

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

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In the Matter of	)	
	)	
Draft Eligible Services List	)	CC Docket No. 02-6
for the Schools and Libraries	)	GN Docket No. 09-51
Universal Services Program	)	WC Docket No. 13-184
_____	)	

**REPLY COMMENTS OF KELLOGG & SOVEREIGN® CONSULTING, LLC  
Regarding the  
  
DRAFT ELIGIBLE SERVICES LIST FOR SCHOOLS AND LIBRARIES  
UNIVERSAL SERVICE PROGRAM – DA 14-1130 Released August 4, 2014**

Kellogg & Sovereign® Consulting, LLC (“KSLLC”) is a national consulting firm providing professional management services for the Universal Service Programs including the Schools and Libraries Discount Mechanism (“E-Rate”). KSLLC has been managing the E-Rate process for schools and libraries since the inception of the program in 1998 at the request of applicants. Our professional staff works with the E-Rate program on a daily basis managing E-Rate filings for over 300 applicants with annual filing of approximately 650 applications. Accordingly, we have an in-depth knowledge of the program and are well versed in all areas of the E-Rate program. Our focus on E-rate enables us to assist the applicant community to receive needed E-rate funding support while assuring compliance with the E-Rate program rules.

**ESL Format Changes:**

In the Draft Eligible Services List (ESL) for Schools and Libraries, the Commission radically changed the format of the original Eligible Services List. Eliminating many details that the applicants have come to depend on to make purchasing decisions potentially could result in denials in the future as the eligibility of specific items may be misinterpreted and erroneously included in their requests.

We agree with the analysis of both the State E-rate Coordinators Association (SECA) and the E-rate Management Professionals Association (E-MPA) that the generalized language of the ESL would be especially problematic for applicants with little or no in-depth knowledge of what has been eligible before and is no longer eligible now.

School districts and libraries experience regular turnover in their technology and administrative staff and are constantly bringing in new employees or changing job duties. It is very rare to find a school or library whose staff members have been working with the E-rate program for more than three years

much less since the program's inception. Consequently it is imperative that the Commission provide detailed eligibility documents that can be used by the school's technology director or administrator in charge of E-rate applications.

We recommend that the Commission put specific eligible and ineligible details into the 2015 ESL, along with the details on the product functions.

*The ESL needs to include the functional purpose column.*

E-MPA provided a good example of the use of the functional purpose column in their comments. E-MPA stated, "Once services are funded, if an applicant needs to make a change to the services, they can only receive approval for a service substitution if the new service has the same functional purpose."

Elimination of the function column removes the ability for an applicant or service provider to easily determine if the new service has the same functional purpose as the old service." The existence of the "Function" detail provides the applicant with a clear listing of the products that can be substituted for others in the list. This saves time for the applicant and for the USAC reviewer preventing denials, resubmissions and further denials until the applicant finally provides the correct information to the reviewers and gets approval for the changes.

*The ESL needs to include details on products and services that are no longer eligible.*

We agree with both E-MPA and SECA that specific lists should be included on the ESL detailing services and equipment that are no longer eligible. In the Order itself, summary information for the Eligible and Ineligible items does not appear until Page 122. The average applicant will not read the Order itself but rather will depend on the Eligible Services List for specifics on eligibility.

Even the E-rate Modernization Order Quick Fact Sheet does not highlight the eligible and ineligible changes in the full order. In fact, in a search of all the links on the USAC website E-rate Modernization Order the only document that included eligibility information that would be easily understood by the majority of applicants was the Summary of the E-rate Modernization Order.

We are concerned that applicants will rely on previous experience with the program and their prior experience when they are making critical purchasing decisions regarding E-rate products and services. Service providers who are eager to make sales may also miss the fact that previously eligible services are no longer eligible and the sales representatives "may lead the applicants astray" by relying on prior year eligibility information.

*The ESL needs to include the Glossary to provide clarification on terms for all stakeholders.*

We agree with commenters who discussed the value of the Glossary which is critical in clearly defining the items included in the ESL. Many terms have various meanings in the technical community and the glossary is essential to clarify how the term is being used for the purposes of the E-rate program.

