



# E-rate Program

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## **Eligible Services**

May 3, 2011 – Los Angeles | May 12, 2011 - Atlanta

- **Overview**

- Priority One

- Telecommunication Services, Telecommunications and Internet Access (IA)

- Priority Two

- Internal Connections (IC) and Basic Maintenance of IC (BMIC)

- **What's New**

- Dark Fiber including Clarifications from the 6<sup>th</sup> Order

- **Services Updates**

- Web Hosting
  - Wireless Internet Access
  - Ineligibles
  - BMIC

# Eligible Services

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# Overview

## Priority One – Telecommunications Services

- Support for telecom services
- Examples:
  - Local and Long Distance service
  - Cellular Service
    - Text messaging
  - Ethernet

## Priority One – Telecommunications Services

- Other examples of eligible telecom services
  - T-1, T-3
  - DSL
  - PRI
  - Satellite service
  - Interconnected Voice over Internet Protocol (VoIP)
  - Taxes and certain fees
  - Installation and configuration

## Priority One – Telecommunications Services

- Some examples of services NOT eligible:
  - Broadcast “Blast” messaging
  - Monitoring services for 911, E911 or alarm telephone lines
  - Services to ineligible locations
  - End-user devices

## Priority One - Telecommunications

- Telecommunications Services and Telecommunications are now two categories on the Eligible Services List (ESL)
  - **Telecommunications Services** can only be provided by an eligible telecommunications carrier
  - **Telecommunications** can be provided by non-telecommunications carriers via fiber in whole or in part

## Priority One – Internet Access

- Support for Internet Access includes the Internet Service Provider (ISP) fees and the conduit to the Internet
- Services funded under the Internet Access Category also include:
  - E-mail Service
  - Wireless Internet Access
  - Web Hosting
  - VoIP



## Priority One – Internet Access

- Some examples of services NOT eligible:
  - Costs for Internet Content
    - Subscription services such as monthly charges for on-line magazine subscriptions
  - Internet2 membership dues
  - Web site creation fees
  - Software, services, or systems used to create or edit Internet content

