



ILLINOIS CENTURY NETWORK

POLICY COMMITTEE MEETING AGENDA

September 23, 2004

2:00 p.m.

**ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
September 23, 2004
2:00 p.m.**

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**Policy Committee Meeting
September 23, 2004**

Old Business

Item #3a
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK

MARCH 24, 2004 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the March 24, 2004 minutes for review by the Policy Committee.

Action Requested: Adoption of the March 24, 2004 minutes.

Recommended Motion: *That the ICN Policy Committee adopts the March 24, 2004 minutes with any edits as noted.*

Item #3b
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK
MAY 12, 2004 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the May 12, 2004 minutes for review by the Policy Committee.

Action Requested: Adoption of the May 12, 2004 minutes.

Recommended Motion: *That the ICN Policy Committee adopts the May 12, 2004 minutes with any edits as noted.*

ILLINOIS CENTURY NETWORK

MARCH 24, 2004 POLICY COMMITTEE MINUTES

In the absence of a chair, Lori Sorenson opened the meeting.

Members present: Geoffrey Obrzut, Illinois Community College Board; Virginia McMillan, Illinois Community College Board; Lugene Finley, Illinois State Board of Education; Bruce McMillan, Illinois State Museum; Dan Layzell, Illinois Board of Higher Education; Jay Carlson, Central Management Services; Anne Craig, Illinois State Library; Alan Burgard, (audio); Brian Foster, Illinois Hospital Association (audio); Roderick Frazier (audio); and Marianne Stanke (audio).

ICN staff and invited guests in attendance: William Feurer, ICN legal counsel; Lori Sorenson, Jessica Just, Ralph Lucia, Karlin Sink, Kirk Mulvany, all from the ICN.

Lori began by reminding the Policy Committee members that Mary Reynolds had resigned as chair effective February 1, 2004 and the Governor had yet to appoint her successor.

Jay suggested that in order to conduct today's meeting; the Policy Committee members should elect a chairperson, pro tem to lead the group through the agenda. Jay asked if Lori would follow up with the Policy Committee members to create a short list of potential nominees for the chair which would be submitted to the Governor for his consideration. Subsequent meetings would be conducted by the appointed chair. Bill Feurer, ICN legal counsel, agreed that the Policy Committee could proceed as suggested by Jay.

Jay opened the floor for nominations for a chair pro tem to conduct today's meeting.

Motion: Brian Foster moved; Marianne Stanke seconded.

Brian Foster moved that Jay Carlson be named chair pro tem.

Motion carried.

Jay thanked the group and indicated that he would be asking Lori to help guide them through the agenda as this would be his only meeting as chair pro tem.

1. Policy Committee Minutes

Staff requests adoption of the November 19, 2003 minutes.

Motion: Lugene Finley moved; Dan Layzell seconded.

Lugene moved that the ICN Policy Committee adopt the November 19, 2003 minutes with any edits as noted. (No edits were noted.)

Motion carried.

2. Announcements

Jay indicated that he would like to take the opportunity to make a few comments. First and foremost he wanted to share his opinion of how well the relationship between CMS and the ICN was progressing – especially in the area of staff. He indicated that he is of the opinion that CMS is living up to its commitment to support the ICN in a proactive manner and not be a barrier to the original mission of the ICN. Jay hoped that if you were to ask ICN staff, they would respond in kind. Jay restated how pleased he was with the progress and thanked the Policy Committee members for letting CMS participate in the ICN and trusting them to continue to work collaboratively with the ICN staff. Jay asked if any of the other Policy Committee members had remarks to make at this time.

3. Remarks

Lori informed the group that the ICN had switched distribution of the ICN newsletter, *The Century Line*, to an online format instead of print. The response from constituents was very positive. On the day it was sent out, hits to the ICN website doubled and constituents began calling for additional information on articles that appeared in the newsletter. Doing the distribution online saves the ICN roughly \$2,500 each time it's published.

At the end of the month, staff will be sending out an online survey to constituents to solicit feedback on future needs for bandwidth and network services. The top five most requested services are listed on the survey to help determine how widespread the need really is. The survey also asks constituents to identify pricing thresholds in order to assist staff in negotiations with vendors and to price services in concert with market pricing. The Advanced Engineering Taskforce will also be using the survey results to help shape its recommendations for network growth and enhancement. The results of the survey will be shared at the June 2004 Policy Committee meeting.

Lori distributed copies of an article that appeared in the Champaign News-Gazette, highlighting the successful utilization of distance learning to enable a student with a rare form of muscular dystrophy to "attend" high school with his peers. Working

collaboratively with SBC, the ICN was able to provide connectivity to the student's home for the transmission of interactive high school courses.

Lori provided an update on three pieces of current legislation that have the potential to impact the ICN. Senate Bill 3156 deals with the role of the Policy Committee and the ability of ICN constituents to work with certain business. This bill is back in rules. Senate Bill 3178 would require the ICN to provide connectivity and services to certain businesses certified by the Department of Commerce and Economic Opportunity. Due to the vagueness in language, identification of specific technology, and the costs to the ICN to implement that legislation, both the ICN and CMS entered opposition to the bill. This bill is also still in the rules committee. House Bill 4933 allows ICN staff to participate in the State Universities Retirement System upon transition to CMS. All pension related legislation is being held until the end of the session and will be sent forth with the budget implementation plan. Lori indicated that she would keep the Policy Committee up-to-date on the legislation.

Jay asked if there were any questions regarding the pending legislation.

Hearing none, Jay stated that he also understood SB 3156 to be in rules, but he would double check to see if it was part of the budget implementation plan. The particular language of this bill will address the evolving role of the Policy Committee because the success of the ICN is to be predicated on having the constituents represented on the Policy Committee. The bill also will allow ICN the ability to offer new services to constituents and to certain business segments that are involved with the constituents.

Jay also commented on the CMS opposition to Senate Bill 3178, stating that CMS felt the proposed legislation would create a major distraction from the primary focus of the ICN. CMS also felt that the costs were significantly understated as related to the capital requirements and personnel resources.

4. Review of Executive Session Procedures

Lori introduced Bill Feurer, ICN legal counsel, to present items #4 and #5 to discuss the requirements and impact of new legislation on ICN procedures and staff.

Bill provided an update on the provisions of the Open Meetings Act with an emphasis on the requirements for recording and taking minutes during an executive session; how those minutes would be made available if they were requested; the review of executive session minutes; and how long the tapes or minutes needed to be stored. Additional items covered included the posting of meeting notices and the introduction and action on new business.

In order to be in compliance with the provisions of the Open Meetings Act, Bill said the ICN must provide written notice of any meetings. Items of business can not be acted upon unless they are listed on the meeting notice. Bill said that items can be brought up for discussion at one meeting, even if they aren't on the agenda, however the Policy

Committee can not take action on those items until the next meeting. With regard to the provisions for executive session, minutes must be taken and recorded of any executive session. The minutes may be taken in summary form and every six months the Policy Committee has to review the summaries to determine if the minutes still need to be kept confidential. The recorded version of the minutes has to be kept for 18 months and every six months, the Policy Committee has to decide if the recording still needs to be kept confidential, along with the written summary of the minutes. If no one requests the minutes after 18 months, the recording can be destroyed, but the written summary needs to be kept none the less.

Jay asked those attending via audio if there were any questions. Hearing none, Jay indicated that he would entertain a motion to adopt the procedures outlined in the revision to the Open Meetings Act as described by Bill.

Motion: Dan Layzell moved; Lugene Finley seconded.

Dan moved that the Policy Committee approve the adoption of the procedures outlined in response to the revisions of the Open Meetings Act with the caveat that closed meeting minutes do not have to be transcribed, unless it becomes necessary to do so, and that someone present during Executive Session would take minutes and write up a summary.

Motion carried.

Bill added that the Attorney General's office is revising the booklet explaining the Open Meetings Act and when it's complete, staff will make sure that there is a copy given to every member of the Policy Committee.

5. State Officials and Employees Ethics Act

Bill began by reminding the Policy Committee of the new employee and ethics act that was adopted by the General Assembly earlier this year. This act covers state employees and board members. The statute requires the adoption of a personnel policy by every state entity covering everything from travel regulations to fringe benefits and all other personnel matters. As most of these items have been adopted by the Board of Higher Education, the ICN fiscal agent, what is really called for is a re-adoption of the policies already in existence.

The only new addition to the personnel policies, as a result of the ethics legislation, is that state employees are now required to keep time records to the nearest quarter hour. Bill indicated that this time keeping requirement would also apply to members of boards, even if they are unpaid, and in this case, the ICN Policy Committee Members. Bill suggested that the Policy Committee members keep their time in the same manner that the Board of Higher Education adopted. At each Policy Committee meeting, the members will be given a time sheet upon which to record the hours spent dealing with ICN matters. The ICN Human Resources Officer will hold the records. ICN staff will

keep their time records according to the process outlined by the Board of Higher Education.

Another provision of the legislation is the requirement that all state employees complete ethics training. Bill indicated that agencies that report directly to the Governor have started to go through this training and that the ICN will be notified when staff are to be trained. The statute has another provision that basically says if anyone covered under the ethics legislation is involved in a decision to award contracts with an accumulative value over \$25,000, that person is prohibited from going to work for the entity that received the contract for one year after leaving state service. Bill went on to provide some scenarios that might fall under this provision and encouraged Policy Committee members who felt that they might have a conflict of interest under this provision to abstain from voting on contracts that might be questionable.

Jay asked Lori what has been the previous involvement of the Policy Committee members to participate in particular decisions involving contracts.

Lori responded that typically the Policy Committee has not played a direct role in any of the evaluations or awarding of contracts. The ICN is mandated to provide basic services and when new services are being investigated, the concept comes to the Policy Committee and then the staff goes about developing and issuing a request for proposal and then puts in place an evaluation team to make final decisions on awards. CMS is involved in the process. In the past, the Policy Committee delegated authority to enter into contracts to the ICN director.

Jay suggested that under that scenario it didn't appear likely that there would be potential conflicts for the Policy Committee members.

Lori agreed and felt that it would more likely impact staff, including CMS, as the transition progresses.

Jay asked if the pending action regarding the timekeeping was speaking more to the employees of the ICN or to the Policy Committee.

Lori responded that she felt the action covered the Policy Committee members, as well as the ICN staff. The Policy Committee needs to adopt the policy with regard to the time-keeping requirement for both staff and Committee members to be in compliance with the statute.

Jay asked Bill for his direction on rewording the suggested motion.

Motion: Jay Carlson moved; Lugene Finley seconded.

