USAC
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E-rate Program

Eligible Services

Fall 2014 Applicant Trainings

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Eligible Services

Overview

- Draft Eligible Services List (ESL)

  - Category One

    - Broadband
    - Voice Services
    - Eliminated Services
    - Eligibility Limitations

  - Miscellaneous

  - Category Two

    - Internal Connections
    - Eliminated Internal Connections
    - Managed Internal Broadband Networks
    - Basic Maintenance of Internal Connections

- Lit and Dark Fiber

- Pricing Transparency

- Bundling Order

Eligible Services I Fall 2014 E-rate Program Applicant Trainings

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Eligible Services

Draft Eligible Services List

- The FY 2015 Draft ESL was released August 4th, 2014
  - Comments were due 9/3/14 and reply comments were due 9/18/14
- Streamlined
  - For FY 2014, the ESL was 49 pages
  - For FY 2015, the Draft ESL is 6 pages
  - Divides services into Category One (those providing high-speed connectivity to the building) and Category Two (those services providing high-speed connectivity throughout the building)

Eligible Services

Draft Eligible Services List

- Focus support on Broadband
- Phase down of Voice Services
- Eliminates outdated legacy services and other former Priority One services

Draft ESL – Category One

Eligible Data transmission services and Internet Access

- ATM
- Broadband over Power Lines
- Cable Modem
- DSL
- DS-1, DS-2, DS-3
- Ethernet
- Fiber (Lit and Dark)

- Frame Relay
- ISDN
- OC-1, OC-3, OC-12, OC-n
- Satellite Services
- SMDS
- Telephone Dialup
- T-1, T-3, Fractional T-1
- Wireless Service (e.g. microwave)

Draft ESL – Category One

NEW Eligible Voice Services Subject to Phase Down

- Centrex
- Circuit capacity dedicated to providing voice service
- Interconnected VoIP
- Local, long distance, 800 service
- POTS
- Radio Loop

- Satellite telephone service
- Shared telephone service
- Wireless telephone service including cellular voice
  - Excludes data and text messaging

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Draft ESL – Category One

New Eliminated outdated legacy services and other former Priority One services

- Paging
- Directory assistance charges
- Text messaging

- Custom calling services
- Direct inward dialing
- 900/976 call blocking
- Inside wire maintenance

New Eliminated services that do not provide broadband

- Web hosting
- Voice mail

- E-mail

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Draft ESL – Category One

Eligibility Limitations for Data Plans, Air Cards and Mobile Hotspots for Portable Devices

- Support is limited to those cases where individual data plans are the most cost-effective option for providing internal broadband access for portable mobile devices

- Funding is considered not cost-effective when users can already access the Internet through internal wireless broadband networks

- Exceptions may include library bookmobiles or where there is a very small number of students or patrons

Draft ESL – Category One

Eligibility Limitations for Data Plans, Air Cards and Mobile Hotspots for Portable Devices

- Eligibility requirements:
  - Must be able to demonstrate either that installing a Wireless Local Area Network (WLAN) is not physically possible or
  - Must be able to provide a comparison of the costs to implement an individual data plan versus WLAN solution
    - "The cost comparison may be established through the competitive bid process of seeking and comparing bids on both WLANs and individual data plans."

Draft ESL – Category Two

Eligible Internal Connections

- *NEW*Subject to the Category Two five-year budget approach
  - Access points
  - Cabling
  - *NEW* Caching
  - Firewalls
  - Network switches
  - Routers
  - Racks
  - UPS
  - Wireless LAN Controllers
  - Improvements, upgrades and software necessary to support eligible broadband internal connections components

Draft ESL – Category Two

NEW Formerly Eligible as Internal Connections

- The following are no longer eligible for E-rate support:

o Circuit Cards/Components	o Storage Devices
o Interfaces	o Telephone Components
o Gateways	o Video Components
o Antennas	o Voice over IP components
o Servers	o Video over IP components
o Software	

