

Illinois Century Network

Policy Committee Meeting Agenda

February 20, 2007
1:00 p.m.

**ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
February 20, 2007
1:00 p.m.**

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ILLINOIS CENTURY NETWORK
NOVEMBER 20, 2006 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the November 20, 2006 minutes for review by the Policy Committee.

Action Requested: Adoption of the November 20, 2006 minutes.

Recommended Motion: *The ICN Policy Committee adopts the November 20, 2006 minutes with any edits as noted.*

ILLINOIS CENTURY NETWORK

NOVEMBER 20, 2006 POLICY COMMITTEE MINUTES

Lori Sorenson called the meeting to order.

Members present: Todd Jorns, Illinois Community College Board; Bonnie Styles, Illinois State Museum; Lynn Murphy, Board of Higher Education; Anne Craig, Illinois State Library; Brian Foster, Illinois Hospital Association; Mike Dickson, Western Illinois University; Ryan Croke, Office of the Lieutenant Governor; Chet Olson, City of Rochelle; Scott Norton, Illinois State Board of Education;

Springfield guests: Lori Sorenson, Central Management Services; Tom Oseland, Central Management Services; Cindy Daniele, Central Management Services

Chicago guests: Beth O'Mahoney, Central Management Services

Announcements and Remarks

Lori shared some good press that the ICN has been receiving in the last several months. Central Management Services has a public information office that has been writing articles, press releases, and pitching the ICN to various reporters. She referenced a handout with a story from an Associated Press (AP) article. The AP article appeared in multiple papers throughout the state and gave the ICN some good coverage. There have also been mentions in the Chicago Tribune technology columns and in local papers about the regional meetings. This is part of an effort to be more aggressive in generating interest, support, and awareness of the ICN.

Minutes

Lori asked if anyone had any changes to the minutes. There were none so she asked for a motion to approve.

Motion: Mike Dickson moved; Anne Craig seconded, that the minutes be approved. Motion carried.

There was a discussion about the length and detail of the minutes. Lori indicated that the minutes are recorded on a CD and are available on a transcript. It was decided that a more condensed meeting summary would be appropriate going forward.

E-Rate Update

Tom Oseland gave the e-rate update. To date, the ICN has not received any new e-rate funds during fiscal year 2007. As of last week, there is a small library application funded for the last e-rate funding year (2005/2006). Initially it totaled about \$1.3 million in funding requests, but it's going to end up being a little over \$200,000 in actual request for reimbursements. This is due to the drastically lower cost for the network over the last fiscal year.

The 2006/2007 funding year application remains in initial review. The new application window is open for the upcoming e-rate funding year. The cost recovery model and its related e-rated incentive got some attention with constituents already. Several school districts have sent in their e-rate forms for demonstration of compliance with the program. There is now a brief update on the ICN website to help constituents understand what is needed for them to demonstrate their compliance. ISBE also distributed the communication on their list serv which is viewed by all the school districts in the state.

Advanced Engineering Task Force Membership

At the last Policy Committee meeting new members were voted into the task force. All accepted their new positions. Lori stated that the first AET meeting was held last Friday November 17. There was a good turnout by the new members. Jim Flanagan, the new chair, conducted a planning session to identify some of the priorities for the year.

There are two additional nominations for the task force since the September meeting. One is Dr. Meredith Mahoney, who is the assistant curator of zoology at the Illinois State Museum. Her name was put forth to take the position that was previously held by Jessica Theodor, who has since left the museum.

The next nomination is Ryan Croke with the Lieutenant Governor's office. Ryan has a Master's in Communication from the University of Illinois. His thesis is on 'Regulation and Penetration of Broadband Video Telephony in America' and he is working with the Lieutenant Governor's office on the broadband deployment council and rural affairs council.

Motion: Bonnie Styles moved; Chet Olson seconded, that Meredith Mahoney with the Illinois State Museum be appointed to a three year term on the Advanced Engineering Task Force. Motion carried.

Motion: Scott Norton moved; Bonnie Styles seconded, that Ryan Croke with the Lieutenant Governor's office be appointed to a three year term on the Advanced Engineering Task Force. Motion carried

Lori was asked about whether the AET is now set for members. She responded that the number of members is good and there is representation for each group. The only possible exception could be healthcare with only one representative. She explained that while Kevin Rademacher, the former CIO of the Department of Public Health, was appointed to the committee at the last meeting, he has since left Public Health to work for CMS and is therefore no longer involved with healthcare. There is an updated list of members on the ICN web site at www.illinois.net/aet.

