



**Dave Heineman**  
Governor

# STATE OF NEBRASKA

**OFFICE OF THE CHIEF INFORMATION OFFICER**  
**Brenda L. Decker**  
Chief Information Officer

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The Office of the CIO has two very exciting updates to share with the participants of the Distance Education Network. We have completed our annual review of costs for Network Nebraska for Phase I (2007-08) network management/operations and have set the projected costs for Phase II (2008-09), including the Interregional Transport, and are pleased to announce a reduction in fees over those previously set for planning purposes.

2007-08 (Phase I Entities)

Network Nebraska Participation Fee	\$200/entity/month (94 entities participating)
Interregional Transport Fee	\$ 0/entity/month

2008-09 (Phase I & II Entities)

Network Nebraska Participation Fee	\$197.80/entity/month (183 entities participating)
Interregional Transport Fee (Pre-Erate)	\$ 93.35/entity/month (Higher Ed billed amount)
Interregional Transport Fee (Post-Erate)	\$ 34.21/entity/month (Projected K-12 net amount)

LB 1208 directed the Office of the CIO to recover any operational deficit of the network out of operational fees. We sustained a deficit of \$194,703 from FY 2007-08 that will be amortized and recovered over the next three years of the project (FY2008-09, FY2009-10, FY2010-11) at \$70,025 per year. [The attached spreadsheets have all of the details related to these expenses] There are approximately 120 new entities that are anticipated to come on Network Nebraska in FY 2009-10 that will help further distribute the annual network administration costs.

The five ESU administrators from ESUs 1, 2, 7, 8, 17 have decided to make monthly payments on behalf of their member schools to the Office of the CIO and rebill the costs back to the schools as appropriate. ESUs 10, 11, 15, 16 may choose to perform the same function. The Office of the CIO will bill higher education entities directly.

A second very positive development that we would like to make you aware of is related to the Statewide Scheduling contract for distance learning and videoconferencing. The Office of the CIO has a tentative commitment from Qwest/Renovo to offer unlimited regional site licensing for all K-12, community college and state college entities that were listed in the original RFP 1683Z1 appendix within the funds originally authorized by the Legislature to the Distance Education Council. We regard this contract amendment as a major step toward better videoconferencing coordination between K-12 and higher education entities, and appreciate the input of all entities in assisting us with achieving this goal.

If you have questions or comments about the contents of this letter, please contact me at [brenda.decker@nebraska.gov](mailto:brenda.decker@nebraska.gov) or you can reach me at 402-471-3717.

Sincerely,

Brenda L. Decker  
Chief Information Officer  
State of Nebraska

Background:

In enacting LB 1208 (N.R.S. 86-5,100) in 2006, the Legislature directed the Chief Information Officer to “establish a cost structure based on actual costs plus administrative expenses and (to) charge participants according to such cost structure”. The fees established pursuant to this statute are the only source of funding to offset the administrative and network management costs for Network Nebraska.

The services covered by the “actual costs and administrative expenses” include:

- Research, development, writing, evaluating and managing the State procurement process for the statewide scheduling system; network/Internet/edge devices for Phases 1, 2, 3; videoconferencing equipment; and statewide backbone.
- Management of the statewide purchase contracts for statewide scheduling, WAN services, Internet access, Cisco equipment, and videoconferencing equipment.
- Network design, equipment, management, Layer 3 routing, and trouble shooting to assure reliable and adequate qualities of service through appropriate virtual and transparent Local Area Network (LAN) services between major and minor telecommunications vendors.
- Developing, distributing, gathering, inventorying and storing all Letters of Agency and Free/Reduced Lunch data forms for Phases 1, 2, 3.
- Development and filing of Federal E-rate forms to coincide with each State RFP and Interregional Transport for E-rate eligible services.
- Outbound Call Center services at UNCSN and Office of the CIO.
- Level Two Helpdesk services to route trouble tickets and reach resolution on WAN services, Internet access, routing and Renovo server problems.



