Eligible Services - What and Why?

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Introduction

- Fund Year 2008 Eligible Services List (ESL)
- Product/Service Eligibility
  - Priority Two
    - Internal Connections (IC)
    - Basic Maintenance of IC
  - Priority One
    - Telecommunications
    - Internet Access
- Service Substitutions
- Eligible Services List Information

Eligible Services List Screen Shot

USAC Schools & Libraries

Eligible Services List
Schools and Libraries Support Mechanism
for Funding Year 2008

Overall Eligibility Requirements for All Categories of Service:

The Eligible Services List indicates whether specific products or services may be able to receive discounts under the Schools and Libraries Support Mechanism.

The List is organized into four sections that represent the four funding categories established by the Federal Communications Commission (FCC) plus a Miscellaneous section that is applicable to multiple categories:

Telecommunications Services
Internet Access
Internal Connections
Basic Maintenance of Internal Connections
Miscellaneous

In addition, the following sections are provided:

Special Eligibility Conditions
Glossary, providing additional information about
    the terms used in this Eligible Services List
Index

Funding may be provided only for eligible products or services that will be used for educational purposes. *See* 47 C.F.R. §§ 54.500(b), 54.504. The conditions for eligibility are described in the specific entries of this Eligible Services List. Services that are not eligible are listed at the end of each category.

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FY2008 Eligible Services List

- Centrex is now considered a Basic Telephone Service

- Broadband over Power Lines (BPL) is eligible as a Digital Transmission Service telecommunication service

- BPL-enabled Internet access service is eligible as Internet access if the service is bundled with Internet access

FY2008 Eligible Services List

- Distance Learning in Internet Access is eligible if limited to basic conduit access to the Internet and not for distance learning or video conferencing tools

- Calendaring functions as a part of E-mail service is considered ancillary

- Failover products and services added to the list of miscellaneous ineligible components

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FY2008 Eligible Services List

- The eligible components of web hosting are defined as the following:

  – Provision of web site traffic (bandwidth)

  – Provision of disk space for storing applicant provided content

  – Provision of File Transfer Protocol (FTP) transfer or a Web interface to upload files

Internal Connections (IC)

A Visual Guide to IC

- Pictorial of the eligibility of services and products
- Explanation of conditionality
- Services and products are <u>example</u> configurations

USAC
Universal Service Administrative Company
Helping Keep Americans Connected

Eligibility		Product - Function
Eligible		Router – Data Distribution
		Switch – Data Distribution
		E-mail Server - Servers
		DHCP/DNS Server - Servers
Conditionally Eligible *		Tape Drive - Data Protection
		Uninterruptible Power Supply (UPS) - Data Protection
Not Eligible		Application Server - Servers

Conditions:

*Eligible if used with eligible equipment.
Cost Allocation may be utilized if supporting ineligible equipment

Cost Allocation

- Utilization method - The UPS is supporting 1800 watts total, of which the application server is drawing 500 watts
  - 500/1800 = 28% ineligible
  - 72% eligible
- This method would pass the requirement of being based on tangible criteria that provides realistic results
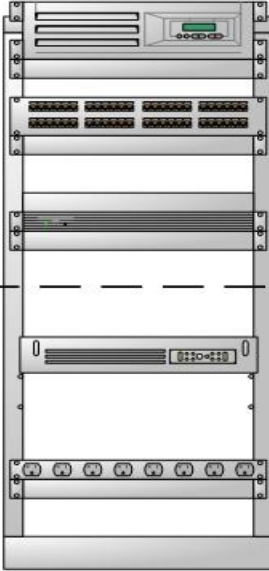
Cost Allocation Support

- Product specification documentation would be the ideal support in this example.

| Dimensions and Weight	
Height	433.6mm (17.07 in)
Width	199.6mm (7.86 in)
Depth	467.45mm (18.40 in)
Weight	15.4 kg (34 lbs)
Power Supplies	
Power	530W 80 Plus Certified
Price	
US List Price	$995-$2335
Warranty	
Warranty	• One Year Next Business Day • HW Coverage Hours: Business Hours • HW Response Times: Next Business Day • Delivery Method: Parts Exchange or Onsite

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Cost Allocation

- Straight Line Method- The UPS is supporting a total of six pieces of equipment (one router, one switch, three servers, and one tape drive) of which one server is ineligible
  - 1/6 = 17% ineligible
  - 83% eligible
- This would NOT pass the cost allocation requirements because it is not realistic that each piece of equipment would draw the same amount of power.

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Eligibility	Product - Function
Eligible	PBX – Telephone Components Patch Panel – Cabling/ Connectors Master Control Unit – Video Components
Conditionally Eligible	Uninterruptible Power Supply (UPS) Data Protection[1] Surge Protector – Ineligible Internal Connection Components[2]

Conditions:

[1]Eligible if used with eligible equipment.

[2]Eligible if provided as an integral component of a rack or cabinet w/out separately identifiable cost.

