ILLINOIS CENTURY NETWORK

JULY 21, 2014 POLICY COMMITTEE MINUTES

Greg Wass called the meeting to order at 1:05 PM.

Members Present (Springfield):

Greg Wass, Central Management Services	Lori Sorenson, Central Management Services
Bonnie Styles, Illinois State Museum	Kathleen Bloomberg, Illinois State Library
Todd Jorns, Illinois Community College Board	Vicki DeWitt, Illinois Principals Association

Members on audio bridge:

Chet Olson, Mayor of Rochelle	Alan Phillips, Board of Higher Education
Mike Dickson, Consultant	Brent Engelman, Board of Education

Members absent:

Sean Vinck, Office of the Governor	

Staff and guests:

Robin Woodsome, Central Management Services	Tom Oseland, Central Management Services
Deborah Kelley, Central Management Services	Essam El-Beik, Central Management Services
Carla Poani, AT&T	Frank Whitney, AT&T

Minutes
Greg Wass introduced the first item on the agenda, approval of the minutes from the April 21, 2014 meeting. A motion was made by Bonnie Styles to accept the minutes. The motion was seconded by Kathleen Bloomberg. The motion carried.

IBOP
Lori reported that the closeout has been extended to August. All requested documentation has been submitted to the NTIA and is under review.

E-rate
Greg mentioned the FCC Intergovernmental Committee met last week in Washington. The new order will come out next week. There are many decisions to be made.

Tom Oseland reported that the 2013 funding year ended June 30th with 110 of 119 customer applications approved. Most customers are waiting for the final June bills to make their final claims. CMS should receive around $250,000.

After changes to the process, the 2014 review process is less time consuming. There were 162 applications for $1.3 million, and of those, 117 are approved.

As discussed at the last meeting, two charts are included on the report tracking funding as a service provider and as a recipient.

AET Membership

Lori reported this item. The Advanced Engineering Taskforce is the group that works with ICN staff to develop network operations policies, services and rate recommendations, and plan for new technology.

The members whose terms have expired and are seeking reappointment include Alan Pfeifer with Sauk Valley Community College, Brian Murphy with Eastern Illinois University, Troy Brown with Heartland Library Systems, and Robert Dulski with Chicago Zoological Society. In addition to those reappointments, we would like to recommend Anita Nikolich with the National Science Foundation. She is based in Illinois and was recommended by Joel Mambretti.

The AET is not seeking reappointment for Steve Menken – he has taken a job with the University of Oregon. Ken Davis and Dennis Gallo have resigned and retired respectively.

The membership and attendance matrices were provided. There is a balance across membership groups and geography. We are always open to membership recommendations and meeting attendance is open to the public.

Kathleen Bloomberg made a motion to reappoint the four members and appoint Anita Nikolich to 3-year terms. The motion was seconded by Todd Jorns. The motion carried.

Customer Profile
Robin Woodsome provided an overview of ICN customers. He reported that when customers leave the ICN, an interview is conducted to see what reasons are behind the decision. Staff has completed a review of that information and the reasons for leaving the ICN can be summarized in three categories: costs, facility closings/mergers, and moved to an IBOP partner (iFiber and Clearwave).

There are two categories within costs – ICN costs and costs in general. ICN costs represent those going to a similar service (fiber based metro Ethernet service) at a lower cost. The other group includes customers that can't afford the service at all – typically smaller schools or libraries. They usually go to a DSL or cable modem provider with no speed guarantee. The sites that left for another BTOP partner represent sites that completely left ICN and are receiving all services from a partner. The agenda packet included a grid that shows a breakdown of the numbers by category. This does not include state agencies.

The total current number of CAIs is over 6,000. Some of our studies use individual sites and some look at the entire organization. For this study, we looked at individual sites.

Despite the fact that the ICN is a higher quality network than most commercial options, we are seeing customers leaving the network for a lesser quality service if the price is less. Many of these customers report dissatisfaction with the alternate service. A small percentage of customers return to the ICN at the end of their service contract; however, others learn to live with the less than ideal service because of budget limitations. At least 50% of our customers never leave the network. CMS is working to hire a marketing person to help educate the schools and libraries.

When ICN was first started, most schools and libraries had no other choice for Internet services. Over the years as customers began to have other options for a service provider, the ICN remained the best cost and best quality. The government's investment in broadband networks has resulted in a significant price reduction for Internet services and with the build out of open access networks; the number of service providers is growing.

The report also shows the number of customers only use the bandwidth subsidized by the state. For this study, we looked at organizations since that is how the allocation is made. These are only primary constituents.

Budget
Lori reported that the 2014 budget figures are projected as there could be a couple more fiscal year 2014 invoices still to pay. Based on the latest projections, the fiscal year will end with a positive balance of $3.7 million as a result of the $5 million in E-rate funding. This is the last payment as a recipient.

For fiscal year 2015, CMS requested $6 million but received $1 million in general revenue funds to subsidize bandwidth for the schools, libraries, museums, community colleges, etc. Greg reported that CMS would like to engage the state agency Policy Committee members in submitting the fiscal year 2016 budget request. Kathleen Bloomberg mentioned It is an issue for agencies to add other budget items. Alan Phillips commented that we need to have a more comprehensive discussion regarding the approach next year. This year, higher education was cut 12.5% ($248 million). If the tax increase is not extended, it will be twice that much. If users don't collectively come together, it will not succeed.

Greg suggested the budget office could coordinate a meeting with the entities that receive the subsidy and talk this though and make a plan. Then we can bring in the appropriation staff to educate them on what services ICN provides. Maybe we can get the budget analyst to attend the October meeting.

State Funding Allocation
Staff has been reviewing the funding allocation model looking for different ways to take advantage of the large capacity while generating revenue to cover the primary fixed network operating costs. The purpose is to overcome the dwindling appropriation and get everyone on track to get the services they need. To date, the discussions have been internal. It is being shared with the Policy Committee to collect feedback before working through the details with the AET.

Staff applied the current funding allocation model to the $1 million allocation and determined that many of the smaller schools and libraries would result in around 1 Mb of bandwidth.

The ideas under consideration include establishing a membership fee, establishing a minimum purchase of 10 Mb, and offering 5-times the on-net bandwidth.

Staff will work with the AET develop the details and bring it back to the Policy Committee.

Adjournment
A motion was made by Bonnie Styles to adjourn the meeting. The motion was seconded by Vicki DeWitt. The motion carried. The meeting adjourned at 3:05 PM.