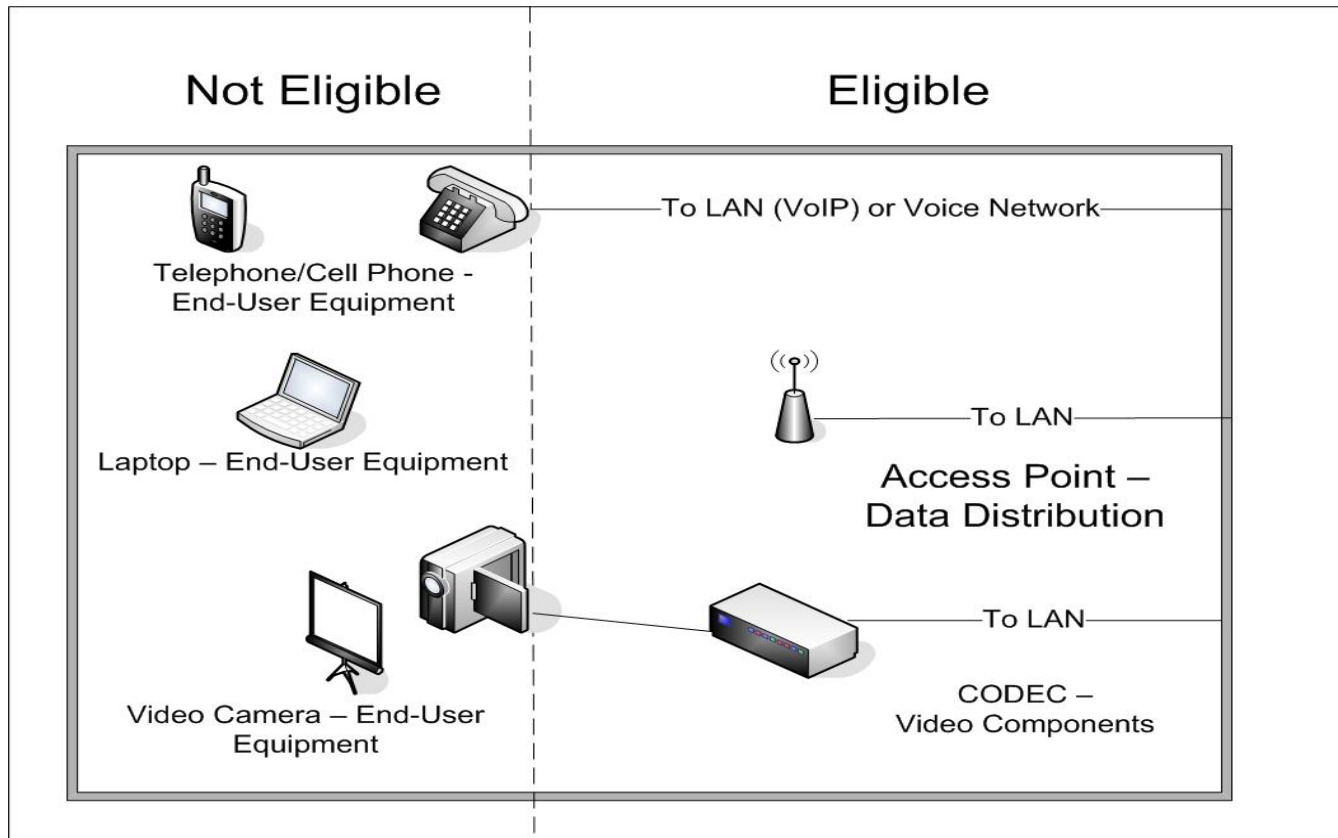
## Priority One - Tips

- If your service includes on-premise equipment, provide your customer with the make and model.
- If you are offering a service along with eligible services, do not forget to break out any of the costs associated with installation, training and taxes associated with the ineligible services.
- If you have a new service or re-naming a pre-existing service, be sure to supply your applicant with a description of the service to ensure the PIA reviewer understands the exact service you are providing.

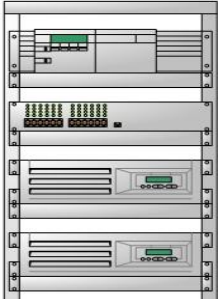


## Priority Two – Internal Connections

- Support for equipment and cabling on-site that transport information to classrooms or public rooms of a library
- Does NOT include end-user components such as computers
- Subject to the [Two-in-Five](#) Rule
  - Entities can only receive funding every two out of five years

## Priority Two - Internal Connections



## Priority Two - Internal Connections

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

## Priority Two – Basic Maintenance of Internal Connections

- Support for basic maintenance of eligible internal connections
- Examples:
  - Repair and upkeep of eligible hardware
  - Wire and cable maintenance
  - Basic technical support
  - Configuration changes

## Priority Two – Basic Maintenance of Internal Connections

- Agreements or contracts must state the eligible components covered, make, model and location
- Service must be delivered within the July 1<sup>st</sup> to June 30<sup>th</sup> timeframe
- Two-in-Five Rule does not apply to BMIC

## Priority Two - Tips

- As with the Priority One services, be sure to identify costs associated with ineligible charges such as tax, installation and training along with the cost(s) of the ineligible product(s).
- Refer to the Eligible Services List to ensure services and products seeking a service substitution are of the same functional category.
- Incorporate the make, model and quantities of the products you will be maintaining into your maintenance contract to ensure PIA reviewers understand what products are being supported.



# Eligible Services

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# What's New

## Leased Dark Fiber for FY 2011

- Leased Dark Fiber included as Telecommunications on the FY2011 Eligible Services List
- Support for the lease of fiber, whether lit or dark, as a priority one service, from *any* entity
- On the FCC Form 471, applicants are instructed to select the Telecom box if the leased fiber is provided by a telecom carrier
- In all other cases, the applicant should select the Internet Access box