	B	C	D	E	F	G	H
1	<b>Network Nebraska Participation Fee FY2009</b>				<b>Cost Recovery Period</b>		
2							
3	Date of Last Revision: April 30, 2008	<b>Units</b>	<b># of Payments Per Year</b>	<b>Price</b>	<b>Cost</b>	<b>Life Cycle</b>	<b>Annualized Cost</b>
4							
5	master lease interest rate						5%
6							
7							
8	<b>Equipment:</b>						
9	Router -- Grand Island	0.5	1	\$ 61,100	\$30,550	5	\$6,918
10	Router -- Lincoln	0.5	1	\$ 61,100	\$30,550	5	\$6,918
11	Router -- Omaha	0.5	1	\$ 61,100	\$30,550	5	\$6,918
12	Network Switch -- Grand Island	1	1	\$ 5,000	\$5,000	5	\$1,132
13	(Price of routers includes 35% discount)						
14							
15	<b>Equipment Maintenance:</b>						
16	Router -- Grand Island	0.5	1	\$ 6,200	\$3,100	1	\$3,100
17	Router -- Lincoln	0.5	1	\$ 6,200	\$3,100	1	\$3,100
18	Router -- Omaha	0.5	1	\$ 6,200	\$3,100	1	\$3,100
19	Network Switch -- Grand Island	1	1	\$ 800	\$800	1	\$800
20							
21	<b>Backbone Data Circuit Costs:</b>						
22	Grand Island to Omaha	0	12		\$0	1	\$0
23	Lincoln to Omaha	0	12		\$0	1	\$0
24	Grand Island to Lincoln	0	12	\$ 1,600	\$0	1	\$0
25							
26	<b>QMOE:</b>						
27	Omaha	0	12	\$ 2,764	\$0	1	\$0
28	Lincoln	0	12	\$ 2,182	\$0	1	\$0
29	Grand Island	0	12	\$ 2,215	\$0	1	\$0
30	Installation Costs	3	1	\$ 1,200	\$3,600	3	\$1,295
31							
32	<b>Software:</b>						
33	Intermapper Maintenance	0.5	1	\$ 820	\$410	1	\$410
34	Probe Maintenance	0.5	1	\$ 5,600	\$2,800	1	\$2,800
35	Ngenious Mgr Maintenance	0.5	1	\$ 7,000	\$3,500	1	\$3,500
36	OpenVlew Maintenance	0.5	1	\$ 4,800	\$2,400	1	\$2,400
37	Stat Seeker Maintenance	0.5	1	\$ 5,000	\$2,500	1	\$2,500
38	Whatsup Maintenance	0.5	1	\$ 2,500	\$1,250	1	\$1,250
39	Netcool Maintenance	0.5	1	\$ 10,000	\$5,000	1	\$5,000
40	Netcool	0.5	1	\$ 50,000	\$25,000	5	\$5,661
41							
42							
43	<b>Staff Support -- University of Nebraska</b>						
44	Several positions (to be itemized)	1	1	\$ 108,000	\$108,000	1	\$108,000
45	Training	1	1	\$ 1,875	\$1,875	1	\$1,875
46	Travel	1	1	\$ 2,000	\$2,000	1	\$2,000
47							
48							
49	<b>Staff Support -- Office of the CIO (Network Services)</b>						
50	State Network Coordinator (including benefits)	1	12	\$ 6,230	\$74,754	1	\$74,754
51	Credit for labor support for Scheduling System Hosting Service	2	12	\$ (60)	-\$1,440	1	-\$1,440
52	State Network Analyst / Senior (including benefits)	1	6	\$ 4,822	\$28,934	1	\$28,934
53	State Network Supervisor (including benefits)	0	0	\$ -	\$0	1	\$0
54	Training	1	1	\$ 2,000	\$2,000	1	\$2,000
55	Travel	1	1	\$ 2,000	\$2,000	1	\$2,000
56							
57	<b>Other:</b>						
58	Polycorn Dues	1	1	\$ 99	\$99	1	\$99
59	SEGP	1	1	\$ 36,000	\$36,000	1	\$36,000
60							
61							
62	<b>Sub Total</b>						\$311,026
63							
64							
65	Estimated Loss from FY2008	1	1	\$ 194,703	\$194,703	3	\$70,025
66	Indirect Cost Allocation (Interregional Transport Fee)	10%	1	\$ 222,251	\$22,225	1	\$22,225
67	Indirect Cost Allocation (Participation Fee)	10%	1	\$ 311,026	\$31,103	1	\$31,103
68							
69	<b>Total</b>						\$434,379
70							
71	<b>Projected Units of Sale</b>						183
72	<b>Annual Cost Per Unit</b>						\$ 2,373.65
73	<b>Monthly Cost Per Unit</b>		12 months				\$ 197.80