Jay moved that the Policy Committee approve the time keeping procedures and personnel policies outlined by the Board of Higher Education in accordance with the State Officials and Employees Ethics Act.

Motion carried.

6. Budget / E-rate Update

Lori informed the Policy Committee that Cindi Hitchcock, ICN fiscal officer, was on vacation and that she would be providing the update. The e-rate funds are starting to flow and to date the ICN has received just 1.7 million dollars in checks and credits. Staff is confident that the number will increase to 4.5 million by the end of this fiscal year. Lori went on to explain the ICN practice of delaying routine network upgrades until the end of the fiscal year because of the unreliability of the receipt of e-rate funds. The e-rate funds currently being received will be earmarked for needed network equipment upgrades and some financial support for the dark fiber initiative.

ICN staff has received a draft copy of the compliance audit that took place at the beginning of this fiscal year. The ICN did receive one audit finding for undeployed equipment currently located in a leased storage facility. Lori explained that the equipment referenced in the audit included Cisco routers that were originally purchased as part of early connectivity initiative during which ICN provided constituents with the router needed to connect to the network. When the Policy Committee passed the cost recovery policy in November 2003 a policy was also adopted requiring constituent to purchase their own hardware. Since that time, staff has continued to make the current equipment available to primary constituents. However, state property control policies did not allow ICN to transfer ownership of the equipment to the constituent; rather ICN provided it on a long-term loan arrangement. As a result, constituents needing to upgrade the equipment were unable to purchase additional cards for the ICN loaned equipment since they did not retain ownership of the equipment. For this reason, many constituents were unable to take advantage of the loan arrangement.

Lori explained staff's unsuccessful efforts to request permission from the state's property control division. Coincidentally, a few weeks prior to the release of the ICN audit, Director Rumman approved the ICN's request to transfer ownership and several pieces of equipment were already in route to several K-12 schools and higher education institutions in southern Illinois.

As a result of the approval to transfer ownership and through a policy to use the remaining equipment as spares in lieu of continuing maintenance payments for deployed equipment, staff projects that the inventory will be down to zero by the end of fiscal year 2005.

Lugene asked if the audit finding was material or immaterial.

Lori replied that ICN had only seen a draft copy of the audit and it was unknown at this time.

Jay asked if anyone had more questions of Lori.

Alan Burgard said he was pleased to hear that the e-rate reimbursements were being received. He asked Lori why the personnel and contractual line in the projected budget reflected an increase of over 1.4 million dollars.

Lori explained that the increase in the personnel line was not due to salary increases, but was due to ICN payroll being paid through a non-GRF fund. As a result, ICN must pay the full cost of the retirement and insurance contributions in the personnel line. When payroll is paid from a GRF fund, a CMS fund covers the retirement and insurance contributions. Alan requested that staff provide breakdown of the additional costs at the next Policy Committee meeting.

7. School-to-Home Initiative Update

Lori asked Ralph Lucia to provide the update. Ralph began by reminding the Policy Committee that in the February 2003 state of the state address Governor Blagojevich called on all Illinois schools to adopt the national PTA standards for parental involvement. In support of this initiative the ICN funded the Center for the Study of Education Policy at Illinois State University to survey schools across Illinois to determine the extent of technology's use in communicating with parents. The recommendations from the survey indicated that improved school to home communication would benefit students and their families and that multiple methods and formats are needed to accomplish this. As a consequence of the survey results, the ICN is working with the Center for the Application of Information Technologies (C.A.I.T) at Western Illinois University to develop a web-based communication application that would be made available to all K-12 schools in Illinois at no cost to the school. At this time the application is in its final stages of development and beta testing will begin within the next few weeks. Current plans call for a limited roll out of the application for the fall 2004 academic year. Since the program is being developed specifically for Illinois, there will be no site license fee. The only ongoing costs will be for hardware to operate the system, staff resources, and software updates to accommodate operating system upgrades and modifications to meet the needs of the users.

Ralph went on to emphasize that this application is not intended to replace any existing school administrative packages that are in place, it is merely to level the playing field so that those schools that don't have the fiscal resources to implement this kind of communication tool can have access to this resource.

Jay asked if the ICN staff had looked at providing a forecast of what the ongoing operating cost and scalability of the project are going to be.

Lori replied that staff has been looking into this, much of it based on the level of interest expressed by the schools. As the issues of interoperability with existing systems are addressed, it may be that more schools will want to participate. The technical staff is look at the training, support, and hardware requirements to help determine fixed and recurring costs.

Jay asked if would be possible to have a better understanding of the costs by the next meeting. Ralph indicated that by the next meeting, the staff would have a better understanding of cost projections.

Jay suggested that at the next meeting the Policy Committee look at the success of the beta test, do a live demo of the project, depending on meeting facilities, and then examine the cost to make sure that any shortfall that might have occurred is identified and communicated.

8a. Network Utilization – E-rate

Lori reminded the Policy Committee that they had requested specific information on several network topics at the last meeting. Items 8a through 8d are designed to provide that detailed information. With regard to E-rate, Lori indicated that staff had spoken with surrounding states to compare their experience with that of the ICN. Of the Midwest states, Missouri is the most like the ICN in regards to its network and e-rate application. Just like the ICN, Missouri is experiencing similar delays for e-rate reimbursements. From application to funding commitment Missouri has experienced delays of 10 to 14 months, not unlike the ICN. Karlin Sink and Lynn Murphy participated in the annual StateNets meeting in early February and a representative from the E-rate administrative agency was on hand to address the concerns of the state networks. Fully aware of the delays experienced by the larger, more complex networks, the E-rate administrative agency is making adjustments to their priorities for processing. The details of this process will be revealed as soon as they are finalized.

Lori referenced the chart included with the item to discuss exactly where the ICN was with regard to filing and receipt of E-rate funds. As Lori explained, the time between application submission and receipt of funds is decreasing which is a significant improvement over the previous delays of up to 48 months. However, as a continued precaution, the ICN doesn't rely on these funds as part of the operating budget until they are received.

8b. Network Utilization – Services / Return on Investment

Lori introduced Kirk Mulvany to provide the update on services and return on investment.

Kirk provided an overview of the return on investment for filtering and IP video. Based on the number of constituents who are participating in filtering and cautious projections of additional participants, Kirk pointed out that revenue for filtering has shown steady increases and conservative estimates indicate that the ICN filtering service will reach break even in May 2004. Any revenue exceeding expenses starting in November of 2004 will be used to replace existing hardware and prepare for future growth. The existing hardware in place has a useable life of three years from the original purchase date.

Jay asked Kirk for clarification on what was included in the expense line. After Kirk explained the specific limits of the figures he had presented, Jay asked if the Policy Committee could see a statement at the next meeting including a recapitalization schedule over a six year view.

Moving on to IP video, Kirk mentioned that this service was just coming up on its first anniversary. Currently there are 83 video end points registered for the service, with more expected as constituents migrate from H.320 to H.323. Initially the return on investment was figured to be three to five years, but Kirk reminded the group that this did not include state agencies and the expectation is that the number will grow as the ICN and CMS begin to work more closely on IP video implementation.

8c. Network Utilization – Telecommunications Cost Savings

Karlin Sink began his presentation by indicating that both the ICN and the ICN constituents have realized significant costs savings on hardware and access circuits over the past few years. ICN negotiations for egress and backbone circuits save the state about 2.4 million a year. The Cisco contract saves our constituents approximately \$800,000 a year.

Jay asked if the Cisco savings was based on actual purchases by constituents. Lori responded that the numbers were based on actual purchases comparing a discount rate of 37 percent (level available prior to the most recent contract) with 42.5 percent, the current contract discount level. The figures presented are the delta between the previous discount rate and the new discount rate.

Jay indicated that he thought those savings were substantial and that the information should be captured and shared with the fiscal officer in CMS. Jay then asked Karlin to take a moment and discuss the savings associated with the network costs.

Karlin responded that as more traffic gets on the backbone, such as the addition of state agency traffic, the ICN would be looking at larger circuits which will drive down the per megabit cost. The effect is the same for egress providers, as you buy more bandwidth in “bulk”, the cost per unit goes down.

Jay asked if it might be of interest for the Policy Committee to see the evolution of the purchasing options going from point-to-point circuits to waves to dark fiber being energized and to communicate these savings as we go forward. Jay specifically asked what percentage of the network is still in point-to-point circuits versus waves, versus actually lighting up our own segments.

Karlin indicated that it would be possible to provide this information.

8d. Network Utilization – Baseline Utilization

Jay asked if this item was in response to the general discussion at the last Policy Committee meeting where questions were raised about the adequacy and utilization of constituents' baseline bandwidth.

Lori indicated it was the intent of the item to respond to those issues and that Ralph Lucia was going to present the material.

Ralph began by stating that in order to get the educational utilization of bandwidth only K-12 schools were included, recognizing that the K-12 category includes many other types of K-12 offices. The same is true for universities, i.e. only campus utilization was included and not other higher education facilities, like extension centers. Every site in the study was examined to determine how much ICN bandwidth they currently receive, compared to the amount that they are eligible to receive under the baseline bandwidth and the cost recovery system. Ralph went into a rather detailed discussion of the charts that had been distributed with the agenda.

As a result of the analysis, staff identified areas of concern specifically a significant percentage of constituents not accessing baseline bandwidth despite experiencing congestion. The staff does recommend the need for further study, and while it would be desirable to increase baseline, staff wants to be prudent and make sure the resources are available to fulfill the obligations promised to ICN constituents.

Lugene asked if the K-12 schools with contention problems were rural districts where circuit costs can be expensive as opposed to the suburban and urban districts that have access to lower cost circuits. Ralph responded that the problem did occur more in rural areas where the schools may have to go through several telecommunications providers to get to the ICN, making the circuit prohibitively expensive.

Jay asked if any of the rural connections that are expensive could be accommodated with a V-SAT connection.

Lori indicated that she thought it might be a viable solution for data. Ralph added that staff had been investigating alternative methods of connectivity; specifically working through cable companies.

Jay recommended that this data be shared with a group within CMS who is developing an RFP for V-SAT that would serve the needs of some state agencies. Adding the potential group of educational institutions who might benefit could strengthen the RFP and help obtain better responses from vendors. All of this information can be used to help in discussions of rates going forward for the constituents and to help bring the best value to the state and extended constituents.

Jay asked if there were any questions from the members of the Policy Committee. Hearing none, it was then decided that there was no need to go into Executive Session.

Jay thanked the representative from SBC for their assistance with the connection to the home of the student with muscular dystrophy near Danville. Jay also took the opportunity to indicate that the Policy Committee really appreciates the spirit of cooperation that is being shown by SBC.

