E-rate Program

Eligible Services
Fall 2014 Applicant Trainings

Overview

- Draft Eligible Services List (ESL)
  - Category One
    - Broadband
    - Voice Services
    - Eliminated Services
    - Eligibility Limitations
  - Miscellaneous
- Lit and Dark Fiber
- Pricing Transparency
- Bundling Order

- Category Two
  - Internal Connections
  - Eliminated Internal Connections
  - Managed Internal Broadband Networks
  - Basic Maintenance of Internal Connections
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- Eliminates outdated legacy services and other former Priority One services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)

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### 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
### Draft ESL – Category One

#### *New* Eliminated outdated legacy services and other former Priority One services
- Paging
- Directory assistance charges
- Text messaging

#### *New* Eliminated services that do not provide broadband
- Web hosting
- Voice mail

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

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

**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

*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
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

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
Lit and Dark Fiber

Leased Lit and Dark Fiber Eligibility Matrix

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

Pricing Transparency

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
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.

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
Questions?

With questions, please contact us!

Phone: (888) 203-8100
Fax: (888) 276-8736
Website: www.usac.org/sl