	B	C	D	E	F	G	H
1	<b>Network Nebraska Interregional Transport Fee</b>				<b>Cost Recovery Period</b>		
2							
3	Date of Last Revision: April 30, 2008	Units	# of Payments Per Year	Price	Cost	Life Cycle	Annualized Cost
4	<b>master lease interest rate</b>						
5							5%
6							
7	<b>Hardware:</b>						
8					\$0	1	\$0
9							
10	<b>Software:</b>						
11					\$0	1	\$0
12							
13	<b>Labor Costs:</b>						
14					\$0	1	\$0
15							
16	<b>Backbone Data Circuit Costs (See Footnote)</b>						
17	Grand Island to Omaha	1	12	\$ 4,270	\$51,240	1	\$51,240
18	Lincoln to Omaha	1	12		\$0	1	\$0
19	Grand Island to Lincoln	1	12	\$ 3,115	\$37,380	1	\$37,380
20							
21	<b>QMOE (See Footnote)</b>						
22	Omaha	1	12	\$ 3,704	\$44,448	1	\$44,448
23	Lincoln	1	12	\$ 2,290	\$27,480	1	\$27,480
24	Grand Island	1	12	\$ 3,704	\$44,448	1	\$44,448
25							
26	<b>Other:</b>						
27					\$0	1	\$0
28							
29							
30							
31	<b>Total</b>						\$204,996
32							
33							
34	<b>Projected Units of Sale</b>						183
35							
36	<b>Annual Cost Per Unit (Pre Erate)</b>						\$ 1,120.20
37	<b>Monthly Cost Per Unit (Pre Erate)</b>						\$ 93.35
38	<b>Net Monthly Cost Per K-12 Unit (Post Erate)</b>						\$ 34.21
39	<b>Footnote</b>						
40	Network Costs include NUSF						



### **Erate Calculations for FY 2008-09 Interregional Transport**

Actual Annual Bill for Network Nebraska Interregional Transport	\$	204,996.00
Actual Monthly Bill for Network Nebraska Interregional Transport	\$	17,083.00
Number of Participating Entities, FY 2008-09		183
<b>Monthly Charge per Participant (Higher Ed Actual &amp; K-12 Budgeted)</b>	<b>\$</b>	<b>93.35</b>
Annual Ineligible Population "Allocated" Costs	\$	11,168.00
Monthly Ineligible Population "Allocated" Costs	\$	930.67
<b>Monthly Ineligible Population "Allocated" Cost per Participant</b>	<b>\$</b>	<b>5.09</b>
Annual Eligible Population Costs	\$	193,828.00
Monthly Eligible Population Cost	\$	16,152.33
Monthly Eligible Population Cost per Participant	\$	88.26
Estimated Erate Discount for K-12 Entities		67%
<b>Monthly Eligible Population Cost (Post-Erate) per Participant</b>	<b>\$</b>	<b>29.13</b>
<b>Estimated Actual Monthly Charge for K-12 Entities (B9 + B15)</b>	<b>\$</b>	<b>34.21</b>