

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
High Capacity Service	Digital transmission links with capacities of 1.544 Mbps to 274.176 Mbps. As an example, T-1s use two pairs of normal twisted wires and provide 24 voice channels, each one digitized at 64 Kbps. It is typically used to connect networks across remote distances.	Yes	437
Homework Hotline Service	This service typically provides a toll free telephone number for students to contact the school regarding questions on homework. The service is eligible as a telecommunications service. If the service is provided as a voice mail service, the voice mail service is ineligible. Additionally, only that portion of the service located at the school/classroom is eligible. Elements of the service located at, or originating from the student location are ineligible. See Footnote 4 and SLC Board Position Statement on page 1.	Yes	444
ISDN	Primary Rate (ISDN PRI) Provides the ISDN equivalent of a T-1 circuit. The Primary Rate Interface provides 23B+D running at 1.544 Mbps.	Yes	437
	Basic Rate ISDN (ISDN BRI) Provides 2B+D over either one or two pairs.	Yes	437
POTS	Plain Old Telephone Service (basic service) Single Party Service Dual Tone Multi frequency (DTMF) signaling or equivalent Voice grade access to the public switched network Access to 911, or Enhanced 911 Access to operator services, interexchange service, directory assistance	Yes	FCC Q & A Public Notice July 2, 1997 Q. 5
Programed Audio Service	A channel for the transmission of complex signal voltage that is typically used for radio broadcasting, noncommercial educational audio and wired music.	Yes	437
Satellite Services	When provided by a telecommunications provider, or to access the Internet. Use of satellite services to participate in academic symposiums or lectures and for access to the Internet at local calling rates is eligible.	Yes	562 624 748

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
Shared POTS	Same as POTS, except the service is shared between two entities. As an example, a telephone line may be shared between a parochial school and the church administrative offices. Only that portion of the service relating to the school would be eligible.	Conditional	437
Sub-voice Grade Facilities	Such as telegraph channel service.	Yes	437
Toll Charges	Additional to POTS or basic service		
	Intrastate	Yes	431
	Interstate	Yes	431
	International	Yes	431
Unlicensed Spread Spectrum	When provided by a telecommunications provider. The use of "Unlicensed National Information Infrastructure (U-NII)" devices will make a host of wireless services available to schools and libraries.	Yes	395
Video Service	A channel with one-way transmission capability for standard 525 line/60 field monochrome, or National Television Systems Committee color, video signal and one or two associated 5 or 15 kHz audio signals. Video Service is considered an eligible service, so long as the service is provided as a commercially available telecommunications service.	Yes	431
Wireless Services	Cellular	Yes	748 FCC Q&A Public Notice July 2, 1997
	Personal Communications Services	Yes	FCC Q&A Public Notice July 2, 1997
	Paging Services	Yes	FCC Q&A Public Notice July 2, 1997

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
INTERNAL CONNECTIONS			
<p>Internal connections are a component of the institution's internal connections only if that piece of equipment is necessary to transport information all the way to the individual classroom. They are connections between or among multiple instructional buildings that comprise a single school campus, or multiple non-administrative buildings that comprise a single library branch, but do not include connections that extend beyond that single school campus or library branch. (Paragraphs 451, 452, 455, 458 and 460 & Fourth Order on Reconsideration Paragraph 210)</p>			
Asbestos Removal		No	460
Cable	See Wiring, Internal	Yes	450 458
Data Equipment	Including, but not limited To, Channel Banks, Digital Cross Connects, Hubs and Network File Servers (including Necessary Software).(see Personal Computer)	Yes	455 460
	Channel Service Unit (CSU)/Data Service Unit (DSU) A device to terminate a digital channel at a customer premises. It performs certain line coding, line conditioning and equalization functions, and responds to loopback commands sent from the telephone company central office. A CSU sits between the digital line entering the customer premises from the central office and devices such as channel banks or data communications devices.	Yes (Revised 2/25/93)	460
	Modems	No	460
	Routers Routers are switching devices that can act as an interface between two networks and connect different segments such as departments, or floors in a building. Functionally, routers select the routing path for traffic, may provide network management capabilities, such as load balancing and provide trouble shooting diagnostic capabilities.	Yes	460
Electrical System Upgrades		No	FCC Q&A Public Notice July 2, 1997
Electronic Mail Service	Electronic ("e") mail services provide the transmission of simple text messages and other messages containing embedded voice messages, spreadsheets and images.	Yes	444