Jay complimented the staff of the series of reports presented under network utilization.

Motion: Dan Layzell moved; Lugene Finley seconded.

Dan moved for adjournment.

Motion carried.

Item #3c
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK

MAY 19, 2004 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the May 19, 2004 minutes for review by the Policy Committee.

Action Requested: Adoption of the May 19, 2004 minutes.

Recommended Motion: *That the ICN Policy Committee adopts the May 19, 2004 minutes with any edits as noted.*

Item #3b
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK

MAY 12, 2004 POLICY COMMITTEE MINUTES

Members present via audio conference and confirmed via roll call: Virginia McMillan, Illinois Community College Board; Lugene Finley, Illinois State Board of Education; Bruce McMillan, Illinois State Museum; Dan LaVista, Illinois Board of Higher Education; Jay Carlson, Central Management Services; Anne Craig, Illinois State Library; Alan Burgard, Illinois State Police; Brian Foster, Illinois Hospital Association; Roderick Frazier; and Pete Ashi.

ICN staff in attendance: Lori Sorenson, ICN.

Jay opened the meeting and confirmed that a quorum was present. He then asked Lori to start the meeting by introducing Pete Ashi, newly appointed chair of the Policy Committee.

Lori thanked everyone for meeting on such short notice to discuss the transition plans which had been coming together rather quickly. She then welcomed Pete to the Policy Committee and asked him to provide a little background to the group.

Pete indicated that he comes from the private sector and is the Chief Operating Officer of an IT consulting firm that deals primarily in the healthcare and property and casualty space. His firm is headquartered in Columbia, South Carolina, a privately held organization. Pete said he is looking forward to participating on the Policy Committee and was honored when Director Rumman asked him to accept the appointment as chair.

Jay asked Pete if it would be appropriate to yield the proceedings to Lori and Jay, given that Pete was rather new to the group. Pete agreed thinking it was most appropriate to do so.

Jay began by taking a moment to bring the members of the Policy Committee up to date on the consolidation work. CMS has been looking for the most effective means to facilitate the consolidation of ICN staff and assets with other core infrastructure and assets, both physical and personnel, that are currently directed by Michael Rumman and CMS. Over the last 8 to 9 months a lot of effort has been put forward to make sure that when looking at consolidation opportunities whether its with the ICN or other consolidation efforts such as facility management that CMS is taking into consideration

two things: first and foremost, the primary consideration is the service offering that is being provided to constituents whether those are other agencies or entities outside of state government such as higher education, K-12 schools, hospital and such. Second to that, but just as important, is the treatment of management, staff and front line associates. There were several hurdles that had to be investigated and overcome to proceed with this particular consolidation.

Most of the issues are in the area of benefits and Jay indicated that he wanted to walk the Policy Committee through the high points of the document that would be sent to them for review. The majority of the document is for informational purposes, but also contains data associated with what CMS is calling for regarding the fair and equitable treatment of the associates in ICN to make sure that when they come over to CMS, they are kept financially whole, as best as is possible.

Before going into the review of the document, Jay thought it would be beneficial for the newer Policy Committee members to hear a brief chronological recap of the process and the issues. The ICN associates benefit from a pension program that is provided through the Board of Higher Education (IBHE). CMS is tied to a different program. Simply put, many of the ICN staff were very close to meeting the vesting period or have met the vesting period and would be put in harms way, both through the restrictions the IRS has placed on people covered under these types of programs and the potential implication it might have for social security benefits.

CMS decided to address this issue by introducing legislation that would specifically allow for those associates that are participating in the BHE pension program to continue to participate in that program after they become a CMS associate, basically grandfathering them to remain with the current pension program. As a backup, the language has been added to the budget implementation bill (BIMP) which is the legislative language which accompanies the state's budget. Jay indicated that is the hope and belief of CMS that there will be no opposition to the pension language as it is the right thing to do for the associates.

In addition to the pension issue, the vacation accrual tables, sick days, and holiday schedule had to be synchronized with CMS policies. Jay indicated that the document that will be sent to the Policy Committee for review will show a comprehensive analysis of where the gaps exist. At this point, CMS is proposing the approval of two requests. The first is that in accordance with an Administrative Order by the Governor, ICN staff associates are entitled to bring forward only five vacation days. As many of the associates have accrued many days in excess of that, CMS is proposing a one time payout to associates to bridge the gap. At most, the payout would be \$398,000, but may be reduced by staff taking vacation during the month of June, and payouts to staff that leave for other employment prior to the July 1 transfer. Jay reminded the Policy Committee that the accrued vacation represents a liability, so that even if the payout didn't go through, the liability would still be on the books.

The next issue involves making corrections for the lost value of vacation accrual rates going forward. Some ICN associates may have been earning three or four weeks of vacation on an annual basis, and according to CMS policies, they will be accruing far less than that.

A presentation of these issues was made to Director Rumman who has agreed to support the payout of accrued vacation days and he has agreed in concept to the approval of compensation adjustments for associates losing substantial vacation accruals going forward. The maximum annual cost to compensate employees for lost accruals is \$122,000. CMS believes it is a nominal investment to show the associates that CMS recognizes their value and wants them to stay part of the organization. Jay went on to say that there would be a small percentage of associates that will fall outside the bands of their compensation grades and CMS will probably not be able to do much for those staff members, but again that's a relatively small percentage.

Jay indicated that these were the issues that would be submitted to the Policy Committee for approval so that when the transition occurs, the housekeeping details will be taken care of.

Jay went on to discuss another informational point that will be in the review packet. In looking at the delineation and definitions of work both in CMS and in ICN, Jay's team has proposed that the ICN staff will be transferred in on a non-code status. The non-code status gives management flexibility that doesn't currently exist under the rules of the current CMS personnel code; to hire the best candidates and more importantly to solicit and recruit the best candidates. Under this arrangement, for the most part, ICN staff will continue to be at-will associates and CMS will be able to maintain flexibility in soliciting and hiring the best candidates. In order to accomplish this, Jay said that CMS has spent a lot of time defining a band of classifications for this non-code status and wanted to implement the changes on this side of the consolidation.

Jay stressed that it is his hope to make sure that as the consolidation moves forward, the quality of service improves and cost efficiencies improve. The only way to achieve that is to put measures and practices in place that will secure those current guiding principals of the ICN. Jay told the Policy Committee that quite frankly the success of the ICN is largely due to the people they have and going forward it will be important that CMS has access to the same caliber of people.

Jay indicated that the goal was to get the packet of information out to the Policy Committee members within the next couple of days. It had been the hope that the packet would have been distributed today, but Director Rumman's schedule didn't allow for that. Basically this meeting is setting the stage and opening a dialogue with the Policy Committee members as they review the proposal.

Lugene Finley said that it appears that a great deal of thought had gone into the proposal and that it sounded quite fair to the ICN employees.

Jay said he appreciated the comment and went on to stress the importance of managing these adjustments on this side of the consolidation because as much as we would want to do the right thing after the fact, the rule of precedence might be an obstacle.

Brian Foster asked how many weeks of vacation do employees receive under CMS.

Jay responded that if the employee has been with the state 0-5 years, they earn 10 vacation days; 5-9 years, 15 days; and it continues to increase up to 25 days for 25 years. However, CMS grants substantially more holidays.

Lori responded that CMS provides 12 holidays plus 3 personal days and ICN has 8 holidays and 4 floating holidays. She went on to add that that staff who are required to work on state holidays in order to provide services to constituents who are open on those days will be given compensation time.

Dan LaVista asked Jay what was the status of associate and management staff's understanding of the recommendations that are being presented to the Policy Committee.

Jay replied that the consolidation team didn't want to approach the ICN associates with unsubstantiated information or without the authority. All of the details on the consolidation were being worked out before telling the staff. Jay asked Lori to speak on next steps over the next few days and subsequently next week after this is brought to a formal vote.

Lori responded she had been working closely with Jay and his staff to make sure all of the details of the personnel items come together. Lori feels that the recommendations are very fair to staff and that overall it will be well received by staff. All ICN staff will be briefed as to the status of the consolidation this afternoon in an all-staff conference call. Lori also indicated that while she knew she wouldn't be able to share the specifics at this point, it was important to keep staff up to date and reassure them that as of July 1 everyone has a job, with the same roles, same responsibilities, same reporting structure, and we will carry on with no interruptions in paychecks and health insurance. On Thursday morning Jay will address all staff to answer questions and concerns regarding the transition and to provide some insight into future goals.

Lori went on to say that once these recommendations have been approved by Director Rumman and the Policy Committee, each employee will receive an individualized letter indicating salary, title, vacation payouts, carry over vacation, and any adjustments in compensation that are applicable, and how they were determined. Upon receipt of the letter, the ICN Human Resources staff will be meeting one on one with each employee to review their letters and give them a chance to ask any specific questions they might have.

Jay thanked Lori and asked if there were any other questions on the consolidation plans and recommendations.

Pete asked how the information would be distributed to the Policy Committee members.

Lori responded that all Policy Committee members would receive an email with a follow up hard copy in the mail.

Hearing no more questions, Jay indicated that he had some good news to share with the Policy Committee since they were all assembled. Jay reminded the group that back in September a commitment was made to minimize any negative impact of the consolidation efforts especially with regards to potential cost escalation for ICN constituents. Jay went on to say that he absolutely feels right now that with some of the key projects that are on the horizon that we are going to be able to continue to increase the level of service and provide additional enhancements for constituents at large while maintaining the current cost structure. Jay cautioned the Policy Committee that it's not to say that down the road the dynamics won't change and there won't be any increases in the cost. CMS is going to be bringing a substantial amount of traffic to the ICN network which is going to cause CMS to invest a tremendous amount of money into the network.

Jay went on to say that there is a significant amount of capital in the budget to update the telecommunications components and capabilities of the network. As an example, Jay indicated that in June a request for proposal will be let for VSAT service – satellite delivered connectivity. It is the intention that VSAT services will be introduced to solve problems associated with lottery kiosk requirements. Other state agencies, such as Secretary of State, also have a need for this technology. The signal is sent to major downlink stations on the east coast and in Denver and returned back to the ICN network via fiber so that the state will be paying for huge capacity pipes from these downlink stations back to the ICN network. The use of this technology will provide schools and other ICN constituents with a cost effective, high capacity connection that will help alleviate expensive last mile connections.

Lugene added that this technology is going to be great especially for the rural schools down in the southern part of the state that some times have to go through a number of LATA's and incur additional costs trying to put in that last mile to their school house doors.