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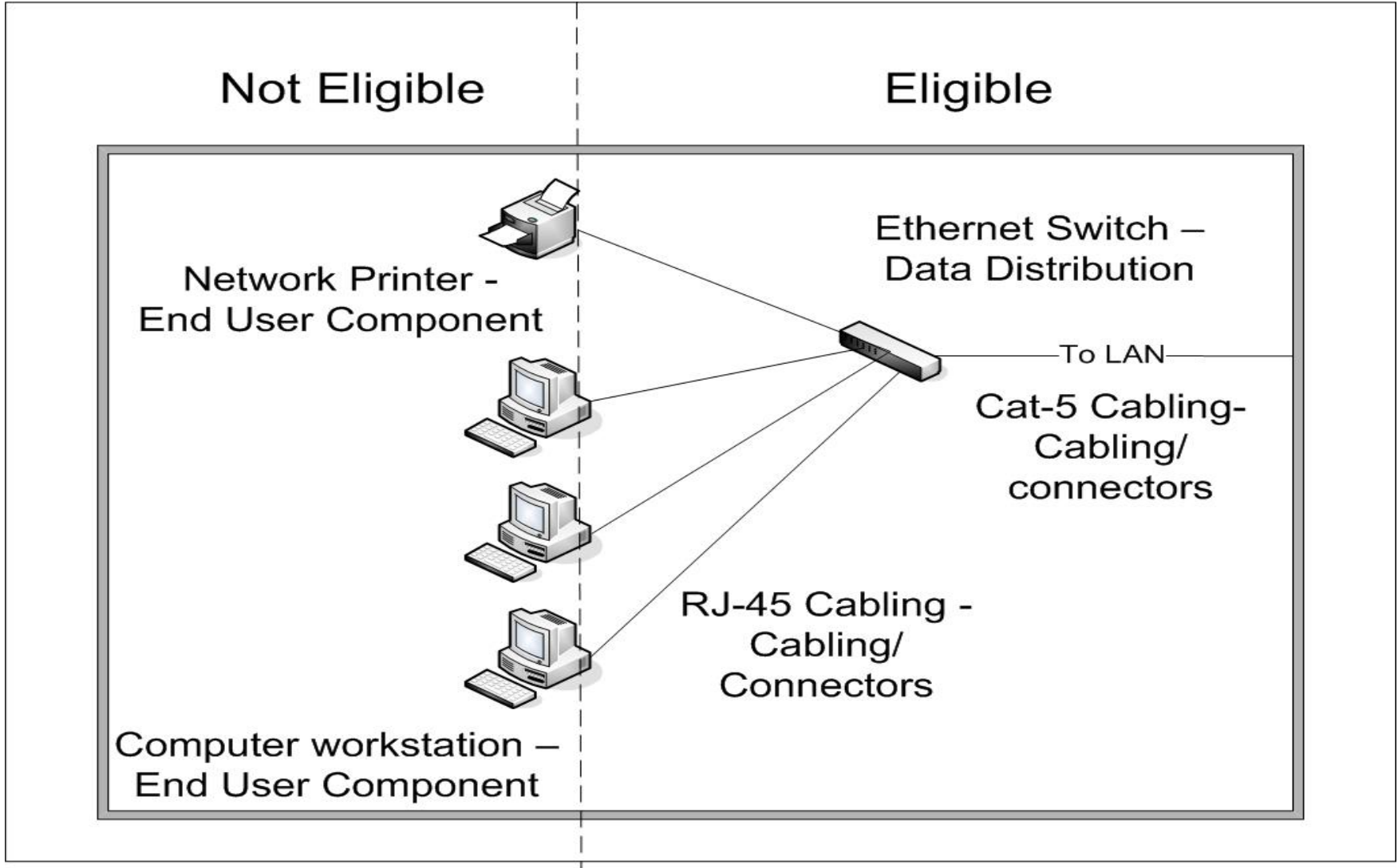
Other Internal Connections
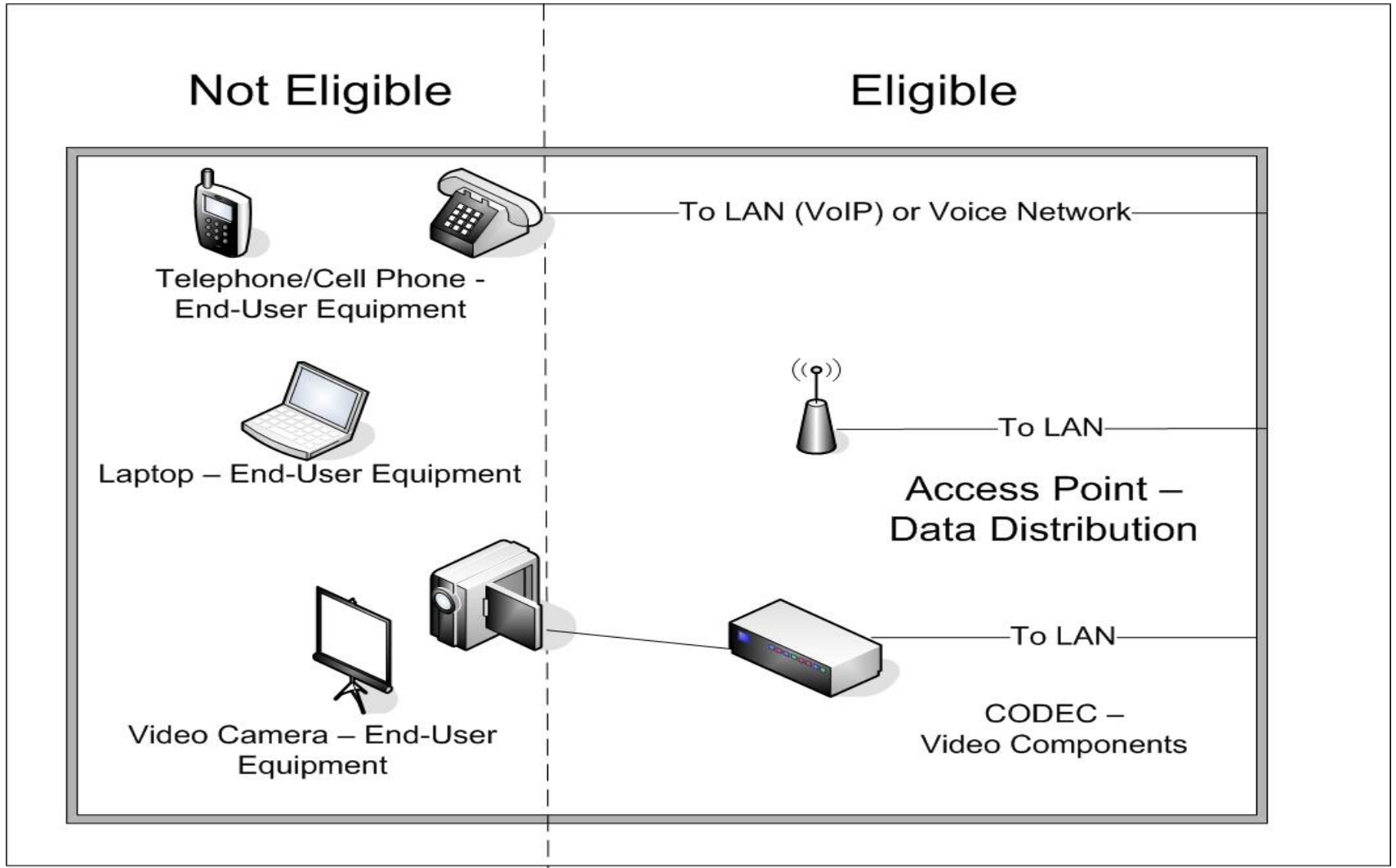
Basic Maintenance of IC

– Ensures the necessary and continued operation of eligible internal connection components at eligible locations.

- • Ex: Repair and upkeep of eligible hardware, wire and cable maintenance, and configuration changes.

Basic Maintenance of IC

- We will fund basic technical support of eligible hardware. We will not fund end-user support such as a student calling a help desk for technical assistance.