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
FAX Machines		No	459
Local Area Network (LAN)	<p>A LAN is a short distance data communications network used to link together computers and peripheral devices under some form of standard control. The LAN is most often connected by customer provided links, or telecommunications paths within the same building.</p> <p>The LAN must meet the definition of internal connections which is defined as necessary to transport information all the way to individual classrooms.</p>	Conditional	<p>458 459 460</p> <p>Fourth Recon. Order 208 209 210</p>
LAN Switch	See Router under Data Equipment	Yes	460
Maintenance & Installation	Installation Labor & Maintenance Agreement (contract) fees. Includes the charges incurred for the installation and contractual maintenance of eligible telecommunications services and internal connections. No personnel costs incurred by schools and libraries will be eligible for discounts.	Yes	450 451 452 460
	Maintenance performed on a Time and Material basis. Includes the charges incurred with maintenance performed on eligible telecommunications services and internal connections.	Yes	450, 451 452, 460
Multiplexing	<p>A multiplexer is electronic equipment that allows two or more signals to pass over one communications, or bearer circuit. The "circuit" may be a telephone line, dedicated line, microwave circuit, or a through-the-air TV signal. It provides an economic means for the service provider and customer to transport multiple circuits by combining, as an example, up to 24 voice grade circuits on a single bearer circuit.</p> <p>If provided as part of internal connections for a local area network it is eligible. If provided as part of a wide area network, it must meet the rules governing WANs.</p>	Conditional	437 444
Network Management Systems	A system of equipment used in monitoring, controlling and managing a data communications network. The system may contain elements such as CRT displays and printers, circuitry for diagnostics and reconfiguration of channels, generally housed in an operator console.	No	460

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
Personal Computer		No	460
Hardware	Hub and Router - see Router under Data Equipment	Yes	460
	File Server A file server is a device on a Local Area Network (LAN) which "serves" files to everyone on that LAN. It is typically a combination of computer, data management software, and large hard disk drive. It allows the user to store information, leave electronic mail messages for other users on the system, and access application software on the file server. The file server is eligible, but if built to provide a storage function to supplement personal computers on the network, the price associated with the storage function is ineligible for discounts.	Yes	460 461
	Network Interface Card (NIC) An electronic circuit connecting a workstation to a network. Usually a card that fits into one of the expansion slots inside a personal computer. It works with the network software and computer operating system to transmit and receive messages on the network.	No	460
	Printer, Power Strips, Uninterruptible Power Supplies	No	460
Software	Only when required for file server operations.	Yes	458 497
	Application Software Browser ⁵ Mail Fire Wall ⁶ Key Word	No No Conditional No	445 444 460, 444 460
System Improvements and Upgrades	Improvements/upgrades to eligible services are eligible for discounts. Memory upgrades for example, to computers that act as routers, switches or hubs to transmit information to or from classrooms or libraries are eligible	Yes	460 497 572

⁵ Browsers are provided by Internet Providers. Software additional to that provided in a Bundled Access to the Internet are not subject to discount. (Paragraph 445)

⁶ A method of protecting one network from another trusted network. The actual mechanism whereby this is accomplished varies widely, but in principle, the firewall can be thought of as a pair of mechanisms, one which blocks traffic and another which permits it. Firewalls are eligible if provided as a component of the file server.

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
Private Branch Exchange (PBX) (wired & wireless)	A switching system, either manual or dial, usually serving an organization such as a business company or a government agency and usually located on the customer's location. The PBX provides internal station to station dialing and optional access to the public switched network.	Yes	458 460
Video Conference Equipment	CODEC (coder/decoder) Modem A device comprising an encoder and decoder in the same equipment. The CODEC produces a coded output and compresses and decompresses audio and video signals.	No	460
	Group & Desktop	No	460
	Enhanced Multimedia Interface (EMMI) The EMMI is an interface that gives PC and workstation users on ATM networks the ability to send and receive full-motion, high quality video, CD-quality stereo and high speed data. Signals are transformed into ATM cells and transported optically, using the Synchronous Optical Network (SONET) standard.	No	458 460
	Room Design Consulting/System Integration (Normally, these charges would be incorporated into the cost of the service which would be eligible.)	No	460
	Media Retrieval Equipment Media retrieval equipment is used to capture and record video signal. The system includes a computer controller for record and playback function and imaging and system control software. The system acquires, digitizes and records video on disk for future use and viewing. The storage device is generally a computer hard drive.	No	458
	Televisions and Video Recorders	No	458 460 461
Test Equipment		No	460
Voice Mail Service	Voice Mail is a service which allows the user to receive and forward messages to one or more voice mailboxes.	No	444
Wireless PBX Adjunct	An adjunct that functions in conjunction with a Private Branch Exchange, to provide wireless capability to the station end.	Yes	458 460

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
Wiring, Internal	Including, but not limited to: cable (copper/fiber/coax), bays, jacks, blocks, panels, and terminals. Included in this category is all wiring and cable necessary to transport information all the way to individual classrooms.	Yes	458 459
	<p>Conduit</p> <p>Conduit as a means for housing internal connections to operate a local area network is eligible for discounts. This means that the physical casing (known as conduit), and its installation and maintenance, is eligible for discounts, provided that the conduit is used to house facilities that meet the definition of internal connections. Conduit located inside an eligible entity's building (school or library) as well as conduit between eligible buildings located on a single campus (not crossing a public right of way) is eligible for discounts.</p>	Conditional (Revised 2/03/98)	459