*The ESL needs to include the Special Eligibility Conditions to provide clear guidance for applicants.*

Another section of the previous ESL that several commenters referenced that needs to be included are the Special Eligibility Conditions. This information is critical to applicants to provide them with clear guidance on the nuances of eligibility only found in detailed reading of previous FCC Orders. This section of information provides the applicant with guidance needed so they can be certain that their purchasing decisions they make at the time they submit the applications are indeed for eligible services and equipment.

Recommended Quick Reference tables for ESL:

KSLLC has been conducting training workshops for applicants on the E-Rate Modernization Order since the Order was released 7/23/2014. We created the following tables for use in our E-rate workshops to provide a quick reference guide.

Similar tables would be an excellent addition to the ESL to give applicants and stakeholders a clear understanding of the changes.

EXAMPLES - Quick reference tables for Category One changes:

**Table 1 – Voice Services being phased out**

<b>5 Year PHASE OUT OF VOICE SERVICES including VoIP AND CIRCUITS THAT CARRY VOICE</b>	
<b>Voice Services</b>	<b>VoIP and Circuits that Carry Voice</b>
<b>Local Phone Service</b> Long Distance Plain Old Telephone Service (POTS) Radio Loop, 800 Service, Satellite Telephone Centrex <b>Wireless Cellular</b>	Hosted VoIP Service PRI's SIP Trunking

**Table 2- Services no longer eligible effective July 1, 2015:**

<b>NO E-RATE FUNDING EFFECTIVE JULY 1, 2015 FOR:</b>	
<b>Non-Broadband Services</b>	<b>Telephone Components</b>
<b>Web Hosting</b> Email Voice Mail <b>Mobile Data</b> Distance learning / video conferencing services Paging	Directory Assistance Domain Name Registration Directory assistance charges Custom Calling services Direct Inward Dialing  900/976 call blocking Inside wire maintenance <b>Text messaging</b>

**Table 3- Internal Connections no longer eligible effective July 1, 2015:**

<b><i>PRIORITY TWO – Internal Connections and related maintenance no longer eligible</i></b>	
Circuit Cards / Components	Storage Devices
Interfaces, Gateways, Antennas	Telephone Components
Servers (Except for Caching)	Video Components
Software	VoIP or Video IP Components
Storage Devices	Data Protection (VPN) except for firewalls and UPS equipment that supports Wi-Fi
Telephone Components	

**Caching Servers**

The majority of commenters applauded the addition of Caching servers to the eligible internal connections category and we agree with them as well. Caching provides a way for applicants to leverage limited E-rate funding and broadband capacity. Commenters understood the value of having an ability to download frequently accessed websites, online curriculum resources and educational video streamed as a part of the teaching process.

In response to the Commission’s request for a definition of caching, we agree with E-mpa’s concern that because caching has such a wide range of meanings, a clear definition of caching is needed. In order to remain technology neutral, the definition referenced by E-mpa could be updated for purposes of the E-rate program as follows:

Caching is an eligible broadband internal connections component. Caching is a dedicated network server, appliance or service that saves Web pages or other Internet content locally. By placing previously requested information in temporary storage, or cache, caching speeds up access to data and reduces demand on a school or library’s bandwidth. Caching also allows users to access content offline, including rich media files or other documents.

If the Commission wanted to also define a cache server, the following definition included in E-mpa’s comments provides further details:

A cache server is almost always also a proxy server, which is a server that "represents" users by intercepting their Internet requests and managing them for users. Typically, this is because enterprise resources are being protected by a firewall server. That server allows outgoing requests to go out but screens all incoming traffic. A proxy server helps match incoming messages with outgoing requests. In doing so, it is in a position to also cache the files that are

received for later recall by any user. To the user, the proxy and cache servers are invisible; all Internet requests and returned responses appear to be coming from the addressed place on the Internet. (The proxy is not quite invisible; its IP address has to be specified as a configuration option to the browser or other protocol program.)

## **DHCP/DNS Servers**

We agree with comments submitted by Funds for Learning regarding the greater need for DHCP/DNS servers. Since the intent of the “modernized E-rate program” is to provide broadband within the school or library, DHCP and DNS servers are essential elements to delivery of broadband.

