

# Advance E-Rate Training \Workshop Session

Presented by

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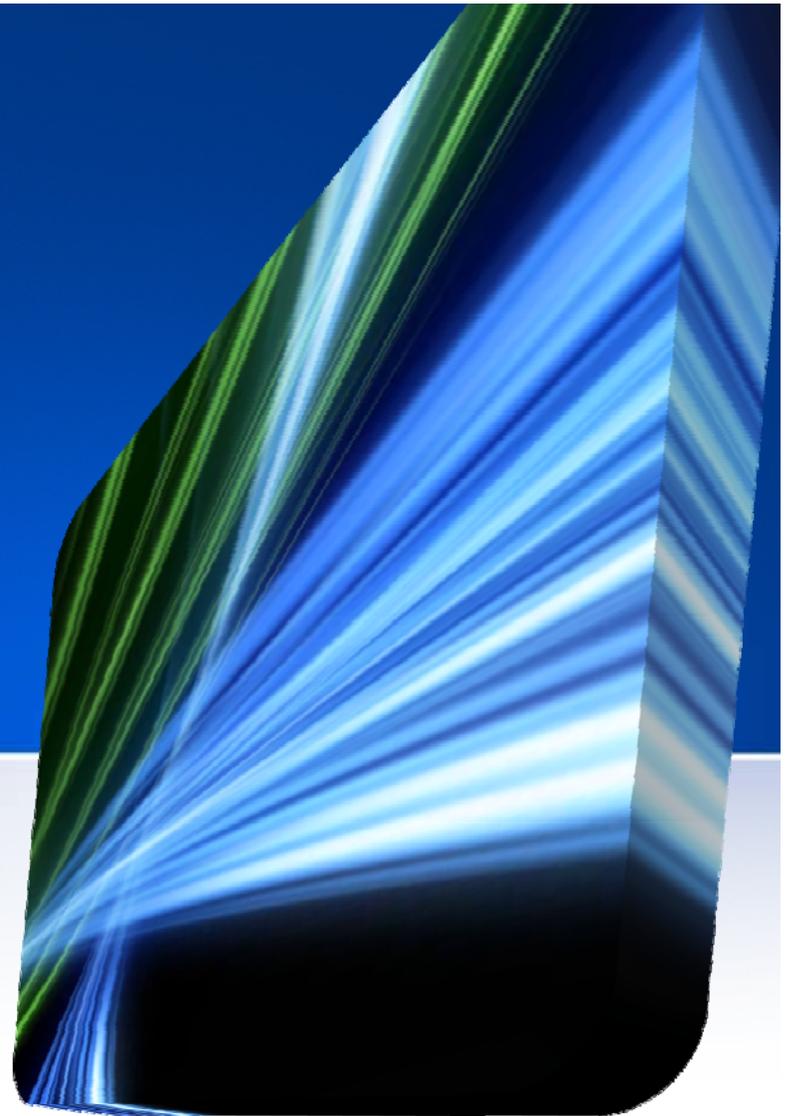
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## What's Included?

- Dark Fiber now eligible
- Makes permanent community use
- Service to certain residential schools are eligible
- Indexes funding cap to inflation
- Pilot program for schools providing offsite access
- Technology Plans only for P2
- More on competitive bidding, including gifts
- SPIN changes and Disposal of Equipment
- Eligible Service List

## Dark Fiber

- Lease of fiber, lit or dark, is eligible in Telecom or Internet Access from any provider (dark fiber must be lit immediately)
- Providers can be telcos; state, regional or local networks; or private networks
- Cannot purchase excess capacity for future growth
- Unbundled modulating equipment, leased or purchased, is not eligible.
- Maintenance of dark fiber is eligible
- Installation costs are eligible

## Dark Fiber Construction

- Up-front construction costs:
  - Construction on school or library property is eligible
  - Construction beyond the property line is ineligible

## Who can provide fiber?

- Any provider can provide telecommunications over fiber
  - Includes voice phone service, distance learning, etc.
  - Includes providers such as state and regional networks, utility companies, and private companies

## Applying for fiber

- On Form 470, post for fiber and fiber-based services in both Internet Access and Telecommunications to maximize your pool of providers
- On Form 471, file in either Telecom or Internet Access depending on type of provider selected
- CIPA reminder:
  - CIPA compliance is still required if selecting services in telecom when used to obtain Internet service or access to the Internet

## Selecting Broadband

- Applicants can access broadband through a variety of means
- When comparing competing bids with different solutions, you should do an “apples to apples” comparison
- Total cost for dark fiber involves a number of additional costs beyond the lease payments for fiber connectivity, and those costs should be factored into a total-cost comparison across bids.