Jay stated that there are plans to bring Illinois Emergency Management Agency (IEMA) traffic to the table which is basically the state's disaster recovery group. This will provide additional federal dollars to support the network. CMS will be moving some of the state's voice traffic on to the network. These plans will have a trickle effect back to the constituents as well as the services at some point in time will be made available to the ICN constituents.

Jay asked Lori to poll the group to determine a time that would make sense for the next meeting to formally vote on the issues of vacation payout and the compensation adjustment.

After polling the group, a determination was made to meet again on Wednesday, May 19th between 2:30 and 3:00 p.m. via audio conference. Lori will send an email reminder with the call-in information.

Motion: Lugene Finley moved; Virginia McMillan seconded to adjourn the meeting.

Motion carried.

Item #1c
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK

MAY 19, 2004 POLICY COMMITTEE MINUTES

The meeting was called to order by Pete Ashi.

Members present via audio conference: Pete Ashi; Virginia McMillan, Illinois Community College Board; Bruce McMillan, Illinois State Museum; Jean Wilkins, Illinois State Library; Anne Craig, Illinois State Library; Jay Carlson, Central Management Services; Alan Burgard, Illinois State Police.

After establishing that a quorum was present, Pete asked if everyone had received the materials for review and if they had any questions. He also added that he felt the materials were very comprehensive.

Virginia McMillan agreed that she thought CMS had done a good job. Jean Wilkins concurred, saying that the package looks very good.

Motion: Pete Ashi moved; Alan Burgard seconded.

Pete moved that the Policy Committee accept the package as presented.

Due to the nature of the motion, Pete asked for a roll call vote.

Motion carried – all present voted in favor.

Pete asked if there was any other business that the group would like to cover.

Lori said she had no other business but did want to thank the Policy Committee members for being so flexible and coming together very quickly on a short notice to meet last week, to walk through the package details. Lori went on to point out that there had been a great deal of time spent both by CMS and ICN to pull together all of the details and give careful thought to all the issues in order to be able to answer all staff questions.

Lori thanked Jay for doing an outstanding job, having been present at some difficult meetings as the issues were being worked out. Lori said that Jay was adamant that the process for consolidation was done right from the very beginning, and expressed her feelings that she thought the recommendations being made were going to allow ICN staff to put a lot of the uncertainty and uneasiness to rest.

Jay thanked Lori for her compliment.

Pete echoed this thought saying that Jay and his staff had done an excellent job.

Virginia reminded Jay and his colleagues to closely monitor the language about the pension benefits in HB4933.

Jay responded that they had strengthened their support for the legislation by also adding it to the budget language.

Jean Wilkins apologized for being absent last week, but she wanted to know if Lori had spoken with all of the ICN staff about the recommendations.

Lori explained that she met with staff in the afternoon of the last meeting and gave a general update on where things stood. The next morning Jay and his personnel officer met with staff to follow up and respond to questions. Lori said she did get a lot of personal feedback after those sessions and that staff were really feeling good about what they were hearing and looked forward to receiving the details.

Lori went on to say that the ICN human resources officer would be meeting with staff one on one and that all staff would receive letters outlining their title, salary, vacation earn rates, compensation adjustment, and vacation payout. The goal being to get all issues addressed before the weekend so that staff could go home feeling calm and positive.

Jean thanked Lori for the update.

Lori wrapped up her comments by noting that Karlin Sink's name was not on the staff list presented to the Policy Committee. Karlin is leaving the ICN at the end of this month and heading to Virginia for a position with the Virginia Community College System. Lori reminded the Policy Committee that Karlin had been with the ICN since the very early days and that staff will miss him very much. Lori encouraged the Policy Committee members to contact Karlin prior to his departure to say good-bye.

Motion: Virginia McMillan moved; Jean Wilkins seconded.

Virginia moved adjournment of the meeting.

Motion carried.

Item #4a
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK
**ADVANCED ENGINEERING TASKFORCE:
2004 REPORT**

Submitted for: Information

Summary: The Advanced Engineering Taskforce has recently completed and submitted the first draft of the 2004 report to the Illinois Century Network management team. This item provides the Policy Committee with a brief summary of the recommendations that will be included in the final report.

Action Requested: None.

Item #4a
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK
**ADVANCED ENGINEERING TASKFORCE:
2004 REPORT**

The Advanced Engineering Taskforce has recently submitted the first draft of the 2004 report along with areas in which they will be making specific recommendations. In light of the fact that the AET is recommending a change in the charge to the committee (item #5b), the report will not be finalized until early July 2004.

Gary Wenger, Vice President of Information Technology, College of DuPage has just completed his first year as chair of the AET. When the founding chair, George Badger stepped down last year, it was determined that a two-year term for chair would provide the continuity that the group needs in order to be effective. Gary Wenger will continue as chair for the upcoming year. Throughout the year, ICN staff worked closely with the AET to provide data on network utilization and bring the AET members up to speed on planned network enhancements.

During this past year, the AET conducted an on-going analysis of strengths, weaknesses, opportunities, and threats (S.W.O.T.) facing the ICN through the use of an on-line message board. The cumulative S.W.O.T. analysis will be included in the report. This communication tool also allowed the AET members to post ideas in between meetings and where possible ICN staff could investigate identified issues as they arose, rather than waiting for a meeting to discuss them. Minutes and other items of interest to the AET were posted to the AET message board.

In an effort to increase the knowledge base upon which to make recommendations, the AET participated in the development of the ICN constituent survey that was conducted in April 2004. Survey responses to questions about bandwidth utilization and future needs, both immediate and future, will be folded into the final AET report.

The focus areas of the 2004 report will include:

- Strategic Planning and Governance
- Replacement Strategies for Constituent Routers
- Security
- Content Providers
- Private Fiber Networks
- Wireless Technologies

- Convergence of Voice, Video, and Data

As in the past, the ICN management team will evaluate the recommendations in light of the current fiscal and technical environments. The membership of the AET realizes that significant changes will occur as more state agencies become involved with the ICN and understands that the work of the AET will reflect this increased participation. Once it is available, the 2004 Report will be posted to the ICN web site at www.illinois.net and a notice of its availability will be sent to all ICN constituents.

Item #4b
September 24, 2004
(June 16, 2004)

ILLINOIS CENTURY NETWORK

**ADVANCED ENGINEERING TASKFORCE:
2004 REPORT**

Submitted for: Action

Summary: This item brings forth a suggested change to the charge to the Advanced Engineering Taskforce that more accurately reflects the expanded constituent base of the ICN. This item also seeks confirmation of William Barnett, Field Museum, as a replacement for Alan Newman of the Art Institute, on the Advanced Engineering Taskforce.

Action Requested: That the Policy Committee approves the charge to the Advanced Engineering Taskforce as presented.

That the Policy Committee confirms the appointment of William Barnett to the Advanced Engineering Taskforce as a replacement for Alan Newman.

Recommended Motion: *The ICN Policy Committee approves the revised charge to the Advanced Engineering Taskforce as presented.*

The ICN Policy Committee confirms the appointment of William Barnett to the Advanced Engineering Taskforce as a replacement for Alan Newman.

ILLINOIS CENTURY NETWORK

ADVANCED ENGINEERING TASKFORCE: MEMBERSHIP APPOINTMENTS / CHARGE

In light of the many changes facing the ICN with the transition to CMS, the further expansion of the constituent base, and the shift in focus from connectivity to network services, the AET gave serious consideration to making changes to the original charge to reflect the current environment. The Advanced Engineering Taskforce was created in 2000 with the charge to advise the management of ICN regarding advanced technology issues, reflecting on both the needs of the client community and the changes in technology likely to impact the market and education applications.

AET members suggested that the new charge encompass the concept of advocacy in that the membership represents the constituent groups connected to the network. The sharing of resources, beyond simple connectivity, and reference to the consideration of network services were also concepts that the AET felt needed to be included in a revised charge. The language for the proposed charge is as follows:

The ICN Policy Committee established the Advanced Engineering Taskforce Advisory Council in order to advance relationships with K-12 schools, community colleges, four year colleges, universities, libraries, museums, hospitals, local, county, and state governments, and other communities to better meet our common objectives in advancing the use of technology and networking in the state of Illinois. In summary the AET will:

- Provide advice and recommendations to ICN staff and the ICN Policy Committee on matters related to ICN policies, planning and services;
- Serve as a two-way conduit to the appropriate constituency group for ICN related business;
- Promote, through education and collaboration, the development of applications and services that meet the needs of constituencies served by the ICN;
- Facilitate opportunities to offer continuing education programs of interest to the ICN membership;
- Investigate advanced technologies that may be of benefit to the ICN constituents that reflects on both the needs of the constituent community and impacts the market and educational applications.

During the year, Alan Newman, representing the Art Institute of Chicago had to resign from the Advanced Engineering Taskforce as he accepted a new position outside of Illinois. In order to insure that large cultural institutions continued to be represented on the AET, William Barnett, Vice-President and Chief Information Officer, the Field Museum was put forward as a replacement. Dr. Barnett has agreed to serve on the AET. As this transition occurred between Policy Committee meetings, the AET is seeking confirmation of this appointment from the Policy Committee.

The staff recommends adoption of the following resolutions:

The ICN Policy Committee approves the revised charge to the Advanced Engineering Taskforce as presented.

The ICN Policy Committee confirms the appointment of William Barnett to the Advanced Engineering Taskforce as a replacement for Alan Newman.

**Policy Committee Meeting
September 23, 2004**

New Business

ILLINOIS CENTURY NETWORK
JUNE 16, 2004 POLICY COMMITTEE MINUTES

Submitted for: Action

Summary: Distribution of the June 16, 2004 minutes for review by the Policy Committee.

Action Requested: Adoption of the June 16, 2004 minutes.

Recommended Motion: *That the ICN Policy Committee adopts the June 16, 2004 minutes with any edits as noted.*

ILLINOIS CENTURY NETWORK

JUNE 16, 2004 POLICY COMMITTEE MINUTES

Pete Ashi, chair, called the meeting to order. Being new to the group, he asked for a roll call and brief introduction of guests in attendance.

Before the roll call, Pete indicated that he had just been informed of Lugene Finley's retirement at the end of June and wished him well in his future endeavors. Pete then asked Jessica Just to call the roll.

Members present: Pete Ashi, TM Floyd; Virginia McMillan, Illinois Community College Board; Lugene Finley, Illinois State Board of Education; Dan LaVista, Illinois Board of Higher Education; Jay Carlson, Central Management Services; and Brian Foster, Illinois Hospital Association (audio).

