_____

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

_____

)
In the Matter of   )
)
Schools and Libraries Universal Service   )   CC Docket No. 02-6
Support Mechanism   )
_____   )

REPLY COMMENTS ON THE FY 2010 DRAFT ELIGIBLE SERVICES LIST FOR
SCHOOLS AND LIBRARIES UNIVERSAL SERVICE MECHANISM
(DA 09-1233)

The State E-rate Coordinators' Alliance (SECA) submits these Reply Comments in accordance

with the FCC's Public Notice released June 2, 2009 (DA 09-1233) seeking comment on USAC's

proposed Eligible Services List ("ESL") for Funding Year 2010.

   I.   Interconnected VOIP Definition Should Clearly Define What Equipment May
           and May Not Be Included as On-Premise, Priority 1 Service.

SECA agrees with Funds for Learning (FFL) and the E-rate Management Professionals

Association (E-mpa) that clarification is needed about what equipment is eligible to be included

in a bundled interconnected VOIP solution.   During the application window for Funding Year

2009, we saw numerous service providers making eligibility claims to applicants of multiple

equipment components bundled as on-premise, Priority 1 equipment. According to our reading

of the eligibility of on-premise, Priority 1 equipment, only the lease of a *single* basic terminating

component is eligible as Priority 1. Yet vendors are claiming vast amounts of equipment as

eligible such as

- VoIP Telephony Equipment (i.e., switch, router)
- Call Manager & related items
- Voice Mail Solutions
- Client Access Licenses
- Voice Gateways
- Broadcast Servers
- Control Servers

Although these components represent more than one terminating device, the vendors claim the

devices are eligible because they would reside on the customer's premise and could not operate

without the IP service being delivered and would not be owned in any way by the customer.

It is understandable why schools are drawn to these iVOIP bundles given the amount of

equipment the vendors claim is eligible.   And, given the restrictions of the Tennessee Test, it is

also understandable why E-rate Coordinators and E-rate Consultants are confused when USAC

approves funding requests which contain these bundles. In finalizing the FY 2010 Eligible

Services List, we urge the Commission to explain clearly what iVOIP equipment components

may be classified as on-premise Priority 1 equipment and service that complies with the

Tennessee Test.

II.   The Definition of Eligible Web Hosting Service Needs to be Further Clarified and Contracts Must Specify Pricing for Eligible Features of Web Hosting.

After recounting the history and evolution of the eligibility of web hosting service, SECA's

Initial Comments urged the FCC to clarify, via the FY 2010 Eligible Services List, that contracts

between web hosting vendors and applicants should be required to itemize the pricing of E-rate

eligible features and elements of web hosting. This approach is necessary because cost

allocation of eligible features has resulted in skewed pricing in the K-12 market, where the prices

for eligible services far exceed the pricing for those services in other market sectors. SECA also

criticized and objected to the inclusion of Intranet pages and password protected pages as part of

eligible web hosting service because these changes will further amplify this pricing imbalance

and continue to put upward pressure on the demand for Priority 1 services and reduce the amount

of funds available for Priority 2 services and equipment.

Since FY 2004, the year in which stand-alone fee-for-service web hosting service first became

eligible (as compared to prior years when web hosting was eligible only as an adjunct or

ancillary service to Internet Access service), the demand for Internet Access Service has

increased steadily:

Year	Internet Access Service Demand	% of Total Demand
FY 2004	$ 326,703,020.00	7.6%
FY 2005	$ 347,534,893.00	9.5%
FY 2006	$ 348,342,133.00	9.8%
FY 2007	$ 388,825,018.00	10.5%
FY 2008	$ 455,780,306.00	10.6%
FY 2009	$ 495,289,488.00	12.4%
Amount of Increase	$ **168,586,468.00**	
% Growth in Demand	**52%**	

This information was compiled from publicly available information on the SLD web site.