## Leased Dark Fiber for FY 2011

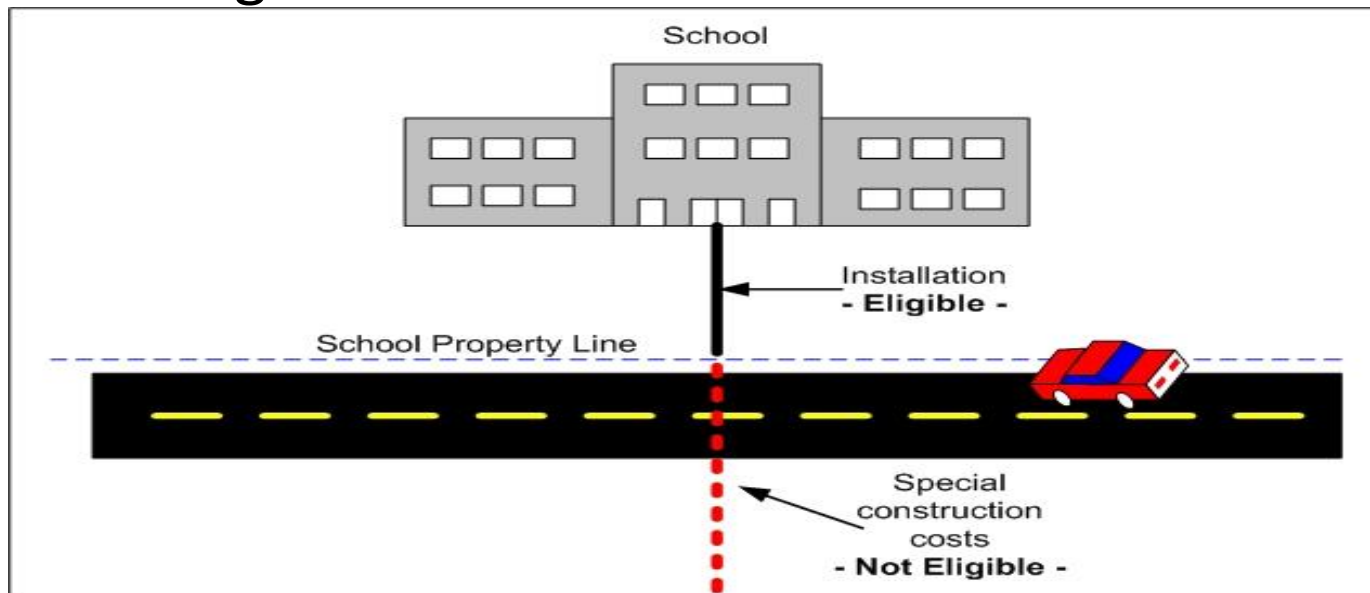
- Dark fiber must be lit immediately
  - Immediately means the fiber must be lit during the funding year in which you request services in order to receive E-rate discounts.
  - USAC will not pay for recurring or non-recurring charges until the fiber is lit.
- Does NOT allow for unneeded capacity or warehouse dark fiber for future use
  - The Commission's intent was to provide applicants more flexibility when considering fiber as a solution to meet their needs, not to acquire dark fiber for future use.

## Dark Fiber

- Maintenance costs of dark fiber and installation costs to hook up the dark fiber are eligible
  - This includes charges for installation within the property line (see next page for eligibility matrix)
- Modulating electronics for leased dark fiber are not eligible
  - Eligible only as applicant owned priority 2 if it meets the definition of an internal connection. If being used for LAN traffic it is eligible, if WAN, not eligible.

## Leased Dark Fiber Installation Diagram

- Special Construction charges to build out connections from applicants' facilities to an **off-premise** fiber network are **NOT** eligible

