



Universal Service
Administrative Co.

E-rate Program Applicant Training

Eligible Services

September – November 2016

- FY2017 Eligible Services List (ESL)
- Category One
 - Broadband
 - Voice Services
- Category Two
 - Internal Connections
 - Managed Internal Broadband Networks
 - Basic Maintenance of Internal Connections
- Miscellaneous
- Pricing Transparency



Eligible Services

FY2017

Eligible Services List



Eligible Services Overview

FY2017 Eligible Services List Updates

- ESL released September 12, 2016 ([DA 16-1023](#))
- Provides an explanation and definition of “campus” distinguishing between:
 - (1) connections between instructional buildings on a single school campus that are Category Two internal connections; and
 - (2) connections between instructional buildings of a single school that are on separate campuses and connections between different schools, both of which are considered part of a WAN and are Category One services.



Eligible Services

Category One

Eligible Data Transmission Services and Internet Access

- Fiber (Leased Lit and Leased 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
- Self-provisioned Broadband Networks

Voice Phasedown

- Voice phasedown is still in effect.
- For FY2017, the reduction to voice services is 60 percentage points.



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 Phasedown – More Information

- 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 phasedown.
 - A T-1 used for voice is subject to the phasedown if any of the channels are dedicated to voice.
- If voice service is running over a data circuit with no portion of the circuit dedicated to voice, the circuit is not subject to the phasedown.

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
 - Data and text messaging must be cost allocated



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.



Eligibility Limitations for Data Plans for Portable Devices

- Since FY2015, data plans and air cards for mobile devices are eligible only where the school or library demonstrates that the individual data plans are the most cost-effective option for providing internal broadband access for mobile devices.
- Applicants need to 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.



Cost Allocations for Data Plans for Portable Devices

- Request must be for services that will be in use, must not be for duplicative services, and must cost allocate off-campus use.
- Per the 2014 Bundling Order ([DA 14-712](#)), must cost allocate ineligible non-ancillary components including, but not limited to, end user devices such as telephone and VoIP Handsets, computers, tablets, and smartphones.



Eligible Services

Category Two

Category Two Services

- Internal Connections
- Basic Maintenance of Internal Connections
- Managed Internal Broadband Services

Category Two services are subject to the Category Two five-year budget requirements.



Eligible Internal Connections

- 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.

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

- Services provided by a third party
 - Operation
 - Management
 - And/or monitoring of eligible broadband internal connection components
- The third party may manage the school's 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 broadband internal connections components.
 - 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

- 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 service providers 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 through two tools: [View/Download FCC Form 471 for FY2016](#) and [Download FCC Form 471 Information \(FY2015\)](#).
- 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, bars publication of the purchasing price data.



Questions?



Thank you!