2015 Service Provider Training

Eligible Services

June 2, 2015 – Phoenix

June 16, 2015 – Tampa

Today we'll talk about:

- Eligible Services List (ESL)

  - Category One
    - Broadband
    - Voice Services
    - Eliminated Services
    - Eligibility Limitations
  - Miscellaneous

  - Category Two
    - Internal Connections
    - Eliminated Internal Connections
    - Managed Internal Broadband Networks
    - Basic Maintenance of Internal Connections

- Pricing Transparency
- Bundling Order

Eligible Services

Eligible Services Overview

ESL updates from FY2015

- Streamlined

    – For FY2014, the ESL was 49 pages

    – For FY2015, the ESL is now 8 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 Overview

ESL updates from FY2015

- Focus support on Broadband

- Phase down of Voice Services

- Eliminates outdated legacy services and other former Priority One services

2nd Modernization Order Updates

- The Category Two budget has been extended from 2 years to 5 years

- Amortization requirements have been suspended for up-front or one-time charges for FYs 2015-2018

- Reconsideration clarifying data plan cost-effectiveness comparison

Draft FY2016 Eligible Services List

- The Draft FY2016 ESL was released May 21, 2015

- Comment Date: June 22, 2015

- Reply Comment Date: July 6, 2015

- Reflects the changes to the eligibility of dark fiber and adds explanatory "notes" regarding the eligibility of lit and dark fiber and self-provisioned broadband networks

- Adds equipment necessary for leased lit or dark fiber and self-provisioned broadband service eligible in Category One

Draft FY2016 Eligible Services List

- Adds ISDN to the Voice category of service and keeps it also in Digital Transmission Service to allow for cost allocation charges subject to the voice phasedown.

- Clarifies the eligibility of firewall service

- Seeks comment on stakeholder's experience on the FY2015 ESL

Eligible Services

Category One

Eligible Data Transmission Services and Internet Access

- Fiber (Lit and Dark)

- OC-1, OC-3, OC-12, OC-n

- Wireless Service (e.g. microwave)

- Satellite Services

- DS-1, DS-2, DS-3

- Ethernet

- T-1, T-3, Fractional T-1

- Frame Relay

- SMDS

- Cable Modem

- DSL

- ATM

- Telephone Dialup

- Broadband over Power Lines

Voice Phase Down

- Starting with FY2015, voice services are subject to a 20% reduction continuing until FY2019 when all voice services are phased out

- For FY2016, the reduction to voice services is 40%

Discount %	FY2015 -20%	FY2016 -40%	FY2017 -60%	FY2018 -80%	FY2019 -100%
90	70	50	30	10	0
80	60	40	20	0	0
70	50	30	10	0	0
60	40	20	0	0	0
50	30	10	0	0	0
40	20	0	0	0	0
30	10	0	0	0	0
25	5	0	0	0	0
20	0	0	0	0	0

Voice Phase Down

- Circuits are subject to the voice phasedown if any portion of the circuit is dedicated to voice

  – Circuits wholly dedicated to Voice such as PRIs and SIP trunks are fully subject to the phase down

  – A T-1 used for voice is subject to the phasedown if any of the channels are dedicated to voice

- If there is a voice application running over a data circuit with no portion of the circuit dedicated to voice, the circuit is not subject to the phase down

Eligible Voice Services Subject to Phasedown

- Local, long distance, 800 service

- POTS

- Interconnected VoIP

- Circuit capacity dedicated to providing voice service

- Centrex

- PRI/ISDN

- Radio Loop

- Satellite telephone service

- Shared telephone service

- Wireless telephone service including cellular voice

  - Excludes data and text messaging

Eligibility Limitations for Internet Access

- A firewall service that is a standard component of an Internet access service does not require cost allocation

- A standalone firewall service either provided by a third party or priced out separately is only eligible as a Category Two internal connections component

- Off-campus use, even if used for an educational purpose, is ineligible for support and must be cost allocated out of any funding request

Eliminated outdated legacy services and other former Priority One services

- Paging
- Directory assistance charges
- Text messaging

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

Eliminated Services that do not provide broadband

- Web hosting
- Voice mail

- Email

Eligibility Limitations for Data Plans for Portable Devices

- Data plans and air cards for mobile devices are eligible only in instances when the school or library seeking support demonstrates that the individual data plans are the most cost-effective option for providing internal broadband access for mobile devices

- Applicants should compare the cost of data plans or air cards for mobile devices to the total cost of all components necessary to deliver connectivity to the end user device, including the cost of Internet access and digital transmission service to the school or library

Eligibility Limitations for Data Plans for Portable Devices

- Eligibility requirements:
  - Seeking support for data plans or air cards for mobile devices for use in a school or library with an existing broadband connection and WLAN implicates the E-rate Program's prohibition on requests for duplicative services
  - 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."

Cost Comparisons for Data Plans for Portable Devices

- The comparison may include the recurring cost of current broadband connection

- The comparison may not include likelihood of receiving Category Two support

- Program rules require applicants to use the pre-discount cost of the service and not the post-discount cost when evaluating price as the primary factor

Eligible Services

Category Two

Eligible Internal Connections

- Subject to the Category Two five-year budget approach

  - Access points
  - Cabling
  - Caching
  - Firewalls
  - Switches
  - Routers
  - Racks

  - UPS
  - Wireless LAN Controllers
  - Improvements, upgrades and software necessary to support eligible broadband internal connections components
  - Functionalities listed here that can be virtualized in the cloud, and equipment that combines eligible functionalities are also eligible.

Formerly Eligible as Internal Connections

- The following are no longer eligible for E-rate Program support:

  – Circuit Cards/Components
  – Interfaces
  – Gateways
  – Antennas
  – Servers
  – Software

  – Storage Devices
  – Telephone Components
  – Video Components
  – Voice over IP components
  – Video over IP components

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

Managed Internal Broadband Services (e.g. Managed Wi-Fi)

- Eligibility Limitations

  – Supports only the equipment functions 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. tablets) must be cost allocated out

Basic Maintenance of Internal Connections

- 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 of Internal Connections

- 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: Operations and management of eligible equipment is not supported as BMIC but is eligible as Managed Internal Broadband Services

Miscellaneous

- Eligible Charges
  - Taxes, surcharges and other similar reasonable charges
  - Lease fees to rent or lease eligible components
  - Shipping charges
  - Training
  - Installation and configuration
    - Installation may be provided by a third party

Eligible Services

Pricing Transparency

Increasing Pricing Transparency

- Transparency requirements for both E-rate recipients and vendors began in FY2015

- Provides greater visibility into pricing and technology choices

- Improves analyses performed by the FCC, 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 is publicly available

- Contracts executed after 9/18/2014 may not contain any restriction barring publication of this pricing data

- 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 barring publication of the purchasing price data

Eligible Services

Bundling Order

The Bundling Order – DA 14-712

- On May 23, 2014, the FCC issued the Bundling Order effective for FY2015 and forward

- Applicants must cost allocate ineligible non-ancillary components including, but not limited to, end user devices such as:

  - Telephone handsets
  - VoIP handsets
  - Computers
  - Cell Phones

  - Tablets
  - Netbooks
  - Laptops

Thank you!