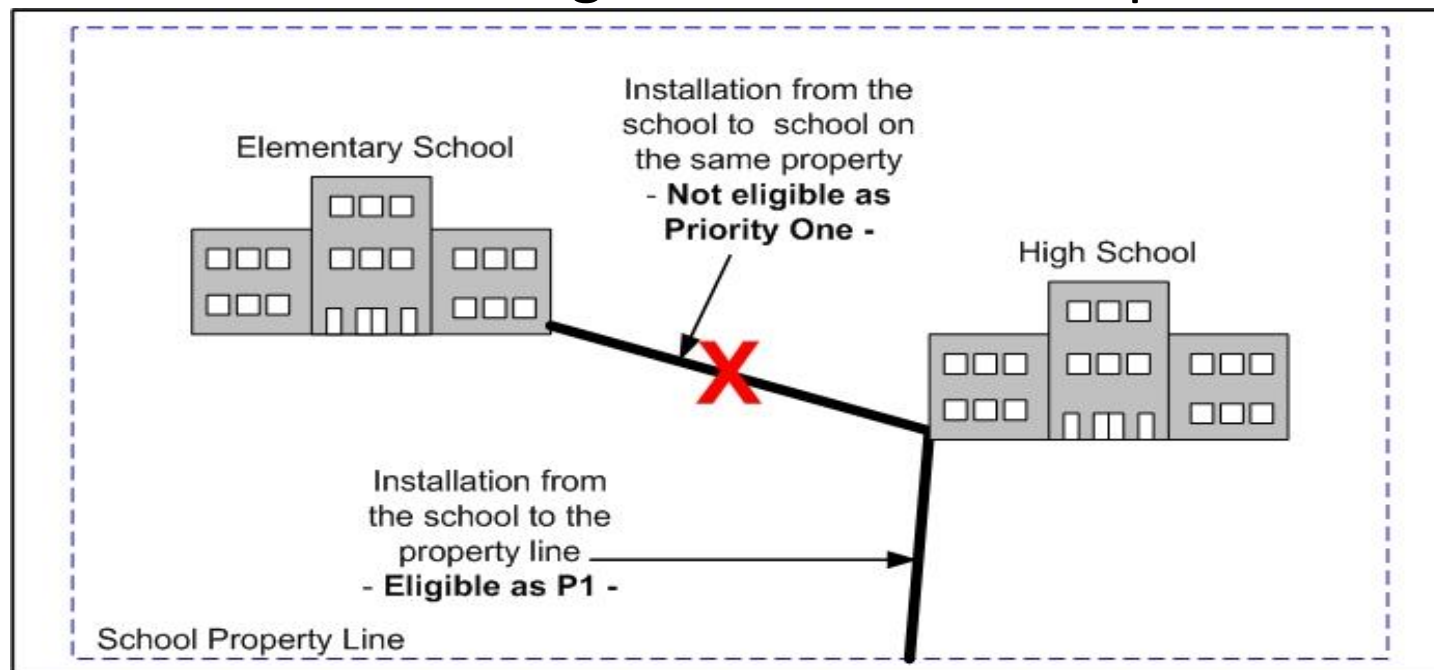


## Leased Dark Fiber for FY 2011

- Some examples of **not eligible** special construction charges include:
  - Design and engineering costs
  - Project management costs
  - Digging trenches
  - Laying fiber

