



# *The E-Rate Program*

## **Eligible Services**

Fall 2011 Applicant Trainings

## Overview

- Priority One (P1)
  - Telecommunication Services, Telecommunications, Internet Access (IA)
- Priority Two (P2)
  - Internal Connections (IC) and Basic Maintenance of Internal Connections (BMIC)
- Miscellaneous
- Dark Fiber
- Equipment Transfers, Disposals and Trade-ins

## *Eligible Services*

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# **Priority One**

## Telecommunications Services

- Support for telecom services such as:
  - Local and long distance service
  - Interconnected Voice over Internet Protocol (VoIP)
  - Cellular voice service
    - Including text messaging, voicemail
    - (For email/Internet on your phone, remember to check the IA box on your 470!)
  - Centrex Service

## Telecommunications Services

- Digital Transmission Services
  - Digital Subscriber Line (DSL)
  - Primary Rate Interface (PRI)
  - T-1, T-3
  - Satellite Service

## Not Eligible as Telecom Services

- Broadcast “Blast” messaging
- Monitoring services for 911, E911 or alarm telephone lines
- Services to ineligible locations
- End-user devices
  - Cell phone, tablet computers

## Internet Access (IA)

- Support for IA includes Internet Service Provider (ISP) fees as well as the conduit to the Internet
- Other eligible Internet Access services include:
  - E-mail service
  - Wireless Internet access
  - Interconnected VoIP
  - Web hosting

## Not eligible as Internet Access

- Costs for Internet content
  - Subscription services such as monthly charges for on-line magazine subscriptions
- Internet2 membership dues
- Web site creation fees
- Web based curriculum software
- Software, services or systems used to create or edit Internet content



## *Eligible Services*

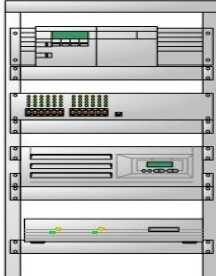


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# **Priority Two**

## Internal Connections

- Support for equipment and cabling on-site that transport info to classrooms or public rooms of a library
- Subject to the [Two-in-Five](#) Rule
  - Entities can only receive funding every two out of five years

## Internal Connections

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

Conditions:

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

## Basic Maintenance of Internal Connections

- Support for basic maintenance of eligible internal connections (BMIC)
- Such as:
  - Repair and upkeep of hardware
  - Wire and cable maintenance
  - Basic tech support
  - Configuration Changes

## 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

## BMIC Updated Guidance

- Standard manufacturer warranties of no more than three years remain eligible.
  - If there is a cost associated with the warranty, then the warranty is not eligible
- Support for BMIC is limited to actual work performed under the contract

## BMIC Updated Guidance

- Applicants may make estimates based on:
  - Hours per year of maintenance
  - History of needed repairs and upkeep
  - Age of eligible internal connections
- Applicants using the factors listed above must submit a bona fide request
- It is not reasonable to estimate an amount that would cover the full cost of every piece of eligible equipment.

## BMIC Updated Guidance

- Flat rate contracts may be eligible however, applicants may only invoice for services actually delivered/work performed.
- Exceptions that will not require demonstration that work was performed are:
  - Software upgrades and patches
  - Bug fixes and security patches
  - Online and telephone based technical support



## Miscellaneous charges

- Miscellaneous charges can apply to all four Service categories and are funded in the category of the service they are supporting.
- Training is eligible when included as part of the contract and performed coincidentally with the installation of the new service/product or in a reasonable time there after.
  - Training for end-users or professional development is not eligible

## *Eligible Services*

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# **Miscellaneous**

## Miscellaneous charges

- Taxes, surcharges and other similar reasonable charges are eligible for discount. This includes but is not limited to :
  - Universal Service Fund
  - Excise Tax
  - 911
  - Local Number Portability
  - Telephone relay service

## Miscellaneous Charges

- Other charges that are not eligible include but are not limited to:
  - Universal Service Administration Fee
  - Interest or finance charges
  - Late payment
  - Termination fees

## *Eligible Services*

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# **Dark Fiber**

## Telecommunications Services vs Telecommunications

- Telecommunication Services and Telecommunications are two separate 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

## Leased Dark Fiber as Priority One

- Leased Dark Fiber added as Telecommunications in the FY2011 Eligible Services List
- Allows for the lease of dark fiber as a priority one service, from *any* entity
- On the FCC Form 470, file for both Telecom and Internet Access
- On the FCC Form 471, select the Telecom box if the dark fiber is provided by a telecom carrier
  - In all other cases, select the Internet Access box

