



**WISCONSIN DEPARTMENT OF
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TO: TEACH Customers

FROM: Michael Huebsch, Secretary
Wisconsin Department of Administration

RE: Wisconsin Department of Administration BTOP Grant Number
NT10B1X5570028 for the BadgerNet Converge Network

For the past year the Wisconsin Department of Administration (DOA) has been working with its BadgerNet Converged Network (BCN) vendor partners and the federal National Telecommunications and Information Administration (NTIA) to implement a \$23 million federal Broadband Technology Opportunities Program (BTOP) grant intended to expand broadband fiber to Wisconsin schools and libraries. Over that period many of our TEACH customers have inquired about the status of the grant.

Following extensive examination of complex technical issues, and review of multiple alternatives, DOA, the BCN vendors and NTIA have exhausted all practical options. Accordingly, the BTOP grant cannot be implemented and DOA will be declining the award. Despite declining the grant, the DOA is happy to report that it will be immediately moving ahead with new BCN pricing and a new 5 year BCN contract extension which will allow DOA to meet its TEACH customers bandwidth needs.

BTOP GRANT

At the time of initial BTOP grant application, DOA believed its BCN service arrangement was compatible with all grant requirements, and clearly the NTIA did, too, when they initially approved the application. The BCN system was thoroughly described in the state's grant application and the NTIA initial application evaluators believed the BCN system would meet all federal requirements. However, Wisconsin's successful and forward-looking public-private BCN partnership is unlike any other system reviewed by the NTIA. The BCN system is a purchased service which operates over physical infrastructure owned by AT&T and the other Wisconsin BadgerNet Access Alliance (WBAA) vendors. This unique situation created unfortunate but ultimately irreconcilable federal regulatory hurdles involving federal liens, system interconnection, and system non-discrimination requirements.

Ultimately, if DOA accepted the grant without meeting all of the precise federal regulatory requirements, Wisconsin taxpayers would be required to repay the \$23 million back to the federal government. This is simply an unacceptable risk.

FUTURE BCN PLANS AND BUILD OUT

Despite declining the grant, DOA believes that in partnership with its BCN vendors, we can still meet the grant goals of providing expanded broadband capacity. Specifically, we are greatly encouraged by the potential of enhancements to copper infrastructure. Ethernet over copper provides a way to maximize the existing investment in copper cable and deliver high bandwidth to locations where fiber deployment is cost prohibitive or would unnecessarily increase expenses. Using the lowest-cost technology to accommodate future bandwidth requirements makes long-term economic sense. Copper infrastructure technology available today, and currently in development, allow the greatest flexibility to meet bandwidth requirements across the state. The less construction needed for the network, the better the rates. These enhancements allow BadgerNet service providers to meet end-user needs with the lowest cost technology both today and in the future.

With this in mind, we believe DOA can deliver broadband connectivity and upgrades to our customers at a competitive price utilizing the existing BCN business model which has served Wisconsin effectively for many years. We are currently engaged in finalizing a five-year renewal of the BCN contract with reduced rates. Therefore, as our customers plan for their futures, they should assume that there will be a 5 year extended BCN term. At this point in the e-rate season, we felt it was important to communicate this information to allow our customers to plan going forward.

We will be sure to keep TEACH customers informed of the progress toward a BCN contract renewal and the related efforts to design a network that cost-effectively ensures satisfactory bandwidth for both current and future customer needs. We are confident that these initiatives will continue to sustain the TEACH program's paramount mission of providing accessible and affordable network resources throughout the state. Thank you for all your work on behalf of Wisconsin students and residents.

cc: U.S. Senator Herb Kohl
BCN Advisory Committee
System and Resource Library Administrators Association of Wisconsin
Wisconsin Association of Cooperative Educational Service Agency Admin
Wisconsin Association of Distance Education Networks
Wisconsin Association of School Boards
Wisconsin Department of Public Instruction
Wisconsin Educational Media and Technology Association
Wisconsin Library Association
Attorney David Baker Hunt, Counsel for AT&T