Illinois: The Next Century Network

Lori began by briefly summarizing the effort so far. A year ago, the Advanced Engineering Task Force initiated an effort to rewrite the vision for the Illinois Century Network. The original vision document was created in 1997 by the Higher Education Technology Task Force. The goal then was that a T1 to every K-12 school would be high speed and maybe a DS3 or multiple T1s for higher education. The ICN has met this goal and there is a need to move forward.

The AET gathered a subcommittee of members and also other representatives to add different points of view. CMS funded a group of consultants to gather information for the report, conduct surveys and focus groups, and to prepare the final document. The consultants recommended a planning leadership committee that included the executives from different constituencies. A draft document is now being distributed and final comments are due by December 1st. The final report will be presented to the Policy Committee at the February meeting. The consultants will make their final presentation and answer questions about the report. The rest of the meeting will focus on what will be the next steps for the report. Specifically the questions are what role the policy committee, constituents, and the AET will take in generating interest in the recommendations in the report. Lori mentioned that ISBE has their electronic reporting initiatives and healthcare has the electronic health records initiatives. These needs can be tied in with the needs of additional bandwidth and network upgrades for the ICN.

Mike Dickson said it is more of a blueprint for where the network needs to go next rather than just a report. There is going to be an exponential growth in the coming years and the ICN needs to be ready to meet the need. He urged the group to review the final draft when it is available and think about what it means to their organization.

Brian asked if the report will be made public. Lori responded that members can share the draft prior to the next meeting for comment, but the final report won't be distributed until after the February 20th meeting when the committee has had a chance to make any final comments. At the next meeting any edits will be discussed and the final report will be approved by the committee.

Mike added that he would like to see all of the constituencies formally comment on the report. There are a lot of initiatives out there that depend on the ICN and it is important that the network continue to evolve and meet the growing needs.

Brian asked about the next steps once the report is finished. Support from legislators was discussed along with ways to get the report in front of the right people. Suggestions included the broadband groups around the state, through constituent lobbyists, and the Lieutenant governor's office.

Lori pointed out that in addition to agreeing to the mission and goals, later in the report there is a section called 'Conditions for Success.' This section further outlines what is needed to reach these goals. This needs to be agreed to as well for the goals to be met. In some cases the report may need to be edited or customized for the audience to make sure that the main points of the

report are read and understood. Brian agreed and said that in many cases only the first couple pages or the executive summary is read.

Ann Craig asked about the goal of better communications. Lori clarified that this came from the focus groups. Many constituents felt they were not receiving good information from staff. The day to day responses from the RTC staff were fine, but they were looking for proactive communication on what the ICN is working on and what is new. Lori went on to explain that in the early days of the ICN there was a lot of marketing and communications while the network was being built and growing. After the merger into CMS there was a lot of focus internally on the backbone upgrade and moving state agencies onto the network rather than marketing.

As a result of these comments the ICN recently held the regional meetings in October. The ICN also continues to have a presence at K-12 conferences on an annual basis. Lori asked the members to let her know if there are any conferences or events that the members would like to see them participate in. Anne mentioned the Illinois Library Association conference in Springfield in October 2007. Bonnie mentioned the Illinois State Museums conference in the spring.

Regional Meetings Update

Beth O'Mahoney gave an update on the recent regional meetings. The last time the regional meetings were held was in June of 2004, before the ICN merged into CMS. Constituents had been requesting the meetings and there was a lot to report with the changes to the cost recovery model. Eight meetings were scheduled around the state. Regions 2 and 3 in the Chicago suburbs were combined. The topics covered were an ICN update, network update, cost recovery changes and an introduction to the Illinois: The Next Century Network initiative. There was a good turnout at the meetings and a lot of questions. The CMS public information office sent out press releases prior to each of the meetings which resulted in press coverage in some communities outside of the Chicago area. The handouts and presentation from the meetings are available on the ICN website at www.illinois.net/meetings.

Lori added that the meetings were very well received and that the ICN will continue to hold them in October of each year.

Closing

The next Policy Committee meeting is scheduled for February 20th. The main focus of the meeting will be the strategic planning effort since the report will be completed by that time. Several members brought up the broadband deployment group. Brian Foster stated that the group never intended to produce a report. The council has achieved all of its objectives, but is looking at revisiting the duties of the council as established in the executive order that the governor released a year ago or so. Mike Dickson suggested having a representative of the group present to the Policy Committee on their findings. Lori agreed this was a good idea.

Motion: Chet Olson moved; Brian Foster seconded, that the meeting be adjourned. Motion carried.

ILLINOIS CENTURY NETWORK

E-RATE UPDATE

Submitted for: Information

Summary: This item provides an update regarding the E-rate program.

