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Strategic Plan Developed to Enhance FIRN2 Services; Contract Awarded to New Provider

at a glance

In accordance with OPPAGA's recommendations, the Department of Education has developed a strategic plan to help ensure that the Florida Information Resource Network (FIRN2) will meet the information technology needs of the state's public education entities. As we recommended, the Legislature directed the department to assess Florida's public education technology needs and evaluate options for addressing those needs. The department recommended continuing FIRN2 services. The Department of Management Services has awarded a three-year contract for these services with a new provider.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken in response to a 2006 OPPAGA report.^{1,2} This report presents our assessment of the extent to which the department has addressed the findings and recommendations included in our report.

¹ Section 11.51(6), *F.S.*

² *Users Satisfied with FIRN2; Options Exist for Future Services to Educational Entities*, OPPAGA [Report No. 06-36](#), April 2006.

Background

The Florida Information Resource Network (FIRN2) was created initially in the early 1980s to electronically link Florida's public education entities to computing resources. The network enables the exchange of information among these entities and the Florida Department of Education (DOE). Over the years, network services have expanded to also provide email and Internet connections.

In 2003 the Department of Management Services, on behalf of DOE, contracted with Hayes E-Government Resources, Inc., to provide FIRN2 services, including Internet access and data reporting services, to all 67 school districts, public postsecondary institutions, and libraries.³ Both departments are involved in administering the contract.

DOE purchases FIRN2 services on a subscriber basis. These services are offered in bundled and unbundled packages as

³ The original contract with Hayes E-Government Resources, Inc., ended in June 2007 but was extended under the option of two one-year renewals. The last one-year renewal will end in June 2009. These services are referred to as FIRN2 as they replaced a former network that was owned, operated, and maintained by the state.

well as individual optional services. Bundled services include Internet access, bandwidth management, 24-hour technical support, and network equipment maintenance. The unbundled package provides Internet access only; this option is used primarily by universities and community colleges.

FIRN2 services are supported by state funds and E-rate revenue from the federal government.⁴ A contingency fund was initially established to support FIRN2 services in the event of a loss of federal E-rate funding. Due to the reduction in state appropriations in Fiscal Years 2007-08 and 2008-09, the contingency fund was used to continue FIRN2 services. DOE reported that the contingency fund will be completely expended by June 30, 2009.

In Fiscal Year 2008-09, DOE reports that approximately \$6.9 million in state funds and \$10.9 million in federal E-rate funds will be expended for FIRN2. Exhibit 1 shows the amount of state funds and E-rate funds for Fiscal Years 2006-07 through 2008-09.

**Exhibit 1
FIRN2 Funding Decreased Slightly in
Fiscal Year 2008-09**

Fiscal Year	State Funds	Federal E-Rate	Total
	(in millions)		
2006-07	\$8.8	\$10.0	\$18.8
2007-08	8.8	11.8	20.6
2008-09	6.9	10.9	17.8

Source: Florida Department of Education.

Our 2006 report found that FIRN2 users generally were satisfied with services, but the system faced challenges in meeting future technological demands. We recommended that DOE develop a strategic plan to address the challenges facing FIRN2 including the increasing demand for services and bandwidth. Our report also noted that there were several options for providing public educational entities with services currently provided through FIRN2. We recommended that the Legislature direct the department to assess educational entities' needs for technological services and evaluate various options for addressing these needs.

Current Status

DOE has implemented our recommendation to create a strategic plan for FIRN2 and the Legislature directed the department to evaluate alternative options for the system. The Department of Management Services has awarded a new contract to continue FIRN2 services.