## **Cost Allocation of Telephone Components**

Without question, the necessity for cost allocating telephone components resulted in the strongest negative comments from commenters. Commenters who addressed this issue in their submitted comments stated in some form that this requirement would cost applicants and USAC reviewers far more time, and effort than would be saved by extracting such small amounts of charges.

We support the removal of paging services and inside wire maintenance plans since these charges are clearly delineated on provider bills.

We have serious concerns, however, of the significant administrative costs involved in removing the other telephone components listed on the public notice, DA 14-1130, as follows: directory assistance charges, text messaging, custom calling services, direct inward dialing, and 900/976 call blocking.

We agree with the comments submitted by SECA as follows:

“SECA understands the rationale for making minor Telephone Components ineligible, but questions whether any immediate savings in E-rate funding justify the application complexities created for both applicants and PIA. As a practical matter, applicants and/or PIA reviewers will be required to find, and breakout, a variety of relatively small charges that are often buried deep within what can be large and complex telephone bills. This will be very time consuming and clearly violates the FCC goal 3 to make the E-rate application process faster and more efficient. Unless the FCC is prepared to require telephone carriers to clearly breakout and summarize ineligible Telephone Component charges on their bills, SECA recommends that such components be treated as a part of normal voice services, and whose eligibility are to be phased out on the same schedule.”

SECA’s comment, “Unless the FCC is prepared to require telephone carriers to clearly breakout and summarize ineligible Telephone Component charges on their bills, SECA recommends that such components be treated as a part of normal voice services.”

We recently conducted training for over 120 Service Providers in an on-site venue and by way of a Webinar. Our audience included representatives from a wide range of companies whose bills issued to the customer in their normal course of business do not contain the detail that is needed in order to

comply with the removal of telephone components. All of them were surprised at this requirement and expressed doubt that their companies could provide the comprehensive details at this time. Since the changes needed in their billing systems to provide this detail would only affect a small number of customers, several confirmed that they would not be making the necessary changes in their billing systems.

**This issue not only applies to regular telephony services but also to every bill for wireless cellular telephone services as well.**

When you consider the significant volume of phone bills represented just by the service providers that attended our training sessions it is apparent the task that applicants have been given to cost-allocate these telephone components will be virtually impossible to achieve. USAC reviewers will be burdened with requesting detailed reports from applicants who in turn have to request from providers unwilling or unable to produce the necessary reports. The applicants will be confused, distraught, frustrated, and harassed into trying to obtain the necessary data much less make any estimates of the amount to be removed from a bill. The FCC's goal of faster funding will falter and fail in the piles of administrative reports and rows of spreadsheets seeking the necessary minutia for verification and validation of minimal amounts.

We agree with E-mpa that since these charges are being phased out anyway, it doesn't make sense to cripple the program with an administrative burden of this magnitude.

E-MPA stated the following in their comments:

“While we understand the reasons for removing telephone components from the FY2015 ESL, we wanted to emphasize to the Commission how we strongly believe that the removal of these minimal costs will be more than offset by a significantly increased administrative burden in cost allocating these charges.

According to the FCC's Public Notice for release of the FY2015 Draft ESL (DA 14-1130, Released August 4, 2014):

“The proposed ESL removes paging, directory assistance charges, text messaging, custom calling services, direct inward dialing, 900/976 call blocking, and inside wire maintenance plans (grouped as “Telephone Components” in past ESLs) because the Commission determined that these services are outdated, and continuing to fund these components diverts funding away from the high-speed broadband services that have become essential to schools and libraries.”

If telephone components remain eligible, they will be phased out with voice services and will “die a silent death” over the next few years anyway.”

We believe that the examples and discussion presented within the E-MPA comments is the most comprehensive explanation of the difficulty of accurately removing all the components listed above and includes real world examples using actual telephone bills.

## Conclusion

We applaud the Commission's efforts in meeting the goals of modernizing E-rate for the 21<sup>st</sup> Century. The program has exceeded expectations in connecting America's schools and libraries and providing students and library patrons across the country with affordable access. We sincerely appreciate the opportunity to submit comments in this proceeding.

Respectfully submitted,

Kellogg & Sovereign® Consulting, LLC

A handwritten signature in black ink, appearing to read "Jane Kellogg". The signature is fluid and cursive, with a large initial "J" and "K".

Jane Kellogg, President