



The E-rate Program

Eligible Services

Fall 2012 Applicant Trainings

Overview

- Eligible Services List (ESL) Order
 - Format changes for Priority One services
 - Reduced burdens for the FCC Form 470
- Priority One (P1)
- Priority Two (P2)
- Miscellaneous
- Dark fiber
- Equipment transfers, disposals, and trade-ins

Eligible Services

Eligible Services List (ESL) Order

Overview

- No changes to overall eligibility of products and services
- Format changes to the ESL
 - Background: Some regulatory and procedural information are relocated to Special Eligibility Conditions
 - Priority One services are consolidated into one list
 - New information about service category selection for Priority One services on FCC Form 470

FY 2012 ESL - Consolidated List of P1 Services

- Priority One services are no longer separated by regulatory category (Telecommunications Services, Telecommunications, and Internet Access)
 - Consolidation is to make ESL more user-friendly
 - There are no changes to FCC rules and requirements
 - Consolidated list includes services that can be requested as Telecom Services or Internet Access on the FCC Form 471 (e.g., voice mail, interconnected VoIP, fiber) depending on the type of service provider

ESL Order – Other highlights

- FCC Form 470 Guidance
 - Sufficient for applicants to check off one Priority One service category (Telecom Services or Internet Access)
 - Description of the services requested or RFP must contain enough detail for service providers to identify services and formulate bids (no change from current requirement)
 - Service providers should review entire Priority One section

ESL Order – Other highlights

- FCC Form 471 Guidance
 - Applicants must continue to select the correct category of service on the FCC Form 471 for regulatory purposes such as:
 - Telecom Services must be provided by eligible telecom carriers
 - Requests for Internet Access must be CIPA compliant
 - Once an applicant has selected a vendor, they may consult with the vendor to determine which service category to check in Block 5 of the FCC Form 471

ESL Order – Other highlights

- Additional streamlining for FY 2013
 - Removes citations and regulatory language
 - Moves information about certain regulatory requirements to Special Eligibility Conditions
 - Makes minor corrections to ESL (from para. 10 of Order)

ESL Screenshot

Priority One

This section lists the Priority One telecommunications services, telecommunications, and Internet access services for which E-rate applicants may seek discounts.

Support is also available for maintenance and technical support appropriate to maintain reliable operation when provided as a component of these services. Please see the [Miscellaneous](#) section of this document for additional entries applicable to these services, such as charges for installation and configuration.

Function	Description
Digital Transmission Services	<p>Digital transmission services provide transmission from an eligible school or library facility to other locations beyond the school or library. Such services generally refer to data links that connect multiple points using any available technology. An eligible digital transmission service may be used to connect an eligible location to the Internet or Internet2. Digital transmission services used to link local networks are commonly called "wide area networks" (WANs).</p> <p>Eligible digital transmission technologies include, but are not limited to:</p> <ul style="list-style-type: none"> • Asynchronous Transfer Mode (ATM) • Broadband over Power Lines (BPL) • Digital Subscriber Line (DSL) • DS-1, DS-3 • Ethernet • Fiber

Eligible Services

Priority One

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 phones, tablet devices, netbooks and computers

Internet Access (IA)

- Support for IA includes charges to access the Internet and costs for 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
- Website creation fees
- Web-based curriculum software
- Software, services or systems used to create or edit Internet content

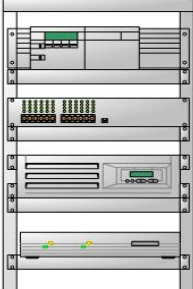

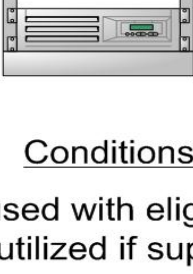
Eligible Services

Priority Two

Internal Connections

- Support for equipment and cabling onsite 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 (BMIC)

- Support for basic maintenance of eligible internal connections
- 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 between July 1-June 30
- 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 and
 - 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 and
 - Online and telephone based technical support

Eligible Services

Miscellaneous

Miscellaneous Charges

- Miscellaneous charges can apply to all service categories and are funded in the same 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 thereafter
 - Training for end-users or professional development is not eligible

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 and
 - 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 fees and
 - Termination fees

