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March 22, 2007

TEACH Report to the
BadgerNet Converged Network Advisory Committee Meeting

1. TEACH is authorized to spend \$17.2M annually to subsidize video, internet access and WAN services on the statewide BCN network. This authorization is broken down as follows:

- \$5.066M for:
 - Technical Colleges -- 16
 - Tribal Colleges -- 2
 - Private Colleges -- 11
 - Public Libraries -- 389
- \$12.2M for:
 - Public K-12 school districts
 - Private K-12 schools

2. TEACH has allocated all of this \$17.2M each year of the WBAA contract -- this represents a commitment of approximately \$86M in subsidies through 2011

3. Because TEACH has no more "regular" money, the Second Tier subsidy program kicks in. The general rules for Tier Two subsidies are:

- All BASIC subsidies made during the time of conversion are guaranteed for as long as the TEACH customer wants them
- New requests for ADDITIONAL bandwidth are added to TEACH's annual E-rate application
 - TEACH gets an average rebate of 52% on the monies submitted -- this amount will be used to cover that portion of the cost increases from the BASIC costs to the ADDITIONAL bandwidth costs
 - TEACH customers must cover the remaining 48% of these cost increases

4. TEACH has submitted statutory language requesting that it be authorized to apply any excess E-rate funds collected annually to cover the costs of these ADDITIONAL bandwidth requests at the old TEACH subsidy level (which is approximately 85%) rather than at the 52% level. Excess funds are those remaining after using this E-rate money to repay the TEACH Wiring Loan obligations as prescribed by statute.

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