ICN staff and invited guests in attendance: Gary Wenger, College of DuPage (audio); Mike Dickson, Western Illinois University; Kim Amann, Western Illinois University; Dan Layzell, Illinois Board of Higher Education; Carla Paoni, SBC; Lori Sorenson, Cindi Hitchcock, Lynn Murphy, Ralph Lucia, Martin Ribble, Duane Von Lancken, Jean Taylor all from the ICN.

Pete acknowledged that since there was no quorum the Policy Committee would be unable to entertain any motions on the action items on the agenda. He informed the group that there might be a special meeting prior to the September meeting to deal with those items, but that in all likelihood, the items would be moved to the meeting scheduled for September 15. Pete also mentioned that sometime during today's meeting he would like to have a brief discussion about the role of the Policy Committee going forward.

Lori Sorenson opened her remarks by reminding the Policy Committee that ICN management staff had completed half of the Regional Information Sessions during the first half of June. The goal of the information sessions was to provide a forum for constituents to get an update on the ICN and ask questions, especially in light of the transition to CMS. So far 181 constituents had attended the meetings and the feedback had been very positive. Lori indicated that much of the feedback echoed the results of the constituent survey. The meetings will be continued through the end of June and a full report will be provided to the Policy Committee at the next meeting.

Lori went on to mention that there had been an article in the Chicago Sun Times about McCormick Place becoming a premier destination for conventions and trade shows that require high bandwidth and reliable connectivity. While the ICN was mentioned as a

network that connects all of education in the state, the article failed to mention that the ICN is the Internet egress provider for McCormick place and that their ability to provide reliable service is due to their connection to the ICN. As a state/municipal entity, McCormick Place is eligible to connect to the ICN however they do pay the entire cost of their connection and bandwidth.

Pete asked Lori to introduce the next agenda item.

Lori indicated that due to the lack of a quorum, the Policy Committee would be unable to take action on the fiscal year 2005 budget however she wanted to have Cindi Hitchcock give an update of the fiscal year 2004 budget.

Referencing the information in the agenda, Cindi reviewed the most significant changes to the fiscal year 2004 budget which included funds to be received from CMS, the receipt of E-rate funds to date, and the total of cost recovery funds to date.

Cindi went on to provide an explanation to a question that had been raised at the previous Policy Committee meeting regarding the personnel line item. The increase that had been reflected in the budget report was due to the addition of the SURS and group insurance benefits that had previously been recorded in the BHE state projects fund. The current budget format breaks down personnel into two separate lines – one for salary and Medicare and the other for SURS and group insurance – making it appear at first glance that the personnel line had been increased. The personnel line also currently reflects the estimated vacation payout, due to the number of vacation days that can be carried over under CMS personnel policy.

Cindi explained a couple of other lines in the budget and then indicated that the integration of Human Resource and Fiscal functions with BCCS was going well and that all critical deadlines had been met so far.

The proposed fiscal year 2005 budget was discussed briefly but could not be acted upon due to the lack of a quorum and the lack of a final state budget from the general assembly. The fiscal year 2005 budget will be reviewed at a future meeting.

Jay reminded Lori to make note of any significant savings in telecommunications costs realized by the ICN and to report those to BCCS for inclusion on the composite savings scorecard.

Lugene asked Lori if she had been involved in any of the discussions with the speaker of the House on a possible three percent cut for all agencies and would that cut impact the ICN.

Lori responded that she had not been aware of those conversations at this point in time, and went on to explain that the proposed budget is based on information currently available and that when the final budget is approved, the ICN will make adjustments as needed.

Hearing no more questions about the budget, Pete thanked Cindi for her report.

Lori introduced Gary Wenger, chair of the Advanced Engineering Taskforce, who was joining the meeting via audio due to a commitment he had that evening with his institution's Board of Trustees.

Gary began his presentation by apologizing for being unable to attend the meeting in person. He went on to thank the members of the Policy Committee for allowing him to serve as chair of the AET and thanked Lori and her staff for working with the AET throughout the year. Gary also thanked the AET members who attended the meetings and contributed to the development of the recommendations that would be included in the report.

Recognizing the significance of the Internet's use in mission critical systems for most organizations, Gary discussed the S.W.O.T. (strengths, weaknesses, opportunities, threats) analysis that the AET conducted throughout their deliberations to help determine how the ICN would continue to deliver quality support and services to all of the users that are connected to the ICN. Gary went on to point out a few observations from that analysis. All of the AET members were really pleased with the overall reliability of the network and the high quality of service provided by the ICN. Based on Gary's experience, the ICN is one of the best state networks in the country. The AET also commented on the knowledge and skill set of the staff, their commitment to service and willingness to adapt to some of the new technology and services that need to be provided.

Gary indicated that one of the weaknesses that came to light during the early meetings was the transition of the ICN to CMS. However, Gary felt that Tony Daniels and Lori Sorenson were able to calm these concerns and that the original skepticism turned into a positive situation. Another weakness expressed through the analysis was the concern about staff retention. The AET felt that it was very important to keep the existing staff that understands how the network works and has an appreciation for providing high quality service.

Gary reported that the analysis yielded four major challenges for the ICN: (1) maintaining a reliable network; (2) meeting the needs of the user community as demand for Internet access increases; (3) continuing to utilize a user-driven model for planning; (4) and maintaining an appropriate funding model.

Gary asked if there were any questions.

Jay responded that he understood the CMS situation to have been considered a weakness in the beginning, but Gary had indicated that Lori and Tony had worked to cause those initial concerns to subside. Jay asked for clarification as to how the situation would be reflected in the report.

Gary explained that although it was initially posted as a weakness, he really felt that it was a strength. Gary went on to say that the merging of the ICN and CMS has the ability to save the state money and that after the AET discussed the issue in detail the merger would not be identified in the report as weakness. However, Gary indicated that he felt it was his responsibility to inform the Policy Committee that the merger had initially been viewed as a potential weakness.

Jay thanked Gary for the clarification.

Gary continued by giving a brief overview of the recommendations that will be included in the final version of the report. The recommendations include (1) developing a formal strategic planning process with measurable outcomes; (2) modifying the charge to the AET to further identify the roles and responsibilities of the group; (3) strengthen the participation and membership of the AET to insure consistent representation of all users; (4) develop a hardware replacement strategy to share with constituents; (5) continue to investigate and provide best practices to deal with network security issues; (6) look for ways to make content more accessible to constituents; (7) pursue alternative means of connectivity through the use of wireless technologies; (8) participate in efforts such as the Governor's broadband taskforce; (9) modify the cost recovery model so that constituents who wanted to share bandwidth would not be penalized for doing so; (10) continue to hold or reduce costs for network services without impacting quality and reliability.

Gary indicated that further explanation of the recommendations would be available in the report and asked if there were any questions regarding his brief summary.

Pete thanked Gary for his report. Gary said he would remain on the call for the duration of the meeting and agreed to let Lori handle item #5b regarding the revision to the charge of the AET and the new members being put forward for appointment.

Lori began by stating that the AET members felt it was time to revisit the original charge in order to expand the scope of work to include looking at constituent needs for network services and not focus solely on the technology. The revised charge is also to remind AET members that they are a conduit between the AET and the constituency group they represent, not simply a representative of their individual institutions. Lori indicated that the revised charge was included in the agenda for consideration by the Policy Committee although they would be unable to vote on it at this meeting. The second recommendation from the AET is to add an attendance requirement to the membership. In order to achieve active representation the AET felt that participation by all members was critical. The recommended requirement is a commitment to attend at least two meetings per year, with the provision that the Chair, with input from the Policy Committee and staff, would be able to seek replacements for those individuals unable to meet this requirement.

Lori went on to add that the Policy Committee needs to consider two specific replacements and reconfirmation of the remaining members of the AET at this time. William Barnett, Vice President and Chief Information Officer at The Field Museum, is being put forward as a replacement for Allen Newman of the Art Institute, who resigned

from the AET. William Barnett would fill Newman's term which runs through 2006. Robert Einhorn, College of Lake County, is unable to continue his term which expires in 2004. Diane Jaybush, Spoon River College and chair of the Information Technology Commission of the Illinois Council of Community College Administrators, has been recommended to fill Einhorn's position, representing community colleges. The remaining members requiring reconfirmation due to the expiration of their terms have been very active in the group and have indicated their interest and willingness to continue to serve on the AET.

Lori asked if there were any questions.

Pete asked if the delay of action on these items would jeopardize the appointments to the AET.

Lori responded that she did not think the delay would cause a problem as the next meeting had not yet been scheduled. She suggested that if the Policy Committee was in agreement, all of the appointees would be invited to the first meeting and the situation explained to them, and official action on the appointments could take place at the next Policy Committee meeting. The members of the Policy Committee indicated that this would be the way to proceed.

Pete asked Lori to present the next item regarding the proposed schedule of Policy Committee meetings.

Due to the number of changes on the Policy Committee, Lori began by saying that she thought it would be a good idea to review the schedule of meetings. Pete added that he thought it would be good to have a discussion of the role of the Policy Committee going forward. Lori distributed copies of the meeting schedule that had been approved at a previous meeting and the 2005 dates if the Policy Committee was to follow the same schedule format.

Lori briefly explained the rationale for the placement of the meetings during the calendar year. The fall meeting dates are of primary importance in reviewing the cost recovery model and allowing enough time to notify constituents so that they can make the necessary changes in the budgets and plans. Other than those dates, Lori indicated that the other meeting times were at the discretion of the Policy Committee.

Pete asked if it was possible to conduct the meetings using video conferencing.

Lori responded that it hadn't been tried with this group, but that it would be possible to connect up to three locations to help reduce travel. Lori mentioned that the recent meetings had included an audio bridge to help Policy Committee members participate remotely if they were unable to attend the meeting in person.

Virginia McMillan indicated that the room they were meeting in had video capabilities and that the Policy Committee was welcome to use that functionality in the room. Brian Foster and Gary Wenger indicated the availability of their video rooms as well.

After a brief discussion the Policy Committee determined that three locations, Chicago, Springfield, and the western suburbs would be scheduled as video sites for the meetings. Lori wrapped up the conversation by agreeing to get the video sites scheduled, get the relevant information out to the members of the Policy Committee, and table the action item on the 2005 meeting schedule until the next meeting.

Lori said she would continue working with Pete on the format and level of detail for the items included in future agendas.

Pete thanked Lori and asked for the network update.

Lori introduced Jean Taylor, ICN Supervisor of Network Design and Engineering, who is filling in for Karlin Sink, who had resigned at the end of May.