Eligible Services

Dark Fiber

Leased Dark Fiber as Priority One

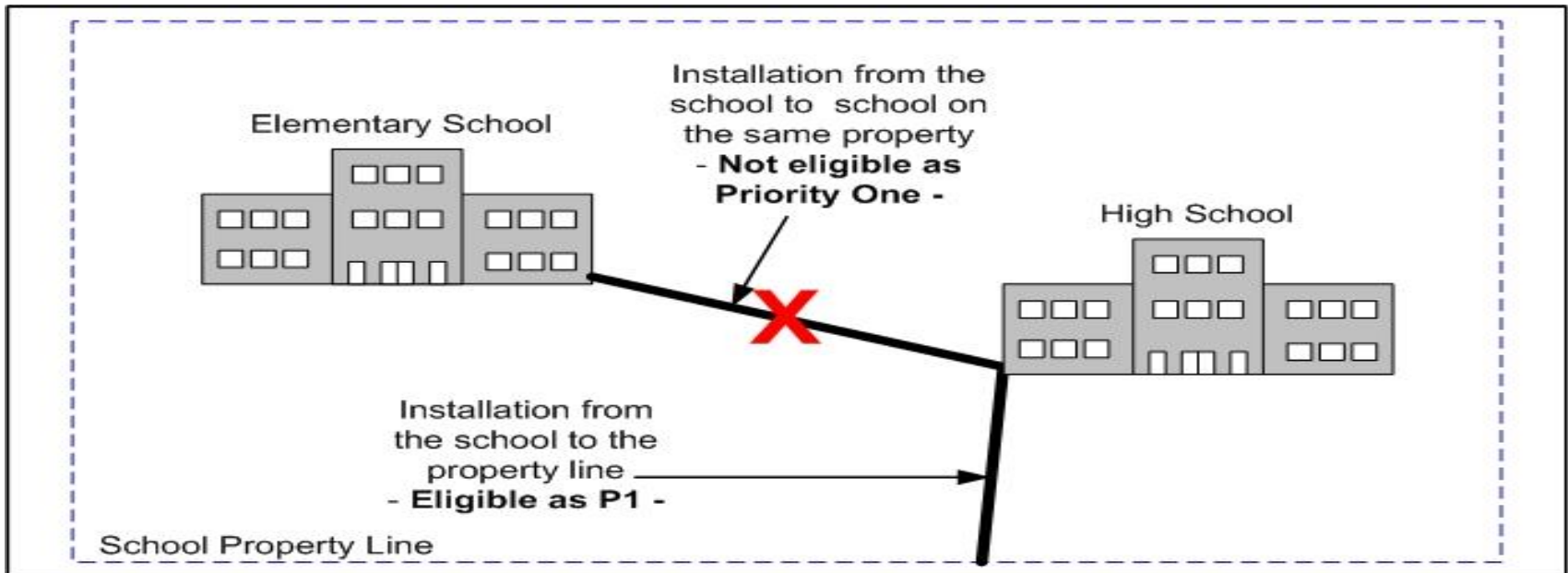
- Leased dark fiber added as Telecommunications starting with the FY2011 Eligible Services List
- Allows for the lease of dark fiber as a Priority One service, from any entity
- On the FCC Form 470, file for either Telecom or Internet Access (**per the ESL Order**)
- On the FCC Form 471, select the Telecom 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 the warehousing of 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