SERVICE	ELEMENT/ DESCRIPTION	ELIGIBLE YES/NO	PARAGRAPH CITE
ACCESS TO THE INTERNET			
Internet Access	Bundled Access to the Internet Only when there is minimal content and it is the most cost effective means of securing non-content access to the Internet than other non-content alternatives.	Yes	445
		Yes	445
Internet Training		No	FCC Q&A Public Notice July 2, 1997

MISCELLANEOUS			
Personnel Costs	Personnel costs for various eligible services incurred by an eligible entity are ineligible for discounts.	No	437
	Teacher Training	No	FCC Q&A Public Notice July 2, 1997
Consulting Services		No	437
Wide Area Network (WAN)	A WAN is a data communications network typically extending a LAN outside a building, over links to other LANs in remote buildings in other cities. Typically, the links are lines provided by common carriers such as the local telephone company or long distance carrier. The cost of purchasing WANs to provide telecommunications services is not eligible for support. However, schools and libraries are not precluded from receiving support for a wide area network run over leased telephone lines because such an arrangement constitutes a telecommunications service.	Conditional	458 Fourth Recon. Order 193 210
Satellite Dishes	Eligible only if leased as part of telecommunications services.	Conditional	562 624 748

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Federal Communications Commission
1919 - M Street, N.W.
Washington, D.C. 20554

News media information 202 / 418-0500
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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

June 22, 1998

PRESS STATEMENT OF CHAIRMAN WILLIAM KENNARD ON SCHOOLS AND LIBRARIES FUNDING MECHANISM

For many children across this country, returning to school after summer vacation this year will be a lot more exciting than in the past. That's because last Friday the FCC voted to continue to support a funding mechanism that will give schools and libraries a break on the cost of bringing advanced telecommunications services and internet access to school kids and to the general public. By the end of the next school year, even more schools will be wired for the twenty-first century, and thus better equipped to stimulate learning and train students for the opportunities that lie ahead of them.

Advanced communications systems and multimedia applications have great appeal to children and are invaluable developmental tools. Around the world, these services are transforming the way societies are educating their children and preparing them for the future. Anyone who denies this fundamental fact has lost touch with the uses of modern technology in education today. America must keep up.

Under the schools and libraries discount mechanism, nothing is guaranteed and no service is provided for free. Every school or library will have to put up some of its own money -- up to 80% of the price in some cases -- to be eligible. But now is not the time to zero out our future by eliminating this important part of the Telecommunications Act of 1996. The universal service provisions constitute a cornerstone of the 1996 Act. We have renewed our commitment to the high cost mechanism that continues to keep telephone service affordable in rural and high cost areas, and we must get the schools and libraries mechanism fully operational as well. Discounts to connect classrooms to the internet today means jobs and opportunities in the new economy of the Information Age. To say that we don't need to provide our schools with access to advanced services is like saying we don't need computer networks at the office because the typewriter still works just fine. Suspending further funding for schools and libraries would merely penalize our students and our future for no good reason.

Unfortunately, we were not able to provide full funding for the total amount demanded for 1998 of just over \$2 billion. Indeed, we decided to cut funding well below the \$1.67 billion amount that could have been absorbed without causing long distance costs to increase. Instead, we froze the current funding level, meaning that we will collect and distribute about \$1.275 billion in 1998.

Earlier this month Congress approved a highway bill that will provide over \$200 billion in

Administrator's Decision on Appeal - Funding Year 2000-2001

March 19, 2001

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Re: Billed Entity Number: 90
471 Application Number: 84941
Funding Request Number(s): 85128
Your Correspondence Dated: February 2, 2001

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your appeal of the Commitment Adjustment Decision for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 30-day time period for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which an appeal is submitted, a separate letter is sent.

Funding Request Number: 85128
Decision on Appeal: **Denied in full.**
Explanation:

- Discount funding is only eligible for facilities whose primary purpose is instruction. According to the rules of the program dormitories do not qualify as places of learning.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission, Office of the Secretary, 445 12th Street, SW, Room TW-A325, Washington, DC 20554. Please reference CC Docket Nos. 96-45 and 97-21 on the first page of your appeal. Before preparing and submitting your appeal, please be sure to review the FCC rules concerning the filing of an appeal of an Administrator's Decision, which are posted on the website at <www.universalservice.org>. **You must file your appeal with the FCC no later than 30 days from the date on this letter for your appeal to be filed in a timely fashion.**

We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

funding for the infrastructure of the twentieth century. How can we even question providing less than 1% of that amount for the infrastructure of the twenty-first century?