Action Requested: None

ILLINOIS CENTURY NETWORK

E-RATE UPDATE

As of January 31, 2007, CMS/Illinois Century Network has not received any E-Rate Reimbursements during Fiscal Year 07.

The probability of receiving the Funding Year 4 Request that is under appeal remains minimal. USAC's funding denial (based on a master contract expiration during the funding year) was upheld by both USAC and the FCC. During the summer of 2007, we will do a final follow up and determination for this Funding Year.

The Funding Year 7 Request denial (based on the Letter of Agency issue) remains under appeal with the FCC, with no update. Even if CMS/ICN wins the appeal, the amount potentially received will be significantly reduced due to actual spend being much lower than projected (when contract rates dropped dramatically), as well as unknown adjustments that could occur during the review process.

Reconsideration of the Letter of Agency issue has occurred regarding Funding Year 8, moving the Funding requests out of the "Under Appeal" category. Funding Year 8's Library application has now been approved, and the next steps in the process towards receiving the funds are taking place. The final request amount will be approximately \$206,683 vs. the original request of \$1,346,616, due to actual spend and major changes to the bandwidth percentage allocation. The actual date of the receipt of funds is impossible to predict. The School portion of the application remains under review. The Actual amount received will be approximately 50% less than originally applied for.

The Year 9 Funding request moved to approved status on February 6, 2007 after very intense scrutiny and multiple informational requests from multiple USAC reviewers. The original request of \$2,563,432 has been reduced to \$ 1,394,501 and could potentially be reduced further.

E-Rate Activity

Funding Year	Received	Approved – Not yet received	Applied for Not yet approved	Under Appeal
Year 3 (2000)	\$2,137,765	-0-	-0-	N/A
Year 4 (2001)	\$2,179,728	-0-	-0-	\$2,274,232 ¹
Year 5 (2002)	\$4,996,227	-0-	-0-	N/A
Year 6 (2003)	\$4,644,171	-0-	-0-	N/A
Year 7 (2004)	-0-	N/A	-0-	\$5,868,203 ²
Year 8 (2005)	-0-	\$ 206,683 ³	\$6,118,325 ⁴	N/A
Year 9 (2006)	-0-	\$1,394,501 ⁵	-0-	N/A
Year 10 (2007)	-0-	N/A	\$1,197,231	N/A
Totals	\$13,957,891	\$ 1,601,184	\$7,315,556	\$8,142,435

The E-rate Funding Year 10 application was filed on February 7, 2007. The total funding request for telecommunication and Internet access services is \$1,197,231, showing another significant decrease from prior funding years. These decreases can be attributed to the greatly reduced bandwidth costs across the network due to economies of scale and the changing telecommunications environment, coupled with the integration of state agency traffic, which lowered ICN's E-rate eligible bandwidth percentage to 15.44% in Funding Year 10. This application remains at the initial review status.

CMS/ICN has been undergoing an audit by KPMG for Funding Year 6. The audit is at the request of Universal Service Administrative Company (USAC), the federal entity which administers the E-rate program. Fieldwork began January 8, 2007. The exit conference is scheduled for February 16, 2007.

¹ The probability of receiving this Funding Request is minimal. Denial was based on the expiration of a master contract during the funding year.

² This funding request denial (based on the Letter of Agency issue) remains under appeal with the FCC. A decision by USAC, made after the FCC determined that USAC had misinterpreted rules surrounding required content of the Letter of Agency, has led to the status of the Year 8 funding request appeal to already change. Note: The potential amount received will be significantly lower than original requested. See also footnote #4.

³ The original request of \$ 1,334,788, was reduced to \$206,683 due to actual spend and bandwidth allocation changes.

⁴ After the FCC's determination noted above in Footnote #2, the ICN received an "Administrator's Notification of Reconsideration Letter" from USAC. The letter states that Year 8 funding request denials would enter a re-evaluation process to determine if the E-rate program rules were administered appropriately. Once this process is complete, decisions will be made regarding the Year 8 School funding requests. Due to internal USAC procedures, the Year 7 denial is not affected by the reconsideration even though the basis for denial is identical. Note: The potential amount received will be significantly reduced.

⁵ This Funding request moved to approved status on 2/6/07. The request was reduced from \$ 2,563,432 to \$ 1,394,501 during the review process.

ILLINOIS CENTURY NETWORK

COST RECOVERY UPDATE

Submitted for: Information

Summary: This item presents an update on the changes to the cost recovery model presented at the September meeting.

Action Requested: None.