Jean provided a network update that included POP site redundancy, increases in the amount of Internet egress, and upgrades to the network backbone. Jean did point out that due to negotiations with the egress providers, the ICN will actually pay less for the upgrade to 4 Gb than the current cost of 2.8 Gb, realizing significant cost savings. The backbone upgrades in process include the Bloomington to Champaign; DeKalb to Chicago; and the Quincy to Springfield links. Jean went on to mention that the NDE staff had been working with the EKI consultants to upgrade the OC12 ring to an OC48 in anticipation of the need for bandwidth to handle increasing IP video traffic and the addition of state agencies to the network.

Pete thanked Jean for her excellent report.

Jay asked the Chairman if he could introduce a couple of new business items associated with the network.

Jay reported that BCCS was in the process of releasing a comprehensive RFP for VSAT service. This service is intended to accommodate connectivity solutions in geographic areas not currently well-served by telecommunication providers. While initially designed to facilitate connections for state agencies, Jay felt that the service could be made available for ICN constituents who were faced with high circuit costs, either due to geography or lack of telecommunication options. Jay went on to cite this as a prime example of how leveraging the cooperative interest of all helps to extend connectivity and keep costs down.

Jay indicated that CMS was also looking at the implementation to move state agency voice traffic from a switched environment to a voice over IP environment. This is another area of service that might be shared with ICN constituents. Jay also wanted to make it very clear that CMS is not going to become a phone company however it is

important for the state that CMS look at ways to leverage assets to provide enhanced video and voice services to help reduce costs. SBC is currently partnering with CMS in establishing the criteria to migrate to an IP environment.

Lugene remarked that ISBE uses voice over IP service in their IT center with an online system and that it has been a tremendous asset.

Jay added that as more critical traffic moves to the network, CMS will be working on enhanced disaster recovery capabilities as part of the network's evolution.

Pete thanked Jay for the update and asked to move on to the constituent survey results.

Lori introduced Lynn Murphy and asked her to share some of the results of the constituent survey that was conducted in April.

Lynn began by saying that the constituent user survey was the first formal survey conducted by the ICN. The timing of the survey coincided with the ICN's shift in focus from connectivity to services and with the desire of the AET to obtain data from constituents to inform their deliberations this year. The survey was completed electronically and sent to 5,544 constituent contacts. The 924 responses represented a return rate of 17 percent.

Lynn went on to say that the electronic format of the survey allowed for a very quick turn around time and the ability to look at the data in a number of ways. The survey touched on constituent satisfaction with the ICN; identification and interest in new services; and constituent need for additional bandwidth in the future. Of particular note, both in the numerical responses and in the comments, was the sense of customer service that constituents feel they receive from ICN staff at all levels. In light of initial concern about the transition to CMS, this response indicates that both the ICN and CMS have kept their commitments to make the transition as seamless as possible to the constituents.

The findings of the survey indicated that one of the greatest strengths of the ICN is the customer service provided throughout the state by regionally located technical staff. Survey respondents indicated, often by name, that their relationship with the RTC staff was a key component to their overall satisfaction with the network.

Lynn added that another one of the main reasons to conduct the survey was to find out what kind of services ICN constituents were investigating. The top three services, SPAM filtering, antivirus, and security scanning, are also of concern to the ICN and the technical staff will be researching opportunities to provide service in these areas without impacting the current level of network reliability and service.

With regard to the estimate of future bandwidth utilization, Lynn indicated that the AET would be taking this information and including an analysis of the responses in the AET report which is expected to be published at the end of July.

Many of the respondents indicated that they were unaware that the ICN offered content filtering and IP video, pointing to the need to increase the marketing efforts to constituents. The complete results of the survey are available at the ICN web site, www.illinois.net.

Pete thanked Lynn for her report and invited the folks from Western Illinois University to do the School to Home demonstration.

Lori introduced Ralph Lucia to give a brief overview of the project in light of the questions raised at the last meeting regarding budget requirements for this project, including costs to date and projections for the future. Lori also introduced Marty Ribble and Duane Von Lancken, ICN network engineers who will have primary responsibility for the support of School to Home once it is deployed.

Before turning it over to Ralph, Lori indicated that they would make the demonstration available to those Policy Committee members who were attending via audio.

Ralph reviewed the attached budget breakdown which showed previous investments in software development, staff training, and hardware. The fiscal year 2005 projection includes maintenance and upgrades for the software as the initial users implement the system and provide feedback to enhance the operation, especially in the integration of School to Home with existing administrative systems. Funds for additional hardware are also included to be able to scale to meet the expected increase in users, should that occur. Based on information gleaned from the survey and conversations with interested schools, Ralph indicated that existing equipment may be able to handle the initial roll out and that additional equipment may not be required for fiscal year 2005, but the line amount is included to be on the safe side.

Ralph went on to say that initial staff support for the system would be provided by two of the network engineers as part of their regular workload with assistance from the Regional Technology Center staff who would work with the individual schools. If utilization of the system grows as expected, the need for a full-time staff person is projected for fiscal year 2007. Ralph turned the floor over to Mike Dickson for the demonstration.

Mike thanked the Policy Committee for inviting them and gave a brief overview of the Center for the Application of Information Technologies (C.A.I.T). In order to determine the need for this application, Mike mentioned the survey that was conducted by Illinois State University, under the leadership of Ross Hodel. Mike went on to add that commercial products designed to do similar functions were investigated to make sure that state dollars were not spent on the development of an application that was readily available at reasonable costs. While the development of the software is a significant undertaking, Mike reminded the Policy Committee that it is even more critical for schools to develop policies and procedures based on best practices that will overcome obstacles to adoption of the system. C.A.I.T. hopes pilot the project with three different schools during the fall 2004 term.

Mike introduced Kim Amann, project director, to give the demonstration, again reminding her to be as descriptive as possible for the Policy Committee members joining via audio.

Jay asked for clarification on the issues surrounding the reporting of attendance.

Mike said that one of the issues had to do with the expectations of the teachers and how they wanted to use attendance, mentioning the differences between taking attendance at an elementary level and at the high school level where students move from class to class throughout the day.

Jay expressed an interest in the concept of using a wireless automated attendance system with mandatory identification badges, primarily for security purposes, but perhaps it could help address attendance issues as well. A system like this would also help reduce the administrative costs associated with taking attendance, especially in large school districts.

Mike responded that the planning group had a great deal of interest in wireless technologies and hand-held PDAs, with the goal of providing teachers and administrators with tools to make their jobs easier.

Jay offered to bring technical expertise to the table if Mike thought that one of the schools in the fall pilot might want to explore this technology. Jay asked Lori to coordinate a follow up discussion as the pilot gets underway.

Kim Amann gave an overview of the functions and tool sets that had been developed so far. One of the key issues that the development team is trying to overcome is the ability for school personnel to be able to batch load student information from existing systems into the School to Home Toolkit, eliminating the need to reenter all of the data manually.

Jay asked if the commercial vendors faced the same challenge.

Mike added that this issue of interoperability between systems was something that the commercial vendors were struggling with as well and that the vendors had been willing to openly discuss their experience with these challenges with the development team. The long term solution for this problem involves the school interoperability framework standard which would allow these applications to interoperate between software packages and platforms, but it is not 100 percent at this time.

Jay asked if the Toolkit would have the curriculum prerequisites for teacher certifications to keep up with changes in the curriculum.

Mike responded that the teachers who participated in the study came up with a list of functions that was very long and that the development team had to keep the focus on the communication issues due to budget considerations.

Kim reminded the Policy Committee that the main feature under development is the communication between the school and the parents with regard to grades, assignments, and attendance. The communication methods include discussion boards, announcements, and email.

Mike added that the parents would only be able to see the grades of their own student. In response to a question about class average so that parents might be able to determine how well their student is doing in comparison with the others, Mike indicated that decisions of that nature are related more to individuals and individual school policy. Security issues with this kind of system are also of great concern.

Mike went on to add that during the design, serious consideration had been given to making the Toolkit as intuitive as possible, recognizing that there are many levels of user expertise. The goal was to design an application that had a great deal of utility but was also user friendly.

Jay said that continued funding was definitely going to be predicated on getting sooner than later in front of the Governors office and doing a demo so that maybe the project group should consider an appropriate time to set that up.

Lori echoed what Mike had said about the Toolkit being approximately eighty percent developed and that as the schools begin the pilot there will be additional changes and enhancements made to the application. As the group envisions the pilot project, three schools/districts will be selected based on their ability and interest to test the application and provide feedback to the development team. The project group wants to work on the training plan and documentation and make sure that the pilot goes as smoothly as possible.

Mike echoed Lori's concern saying that although there have been lots of calls about the Toolkit and that word is getting out, the roll out of the application should be somewhat controlled so that the schools have a good experience and the project can meet their expectations.

Pete thanked Mike and Kim for the demonstration.

Having concluded the agenda items, Pete asked the Policy Committee members if they would mind taking a few minutes to talk about the role of the Policy Committee going forward.

Pete asked those who had been on the Policy Committee since its inception, how they felt the role of the Policy Committee might change now that ICN is part of CMS.

Lugene asked if Pete felt that the roles of the participating agencies on the Policy Committee would be different. He went on to say that it was his thought that the Policy Committee would function in more of an advisory role and providing direct input to the director.

Pete agreed, but thought that it would be better for the entire group to formulate some direction on this as he was the newest member.

As the CMS representative to the Policy Committee, Jay offered to provide some input from the CMS point of view. He began by saying that CMS is certainly committed to maintaining the momentum that has been created through the direct actions of the staff and the extended actions of both the Policy Committee and the technology committee.

With regard to changes resulting from the consolidation, the day to day governance of the staff will fall directly under the authority of Michael Rumman, the Director of CMS. Jay added that it's Director Rumman's commitment to make sure that the constituents will continue to have a voice in the further morphing and evolution of the ICN and its service offerings. Jay went on to propose that the Policy Committee's role would change as well, but should remain focused on service level expectations on behalf of the constituents that are represented.

Lugene asked, for example using today's agenda, would the Policy Committee continue to review and approve budget items?

Pete responded that as chairman he would expect that the Policy Committee members should see what the appropriations look like to be able to respond to their constituents. For obvious fiscal reasons, the Policy Committee will most likely participate less in the formulation and approval process, but there's always going to be a need for the constituents to understand where the investments are being made. Pete envisions that the information will be extended to the Policy Committee for guidance and short of approving the budget, remarks of agreement or concern would be appropriate.

Lori added that the statutory language changing the role of the Policy Committee from governance to advisory was included in the budget implementation language and would become effective upon approval of a state budget.

Pete went on to say that the spirit is only as good as the folks that are at the table, and that the group has the opportunity to establish how they will navigate going forward, recognizing that it's going to be a continuously evolving process. Pete added that he felt that this change will open opportunities for creative input and contributions and that even though the fiscal responsibility is removed from the group, the constituents will not lose their voice in the further development of the ICN.