## Community Use of Schools' E-rated Services

- Waiver for FY 2010 is now permanent
- After school hours, schools may open their facilities to the general public to use E-rate supported services
- Schools decide whether or not to provide such access
- Service must primarily be for educational purposes
- Schools cannot purchase additional services to support community use
  - Use must be incidental and not increase E-rate costs

## Community Use of Schools' E-rated Services

- Community use is limited to non-operating hours and only on campus
  - School personnel and students must have priority
- Schools may not charge for use of services or facilities purchased through E-rate though they may charge a fee to offset ineligible costs (e.g. security, additional electricity, etc.)

## Funding for Certain Residential Facilities

- Residential schools that service populations facing unique challenges can receive support for service in residential areas (dormitories) of their schools.
- Populations include:
  - Tribal children
  - Children with physical, cognitive, or behavioral disabilities
- Schools can be public or private
- All categories of service are eligible

## Indexing the Funding Cap to Inflation

- Funding has been capped at \$2.25B since 1999
- Starting with FY 2010, the cap will be increased based on the Dept of Commerce Gross Domestic Product numbers.
- Cap will not decrease in event of deflation
- FCC will announce the increase annually
- For FY 2010, inflation is deemed 0.9%
- New cap for FY 2010: \$2,270,250,000
- This increase is *in addition to* any rollover funds

## E-rate Deployed Ubiquitously (EDU) 2011 Pilot Program

- Pilot allows \$10M in FY 2011 to support innovative and interactive off-premise wireless device connectivity for schools and libraries.
- FCC will use the pilot to gather more information about issues affecting such use which can later be used for permanent rules.
- FCC expects data reporting by those selected
- Strong preference given to those already implementing such programs

## Technology Plans

- New requirements apply for FY 2011 and beyond
- **No longer** required for:
  - Priority One (Telecom and Internet Access)
- **Still required** for:
  - Priority Two services (internal connections and Basic Maintenance of Internal Connections)
- Beware of potential bucket switches
  - P1 on-premise equipment moved to Internal Connections

## Technology Plan Timing

- Who needs a written plan prior to the Form 470 posting?
  - Applicants citing their own Form 470:
    - If P2 services are all included in current tech plan, and the plan covers at least part of the upcoming funding year, then a new tech plan not needed prior to posting
    - If new P2 services requested are not in tech plan, then must have a written plan prior to posting
  - Applicants citing a State-filed Form 470:
    - Not needed prior to posting of state-filed Form 470

## Technology Plan Timing

- Technology Plan Approval – no change
  - All applicants requesting Priority 2 services, must have an approved plan that covers at least part of the upcoming funding year prior to the start of service, or the filing of the Form 486, whichever comes first.

## Technology Plan

- Four Required Elements
  - Applicants no longer have to include a section on budget
  - This information is covered by certification on necessary resources (“I certify that the entities I represent or the entities listed on this application have secured access to all of the resources to pay the discounted charges ...”)

## Competitive Bidding Process

- Form 470
  - All must continue to use the Form 470 process
  - New, streamlined Form 470 will be available for use for FY 2011
    - New form currently awaiting OMB approval
    - Applicants that file Forms 470 **prior** to effective date do **not** need to refile
    - Applicants that file Form 470 **after** the effective date **MUST** use the new form

## Fair and Open Competitive Bidding Rule

- New Order codifies that competitive bidding process must be fair and open.
  - All potential bidders must have access to the same information and must be treated in the same manner throughout the procurement process
  - Additions or modifications to the Form 470/RFP must be made available at the same time and in a uniform manner to all potential bidders

## Fair and Open Competitive Bidding Rule

- Rule violations include (but are not limited to):
  - Applicant has relationship with the service provider that unfairly influences the outcome of the competition or provides them with “inside” information
  - Someone other than the applicant (or their representative) prepares, signs and submits the Form 470
  - Service provider is listed as the contact on the Form 470 and the provider is allowed to bid

## Fair and Open Competitive Bidding Rule

- Rule violations include (but are not limited to):
  - Service Provider prepares applicants' Form 470 or participates in the bid evaluation or vendor selection process in any way
  - Applicant turns over the competitive bidding process to a service provider
  - Applicant employee with a role in the selection process has an ownership interest in a vendor seeking to provide the services

## Fair and Open Competitive Bidding Rule

- Rule violations include (but are not limited to):
  - Applicant does not describe the desired products and services with sufficient specificity to enable interested parties to bid.
  - List is not exhaustive and are meant as examples

## Fair and Open Competitive Bidding Rule

- Gifts
  - Receipt of gifts by applicants from service providers and potential service providers is a competitive bidding violation.
  - Exceptions mirror Federal Government regulations
    - Modest refreshments not offered as part of a meal (eg coffee and donuts at a meeting) are OK
    - Items with little or no intrinsic value such as certificates and plaques are OK

## Fair and Open Competitive Bidding Rule

- Gifts
  - Exceptions:
    - Items worth \$20 or less (meals, pencils, pens, hats, t-shirts etc) as long as those items do not exceed \$50 per year per employee from any one source (service provider) are OK.
    - This means all gifts from all employees, officers, representatives, agents, independent contractors, or directors of the service provider.

