<div align="center">**Summary of**</div>

FCC Sixth Report and Order

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Schools and Libraries Universal Service Support Mechanism,
CC Docket No. 02-6, Sixth Report and Order, FCC 10-175 (rel. September 28, 2010).
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Introduction

The Sixth Report and Order, adopted September 23, 2010, examines the issues listed below in order to improve broadband access and to streamline and simplify the E-rate application process administered by the Universal Service Administration Company (USAC).

Discussion and Results

Dark Fiber

USAC understands the growing need for technology and desires to give schools and libraries flexibility in order to stay current and cost effective. Including dark fiber as an eligible service will help meet these needs.

- Dark fiber may now be leased or purchased as a priority one service and may be listed on the Form 470 as Internet Access or Telecommunication service. Fiber may be provided by telecommunications carriers or non-telecommunications carriers, profit or non-profits, or utility companies. The category selected for use should be according to the type of provider selected for service.

- Dark fiber on the E-rate discount must be lit immediately and may not be obtained merely for future use.

- Maintenance costs and installation charges for fiber are eligible for E-rate discounts, but special construction on facilities or off-premises fiber networks are not. Applicants must comply with the competitive bidding rules, and they must support all non-discounted portions of the eligible service.

- CIPA compliance is required for fiber provided by telecommunication service providers if the fiber is used for Internet access or services.

Community Use of Schools' E-rate Facilities and Services

The Federal Communications Commission (FCC) previously limited use of E-rate services outside of school hours. The FCC now waives the certification on applications that the services will be solely used for educational purposes. This aids Internet accessibility and supports the FCC's goal of greater broadband access.

- A school's E-rate services can be publicly accessible when classes are not in session, but applicants must certify that the primary purpose for use of services funded under the E-rate program is education.

- Community or additional uses of E-rate services cannot create extra expense to the E-rate program. Schools may open services to the public during evenings, breaks, and school and may charge a fee in order to provide for facility costs or training in these instances, but never to cover E-rate services costs.

- Educational purposes, students, and school personnel should always have priority use. Community use should not be allowed during school hours or student use. Other than this, the school may set policy regarding the community hours and use.

- The FCC will collect information on community use in order to track the use and impact of E-rate services. Community use of school services will remain optional and will not affect E-rate discounts.

Funding for Certain Residential Facilities

In the past USAC only provided support for internal connections in classrooms or instructional buildings. The FCC now notes that offsite telecommunications may be integral to the education certain populations, so schools with living quarters that meet these unique challenges are now eligible for E-rate services for internal connections.

- Eligible entities now include: (1)schools on Tribal lands, (2)schools designed to serve students with medical needs, (3)schools designed to serve students with physical, cognitive or behavioral disabilities, (4)schools where 35% or more of their students are eligible for the national school lunch program, and (5) juvenile justice facilities. Eligible schools can be public or private.

Indexing the Funding Cap to Inflation

The E-rate program originally had a funding cap of $2.25 billion. This cap will now be expanded for inflation.

➤ The cap has been changed to reflect the inflationary adjustments since the beginning of the program.

➤ Funding for 2010 will be $2.27 billion. Each year the FCC will announce the new cap based on inflation.

➤ The cap will not decrease in the event of deflation.

Limited Trial to Investigate Offsite Access

Previously, off-premises connectivity did not qualifying for E-rate support. The FCC will deploy a pilot program in 2011 to gather information about issues that would affect the use of Internet access off-site.

➤ The 2011 pilot will allow $10M in support for off-premise wireless device connectivity.

➤ Participants must report data to the FCC to help in future decision regarding off-campus support.

Streamlining and Simplifying Administrative Requirements

The Commission has established an application process for schools and libraries to ensure that funding is disbursed appropriately and to minimize fraud and waste. In order to simplify the process for both applicants and the FCC while retaining the quality and the integrity of the program, the Commission has amended the process.

➤ A technology plan is no longer required for priority one applications and is not required to be in place prior to posting the FCC Form 470.

➤ Applicants are not longer required to prove their budget is sufficient for the non-discounted portion of the E-rate services.

Competitive Bidding Process

All applicants must submit a Form 470 and participate in a fair and open bidding process according to local procurement rules. To ensure fair and open bidding, applicants must share the same information with all service providers and may not receive gifts or anything of value in return.

➤ Form 470 must be submitted; a new form will be available for Funding Year 2011.

➤ All potential bidders must have access to the same information at the same time.

➤ Service providers may not be involved in technology plans, Form 470 preparation, or selection of provider.

➤ Gifts from any one service provider must be $20 or less and no more than $50 per year. This includes food items, promotional items and expenses for travel or lodging.

Treatment of Obsolete Equipment

Rules that previously prohibited the sale or transfer of E-rate funded telecommunications equipment or services are now amended to allow recycling, donation, or disposal of equipment deemed obsolete after a minimum period of five years following installation.

➤ E-rate equipment may be sold or disposed of no sooner than five years after the equipment is installed. After five years, the applicant may move or dispose the equipment without notifying the Commission.

Eligible Services List

The FCC may designate services that are eligible for E-rate discounts. The Eligible Services List (ESL) is the official statement for services that are eligible. It is updated and released annually.

➤ The order adopts the ESL for FY 2011 and allows for the ESL to be released without a public notice.

➤ USAC must submit a proposed ESL by March 30 each year in order to give more time for approval.

➤ Ineligible services include support for online classes and meetings, grade books and attendance software and databases, wireless Internet applications, enhanced firewalls, and separately priced warranties or unbundled warranties.