Virginia asked Pete, as chair, what he saw as the vision for the committee.

Pete replied that he had had some discussions on this topic with Lori, Jay, and Director Rumman and they all seem to believe that the Policy Committee will continue to have a very important role moving forward. Guidance for the development of the network; making sure that the right questions are being asked as the network moves forward; and

providing a very strong voice for the constituents are the areas that Pete felt would be the primary areas of activity for the Policy Committee.

Jay added that CMS sees tremendous value in the extended resources that are gathered in the collaboration of the Advanced Engineering Taskforce and that it is expected that the AET would be tapped quite frequently as CMS moves forward looking at new technology.

Lugene asked if there had been any thought of expanding the representation on the committee as it migrates to play more of an advisory role. As an example, the K-12 community could be broken out into many constituencies such as special education, adult education, vocational education, etc. Lugene asked the chairman if he felt the State Board would still represent all of K-12 or would the participation be expanded to these other groups.

Pete responded that there are two schools of thought regarding expansion of representation during a time of change – some might argue that it would be good to expand the representation during the transition, while others might feel that the current representatives see the Policy Committee through the transition and then consider the possibility of expanding the representation. Pete added that they should look at this from all angles, perhaps at a future meeting when more Policy Committee members are present.

Pete asked if there were any other items to cover.

Lori said that there were no more staff items, but that the Policy Committee needed to think about cost recovery for the next meeting in September. Lori indicated that the original plan had been to put together suggested recommendations for cost recovery for the Policy Committee to consider at the September meeting and then allow time for additional research or clarification before making final recommendations at the November meeting. The goal is to communicate any changes for the next fiscal year in time for the constituents to make appropriate adjustments, if necessary, to their technical and fiscal plans. While cost recovery decisions will not be voted on by the Policy Committee, Lori stressed that it is still important for the group to review the recommendations on behalf of the constituents they represent.

Virginia asked if the ICN had been subject to the recent hiring freeze and what impact that might have on replacing some of the staff members who had left over the past few months.

Jay responded that while the ICN hadn't been isolated from the hiring freeze, CMS had made significant headway in securing vacancies that might have been targeted for additional savings. The intention is to hold the vacancies and make the case to have them filled based on identified needs of the ICN and CMS as the consolidation continues. Jay went on to say that Lori and her staff, in conjunction with CMS, had done a wonderful job

articulating staffing needs and in order to keep the commitments made to constituents, the staffing issue would have to be addressed.

Pete thanked Jay for the explanation and asked if there was any other business to be brought before the group. Hearing none, Pete adjourned the meeting.

ILLINOIS CENTURY NETWORK

BCCS/ICN ORGANIZATION

Submitted for: Information

Summary: This item provides an overview of the ICN transition to BCCS and the BCCS internal realignment by functional areas.

Action Requested: None

ILLINOIS CENTURY NETWORK

BCCS/ICN ORGANIZATION

Effective July 1, 2004, the Illinois Century Network staff fully transitioned to Central Management Services, Bureau of Communications and Computer Services (BCCS). Coinciding with the transition, the BCCS organization was realigned by key functional areas. As a result, there is no longer an Illinois Century Network organization; rather the staff and their functional responsibilities have been realigned with similar functional areas within the BCCS organization. The new organizational structure allows BCCS to realize greater efficiency with staff and a streamlined workflow. The Illinois Century Network name will continue to be associated with the backbone network and related services and the high level of customer service will continue.

In the new organizational structure, BCCS is aligned by five key areas:

- engineering/technology operations,
- human resources/workforce logistics and training,
- fiscal,
- operations
- information technology.

Engineering/Technology Operations

The ICN engineering and regional technology center staff, along with the telecommunications network, Illinois Wireless Information Network (IWIN), and video engineering groups will be led by Tony Daniels, Chief Technology Officer and Rich Fetter, Senior Division Manager.

Human Resources/Workforce Logistics and Training

This division, led by Julie Moscardelli, will provide ongoing leadership in developing staff training plans, in addition to managing workforce logistics and metrics. Kelly Spence will serve as the BCCS Human Resources liaison to the CMS Bureau of Personnel under Julie's direction.

Fiscal

Paul Romiti, Chief Financial Officer, will continue to lead the Bureau's administration and planning division, in addition to Cindi Hitchcock and the ICN fiscal operations. Warehouse and property control functions for the Bureau will also be aligned within Paul's area of responsibility.

Operations

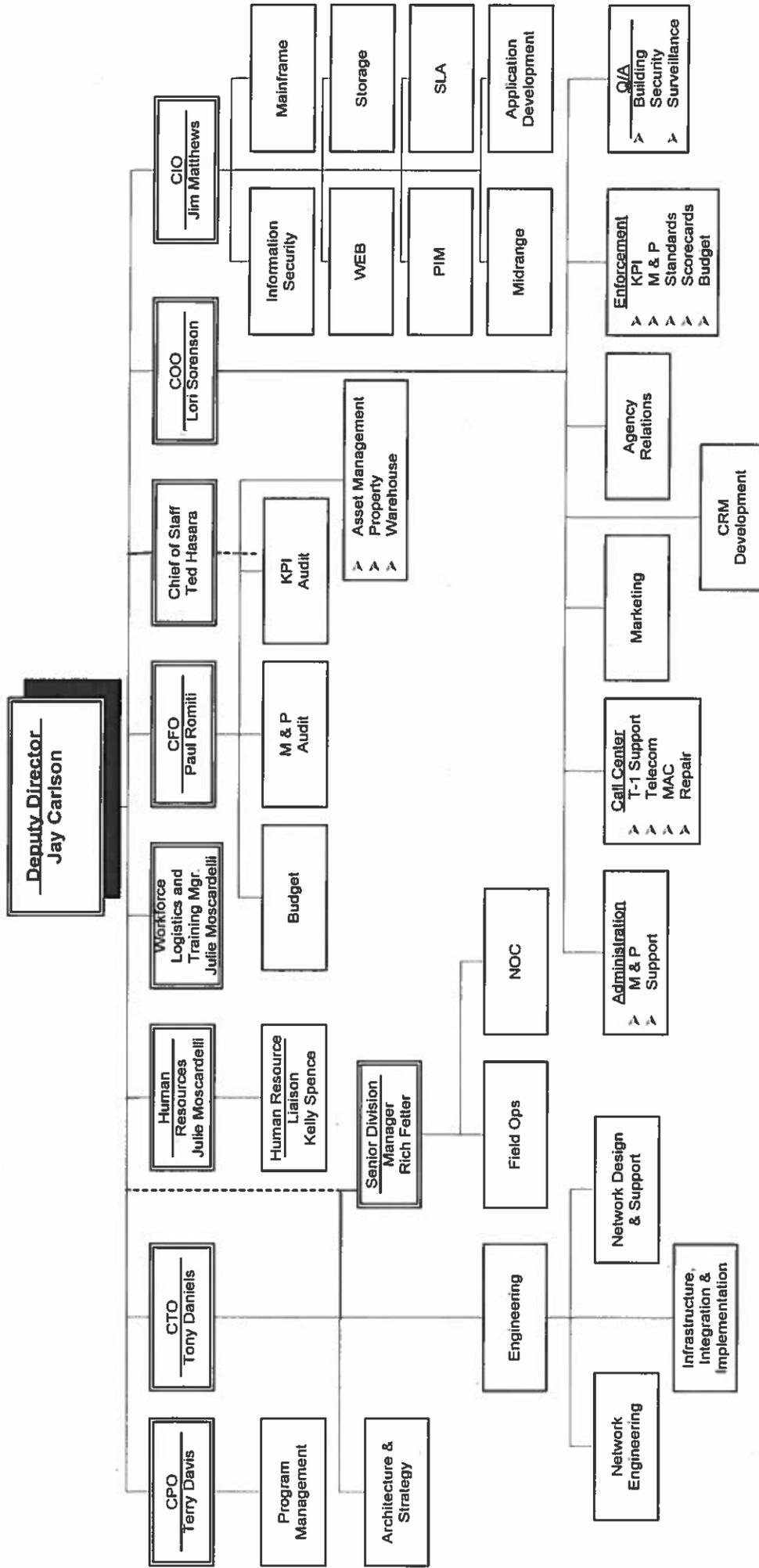
Lori Sorenson, Chief Operating Officer, will lead all Bureau provisioning and Tier 1 help desk functions including: telecommunications, data, IWIN, and cellular. Additionally, operations will be responsible for ensuring excellent customer service as well as Remedy development and implementation.

Information Technology

Jim Matthews, Chief Information Officer will continue to oversee all information technology areas including: application development; web development; LAN operations; and the data center.

An Enterprise Project Management Office (EPMO) led by Terry Davis has been created to provide project coordination throughout the organization. Additionally, Ted Hasara, Chief of Staff, will work closely with Jay Carlson, the EPMO, and the senior management team to provide overall leadership and coordination throughout the Bureau.

Central Management Services Bureau of Communications and Computer Services



ILLINOIS CENTURY NETWORK

BUDGET UPDATE

Submitted for: Information

Summary: This item provides the budget update for fiscal year 2004 (unaudited) and a review of the proposed fiscal year 2005 budget.

Action Requested: None

ILLINOIS CENTURY NETWORK

BUDGET UPDATE

Fiscal Year 2004

This item presents the Policy Committee with a fiscal year 2004 final (unaudited) budget update. Available funds totaled \$33,493,776. E-rate reimbursements were \$4,830,940, which included checks from telecommunications providers (\$3,552,197) from Year 4 and Year 5 requests, and e-rate credits applied to telecommunications invoices (\$1,278,743.) At June 30, 2004 cost recovery receipts were \$2,364,506. Monies received after that date will be reflected in the fiscal year 2005 report.

Expenditures for fiscal year 2004 totaled \$25,744,252. Pursuant to Public Act 093-0839, Sec. 8m, there will be a transfer of funds from the Board of Education State Projects Fund (736) to CMS Communications Revolving Fund (312) which will include \$7,404,288 in fiscal year 2004 receipts to be used for fiscal year 2005 ICN expenses. This transfer will occur in mid-September, 2004.

