

February 1, 2011

NETWORKMAINE  
Annual Proposal of Dept of Education and  
the State Library Filed Pursuant to Chapter 285(4)  
(Year 2011-2012)

ORDER

CASHMAN, Chairman; VAFIADES and LITTELL, Commissioners

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## **I. SUMMARY**

In this Order, we approve the annual plan submitted by Networkmaine on behalf of the Department of Education and the Maine State Library (DOE/MSL) for spending from the Maine Telecommunications Education Access Fund (MTEAF) for the period July 1, 2011 through June 30, 2012. We also set the amount of the 2011-2012 MTEAF assessment on telecommunications carriers at 0.3%.

## **II. BACKGROUND**

On December 3, 2010, Networkmaine filed the Maine School and Library Network Annual Report (Report) on behalf of DOE/MSL. Included in the Report is the annual plan on how it anticipates MTEAF funds will be spent to address connectivity needs of schools and libraries for the period July 1, 2011 through June 30, 2012. Chapter 285 § 4(A) requires DOE/MSL to make this filing annually.

The Telephone Association of Maine (TAM) filed comments on the Plan on January 1, 2011 and January 13, 2011. Networkmaine filed responsive comments on January 11, 2011.

## **III. DESCRIPTION OF PLAN**

Networkmaine requests approval of funding of \$3,850,400, essentially the same amount approved in 2009-2010 and 2010-2011. Networkmaine proposes a number of changes in how the funding is allocated. First, it asks that MTEAF funding be permitted for transport services to non-instructional facilities (NIFs), as is currently permitted by the Federal E-Rate program. NIFs are locations that support schools and libraries, such as administrative buildings, school bus garages, cafeteria offices, bookmobile garages and library technology centers. Networkmaine asks that the Commission use the same rationale as the Federal Communications Commission in recognizing that school activities that are integral, immediate and approximate to the education of students or to the provision of library services qualify as educational purposes.

They also propose shifts in other categories in the budget (e.g., circuit rider costs included under Operational Services) and some expenses are eliminated (e.g., AEV; E-Rate

Consultant). Overall, Networkmaine expects the spending to be virtually identical to what was approved last year with expected the Federal E-Rate reimbursement to be \$5.8 million.

The Report also includes an extensive discussion of how DOE/MSL is meeting the requirement in 35-A M.R.S.A. § 7104-B(5) that 25% of the annual budget be devoted to innovative and technologically advanced projects. Examples provided include how high speed connections have allowed innovative programs and projects such as the Maine EPSCoR Sustainability Solutions Initiative (See Report at 13-14), Cloud Computing –SaaS (Report at 14-15) video-based distance learning (Report at 15-16) and advanced library services such as One Search, downloadable books and courses on-line (Report at 16-17). The Report also describes the advanced technology infrastructure that is in place and how expansion of broadband has been enabled with the use of MTEAF funds (Report at 17-18).

#### **IV. TAM'S COMMENTS**

TAM objects to funding for NIFs as being beyond the enumerated and exclusive list of items permitted for funding under the statute. Administrative buildings, school bus barns and cafeteria offices are not on the list. TAM also asks that additional information be requested so the Commission can determine how much Transport Services expenses are increasing due to the addition of NIFs. TAM also questioned whether technical services includes expenses for MaineRen and the justification for a \$210,000 increase in this category.

As it did last year, TAM questions the use of MTEAF funds for operating services. TAM also questions whether funds are being expended to assist schools and libraries in filing for Federal E-Rate applications.

Networkmaine responded that it does not expect NIF expenses to increase costs by more than 10% (e.g., \$1,699,000 to \$1,869,000) but the actual amount is unknown. The same amount is included for MaineRen as last year's budget (\$69,000) which is the incremental cost of supporting MSLN across MaineRen. Leveraging Maine Ren for long haul transport has allowed Networkmaine to negotiate lower transport cost from various providers. Networkmaine further states that operational costs have always been included in the amounts paid for by MTEAF and no funds are being requested to help schools and libraries with E-Rate filings.

#### **V. DISCUSSION AND DECISION**

We are pleased to see that the DOE/MSL has been able to provide a high level of service and connectivity to Maine's schools and libraries without increasing the MTEAF budget over the past two years and as projected for FY 2012. We agree that expanding connectivity to NIFs is consistent with our state statute. The enumerated items for which MTEAF may be used include internet access. 35.A M.R.S.A. § 7104-B(4)(A). NIFs, as described by Networkmaine, are adjuncts to schools and libraries and support the educational mission of these institutions.<sup>1</sup> We do request that Networkmaine report back

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<sup>1</sup> Commissioner Littell dissents from this part of the Order and would instead wait until the Legislature acts on the question of whether funding for NIFs is specifically eligible.