So I understand the disappointment of schools and libraries that will not get as much funding as they need. They point out that we could have had hundreds of millions of dollars more in funding for discounts without causing any increase in long distance carrier's costs, given the extent of access charge reductions this year.

Others claim that we are giving schools and libraries too much of a break. Yet the only alternative that these critics presented was to stop funding discounts for schools and libraries indefinitely. That would have meant pulling the rug out from under the thousands of schools and libraries that had filed applications in accordance with the Act and our rules and, more importantly, pulling the rug out from under the opportunity to give school children a year's worth of training and computer-aided learning. I was not prepared simply to stop implementing the law and our rules altogether.

Even though we cut funding, we have ensured that the neediest schools will receive the highest priority when it comes to receiving discounts. We also extended the initial funding period by six months, thus providing a slower funding ramp-up. We are revamping the administrative structure to fold the Schools and Libraries Corporation and the Rural Health Care Corporation into a single entity. We also cut the salaries of the executives of the corporations. And at my direction, the processes of the Schools and Libraries Corporation are being audited and the corporation will refrain from committing one penny in funding until that audit is complete.

Indeed, the Schools and Libraries Corporation is perhaps the most audited and scrutinized entity in Washington. Under constant pressure and oversight, the corporation and its wonderful and dedicated staff have done a tremendous job in an extremely efficient manner, with just fourteen employees. They have also responded to thousands of e-mails and faxes and phone calls. I am proud of the job they have done.

In considering our funding decision, I have taken the time, on a number of occasions, to re-examine our decision to provide for discounts on the installation of the internal connections that ensure that advanced services are provided not just to the schools, but all the way to the classrooms where the students are. Some contend that the 1996 Act was not intended to fund discounts for internal connections. Others, including Senator Snowe, argue that funding for internal connections is explicit in the statute.

As a matter of law, the latter argument is the much stronger one, since in the statute Congress twice said that discounted services should be provided not just to the schools, but all the way to the classrooms. And while some note that 80% of the schools have at least one connection to the internet somewhere in the school, this simply underscores the significance of the point that only 27% of *classrooms* are connected, a figure that drops to just 13% in the case of the neediest schools. In the statute, Congress said: "Elementary and secondary schools and *classrooms* . . . should have access to advanced telecommunications services."⁽¹⁾ Elsewhere in the Act, Congress required the Commission to enhance access to advanced telecommunications and information services "for *all* public and nonprofit elementary and secondary school *classrooms*."⁽²⁾ Providing discounts for internal connections is the best way to fulfill this statutory directive. And in the order we release today, we provide discounts for those connections for the neediest of schools, so that children in underprivileged areas can have a fighting chance to prepare themselves for the opportunities of the twenty-first century.

The Schools and Libraries Corporation, as well as the Rural Health Care Corporation, has also been attacked as an illegal structure. I believe these corporations were established

well within the authority of the law. Section 254 directed the Commission to establish discount mechanisms, but did not give the FCC any guidance as to the form they should take. So we designed a mechanism that mirrors the funding mechanism that has administered the universal service high cost fund for the last 15 years. That mechanism has worked well and was the most appropriate model on which to base the new universal service support mechanisms. I believe, and the Commission has found, that the establishment of these corporations by the National Exchange Carriers Association (NECA) is consistent with the law, including the Government Corporation Control Act. It has produced an efficient structure and, based on our experience with NECA, we know it can get the job done. These efficiencies will only be increased when we roll the Schools and Libraries Corporation, the Rural Health Care Corporation, and the Universal Service Administrative Corporation into a single entity.

As a result of our actions this year, the debate is no longer about whether the neediest schools and students are first in line. They are. The debate is no longer about whether there should be just one administrative corporation instead of three. There will be only one. The debate is no longer about executive salaries. We have imposed the salary cap recommended by Congress. The debate is no longer about whether this is an out-of-control bureaucracy. It never was and it never will be.

And the debate is no longer about whether universal service funding means that phone rates have to go up. Because we have decided to freeze universal service collections, on July 1 long distance companies will get the full benefit of about \$700 million in reductions in the access charges they pay local phone companies, with absolutely no increase in their universal service obligations. That should mean a significant rate decrease for long distance users, provided the long distance carriers act responsibly and pass their savings on to consumers. And we continue to see prices for wireless and other services drop as well.

Now the only debate is whether we enhance the ability of every school and library in every community across the country to gain access to the internet and advanced telecommunications services, or whether we allow the internet to be another example of the alarming divide between the information haves and have-nots. In that debate, I come down squarely on the side of opportunity for all.

1. 47 U.S.C. 254(b)(6) (emphasis added).

2. 47 U.S.C. 254(h)(2)(A) (emphasis added).