Fiscal Year 2005

The revised fiscal year 2005 budget proposal reflects a \$20M ICN appropriation, (a decrease from the \$23.5 projected at June 16, 2004) with an accompanying 2% OMB reserve. To date, ICN has received \$1,585,951 in e-rate reimbursements (Year 5 & Year 6 requests). As in the past, ICN does not project e-rate reimbursements revenues for the fiscal year, as the timing of the receipt is unpredictable. The budget will be updated throughout the year as/if additional e-rate reimbursements are received. Cost recovery projections for fiscal year 2005 are \$2.5M¹, or approximately \$209,000 per month. As stated in the preceding fiscal year 2004 budget update, \$7,404,288 in fiscal year 2004 revenues will be transferred from the Board of Higher Education to CMS Communications Revolving Fund.

The personnel retirement line item projection has decreased. ICN will no longer incur costs of the employer's portion for the State Universities Retirement System (SURS) (11.05% of salary) in fiscal year 2005, as salary costs are paid through a General Revenue account. However ICN will incur the employer's share of retirement costs (16.107%) for those employees hired after June 30, 2004, as they are participants in the State Employee's Retirement System (SERS).

¹ Figure does not include potential revenue received from State agency utilization.

The contractual, equipment and telecommunications line increases are due to refined projections as projects such as the migration of state agencies to ICN are identified.

ILLINOIS CENTURY NETWORK

Fiscal Year 2004

As of 08/31/04

	Approved at 6/18/03 PC Meeting	Revised Projection 6/30/04	Year-to-Date
REVENUE SOURCES:			
ICN Appropriation:	25,500,000	24,879,296	24,879,296
E-Rate Reimbursement:	1,752,159	4,830,940	4,830,940 ²
Cost Recovery Funds:	2,000,000	2,364,506	2,364,506
Interest	0	2,874	2,874
TOTAL FY04 REVENUES:	29,252,159	32,077,616	32,077,616³
FUND 729 TRANSFER		1,416,160	1,416,160
FY04 AVAILABLE FUNDS		33,493,776	33,493,776
EXPENDITURES:			
Personnel (Salary & Medicare):	3,934,231	3,374,713	3,374,713
Personnel (SURS & Group Insurance Benefits):	0	936,332 ⁴	936,332
Vacation Payout Estimate (Salary & Medicare)	0	367,011	367,361
Vacation Payout Estimate (SURS)	0	37,768	37,768
Contractual:	1,063,975	1,103,150	1,031,678
Commodities:	62,300	40,455	33,858
Equipment:	22,500	91,920	81,849
Telecommunications:	23,809,153	22,100,000	19,864,983 ⁵
Regional Technology Centers:	0	0	0
Operation of Auto:	10,000	8,000	1,761
Prompt Payment Interest:	250,000	512	512
Permanent Improvements:	100,000	20,000	13,437
TOTAL EXPENDITURES:	29,252,159	28,079,861	25,744,252
Transfer to CMS/CRF (Estimate)		5,413,915	-0-
ADJUSTED EXPENDITURES:	28,648,455	33,493,776	25,744,252

² Figure includes \$ 1,278,743 e-rate credit applied to telecommunications invoices.

³ ICN Trust Fund 729 expired at the end of FY03. The balance in that fund was transferred to Fund 736 for ICN use in FY04. \$1,416,160 was transferred, which is not included in Revenues.

⁴ Projected Expenditures for Benefits which ICN must incur when Payroll is not from GRF.

⁵ Figure includes \$ 1,278,743 e-rate credit applied to telecommunications invoices added to actual expenditures to date.

ILLINOIS CENTURY NETWORK

Fiscal Year 2005

Proposed Budget

September 23, 2004

Revenue Sources:	June 16, 2004	September 23, 2004
ICN Appropriation:	23,500,000	20,000,000
OMB 2% Reserve:	-470,000	-400,000
E-Rate Reimbursement:	-0-	1,585,951 ⁶
Cost Recovery Funds:	2,500,000	2,500,000 ⁷
TOTAL REVENUE:	25,530,000	23,685,951
Transfer from BHE Fund 736 – FY04 Portion	4,700,000	7,404,288
TOTAL FUNDS AVAILABLE	30,230,000	31,090,239
EXPENDITURES:		
Personnel (Salary & FICA):	4,260,495	4,260,495
Personnel (Retirement):	464,056	200,000
Contractual:	1,502,200	1,632,200
Commodities:	69,100	69,100
Equipment:	45,500	175,500
Telecommunications:	23,838,649	24,702,944
Operation of Auto:	10,000	10,000
Prompt Payment Interest	40,000	40,000
Permanent Improvements	-0-	-0-
TOTAL EXPENDITURES:	30,230,000	31,090,239

⁶ Reflects E-rate funds received by August 31, 2004. Projected revenues does not included e-rate monies not yet received as the timing of receipt is unpredictable.

⁷ Figure does not include potential revenue received from State agency utilization.

ILLINOIS CENTURY NETWORK
COST RECOVERY – FISCAL YEAR 2006

Submitted for: Information

Summary: Staff recommendations for fiscal year 2006 cost recovery to be forwarded to BCCS/CMS management for review.

Action Requested: None

ILLINOIS CENTURY NETWORK

COST RECOVERY – FISCAL YEAR 2006

In 2002 the ICN implemented cost recovery to ensure the availability of reliable bandwidth in light of increased utilization and limited financial resources. The policy provides a vehicle for non-primary constituents to purchase bandwidth to connect to the ICN and a financial incentive for larger bandwidth users, primarily higher education, to shape their bandwidth. Keeping with the commitment to notify constituents of changes in bandwidth pricing and/or bandwidth allocation, with enough lead time for institutional planning, this item serves to outline several considerations impacting cost recovery for fiscal year 2006. The usual practice has been to notify constituents in November of changes that will become effective the following fiscal year, (July 1 – June 30). Most primary constituents prepare their budgets in early spring, so this timeline provides opportunity for technical and fiscal planning.

Bandwidth Allocation and Pricing

Due in large part to advanced planning and strategic negotiations with vendors, the ICN has been able to take advantage of discounted pricing for Internet egress and cost-saving upgrades to the network backbone. These cost savings have an increasing importance as the ICN/BCCS consolidation will result in an increase both in the number of constituents and the bandwidth being utilized. It is also important to note that the addition of the state agency constituents allows the ICN bandwidth allocation and pricing to remain stable during the initial phases of the consolidation. Therefore, ICN constituents will continue to receive baseline bandwidth at the current fiscal year 2005 allocation and that costs for additional bandwidth will also remain at the current price.

The fiscal year 2006 bandwidth allocation for primary constituents is reflected in Table 1:

Table 1
Baseline Bandwidth Allocation

Baseline Transit Amounts for Primary Constituent Direct Connections		
Institution(s) (FTE) Headcount	ICN Provided Base Bandwidth/Transit (Mbps)	Total Bandwidth
Less than 1,000	1.5 Mbps	1.5 Mbps

1,000 – 13,999	1.5 Mbps per 1,000 Enrollment or FTE	3 – 21 Mbps
14,000 – 22,000	1.0 Mbps per 1,000 Enrollment or FTE	22 – 30 Mbps
Additional Bandwidth Costs	Purchase at Fiscal Year 2006 Cost Recovery Rates listed below	Over 30 Mbps

Table 2 reflects the fiscal year 2006 bandwidth pricing:

Table 2
FISCAL YEAR 2006 BANDWIDTH PRICING

Fiscal Year 2006 Bandwidth Pricing	
Bandwidth Available	Fiscal Year 2006 Cost per Mbps
Less than 10 Mbps	\$250
10 - 24 Mbps	\$225
25 - 44 Mbps	\$200
45 - 99 Mbps	\$175
100 Mbps and above	\$150

Based on feedback received at the 2004 ICN informational sessions and recommendations from the Advanced Engineering Taskforce, there are several other opportunities that will be investigated as the BCCS/ICN consolidation continues. Seasonal fluctuations in Internet egress utilization, E-rate benefits, local aggregation of network traffic, and baseline bandwidth allocation are among the issues that will be addressed during the coming year.

Internet Egress

Several educational institutions, primarily those with residential traffic, have requested that the ICN investigate an option whereby egress is reduced during periods of lower utilization, i.e. summer session. The ICN has been actively pursuing options with egress providers to provide constituents with the ability to reduce Internet egress, and consequently cost, during times of lower utilization. The ability to implement a policy that provides this flexibility will depend on the final negotiations with the egress providers and the ability of ICN and BCCS/CMS to develop the policies and business rules to support this fluctuation.

E-rate Benefits

Every year, on behalf of all ICN constituents, the ICN files a network E-rate application to help reduce the costs of supporting the shared backbone. E-rate participation is voluntary and each constituent that does participate helps to increase the potential savings for all constituents, even for those who do not wish to participate – all ICN constituents benefit from the network E-rate filing. As an incentive for participation, and subsequently lower overall costs, ICN/BCCS management will consider the means by which those constituents who do participate could potentially receive a greater benefit than those who do not. Establishing what the benefit might be and how it would be administered are issues on the table that the ICN/BCCS team will be looking at for the future.

Local Traffic Aggregation

One of the recommendations from the 2004 report of the Advanced Engineering Taskforce was for the ICN technical design engineers to revisit the pricing structure for those constituents who were taking advantage of local private fiber – community networks. Under the current pricing formula, constituents who are connected indirectly in this manner are penalized by doing so, in that each constituent is only allowed bandwidth equal to the aggregate allocation as opposed to what each would receive if they were to connect individually. This conservative formula for calculating baseline bandwidth was deemed to be necessary at the time that cost recover was implemented. During the 2004 Regional Information Sessions, many constituents pointed out the disparity of this formula indicating that it was counterproductive for those who wanted to take part in “community networking” opportunities, and consequently have access to more and provide additional access for their constituents. In response to these suggestions, ICN/BCCS, in collaboration with the Advanced Engineering Taskforce, will re-evaluate the formula for calculating baseline bandwidth for connections that serve multiple primary constituents.

Baseline Bandwidth Allocation

Dependent upon funding, the allocation of baseline bandwidth for primary constituents will also be reviewed. The network was created and funded to provide constituents with advanced services such as interactive video and access to educational content from remote sources. Many of the educational institutions have been upgrading their internal infrastructure and purchasing hardware to be able to take advantage of these applications, however the current baseline bandwidth allocation for primary constituents is not adequate to accommodate these applications. Additionally, most schools are in no financial position to purchase the bandwidth necessary to support applications such as IP video. The cost of the access circuit(s) is difficult enough for them to fund. This is particularly true for the smallest schools that are only allocated 1.5 megabits of bandwidth and would stand to benefit greatly from educational content that would otherwise be inaccessible due to cost. During the next year, ICN/BCCS will be re-

evaluating the current baseline amounts and cost structure in light of the aggressive pricing negotiations for backbone circuits and egress as well as the migration of State agency traffic to the backbone network.