I am writing in regard to USACâ€™s Priority One Interconnected VoIP service. USAC must take a close look at the long-term total cost of ownership to tax payers for reimbursing this sort of service. Although there is a benefit for a school district in that it is Priority One service, the long-term costs of the offering is much more expensive then purchasing an on premise system using Priority 2 discounts. Priority One Interconnected VoIP Service is putting more pressure on an already stressed pool of funds and this service promises to put more pressure as more districts apply for the service. When a school district uses priority one funding to pay for Interconnected VoIP service, USAC is paying for a new phone system every 2 â€“ 3 years. For example, I used and online total cost of ownership (â€œTCOâ€) tool from a company that offers Priority One Interconnected VoIP (IVoIP) service and ran a side-by-side comparison using an on premise system purchased with Priority 2 funds. The IVoIP TCO tools pencils out to purchasing a new on premise based phone system every 37 months. This delta grows even more when you take it out over 10 years and the average life span of a PBX phone system is 7 â€“ 10 years. The IVoIP vendor claims that there is no need for onsite staff for their service but this statement is not true. There is at least the same amount of demand from onsite staff with a hosted service as a purchased system. A hosted/managed service still requires a good deal of premise based equipment and will require someone onsite to assist users, move users, add users, train users, deal with hardware issues, etcâ€¦. Districts that are eligible for Priority 2 funding should use those funds to purchase a system. This will save valuable E Rate funds long-term which will benfit the program.
At some point USAC will realize that IVoIP service is a bad economic offering because the growth burden is too much and unnecessary. At that point USAC will be inclined to change this funding which will have a large negative affect on districts that have implemented the service. If a district is 3 years into a managed offering and USAC discontinues the service, the district will be forced to purchase a system and really face an unexpected financial burden. This has occurred recently when USAC determined that maintenance was creating unnecessary cost and reworked that funding.
Finally, it has come to my attention that USAC is making a determination as to the approval of funding phone handsets for use with Priority 1 IVoIP Service. If this is approved it would be extremely damaging to my company as my company cannot offer IVoIP and handsets are an ineligible device for Priority 2 funding.

Respectfully,

David Kaiser
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