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Information About Maine School and Library Network (MSLN) Funding Provided by the Maine Telecommunications Education Access Fund (MTEAF)

Maine State Library

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What is the Maine School and Library Network (MSLN)?

- MSLN is a consortium formed by the Maine Department of Education, the Maine State Library, the State of Maine's Office of Information Technology and the University of Maine System that provides low cost high speed broadband connections and related services to 950 schools and libraries in the state of Maine.
- By using a centralized procurement and contracting with private providers, MSLN provides connectivity over fiber-optic cables at 100 Mbps and up to 1 Gbps speeds to almost every school in Maine.
- MSLN has received national recognition for the level and cost effectiveness of the connectivity it provides Maine schools and libraries. Maine is ranked in the top five in the nation in classroom connectivity.

How is MSLN Funded?

- MSLN is funded through a combination of state and federal funding:
  - 40% of the cost of MSLN is covered by the Maine Telecommunications Education Access Fund (MTEAF), which is assessed against telecommunications providers in Maine based on the percentage of charges for intrastate calls. Each year the Maine Public Utilities Commission reviews and approves the budget for the MSLN pursuant to 35-A M.R.S. § 7104-B.
  - 60% of the cost of MSLN is covered by the FCC's E-Rate program, which provides partial reimbursement for schools and libraries for telecommunications and internet access. E-Rate is funded through contributions collected from telecommunications service providers through the federal Universal Service Fund.

Why does MSLN matter?

- The affordable, reliable and fast broadband access the MSLN provides schools is now essential to providing basic educational services. Online testing, cloud services, distance learning and a shift to online educational content make reliable, fast, low-latency connectivity a requirement for learning in Maine schools. MSLN enables schools to bring resources, such as experts and activities, into their classrooms to provide learning in areas that would otherwise be unserved.
- Providing this essential access at a deep discount allows school districts to use taxpayer funds for other educational needs.
- Because of Maine's lack of broadband investment, the connections MSLN provides to public libraries are often the only high speed internet connection available in many rural communities. These connections also save libraries (and by extension, taxpayers) money by allowing them to access shared online resources.

Why is MSLN in jeopardy?

- The state funding supporting MSLN is shrinking. Since 2010, total in-state telephone revenue subject to the MTEAF assessment has declined by an average of 6% a year, and the trend is accelerating. The assessment is limited by statute to .7 % of in-state voice revenue, so as this pie shrinks, so does the slice used to fund the MSLN.
- In FY 2012, the MTEAF assessment generated $4.2 million of MSLN's approximately $9 million budget. In FY 2016, this assessment generated just $3.1 million. Less state funds means less federal funds: for every $1.00 of lost MTEAF funding, MSLN loses $2.57 of federal money.

- The decline in funding is primarily due to two factors: 1) the decline in use of landline telephone service; and 2) the shift of wireless revenue from voice (which is subject to the assessment) to data/text (which is not).
- To counteract this decline, in 2013 MSLN began assessing schools a $1 per student charge, which generates $180,000 per year. In 2016, the Council began assessing libraries using a tiered system that collects $76,000 annually.
- Imposing higher participation fees on schools and libraries could raise more funds, but is likely to create a death spiral for MSLN. In urban areas that have multiple broadband providers in their communities, schools and libraries facing higher fees may leave MSLN to pursue lower cost connections. Without these urban schools and libraries, the consortium's buying power would be weakened, and the cost of connecting rural schools and libraries will significantly increase.

What is the proposed solution?

- The MTEAF statute could be changed to specify a set amount to be collected to support MSLN, rather than capping funding at a percentage of revenues that vary over time. The actual percentage would be adjusted each year to ensure collection of this amount. We recommend using the 2012 budget amount of $4.2million per year as a cap. MSLN's budget would remain subject to review by the PUC.
- This legislation also includes a request that the PUC investigate alternative ways to collect this funding: many telecommunications providers believe the current method places an inequitable burden on landline providers.

MTEAF Year to Year

Legend:
- .7% of Intrastate Revenue
- Pre paid wireless fees added
- Fees paid by schools and libraries

Year	.7% of Intrastate Revenue	Pre paid wireless fees added	Fees paid by schools and libraries
2008	$4,200,616		
2009	$4,154,452		
2010	$4,179,846		
2011	$4,014,211		
2012	$3,815,226		
2013	$3,591,673	$234,546	
2014	$3,258,068	$327,506	
2015	$2,922,237	$434,638	$120,000
2016	$2,691,500	$448,862	$180,000
2017			$256,000

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