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## Schools and Libraries News Brief

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July 21, 2006

### Commitments for Funding Year 2006

**Funding Year 2006.** USAC will release FY2006 Wave 14 funding commitment decision letters (FCDLs) July 25. As of July 21, FY2006 commitments total over \$505 million for approved Priority 1 requests (Telecommunications Services and Internet Access).

USAC will continue to issue weekly funding commitment waves. After noon on the date that the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

### Caution about Eligibility of Internet Access

The eligibility of services provided in the Internet Access category of service is subject to certain limitations. USAC periodically issues a [cautionary reminder message](#) about the differences between eligible Internet access and eligible telecommunications services so that applicants and service providers clearly understand these limitations.

The [Eligible Services List for FY2006](#) indicates that the Internet Access category of service is "limited to the provision of 'basic conduit access' to the Internet." Basic conduit access includes access to email and the World Wide Web, so USAC can therefore provide discounts on these Internet access services.

However, basic conduit access does **not** include advanced functions such as direct exchange of data or video between applicant sites or the transport of point-to-point connectivity of data, video, or voice applications that are to be provided only by eligible telecommunications carriers.

To be eligible for discounts in the Internet Access category of service, all services must reach the boundary of public Internet space.

Here are three examples to help clarify the eligibility of Internet access services:

**Example 1.** School District A contracts with an Internet service provider to provide Internet access, which is used to provide email and access to the World Wide Web to ten schools in that district. In addition, School District A has installed a web server at the high school which provides information about the district to users of the World Wide Web. All of these uses are consistent with basic conduit access to the Internet, and USAC can provide discounts on the entire amount of this funding request for these services in the Internet Access category of service.

**Example 2.** School District B contracts with an Internet service provider for the same services as School District A. In addition to those services, School District B has installed Virtual Private Network components that enable direct connectivity between individual schools. This direct connectivity enables video distance learning among those individual schools and allows data and file sharing. In addition, an Internet-based phone service is provided. Any and all of these additional features go beyond basic conduit access to the Internet, and are not eligible in the Internet Access category of service.

- o School District B can apply for the eligible portion of the Internet Access services by doing a [cost allocation](#) and removing the ineligible portion from its funding request.
- o If School District B does not do a cost allocation and the ineligible services comprise 30% or more of the funding request, the funding request will be denied under the [30% Rule](#).

**Example 3.** School District C contracts with an eligible [telecommunications carrier](#) for the same services as School District B, but it applies for those services in the Telecommunications Services category of service. Because the service provider is a telecommunications carrier — that is, this service provider has met specific program requirements for providing telecommunications services — USAC can provide funding for these services.

Applicants must select the correct category of service for the services they wish to obtain. Service providers should be sure that they properly represent FCC eligibility requirements when they market their offerings. Remember that USAC must seek the return of funds that have been used for ineligible products and services.

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