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Schools and Libraries News Brief

January 16, 2009

FY2009 WINDOW COUNTDOWN

Days to window close **27**

Forms 470 posted by January 15 **31,135**

Forms 471 filed to date **4,466**

Form 471 Deadline: February 12, 2009 at 11:59 p.m. EST

TIP OF THE WEEK: Make sure you document your competitive bidding

process. Proper documentation includes – but is not limited to – copies of any Requests for Proposals issued, a completed bid evaluation matrix that shows how the winning bid was determined, and copies of winning and losing bids.

Commitments for Funding Years 2008 and 2007

Funding Year 2008. USAC will release FY2008 Wave 35 and Wave 36 Funding Commitment Decision Letters (FCDLs) January 22. These waves will include commitments for approved Internal Connections and Basic Maintenance requests at 88% and above and denials at 85% and below. As of January 16, FY2008 commitments total just over \$1.88 billion.

Funding Year 2007. USAC will release FY2007 Wave 74 Funding Commitment Decision Letters (FCDLs) January 21. This wave will include commitments for approved Internal Connections and Basic Maintenance requests at 81% and above and denials at 80% and below. As of January 16, FY2007 commitments total just under \$2.5 billion.

On the day the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

Video Tutorials Now Available

USAC has created a [Video Tutorial](#) webpage to post short instructional videos on common program topics. Users can watch these video tutorials to learn about filing program forms online, maintaining required documentation, and complying with program rules on specific topics such as technology planning and competitive bidding.

If possible, we will offer each video in more than one format. Remember that the quality of the video will be improved if you use the most recent version of the format you choose for viewing.

We will continue to create and post video tutorials to this page in the near future.

Additional Information on VoIP

The following information is being provided to help applicants and services providers understand the eligibility of interconnected Voice over Internet Protocol (VoIP) services and configurations, and provide clarity regarding the eligibility of what are generally referred to as "managed interconnected VoIP services."

Below we discuss the following:

- VoIP service can be eligible as Priority One Telecommunications Services or Internet Access as long as it is provided by an eligible telecom provider.
- VoIP equipment, if purchased, is eligible only as Priority Two Internal Connections.
- The eligibility of leased equipment is based on the type of equipment, its function(s), and its configuration within a network.
- A leased VoIP phone system located on the applicant's premise is only eligible as Priority Two Internal Connections.
- A leased gateway located on the applicant's premise is eligible as Priority One if it is used as part of the VoIP service.
- If there is more than one basic terminating component on the applicant's premise, then only one of the basic terminating components is eligible as Priority One.
- A leased router may be eligible if the applicant owns its own VoIP phone system and – if the router is removed – the applicant can still make internal calls.
- End-user equipment such as handsets, whether leased or purchased, are ineligible for discounts.

Let's look at these concepts in more detail:

1. Voice over Internet Protocol as an eligible service

VoIP service can be eligible as Priority One Telecommunications Services or Internet Access. Eligible VoIP services include the costs for making phone calls and can also include features such as three-way calling, caller ID, and voicemail.

VoIP service must be provided by an eligible telecom provider, even if provided as Internet Access. To find out if a service provider is eligible to provide VoIP service, use the [SPIN Contact Search tool](#) on the USAC website. Enter the first few letters of the service provider's name followed by the percent sign (%) or the Service Provider Identification Number (SPIN) and click "Search." If there is a "Y" in the column labeled "Eligible Telecomm Provider," USAC has determined that the service provider is an eligible telecom provider and thus eligible to provide Telecommunications Services and/or VoIP service. If there is no "Y" in the column, USAC is unable to determine the service provider's eligibility and you should contact the service provider for more information.

2. VoIP phone system equipment eligibility

The purchase of a VoIP phone system is eligible as Priority Two Internal Connections ONLY. Purchased VoIP equipment – as with all Internal Connections – is only eligible as Priority Two, not Priority One.

A leased on-premise VoIP phone system (the "brains" of this service) is NOT eligible as Priority One, but is eligible as Priority Two. A leased on-premise VoIP phone system is ineligible as Priority One because the internal communications network (in this case, the voice network) must remain functional without dependence on the leased equipment. If the on-premise VoIP phone system were removed, the school or library would lose its ability to route calls within the building or campus, but would still maintain its access to the public switched telephone network – which is why it is eligible as Priority Two (see below). For more information, refer to the Tennessee Order (FCC 99-216, released August 11, 1999).

NOTE: the dotted line is where Priority One services end and Priority Two services begin.

3. VoIP gateway (single basic terminating component) eligibility

Only the lease of a single basic terminating component is eligible as Priority One. As established in the Third Report and Order (FCC 03-323, released December 23, 2003), "to the extent an applicant seeks to **lease** multiple terminating components, one would be deemed eligible for funding as a Priority One service and the remainder would be eligible for funding as Priority Two Internal Connections. Further, if an applicant seeks to **purchase** a single basic terminating component, it will be eligible for a discount only as Priority Two Internal Connections." Equipment such as channel service unit/data service units (CSU/DSUs), network interface devices, cable modems, and gateways are considered basic terminating components.

A gateway device located on the applicant premise may be included as part of an eligible Priority One service as a single basic terminating component. A gateway device

is analogous to a CSU/DSU or a network interface device (NID) in that it functions as the termination point for a Priority One service (see below).

Note the configuration below differs from the diagram in the previous example. In the diagram below, the "brains" are located in the service provider's central office, while in the previous example, the VoIP phone system is located on the applicant's premise. In this example the gateway is eligible as Priority One.

4. Leased on-premise router eligibility

Hubs, routers, and switches are NOT considered basic terminating components and ARE subject to the on-premise Priority One equipment conditions set forth in the Tennessee Order. For more information and detailed descriptions and examples, refer to the [On-Premise Priority 1 Equipment guidance](#) on the USAC website. If these conditions are not met, the equipment would be considered Priority Two Internal Connections.

The following diagram is an example of a leased router that meets the on-premise Priority One condition that the voice network remain functional without dependence on the leased router. In this example, the VoIP phone system is owned by the applicant and NOT leased from the service provider. This configuration can be eligible as Priority One assuming the other conditions for on-premise Priority One equipment are satisfied.

5. Leased or purchased end-user equipment

Finally, end-user handsets (telephone sets) and soft phones, leased or purchased, are NOT eligible for discounts as either Priority One or Priority Two. A soft phone is a piece of end-user application software that allows phone calls to be made using a personal computer microphone and speakers in place of a physical end-user telephone.

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