- BMIC is a Recurring service
  - Delivery must be within July 1st – June 30th
- BMIC is exempt from the Two-in-Five rule

Telecommunications Services and Internet Access (IA)

Basic Telephone vs. Non-Basic Telecommunication Services

- **Basic**
  - 800 service
  - Centrex service
  - Local phone service
  - Long distance service
  - POTS (Plain Old Telephone Service)
  - Radio loop
  - Wireless telephone services

- **Non-Basic**
  - All services listed as Digital Transmission Services
  - Includes but is not limited to: T-x, ATM, DSL, OC-x, Fiber Optic, DS-x, Frame Relay and PRI
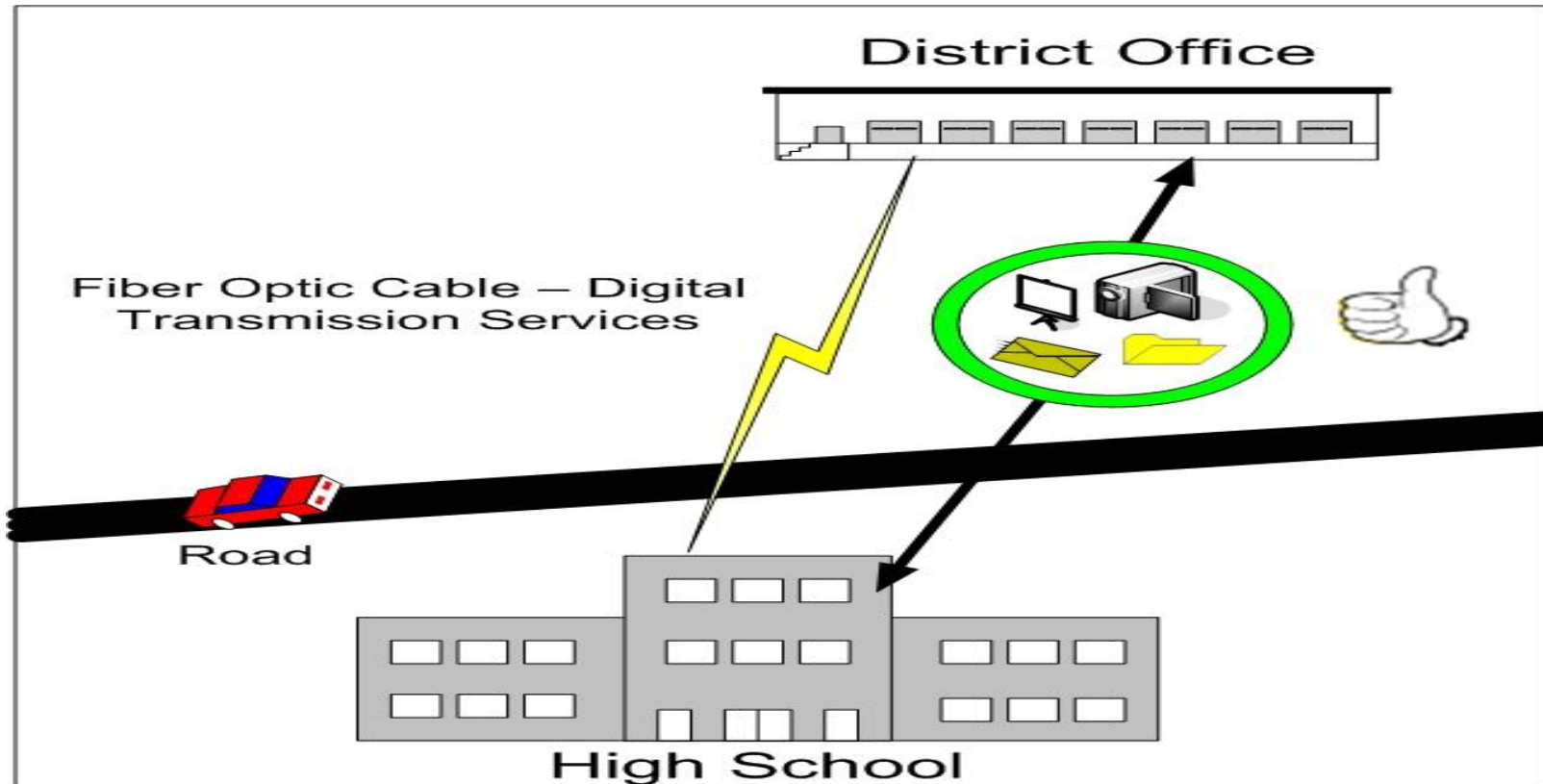
Internet Access (IA)

- Basic conduit access to the Internet, E-mail service, and web hosting are eligible IA services

- Distance learning and Video Conferencing utilizing the basic conduit to the Internet for Internet based learning is eligible

- Charges for filtering services and Internet content are NOT eligible

Wide Area Networks (WANs)

- Digital transmission services used to link Local Area Networks (LANs) into Wide Area Networks (WANs) are eligible as a Telecom service

Internet Access

- The same WAN may be eligible in Internet access if it is used **ONLY** for basic conduit access to the Internet **AND** is the most cost-effective means of accessing the Internet

- These conduits may NOT be used by the High School to access content or applications at the District Office.

- This includes district video libraries, application servers, non-Internet E-mail etc…

Internet

District Office

Road

High School

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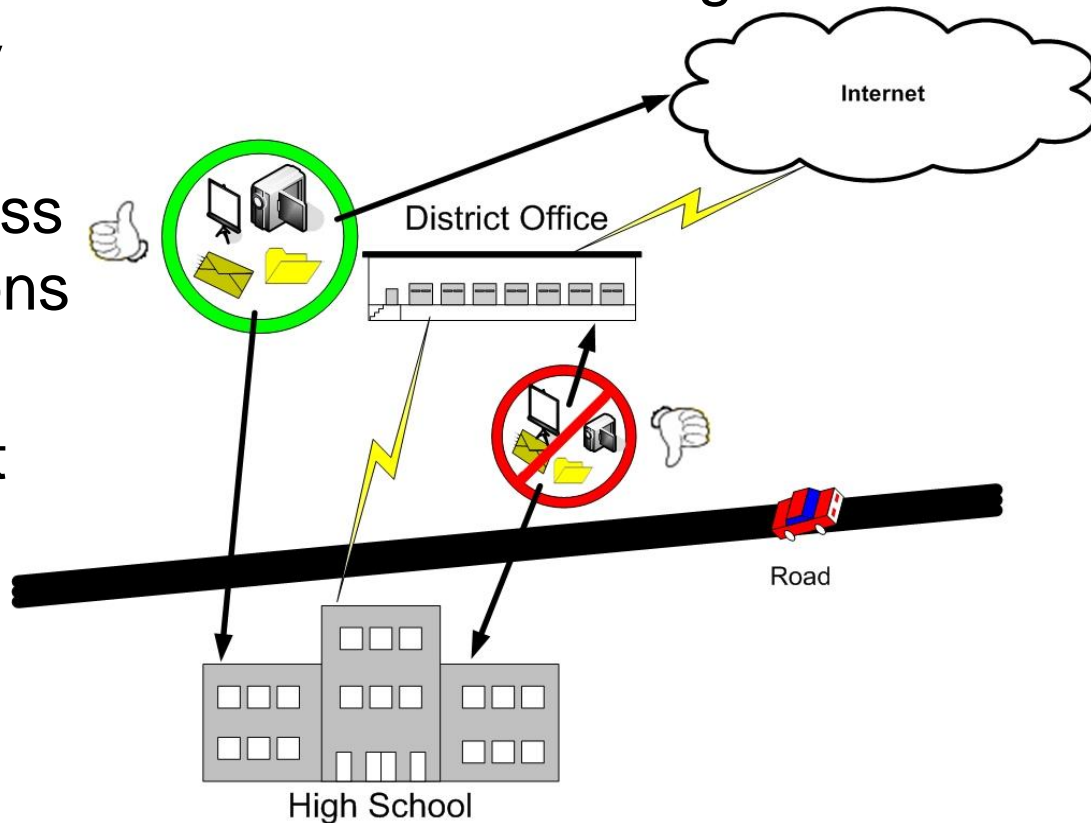
Amortization of Capital Investment Costs