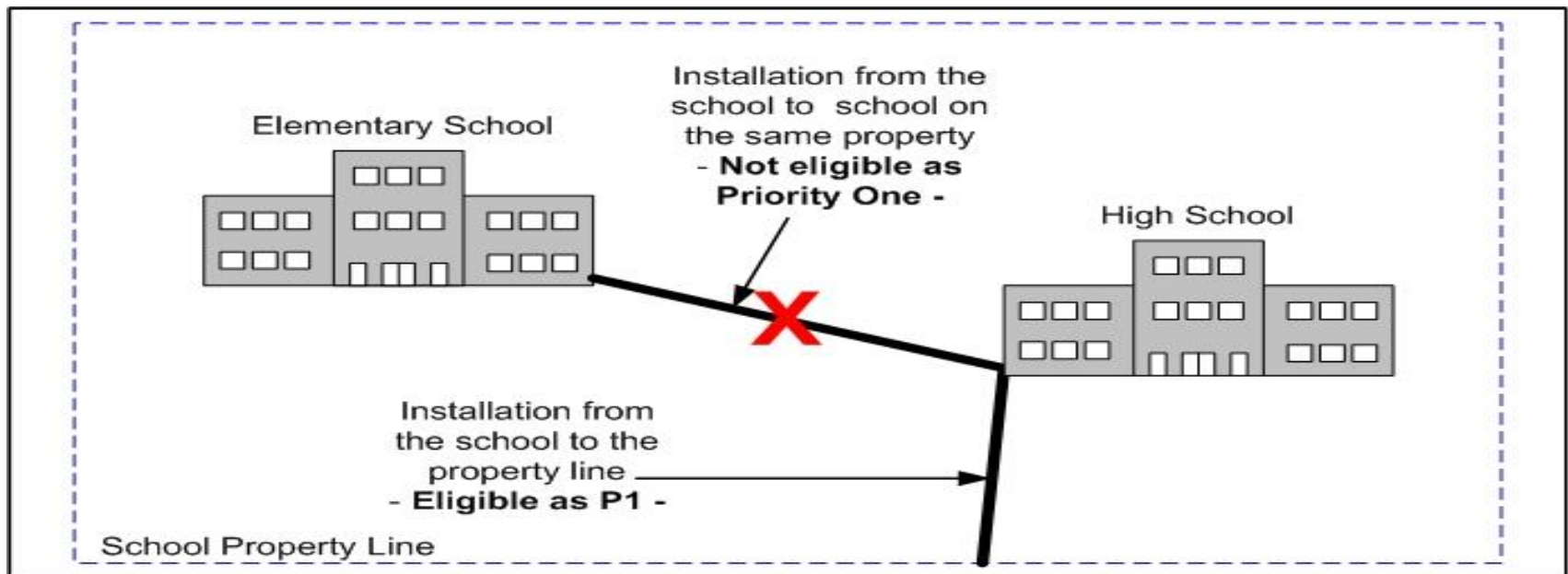
## Leased Dark Fiber as Priority One

- Dark fiber must be lit immediately
- Does NOT allow for unneeded capacity or warehouse dark fiber for future use
- 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
- Modulating electronics for leased dark fiber are not eligible