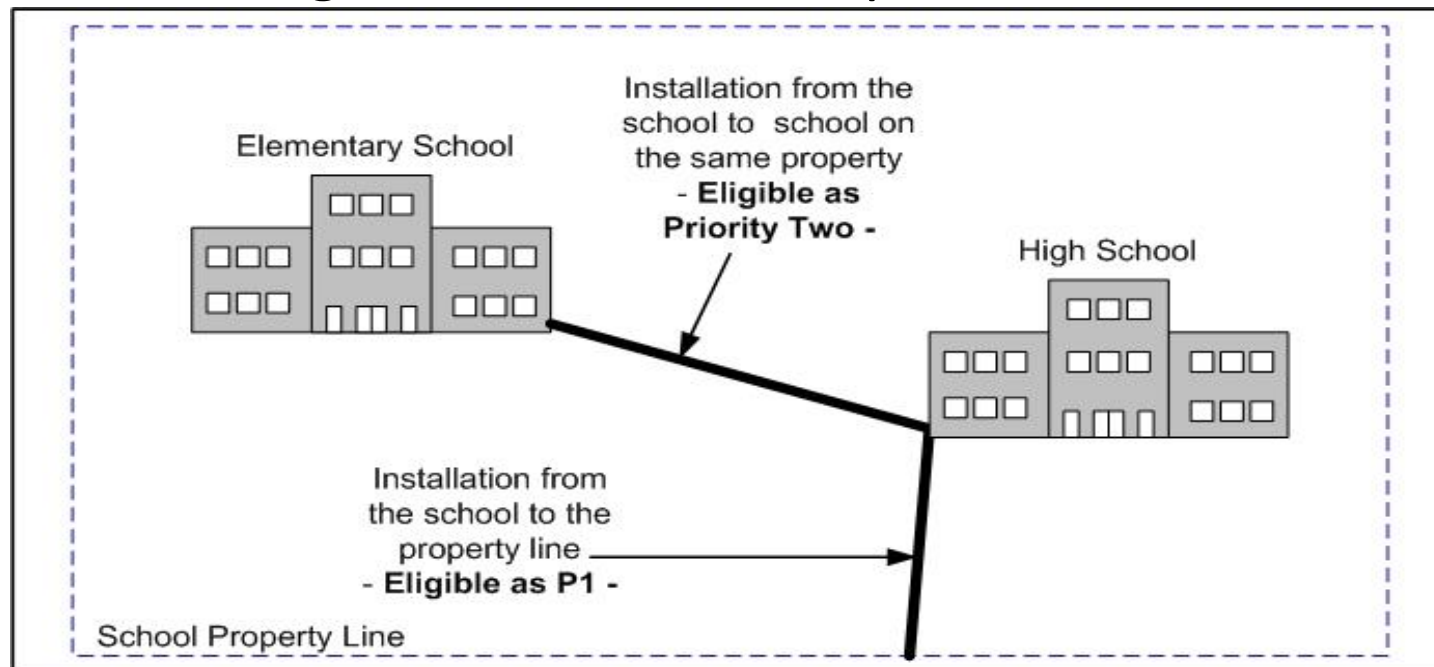
## Leased Dark Fiber for FY2011

- Dark fiber is not eligible as a Priority One service between two buildings on the same campus.



## Leased Dark Fiber for FY2011

- Dark fiber is eligible as an Internal Connection servicing two buildings on the same campus.





## Dark Fiber Install and Maintenance Matrix

	Description	P1- Leased Lit Fiber	P1- Leased Dark Fiber	P2- Leased Lit or Dark Fiber	P2- Purchased Dark Fiber
1	Installation within property from bldg to bldg	Not Eligible	Not Eligible	Eligible	Eligible
2	Installation on property from bldg to property line	Eligible	Eligible	Not Eligible	Not Eligible
3	Installation off property from curb to service provider	Eligible	Not eligible	Not Eligible	Not Eligible
4	Monthly service charges within property from bldg to bldg	Not Eligible	Not Eligible	Eligible	Not Eligible
5	Monthly service charges from bldg to service provider or to off-site bldg	Eligible	Eligible	Not Eligible	Not Eligible
6	Maintenance charges from bldg to bldg	Not Eligible	Not Eligible	Eligible	Eligible
7	Maintenance charges from bldg to service provider	Eligible	Eligible	Not Eligible	Not Eligible

# Eligible Services

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# Services Updates

## Web Hosting

- Web hosting **change**:
  - Blogging and discussion boards are **now** eligible
- Status quo:
  - Remains eligible for discount as Internet access
  - Web features including content created by third party vendors, databases for grades, student attendance files, or other reports are NOT eligible
  - These ineligible web features must be cost allocated

## Wireless Internet Access Applications

- Wireless IA Applications update:
  - Wireless service dedicated to an ineligible service or group of services will be deemed **entirely ineligible**
    - For example, cellular service for the GPS tracking for a bus is **entirely ineligible**
  - Bundled services will require **cost allocation**
    - For example, a voice plan for the bus driver and a data plan for GPS tracking must be **cost allocated** to remove the data plan
    - USAC will conduct outreach to applicants if no reasonable cost allocations were provided

## Other Ineligibles

- Separately priced firewalls in Priority One are not eligible
  - Bundled firewalls included with Internet access service is eligible
  - Firewalls are eligible as Internal Connections
- Intrusion Detection/Intrusion Prevention Devices are not eligible
- Anti-Spam and Anti-Virus Software are not eligible
- On-line backup solutions are not eligible
- Scheduling services are not eligible

## Basic Maintenance of Internal Connections Clarifications

- Unbundled warranties are NOT eligible
- Unbundled warranties allow for broken equipment to be fixed or if it is beyond repair, replaced
- Unbundled warranties are considered a type of retainer and not as an actual maintenance service
- This does not apply to a manufacturer's warranty of no more than three years that is included in the price of the equipment OR
- If the retainer is tied to actual service performed

## Basic Maintenance of Internal Connections

- Applicants may make estimates based on:
  - Hours per year of maintenance
  - History of needed repairs and upkeep
  - Current life of eligible internal connections
- Basic maintenance will be paid on the actual work performed and hours used only

# Eligible Services Questions?

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