of MSLN2's use of federal E-rate funding. A finding against MSLN2 of 1.5 million dollars was dropped after the Consultant proved to the auditors that they were misreading one of the many rules. This 1.5 million dollar finding was for one year of a three year contract and could easily have become a 4 million dollar finding. This is something no one in the Department of Education or the Maine State Library could have known or done

- Anticipated impact on MTEAF is approximately \$233,000.00

8. Circuit Rider

The MSLN2 currently supports the "circuit rider" program which provides support by phone, e-mail, and onsite visits to assist schools and libraries that do not have on-site technical support. The program has continued to be extremely effective, with positive and appreciative support from many of our small schools and libraries. Without this program many smaller schools and libraries would be without the ability to effectively use technology. The MSLN2 proposes continuation at the current cost annually to cover salary and miscellaneous expenses like additional support, travel, tools and an increase of 3% to the circuit rider salary for current living adjustments. 10% of the budget allocated for a circuit rider goes directly to Maine Math and Science Alliance as the entity responsible for employing the circuit rider.

- Anticipated impact on MTEAF is a \$120,000.00

9. Innovative and Technologically Advanced Projects

MARVEL

Purchase of electronic databases to continue statewide access for citizens through MARVEL, Maine's Virtual Library, as permitted by 35-A M.R.S.A. § 7104-B. (Please see attached report in addition to summary of MARVEL usage below.)The request for Funding Year 2009 (July 1, 2009- June 30, 2010) reflects a \$50,000 increase from Funding Year 2008 in order to cover the increased costs of the current databases.

MARVEL DATABASE USAGE					MARVEL WEB SITE USAGE	
	2006-2007		2007-2008			
	Logins	Searches	Logins	Searches		
Total	782,473	3,233,692	1,017,500	3,531,094	620,019	722,828
	Percent change		30.00%	9.20%	16.60%	
Number of databases:	2007		2008			
	49		52			

- Anticipated impact on MTEAF is a \$ 550,000.00

Federated Searching

We also request funds for the purchase of a federated searching tool which is compatible with the MARVEL databases and further supports statewide resource sharing. If such a tool does not currently exist, we request that this funding be applied to purchase of another database.

- Anticipated impact on MTEAF is a \$ 95,000.00

Note: DOE and MSL consider the increased costs for ATM bandwidth upgrades to be considered innovative because it is supporting a changing landscape for schools related to content resources (video streaming, podcasts, interactive tools, etc),

10. Libraries choosing not to filter

In 2004, the Legislature amended 35-A M.R.S.A. § 7104-B(6) to allow public libraries to decline Federal E-rate for internet service if they determine that applying for Federal E-rate (e.g., complying with Federal E-rate's filtering requirements) would substantially compromise the library's standards or mission. The statute allows the Commission to mitigate the loss of Federal E-rate funds using the MTEAF.

Since the 2004-2005 program year the Commission has allowed non-filtering libraries to contribute \$25 per month toward the cost of Internet service with MTEAF paying the remainder of the amount that would typically be paid for by federal E-rate. Under the current ISP contract, internet service costs \$105 per month. Assuming Federal E-rate will pay 68%, MTEAF should provide a \$33.60 per month additional subsidy for these non-filtering libraries. For Funding Year 2009 (July 1, 2009 – June 30, 2010), 50 libraries have chosen not to filter. Therefore, this additional subsidy will cost MTEAF \$ 20,160 annually which is a net decrease to the overall fund of \$ 2546.00 from the previous funding year. We ask that the Commission continue to fund this initiative

- Anticipated impact on MTEAF is \$ 20,160.00

11. Adult Education

We ask funding to connect adult education sites that offer high school diploma completion courses and are not located in public school buildings. Three adult education sites that met these criteria were hooked up in July 2008: Belfast Adult and Community Education; Bangor Adult and Community Education; and Piscataquis Valley Adult Education Cooperative. The total cost these sites is \$325 per month for a T-1 and \$123 per month for internet service, \$500 one time installation cost from FairPoint \$1,300 for the routers.

- Anticipated impact on MTEAF is \$16,128.00

12. Asynchronous Transfer Mode (ATM)

Approximately 87 sites have ATM connections for voice, data (instead of a T-1 line) and video. These sites pay \$2,075 per month for this service and each site applies for Federal E-rate (with discounts ranging from 20% to 90%). Because the sites use their ATM in lieu of a T-1, we have provided financial support from the MTEAF to cover some costs not paid for by Federal E-rate. The Commission chose \$358 per month as an estimate of half the amount remaining after applying the average school E-rate discount, which for these high schools is 66%. Therefore, \$358 continues to represent approximately half the amount owed after E-rate is applied.

Beginning in 2001, the Commission also agreed to provide financial support for elementary and middle schools that are networked to an ATM site. These are sites that otherwise would have been eligible for their own T-1. MSLN2 recommends that these shared sites continue to receive MTEAF funds in the amount for which they would otherwise be eligible, up to an amount not to exceed the monthly cost of the ATM connection where all the sites' credits are counted together

- Anticipated impact on MTEAF is \$480,766.20