⁴The Schools and Libraries Universal Service Support Mechanism, popularly known as the "E-rate," was created as part of the Telecommunications Act of 1996 to ensure that all eligible schools and libraries in the United States have affordable access to modern telecommunications and information services. The program is funded through a universal service fee charged to companies that provide interstate and/or international telecommunications services. The Universal Service Administrative Company operates and administers the E-rate program and is regulated by the Federal Communications Commission. Although schools and libraries apply for discounts, the company pays vendors directly. The contingency fund was established in 2007 through the reimbursement of \$7.5 million from a successful appeal that was submitted by DOE in 2003 to the E-Rate Universal Service Administrative Company.

The Department of Education developed a strategic plan for FIRN2

As we recommended, DOE has developed a strategic plan for FIRN2. The plan establishes five major goals for addressing educational entities' technology needs through 2011. These goals are

- all districts will have effective tools to maximize use of the FIRN2 bandwidth;
- a rainy day fund will be established to fund FIRN2 services if E-rate discounts are not received;
- FIRN2 will be able to expand to meet the changing needs of its customers;
- FIRN2 will have built support from the legislative constituency; and
- FIRN2 will have in place a customer feedback system to ensure high levels of quality service for its customers.

The department reported that progress has been made toward these goals. For example, the 2007 Legislature created a contingency fund to cover the cost of FIRN2 in the event that E-rate discounts were not received; this fund has supported FIRN2 services during the state's budget crisis. In addition, the department has updated its customer service survey to include questions about planned network upgrades and other advanced services that might impact FIRN2. DOE used the survey results to assess the state's needs and develop its strategic plan to address these needs.

The Department of Education assessed options for FIRN2 and recommended continuing services

In Ch. 2008-152, *Laws of Florida*, the Legislature required the Commissioner of Education, in collaboration with the Department of Management Services and

the Technology Review Workgroup, to assess options for meeting the technology needs of Florida's public educational entities and to submit a report including recommendations and options for continued operation of the FIRN2 system.

DOE's report assessed three options for meeting the state's educational technology needs.

- Continue the current FIRN2 delivery model.
- Continue state administration of the E-rate program and operate FIRN2 as a consortium, but move all current FIRN2 services not eligible for E-rate to MyFloridaNet.
- Discontinue state administration and operation of the E-rate program, but negotiate a statewide contract for eligible institutions.

DOE's report recommended continuing FIRN2 services in order to provide continuing Internet access to educational entities and maximize support for E-rate dollars. DOE also recommended that the Legislature continue to fund services provided by the FIRN2 network.

Due to the state's ongoing budget crisis, the Legislature decreased funding for FIRN2 services in Fiscal Year 2008-09. If state funding is further reduced or eliminated, school districts and libraries will continue to be eligible to receive federal E-rate funds that can be used to pay for FIRN2 services. However, state universities and community colleges that use FIRN2 services are not eligible for E-rate dollars and would become responsible for paying the costs of these services.⁵

⁵ Twenty-one community colleges, five universities, and the Institute of Food and Agricultural Services (IFAS) currently receive FIRN2 services.

Both the Department of Education and the Department of Management Services issued Request for Proposals for services to continue FIRN2

In August 2008, DOE issued a Request for Proposal to continue the services now provided through FIRN2 when the current contract with Hayes E-Government Resources, Inc., ends in June 2009. In October 2008, the Department of Management Services also issued a Request for Proposal for these same services. DOE subsequently rejected all responses it received, and the Department of Management Services awarded a contract to AT&T.⁶ The Department of Management Services developed new FIRN services and entered into a contract in January 2009 to allow for a six-month transition between the two providers and to allow time for school districts and libraries to file E-rate applications for the 2009-10 funding year. The new FIRN contract will expire on June 30, 2012, with a three-year renewal option.

⁶ Prices bid by vendors under the Department of Management Services Request for Proposal were lower than those received by DOE. One reason for the lower bids is that the FIRN2 contract is leveraged with the MyFloridaNet contract which provides network services to State of Florida entities; MyFloridaNet is also provided by AT&T. For the same services that were generally included in the previous contract for \$6.9 million annually, DMS determined that the price from AT&T would be \$3.8 million.

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