- P1 Services can include service provider equipment costs for capital investments by the service provider

- If the upfront or non-recurring charge of a multi-year contract is $500,000 or more the total charge must be prorated <u>evenly</u> over a period of at least three years

Amortization example

- Example 1: Three year contract for fiber installation and service. Non-recurring charges (NRC) for this installation is $900,000

 - $900,000/3 years= $300,000 NRC/ year

Amortization example

- Example 2: Five year contract for fiber installation and service. Non-recurring charges for this service are also $900,000.
  - The NRC must be calculated over a period of at least 3 years
  - $900,000/5 years = $180,000/year
  - BUT
  - Rules mandate a period of at least 3 years so Example 1's allocation may be applied alternatively

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On-Premise Priority One Equipment

- What are they???
  - Equipment located on the applicant's premise are presumed to be Internal Connections.
  - However, the FCC's Tennessee Order establishes that this presumption can be rebutted under certain conditions as part of an end-to-end Priority One Service.
  - http://www.usac.org/sl/applicants/step06/on-premise-priority1-equipment.aspx
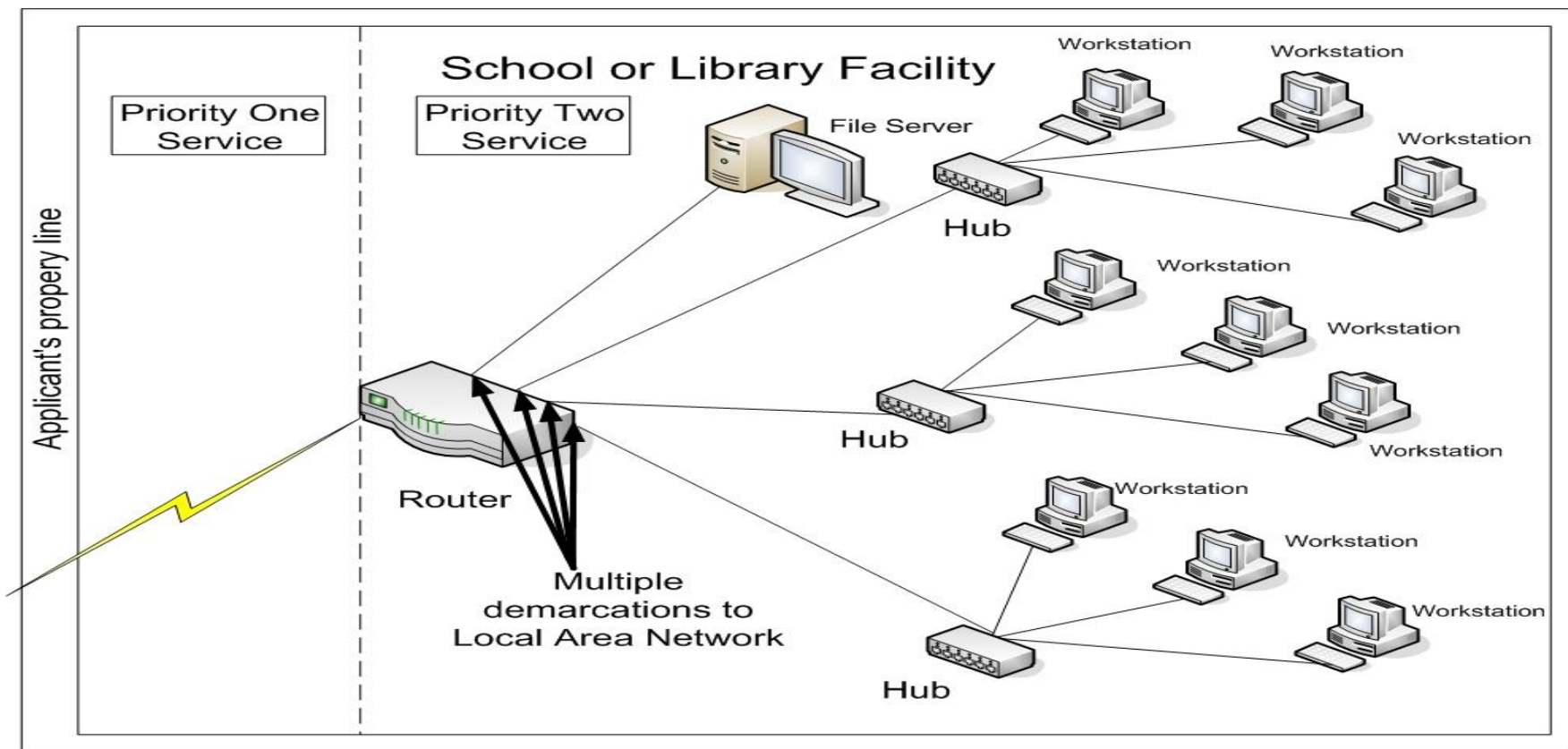
- This leased router may be eligible for P1 funding if all conditions are met
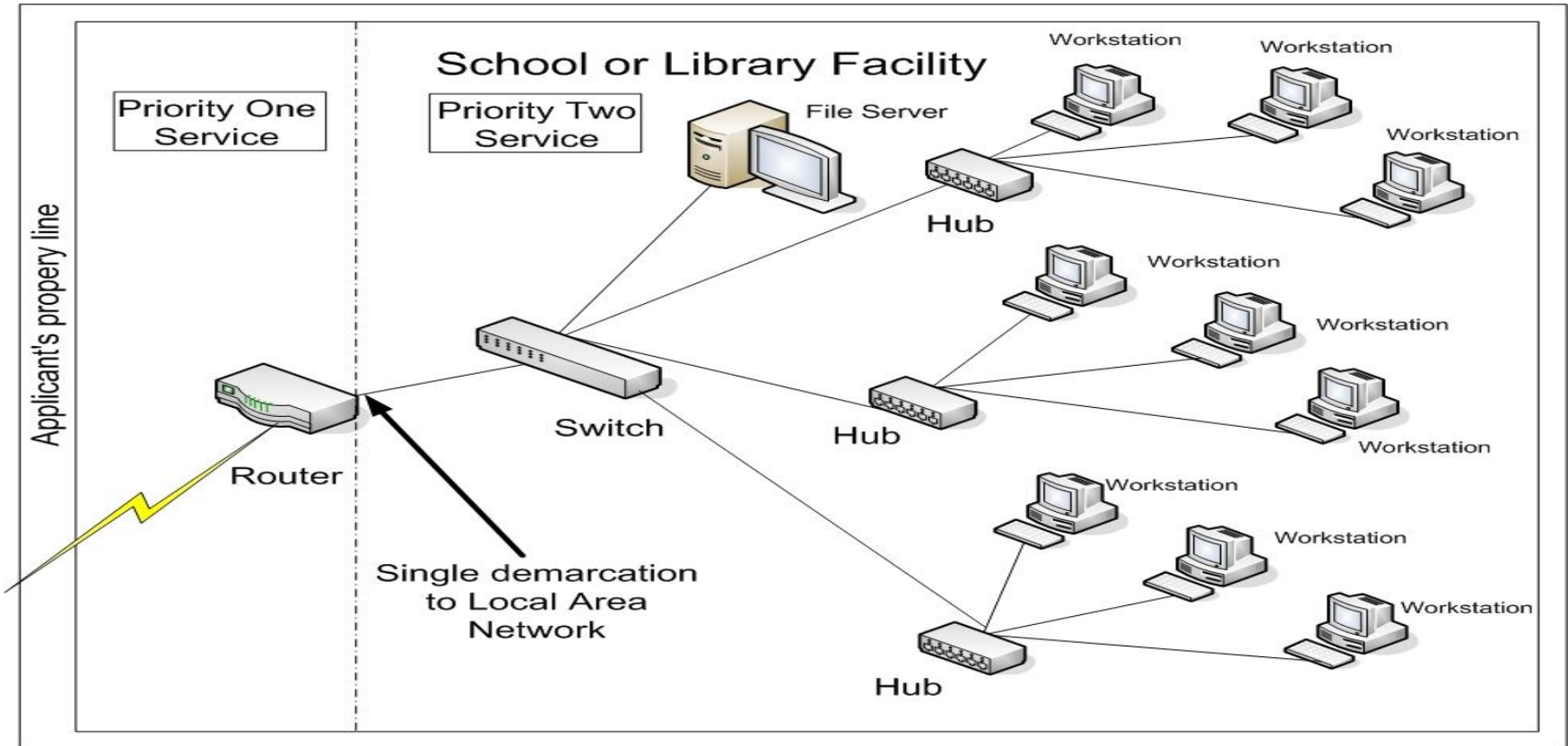
- Note: Single demarcation – If the router is removed, the LAN would continue to function
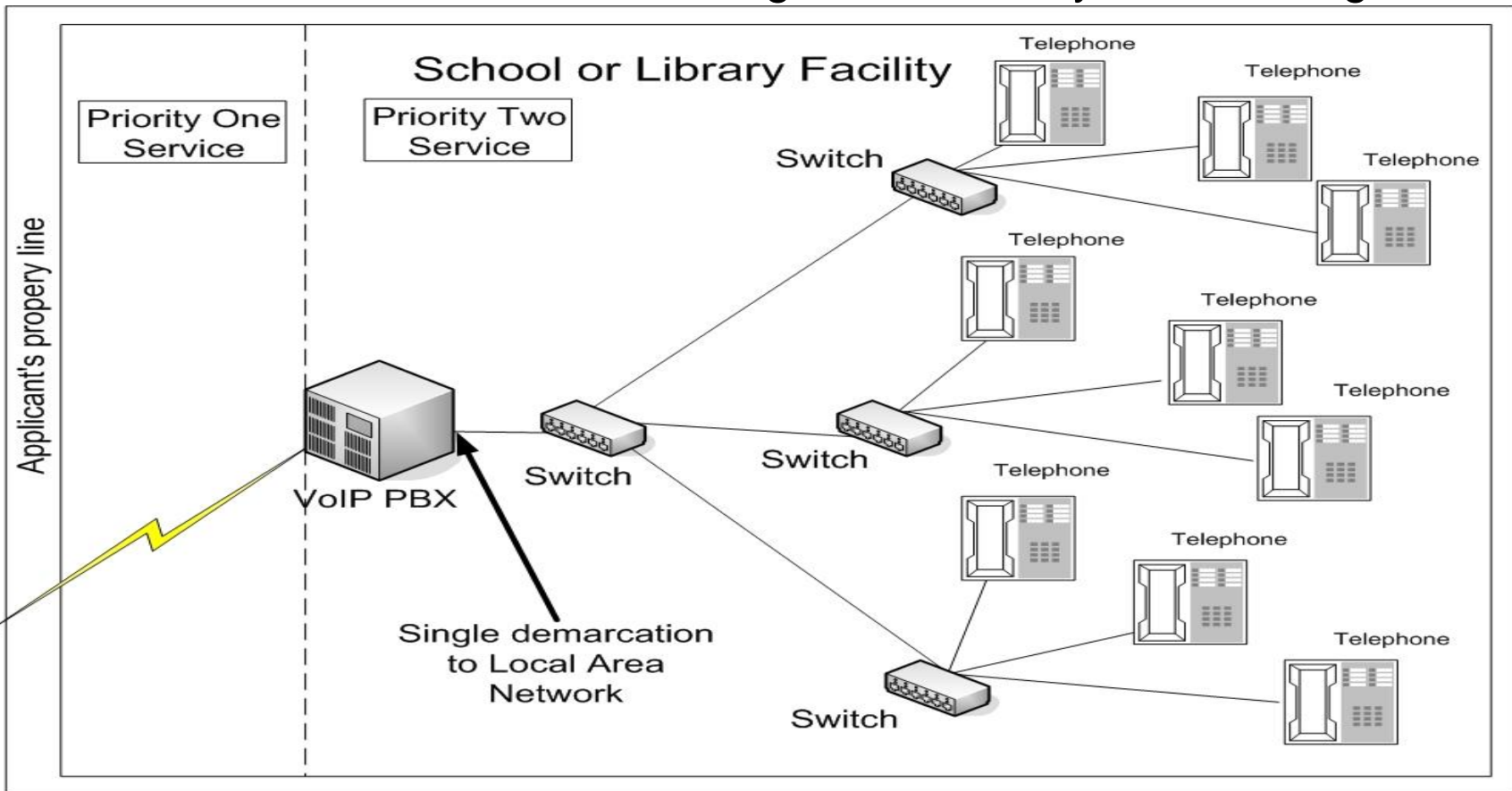
On-Premise Equipment 2

- This leased router is NOT eligible for P1 funding

- Note: Multiple demarcations – If the router is removed, the LAN would cease to function which violates program rules for Priority One eligibility. Router may be eligible in IC.

VoIP or PBX lease

- Leased VoIP or PBX are NOT eligible for Priority One funding

- By removing the VoIP or PBX equipment, the local voice network will cease to function. This equipment is eligible ONLY as Internal Connections.