## Fair and Open Competitive Bidding Rule

- Gifts
  - Gift prohibitions are always applicable, not just during the competitive bidding process
  - Prohibition includes soliciting and receiving any gift or other thing of value from a service provider participating in or seeking to participate in the E-rate program.
  - Service providers may not offer or provide any gifts to applicant personnel involved in E-rate

## Fair and Open Competitive Bidding Rule

- Gifts
  - Gifts to family and friends when those gifts are made using personal funds of the donor (without reimbursement from the employer) and are not related to a business transaction or business relationship are also exempt.
  - Gift rules are not intended to discourage companies from making charitable contributions to schools, as long as those contributions are **NOT** directly or indirectly related to an E-rate related procurement.

# Simplifying and Streamlining

## Gift Examples

Gifts OK	Gifts NOT OK
<p>Joe Applicant attends a conference and picks up a free ballpoint pen and stress ball from a company he's never heard of. No further gifts are given. No Rule Violation = Total gift below \$20 and \$50 threshold.</p>	<p>Joe Applicant is invited to a customer appreciation lunch at a seminar. Meal value = \$22 Rule violation = exceeded \$20 threshold</p>
<p>Jane Applicant received a bag of peaches in the summer from a provider. Value of peaches = \$10 No other gifts are given by anyone from that company for the rest of the year. No Rule Violation = Below \$20 and did not exceed \$50 threshold.</p>	<p>Jane Applicant is invited to speak at a conference regarding services she gets from a provider. The provider offers to pick up travel costs. Rule violation: Total gift exceeded \$20 threshold.</p>

## SPIN Changes

- Pre-commitment SPIN changes
  - Corrective SPIN changes only (ie. data entry errors)
- Post-commitment SPIN changes
  - Operational SPIN changes
    - Must have legitimate reason to change, such as Breach of Contract or provider unable to perform
    - and**
    - Must select provider with next highest point value in evaluation

## Disposal of Equipment

- Disposal or resale is permitted *no sooner than* five years after installation date
- Applicants may receive payment or other consideration in return for disposal
- Applicants are not required to use equipment for five years, nor are they required to dispose of equipment after five years.
- No notification to USAC is needed, but update your asset registers
- This does not change the requirement to report transfers of equipment made less than three years from purchase

## Eligible Services

- Priority 1
  - Dark Fiber is eligible as described above
  - Telecommunications now two categories on ESL
    - Telecommunications Services can only be provided by an eligible telecommunications carrier
      - On Form 470/471 as Telecommunications Services
    - Telecommunications can be provided by non-telecommunications carriers via fiber in whole or in part
      - On Form 470/471 as Telecom or Internet Access

## Eligible Services

- Web hosting
  - Remains eligible
  - Allows additional functionality of discussion boards, instant messaging and chat
  - Content remains ineligible, including searching of databases such as gradebooks, encyclopedias etc.
  - Support for applications necessary to run online classes or collaborative meetings is also ineligible

## Ineligible Services

- Wireless Internet Access Applications
  - Remain ineligible
  - Wireless Internet Access service and data charges for a service that is solely dedicated to access an ineligible functionality is also ineligible
    - For example, cellular data circuits used to support GPSs on busses or student attendance are fully ineligible

## Ineligible Services

- Enhanced Firewalls, Intrusion Detection and Prevention Devices and Anti-Virus and Anti-Spam software
  - All fully ineligible
  - Basic firewalls that are bundled with Internet access remain eligible

## Ineligible Services

- Unbundled Warranties
  - Separately priced warranties allows for broken equipment to be fixed or replaced are ineligible.
  - This is a type of retainer and not actual maintenance service performed.
  - Funding requests for routine maintenance will continue to be funded.

## Ineligible Services

- Unbundled Warranties
  - Applicants that can estimate number of maintenance hours per year for their equipment, based on current life of equipment and history of needed repairs, can seek funding for upfront costs on service contract designed to cover this estimate and upkeep.
  - Reimbursement will be paid on actual worked performed and hours used only.

## Ineligible Services

- Unbundled Warranties
  - For example, school determines they need 30 hours of maintenance for a router but only use 20
    - USAC will reimburse for 20 hours only
  - Manufacturers warranties of no more than three years and included in the equipment purchase are eligible.
- Scheduling services are ineligible
- Online backup solutions are ineligible

## Administrative Changes for the ESL

- The complete list of services and products eligible for E-rate support will only be listed in the ESL from now on, and not elsewhere in the rules.
- USAC will submit the ESL to the Commission by March 30 of each year
- ESL can be released through Public Notice or Order
  - Stakeholders will continue to be able to provide comment on future ESLs.



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# Questions?