In five years, the demand for Internet Access Service has grown by more than $169,000,000 or

52%. In comparison, the trend in the demand for telecommunications services during the same

time period was to increase 22%, or less than half of the growth in the demand for Internet

Access service:

Year	Telecommunications Service	% of Total Demand
FY 2004	$ 1,273,840,843.00	29.8%
FY 2005	$ 1,217,058,964.00	33.4%
FY 2006	$ 1,336,958,967.00	37.7%
FY 2007	$ 1,403,384,291.00	38.0%
FY 2008	$ 1,499,188,600.00	34.8%
FY 2009	$ 1,548,141,562.00	38.8%
Amount of Increase	$ 274,300,719.00	
% Growth in Demand	22%	

SECA believes that the growth in demand for Internet Access Service can be directly attributable

to the expanded definition of web hosting service that began in FY 2004 because the cost of

conduit Internet access has fallen dramatically during that same period.

Ironically, on the same day that Initial Comments in this proceeding were due, June 23, 2009,

SECA members received an email solicitation, shown as Exhibit 1, from a company advertising

the E-rate eligibility of eClassTrak, eSiteTrak and eKinderTrak.

EXHIBIT 1

EMAIL SOLICITATION REGARDING E-RATE ELIGIBLE SERVICES
From Rick Ruggles [mailto:rick@sbsiinc.com]
June 25, 2009

SBSI, Inc.

16598 Iredale Court

Lakeville, MN   55044-4511

Phone:800-434-8301 / 952-435-4080 Fax:952-435-5859

sales@sbsiinc.com

According to the company's web site, eClassTrak is a service that:

> eClassTrak is a Web-based student registration and program management software that is designed specifically for the school environment. Students can browse, register and pay for classes online then receive an email confirmation/receipt, saving time for both students and staff. eClassTrak is cost-effective; there's no software to install, no hardware to buy, and no upgrade hassles!

http://www.sbsiinc.com/Product/eClassTrak/tabid/58/Default.aspx

The company describes its eSiteTrak services as:

> eSiteTrak is Web-based facility scheduling and management software that is designed to manage one or several building's spaces, equipment, personnel, vehicles or anything else you need to keep track of and schedule. Staff or clients can browse for space availability, make requests online, while checking for conflicts. eSiteTrak is cost-effective; there's no software to install, no hardware to buy, and no upgrade hassles!

http://www.sbsiinc.com/Product/eSiteTrak/tabid/60/Default.aspx

The features of the eKinderTrak service include:

- Shares its database with eClassTrak
- Is very affordable
- Links directly to your schools website
- Matches your schools website current look and feel
- Provides instant online registration via internet using secure standard web browser
- Gives Parents the ability to register for Child Care and Enrichment classes in same shopping cart
- Emails payment confirmations
- Flexible online payment processing, including full time, part time, drop in, and field trips
- Accommodates unique schedules
- Has Comprehensive reporting capability
- Posts required forms online
- Automatic credit card authorization and bank deposits
- Includes Credit card authorization
- Will register one or more children for multiple programs
- Supports Sibling discounts

- Accepts single payments for multiple children
- Has enrollment charts by location
- Automatically generates and emails invoice's
- Automatically charges credit cards based on your billing schedule
- Automatically calculates late charges, allows for either percentage, or fixed amount
- Accommodates deposits and / or enrollment fee's
- Provides detailed Child Care worker reports
- Has Easy change / drop schedule function
- Provides Regular automatic data backups

http://www.sbsiinc.com/Product/eKinderTrak/tabid/63/Default.aspx

By any stretch of our imagination, SECA cannot see how these services would be considered E-rate eligible. Nonetheless, this company has interpreted the Eligible Services List quite differently and is advertising its services as being eligible. We believe that this kind of confusion and ambiguity must be removed from the web hosting definition in the Eligible Services List to provide certainty and clarity to E-rate applicants and service providers alike. Although we used this one company as an example because of the timeliness of its email solicitation, this company is by no means alone in its efforts. Indeed, numerous companies offering student information systems; classroom management systems; content management systems; portal systems; online homework, grading, and attendance systems all claim that their products are 90-100% E-rate eligible. We implore the FCC to rectify this situation.

III.   Conclusion

SECA requests the FCC to modify the FY 2009 Eligible Services List consistent with the

comments submitted herein.

Respectfully Submitted by:

/s/ Gary Rawson
Gary Rawson, Chair
State E-rate Coordinators' Alliance
Mississippi Department for Information Technology Services
301 North Lamar Street, Suite 508
Jackson, Mississippi 39201
601-359-2613
rawson@its.state.ms.us
June 30, 2009