Draft ESL – Category Two

NEW Caching

- WCB sought comment on the definition of caching in the ESL Public Notice

Draft ESL – Category Two

NEW Managed Internal Broadband Services (e.g. Managed Wi-Fi)

- Subject to the Category Two five-year budget approach
- Services provided by a third party
  - Operation
  - Management
  - And/or monitoring of eligible broadband internal connection components
- The third party may manage the school or library's equipment or provide the equipment as part of a lease

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Draft ESL – Category Two

NEW Managed Internal Broadband Services (e.g. Managed Wi-Fi)

- Eligibility Limitations
  - Supports only the equipment listed as eligible as a broadband internal connections component
  - Upfront charges as part of the contract are eligible
    - Any ineligible internal connections components (e.g. content filtering) must be cost allocated out

Draft ESL – Category Two

Basic Maintenance of Internal Connections

- *NEW* Subject to the Category Two five-year budget approach
- Support for basic maintenance of eligible internal connections such as
  - Repair and upkeep of hardware
  - Wire and cable maintenance
  - Basic tech support
  - Configuration changes
- Support for BMIC is limited to actual work performed under the contract

Draft ESL – Category Two

Basic Maintenance of Internal Connections

- Basic maintenance does not include
  - Services that maintain ineligible equipment
  - Upfront estimates that cover the full cost of every piece of eligible equipment
  - Services that enhance the utility of equipment
  - Network management services, including 24-hr network monitoring
  - On-site technical support
  - Unbundled warranties
- Note: Many of the services ineligible under BMIC are eligible as Managed Internal Broadband Services

Draft ESL - Miscellaneous

Miscellaneous

- Eligible Charges
  - Taxes, surcharges and other similar reasonable charges
  - Lease fees to rent or lease eligible components
  - Shipping charges
  - Training
  - Installation and configuration
    - *New* Installation may be provided by a third party

Lit and Dark Fiber

Leased Lit and Dark Fiber

- There were no changes in the Modernization Order impacting the eligibility of lit and dark fiber
- An Indefeasible Rights of Use (IRU) is treated as a lease and may be subject to amortization rules
- Rerouting fiber is considered a special construction charge and not maintenance
- Warehousing of unlit dark fiber is not eligible

Leased Lit and Dark Fiber Eligibility Matrix

	Description	Leased Lit Fiber	Leased Dark Fiber
1	Installation within property from bldg to bldg	Not Eligible	Not Eligible
2	Installation on property from bldg to property line	Eligible	Eligible
3	Special construction charges for installation from property line to service provider	Eligible	Not eligible
4	Monthly service/lease charges	Eligible	Eligible
5	Maintenance charges from bldg to service provider	Eligible	Eligible
6	Service provider provision of modulating electronics	Eligible	Not Eligible

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Increasing Pricing Transparency

- Transparency requirements for both E-rate recipients and vendors begin in FY 2015

- Provides greater visibility into pricing and technology choices by peers

- Improves analyses performed by the Commission, state coordinators and third parties regarding the program's effectiveness and potential improvement of cost-efficient purchasing

- Help identify best practices for purchasing and reducing waste

Pricing Transparency

Increasing Pricing Transparency

- In order to create pricing transparency, Item 21 information entered in the FCC Form 471 will be publicly available

- Applicants may opt out of this public disclosure requirement only if a specific state law or statute, local rule, or other restriction, such as a court order or pre-existing contract, which bars publication of the purchasing price data

- Vendor contracts executed after the effective date of the Order may not contain any restriction barring publication of this pricing data

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Bundling Order

The Bundling Order - DA 14-712

- On May 23, 2014, the FCC issued the Bundling Order effective for FY 2015 and forward

- Applicants must cost allocate non-ancillary components including, but not limited to, end user devices such as:

  - Telephone handsets
  - VoIP handsets
  - Computers
  - Cell Phones

  - Tablets
  - Netbooks
  - Laptops

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Questions?

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With questions, please contact us!

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