ILLINOIS CENTURY NETWORK

COST RECOVERY UPDATE

Changes to the ICN cost recovery model were implemented in September and included raising the minimum bandwidth allocation, as well as lowering the cost to purchase additional bandwidth. There was also an incentive offered for constituents who file for e-rate. We believe the new cost recovery policy has been a great success having received overwhelming positive feedback and appreciation from both primary and non-primary constituents.

Although the call volume into the RTC offices was heaviest following the announcement in September and the Regional Meetings in October, calls are still received daily from constituents seeking information on the policy, bandwidth, and circuit upgrade options. A great deal of RTC staff time is still being devoted to consultation with constituents to assess their current utilization, plan network upgrades and identify circuit and equipment options.

There has been some confusion on the part of constituents regarding circuit capacity vs. bandwidth with some sites believing that their T1 line could be adjusted to provide the 8 MB baseline. Many of the smaller sites with budget restraints are unable to access the additional baseline bandwidth due to circuit pricing. Constituents in these categories express frustration that the changes are not something they are able to take advantage of.

The majority of paying constituents elected to take an increase in bandwidth and maintain the same level of payment, although some non-primary constituents have elected to take a reduction in payments for the same bandwidth they were purchasing before the revisions. Comments from non-primary constituents included “we never hear of any costs going down”, and “I never receive a call from anyone letting me know my costs are being reduced”.

Cable companies are increasingly interested in getting in on the opportunity to sell higher capacity last mile links. Based on recent conversations, the higher baseline is going to make more options for larger capacity circuits available. Moving forward better relationships need to be established with the local telcos and cable providers so that lower and more predictable pricing can be secured for constituents served by the non-regulated options. At present, the higher bandwidth options seem to be growing, but the pricing is still higher than what we believe it should be.

In the northern part of the state, there has been a tremendous move from T1 connectivity to MetroEthernet type connections with over 52 education networks and library sites having already migrated to Ethernet or are scheduled to do so within the next few months. Many more are scheduled for this summer. Due to the demand, ATT has already scheduled the installation of a new Gigabit Ethernet link in Chicago, and has started planning on a third Gig link. Similarly in other parts of the state, ATT, Verizon, Mediacom, Insight, Comcast and Charter Cable are all looking to roll out Ethernet connectivity options for ICN constituents.

Due to a delay in getting additional egress on the network, the ICN was forced to postpone providing all the additional bandwidth that was requested. The bandwidth simply wasn't available. This primarily affected the large universities. Unfortunately this caused a larger drop in the funds received through cost recovery than we had anticipated. Now that additional egress is installed, effective February 9, we are able to begin providing the additional requested bandwidth. No K12, library or museum sites were affected by the late egress. The overall increase in bandwidth for the last few months has been between 800MB and 1 GB of additional traffic.

The ICN is currently looking at revising the baseline allocation for aggregate networks – those networks which connect to the ICN via a large capacity circuit and then redistribute to sites within their district (for example). Some of these network members have expressed frustration that although their student population is small, they have multiple FTE buildings within the network and should be entitled to a baseline based on the number of buildings rather than just by student population. We hope to have a recommendation for FY08.

Also, as new services are rolled out, like the Virtual Routing and Forwarding (VRF) service for non-state agency sites, costs related to backbone traffic vs. egress traffic will need to be addressed for both primary and non-primary constituents.

ILLINOIS CENTURY NETWORK

ILLINOIS: THE NEXT CENTURY NETWORK

Submitted for: Action

Summary: This item presents the final draft of the report along with any recommended changes. Approval of changes and discussion of the distribution plan.

Action Requested: Approve changes/edits to the report and approve distribution of the final version of the report.

Item #5
February 20, 2007

ILLINOIS CENTURY NETWORK

ILLINOIS: THE NEXT CENTURY NETWORK

Copies of the final draft and changes/edits will be distributed at the meeting.

ILLINOIS CENTURY NETWORK
POLICY COMMITTEE MEETING SCHEUDLE

Submitted for: Information

Summary: This item seeks to review the meeting schedule for the remainder of the calendar year.

Action Requested: None.

ILLINOIS CENTURY NETWORK
POLICY COMMITTEE MEETING SCHEUDLE

In March 2006, the Policy Committee adopted a meeting schedule based on four meetings per year, occurring on the third Monday of the months of February, June, September and November. If the Monday happens to be a holiday, the meeting will occur on Tuesday. Based on this formula, the schedule for calendar year 2007 is established as follows:

Tuesday, February 20, 2007
Monday, June 18, 2007
Monday, September 17, 2007
Monday, November 19, 2007

All meetings will be held in the conference room of the Illinois Community College Board office at 401 East Capitol Avenue, Springfield, IL and at the James R. Thompson Center in Chicago. A conference bridge is also available for those unable to attend at either location.