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67% Rule for On-Premise Priority One Equipment

- The Installation and Lease of On-Premise Priority One equipment must be < 67% of the total charges

- The initial capital costs for this calculation include only the costs for on-site equipment and its related installation

- Costs for equipment and installation located outside of applicant facilities need not be included

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67% Rule

Numerator

On-Premise Equipment Lease = $ 7,000
On-Premise Equipment Installation = $ 1,000 $8,000
Off-Site Infrastructure Cabling = $10,000
Monthly Circuit   = $ 1000
Monthly Maintenance = $ 200

Denominator

$ 7,000 (Equipment Lease)
$ 1,000 (Equipment Installation)
$10,000 (Infrastructure Cabling) $31,200
$ 12,000 ($1000.00 x 12 months)
$ 1,200 ($100.00 x 12 months)

Installation and Lease of Equipment / Total Charges

$8,000 / $31,200 = 25.6%

PASS

Numerator

> On-Premise Equipment Lease = $ 10,000
> On-Premise Equipment Installation = $ 20,000

$30,000

Off-Site Infrastructure Cabling = $1,000
Monthly Circuit   = $ 1,000
Monthly Maintenance = $ 100

Denominator

> $ 10,000 (Equipment Lease)
> $ 20,000 (Equipment Installation)
> $1,000 (Infrastructure Cabling)
> $ 12,000 ($1,000.00 x 12 months)
> $ 1,200 ($100.00 x 12 months)

$44,200

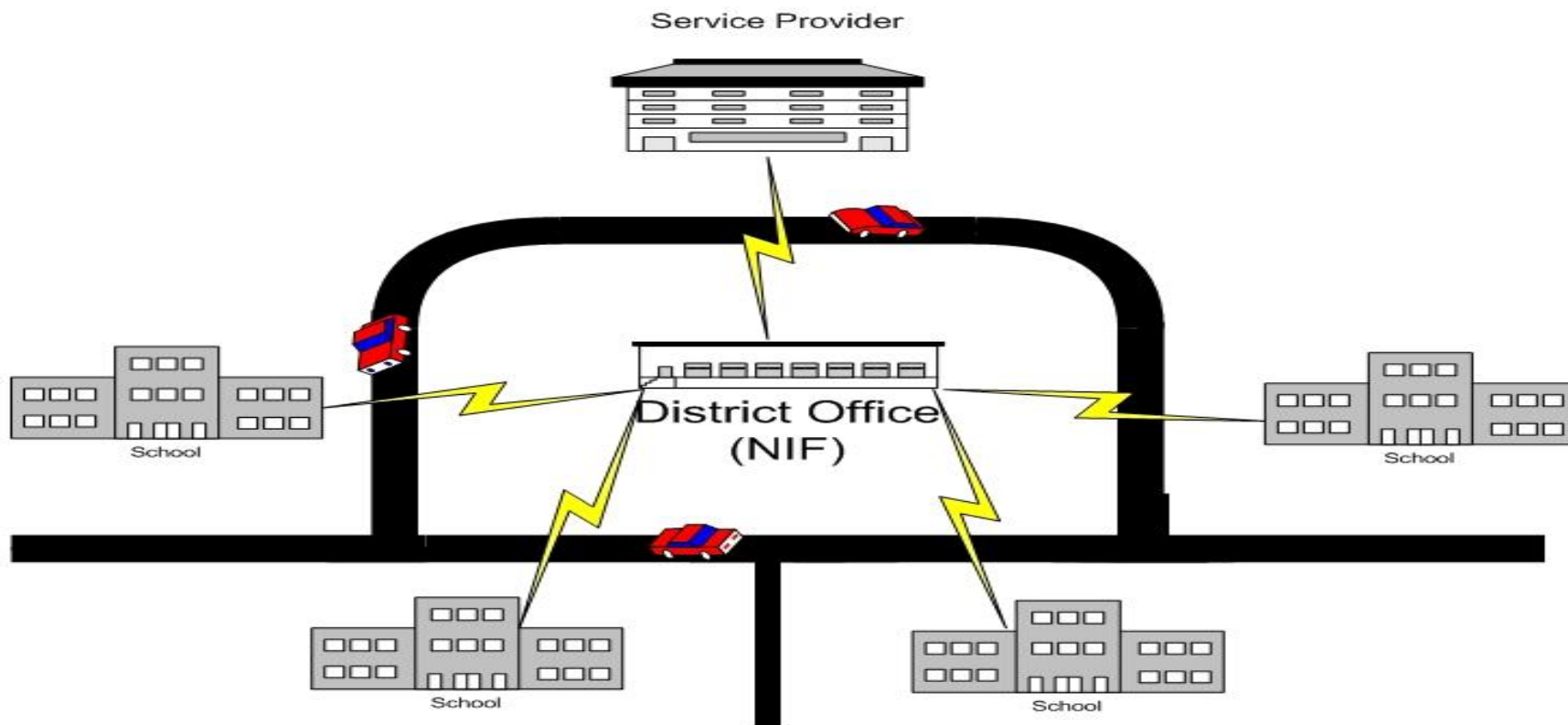**Installation and Lease of Equipment / Total Charges**

$30,000 / $44,200 = 67.8%

FAIL

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Non-Instructional Facility (NIF) and WANs

Non-Instructional Facility (NIF)

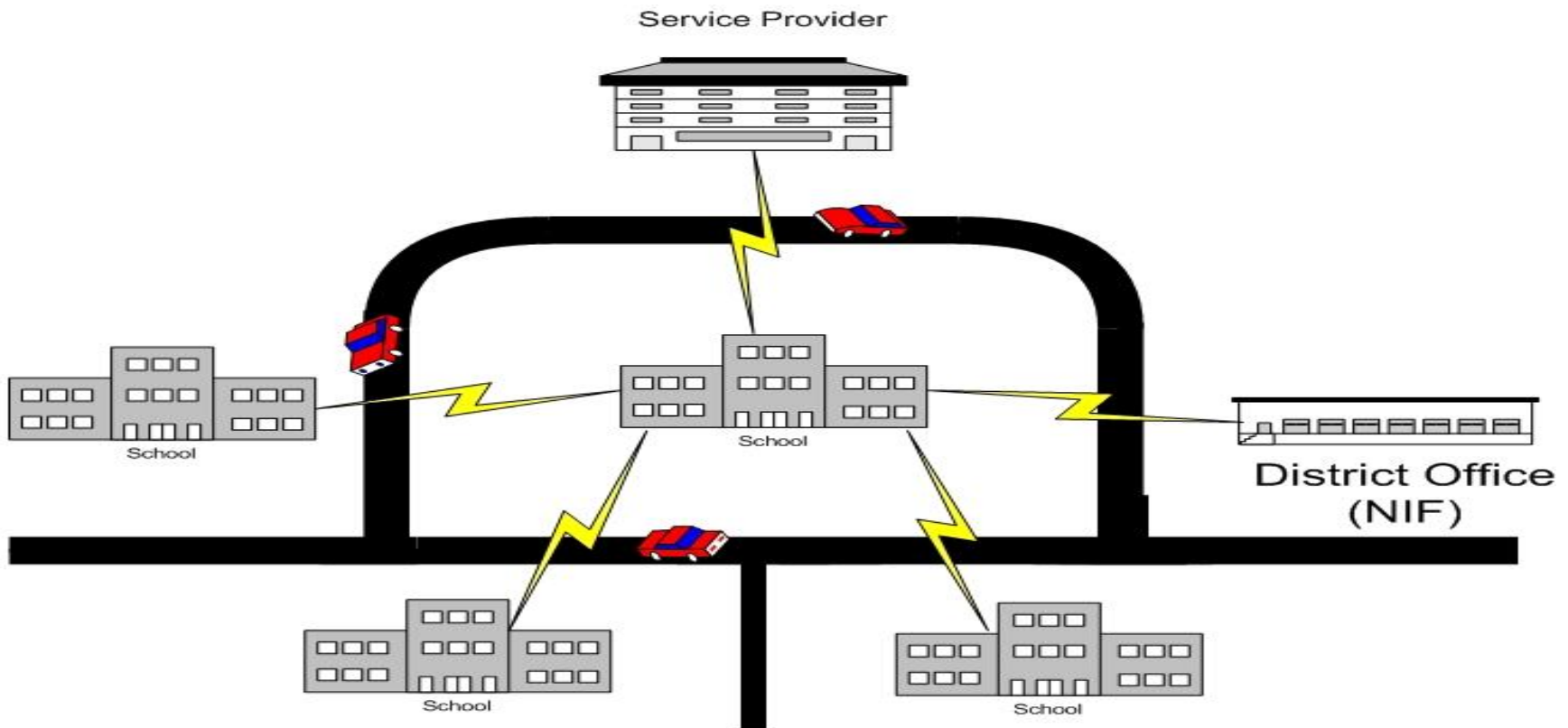- Scenario one: NIF as a hub. This NIF is essential for the transport of info to the Schools and is eligible for P2 funding