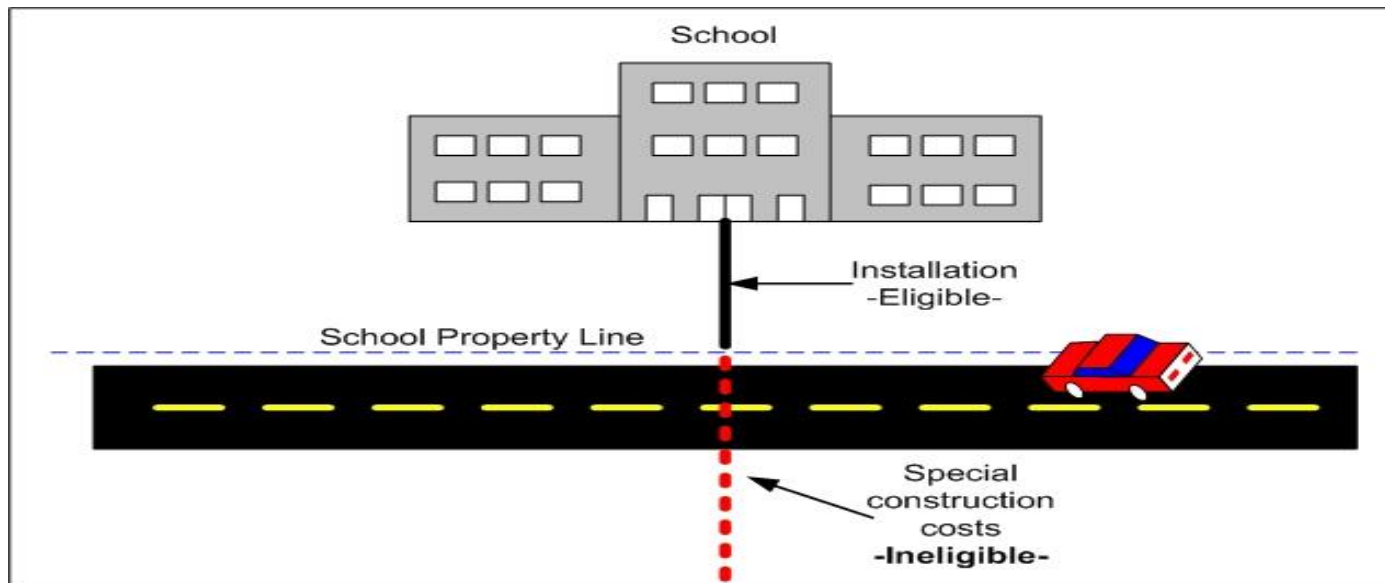
## Leased Dark Fiber as Priority One

- Installation costs to hook up the dark fiber is eligible from the eligible entity to the property line



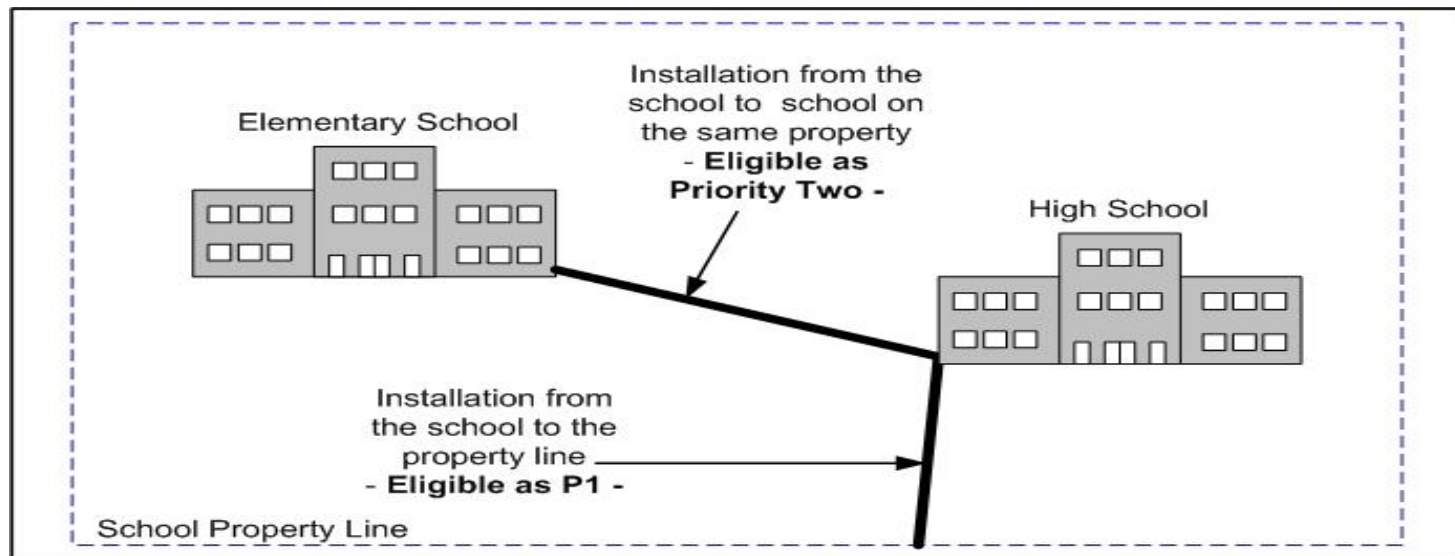
## Dark Fiber as Priority One

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



## Dark Fiber as Priority Two

- Installation and Fiber costs between two eligible buildings, not crossing a public right of way are considered Internal Connections



## *Eligible Services*

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# **Equipment Transfers, Disposal and Trade-in**

## Equipment transfer rules

- In general, equipment may not be transferred for money or any other thing of value
- A no-cost transfer may occur three years or more after the purchase of the equipment to other eligible entities
- No equipment transfer may occur prior to three years from the purchase, unless the eligible entity is permanently or temporarily closing

## Equipment transfers less than 3 years

- Notify USAC
- Both the closing entity and the recipient must retain records of the transaction
  - Include the reason for the transfer
- Records must be kept for five years after the date of the transfer
- Records for equipment >3 years follow the traditional document retention requirements

## Disposal of Equipment Rules

- As of January 3, 2011, applicants can dispose of obsolete equipment, but no sooner than five years after the date the equipment is installed
- Resale for payment or other consideration is allowable no sooner than five years after the equipment is installed
- Resale or disposal is prohibited before the five years have passed.

## Trade-ins and Exchanges

- Trade-ins of equipment may be permitted if the E-rate funded equipment to be traded in has been installed for five years
  - This limitation does not apply for equipment not funded through E-rate



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# Questions?

**Thank you!**