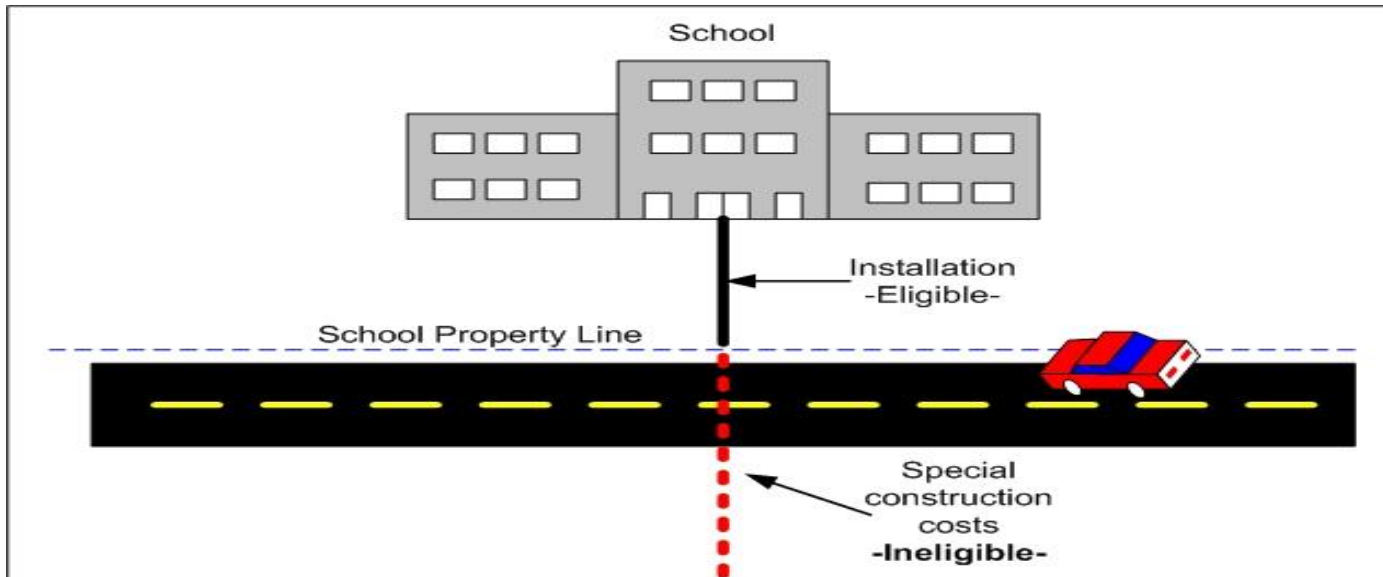
Leased Dark Fiber as Priority One

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



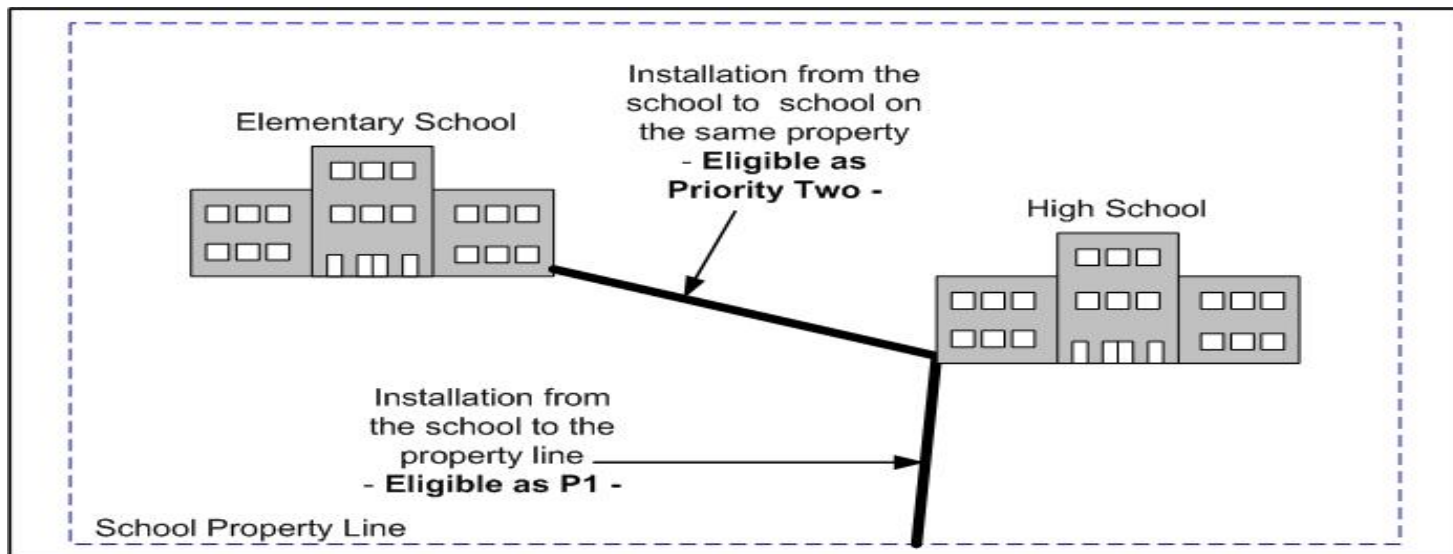
Dark Fiber as Priority One

- 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

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 date of purchase, unless the eligible entity is permanently or temporarily closing

Equipment Transfers Less Than Three Years

- Notify USAC
- Both the closing entity and the recipient must retain records of the transaction
 - The recipient must also be an E-rate eligible entity
 - Include the reason for the transfer
- Records must be kept for five years after the date of the transfer

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 can 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

Questions?

Thank you!