Multiple Campus District

Ineligible for Priority 2 NIF

- Scenario two: NIF as an end-point. The schools would maintain service if the NIF were removed, therefore the NIF is ineligible for P2 support

Service Provider

School

School

District Office (NIF)

School

School

Multiple Campus District

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Identify the Eligible P2 NIF's
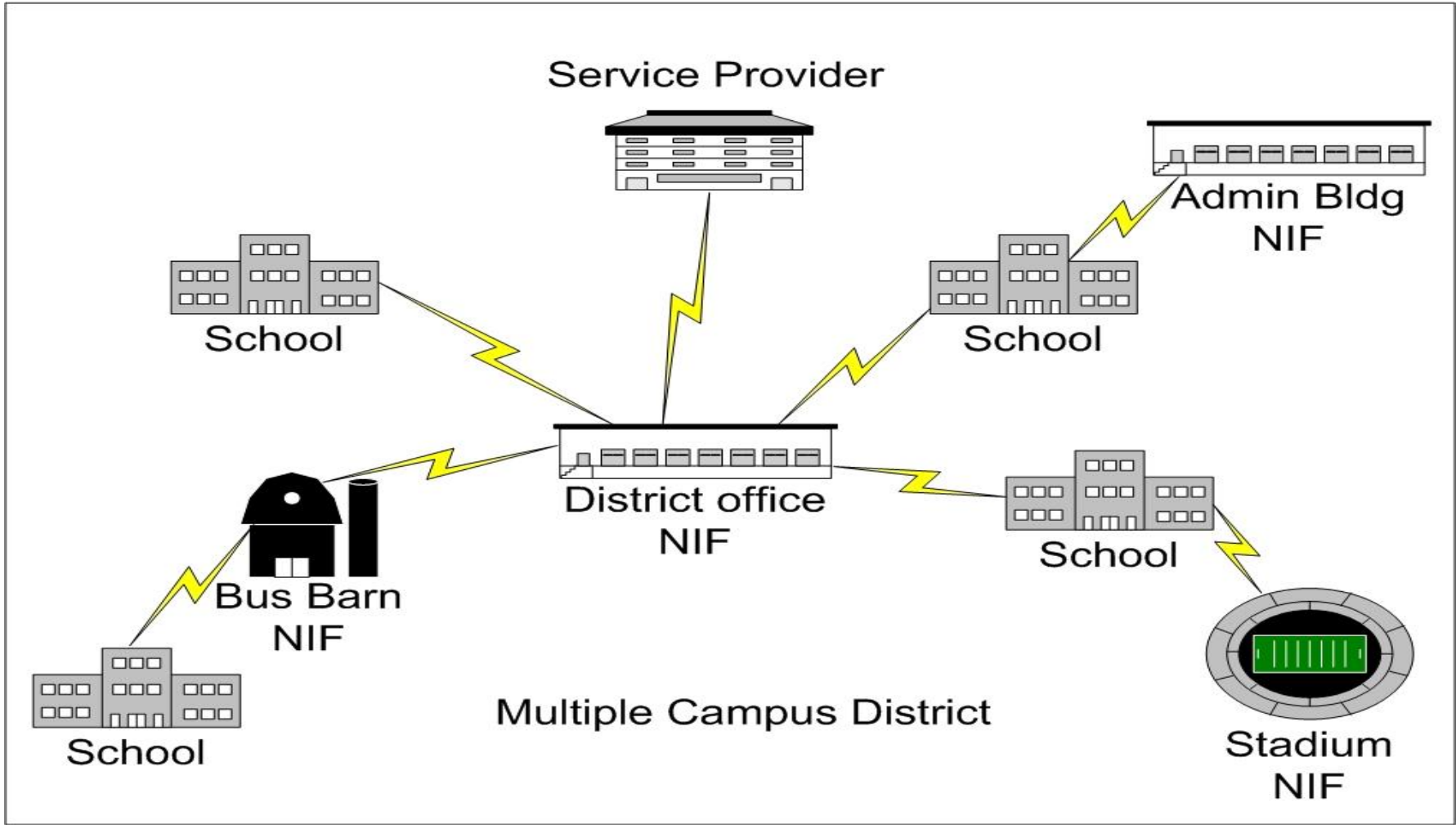
Eligible P2 NIF's identified

Service Provider

School

School

Admin Bldg NIF

District office NIF

Bus Barn NIF

School

Multiple Campus District

School

Stadium NIF

www.usac.org
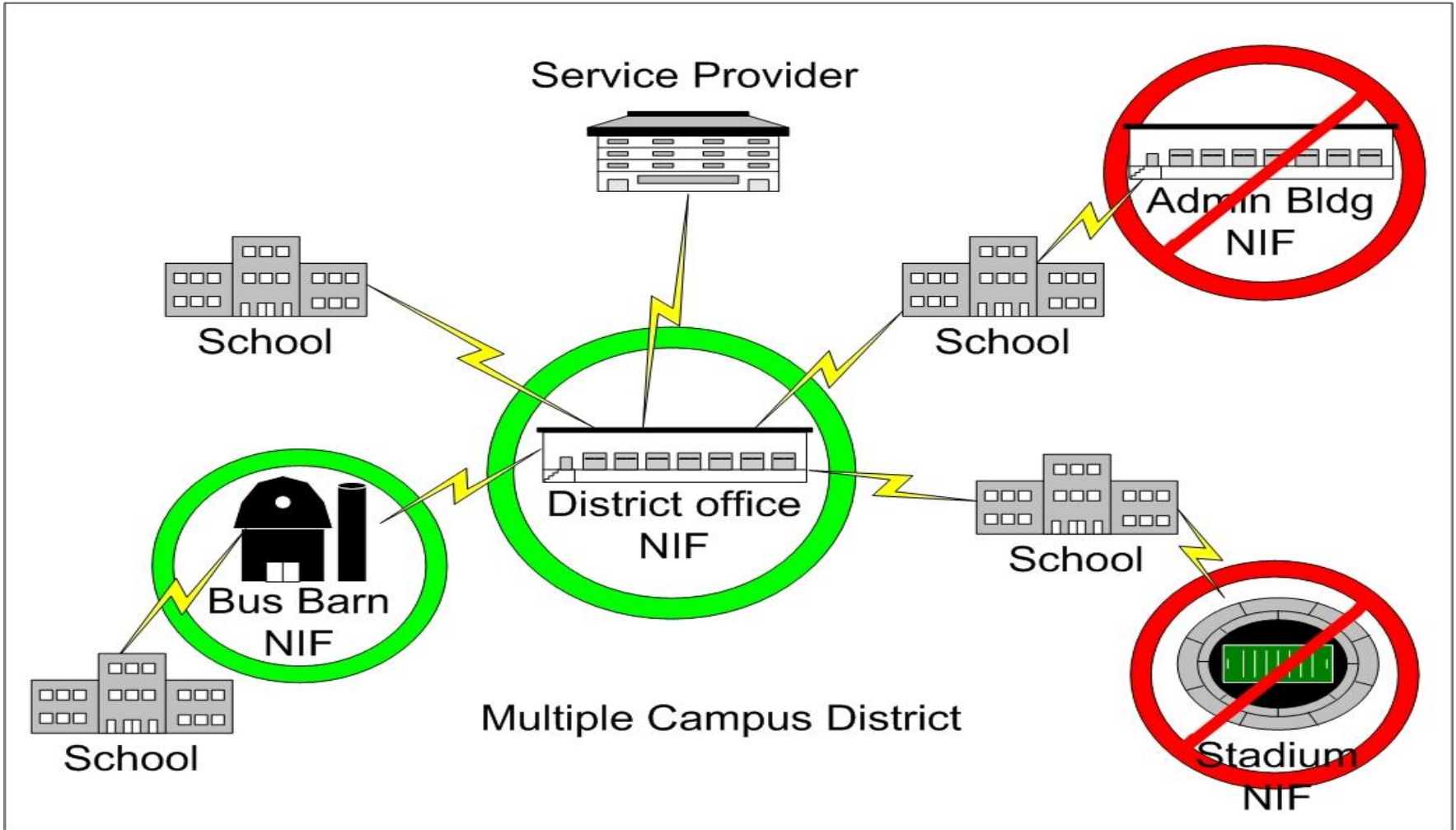
Free Services Advisory

- A service provider may not provide free or discounted services that have the effect of providing a discount level to the applicant greater than the discount allowed for Schools and Libraries support

Free Services Advisory

- Deduct the value of all price reductions, promo offers and "free" products or services from the pre-discount cost of services

- Costs, trade-in allowances, and discounts must be fairly and appropriately derived.

- A proportionate cost allocation is required between eligible and ineligible components

Free Service Advisory ex.

- Example 1: Applicant receives a discount for eligible services received

- Retail cost: $250
- Service Provider discount: $100
- Eligible pre-discount amount: $150

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Free Service Advisory ex.

- Example 2: Providing additional free or discounted products as a sales inducement

- Cell phone free w/service
- Retail cost of phone $99
- Cost of service $99/month = $1188/yr
- Eligible pre-discount amount = $1188-$99 = $1089

Service Substitutions

Applicant Specific Service Sub

- A service substitution is a change in the products and/or services specified in the Services Ordered and Certification Form, FCC Form 471. In certain limited circumstances, applicants or service providers may request and be approved for service substitutions.

Global Service Substitution

- A Global service substitution can involve a product and/or service that is being discontinued, has a model number change, or is being replaced. In this case, the manufacturer or service provider may submit notification to USAC that the product or service is being changed, along with a listing of one or more replacement products or services.

Global Service Sub FAQ's

- ## Can I substitute anything?
  - Service provider-initiated service substitutions are designed to accommodate replacements that USAC can substantiate are near-identical.

Global Service Sub FAQ's

- **How do I benefit from submitting a Global Service Sub?**

  – Invoices with products/services different from what was requested on the 471 are rejected. Invoices that have the new product/service on file will not be rejected, which means quicker payment and less additional work to re-file an invoice.

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Global Service Sub FAQ's

- Do I receive any deadline extensions?

  - Since a service provider-initiated service substitution does not reference any specific funding request, such service substitutions will not result in a change to an applicant's funding commitment, and no time extension for the completion of non-recurring services is provided under this approach.

Global Service Sub FAQ's

- **Can I specify applicants this Global sub affects?**
  - No. You can submit a batch of individual service sub requests which MUST be signed by the applicants.
  - Go to www.usac.org/sl, visit the Reference Area, Service Substitutions. Relevant info is in section two.

Helpful Hints

- Be sure to include your contact information. E.g. Name, phone number, fax and e-mail.

- If submitting multiple products, track it with a spreadsheet showing your end-of-life/replacement products. Providing a digital copy can drastically improve processing time. manufacturerproducts@sl.universalservice.org

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Security and E-rate

- **Eligible**
  - Cell phones for bus drivers
  - Costs for making phone calls
  - Video Conferencing used for learning

- **Ineligible**
  - GPS data transmission for buses
  - Costs for automatic dialing services
  - Security Cameras and the related wiring

FCC's
Eligible Services List
for FY2009

- **Why was the Eligible Services List created?**
  - As a reference for participants in the program to use to find out what E-rate will support

- **How is the Eligible Services List created?**
  - Input from FCC Orders, USAC, and recommendations from the Public Comment Period

- **When does the Eligible Services List get posted?**
  - The list will be posted at least 60 days prior to the opening of the filing window

Public Comment Period

- Things you can comment on:
  - What services are eligible under the Commission's current rules
  - Things that can make the list more user friendly

- Note: This period is not intended to be a vehicle for changing FCC rules and policies

- Why comment?
  - This is your opportunity to directly impact the ESL
  - If the type service or product you're providing is not on the list, it <u>may not</u> be funded

Public Comment Period

- When can **I** comment?
  - Stay tuned to the FCC's website: www.fcc.gov
  - USAC will also announce the FCC's public notice: www.usac.org/sl/

  - Last yr the Public Notice seeking comment was issued July 27, 2007
  - Comments were due on August 10, 2007
  - Reply Comments were due August 17,2007

Preparing for the Public Comment Period

- Take 5-10 minutes to discuss with your neighbors, product/service eligibility ideas you would like to see added to the ESL

- Be prepared to provide rationale as to why the proposed product/service fits into the criteria set by the FCC

- Select a representative from your group to provide a brief summary of your ideas

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Questions?