

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

In the matter of
Request for Review of a Decision of the
Universal Service Administrative Company
By
Centerville School District
Centerville, South Dakota
Federal-State Joint Board on
Universal Service
Changes to the Board of Directors of the
National Exchange Carriers Association, Inc.

File No. SLD-199778
CC Docket No. 96-45
CC Docket No. 97-21

ORDER

Adopted: February 20, 2002

Released: February 21, 2002

By the Accounting Policy Division, Common Carrier Bureau:

1. The Accounting Policy Division has under consideration a Request for Review filed by Centerville School District (Centerville). Centerville requests review of a decision by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC or Administrator) relating to Centerville's application for discounts under the schools and libraries universal service support mechanism. For the reasons set forth below, we deny Centerville's Request for Review.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections. In order to receive discounts on eligible services, the Commission's rules require that the applicant submit to the Administrator a completed FCC Form 470, in which the applicant sets forth its

1 Letter from Doug Voss, Centerville School District, Centerville, South Dakota, to Federal Communications Commission, filed April 9, 2001 (Request for Review). Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

2 Letter from Schools and Libraries Division, Universal Service Administrative Company, to Doug Voss, Centerville School District, Centerville, South Dakota, dated March 19, 2001 (Administrator's Decision on Appeal).

3 47 C.F.R. §§ 54.502, 54.503.

technological needs and the services for which it seeks discounts.⁴

3. Once the applicant has complied with the Commission's competitive bidding requirements and entered into agreements for eligible services, it must file an FCC Form 471 application to notify the Administrator of the services that have been ordered, the carriers with whom the applicant has entered into an agreement, and an estimate of funds needed to cover the discounts to be given for eligible services.⁵ In Funding Year 3, this information was provided in Block 5 of FCC Form 471.⁶ Among other information, Block 5 required the applicant to indicate the services requested, the name of the service provider, the estimated total annual prediscount cost, and the category of service for which support was sought. Item 11 of Block 5 required the applicant to indicate the category of service by choosing among the following categories: telecommunications services, Internet access, and internal connections.⁷ Using information provided by the applicant in its FCC Form 471, the Administrator determines the amount of discounts for which the applicant is eligible. Approval of the application is contingent upon the filing of FCC Form 471, and funding commitment decisions are based on information provided by the school or library in this form.

4. Under the Commission's regulations, SLD is authorized to establish and implement filing periods and program standards for FCC Form 471 applications by schools and libraries seeking to receive discounts for eligible services.⁸ Pursuant to this authority, every funding year, SLD establishes and notifies applicants of a "minimum processing standard" to facilitate the efficient review of the thousands of applications requesting funding.⁹ In Funding Year 3, SLD instructions noted that item 11 of Block 5 was part of the minimum processing standards.¹⁰ When an applicant submits a Block 5 Worksheet that omits an item subject to the minimum processing standard, SLD automatically rejects the funding request and returns it to the applicant. Item 11 of each Block 5 funding request indicates the category of service, and enables SLD to apply our funding priority rules properly in situations where demand exceeds the annual funding cap, as was the case in Funding Year 3.

5. Centerville filed its FCC Form 471 with SLD on January 15, 2000.¹¹ In its application, Centerville included four Block 5 worksheets, each describing a request for funding from a different service provider. Centerville failed to complete item 11 on two of the four Block 5 worksheets. As a result, SLD did not assign funding request numbers (FRNs) to these

⁴ 47 C.F.R. § 54.504(b)(1), (b)(3).

⁵ 47 C.F.R. § 54.504(c).

⁶ Schools and Libraries Universal Service, Services Ordered and Certification Form, OMB 3060-0806 (Sept. 1999) (Form 471).

⁷ *Id.*

⁸ See 47 C.F.R. § 54.507(c); *Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Federal-State Joint Board on Universal Service*, CC Docket Nos. 97-21 and 96-45, Third Report and Order in CC Docket No. 97-21 and Fourth Order on Reconsideration in CC Docket No. 97-21 and Eighth Order on Reconsideration in CC Docket No. 96-45, 13 FCC Rcd 25058 (1998).

⁹ See, e.g., SLD web site, Form 471 Minimum Processing Standards and Filing Requirements for FY3, <<http://www.sl.universalservice.org/reference/471mps.asp>>.

¹⁰ *Id.*

¹¹ FCC Form 471, Centerville School District, filed January 15, 2000 (Centerville FCC Form 471).

two requests because they did not meet minimum processing standards.¹² On June 13, 2000, Centerville appealed the decision to SLD. Citing its original reasoning, concerning failing to meet the minimum processing standards, SLD denied the appeal on March 19, 2001.¹³ In response, Centerville filed the instant Request for Review stating that two attachments to the FCC Form 471 adequately described the services requested.¹⁴ In addition, Centerville asked to amend the Block 5 worksheets at issue.

6. In light of the thousands of applications that SLD must review and process each funding year, we find it administratively appropriate to require applicants to strictly adhere to minimum processing standards.¹⁵ In the *Naperville Order*, the Commission determined that, under the totality of the circumstances presented in that case, SLD should not have returned an application without consideration for failure to enter information required by SLD's minimum processing standards.¹⁶ The Commission specifically found that "(1) the request for information was a first-time information requirement on a revised form, thereby possibly leading to confusion on the part of the applicants; (2) the omitted information could be easily discerned by SLD through examination of other information included in the application; and (3) the application is otherwise substantially complete."¹⁷

7. Upon review of the record, we conclude that, under the totality of the circumstances, Centerville's application was appropriately returned for failure to satisfy minimum processing standards. First, the information requested in Item 11, the category of service, was not a first time information request in Funding Year 3.¹⁸ Second, the omitted category of service could not be easily discerned through examination of other information included in the application. In particular, we find that the information included in attachments to a Block 5 worksheet are not an adequate substitute for satisfactory completion of Item 11. The

¹² Letter from Universal Service Administrative Corporation, Schools and Libraries Division to Doug Voss, Centerville School District, Centerville, South Dakota, issued June 30, 2000 (Funding Commitment Decision Letter).

¹³ Letter from Doug Voss, Centerville School District, Centerville, South Dakota, to Universal Service Administrative Corporation, Schools and Libraries Division, filed June 20, 2000 (SLD Appeal Letter). *See also* Administrator's Decision.

¹⁴ *See* Request for Review.

¹⁵ *See Request for Review by Anderson School Staatsburg, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of National Exchange Carrier Association*, File No. SLD-13364, CC Docket No. 96-45 and 97-21, Order, 15 FCC Rcd 181 (Com. Car. Bur. 2000), at para. 8 ("In light of the thousands of applications that SLD review and processes each funding year, it is administratively necessary to place on the applicant the responsibility of understanding all relevant program rules and procedures."); *see also* Universal Service Administrative Company (USAC), Schools and Libraries Program, Reference Area: Form 471 Minimum Processing Standards and Filing Requirements, <http://www.sl.universalservice.org/reference/471mps.asp>. (outlining the manual and online filing requirements for FCC Form 471).

¹⁶ *Request for Review by Naperville Community Unit School District 203, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-203343, CC Dockets No. 96-45 and 97-21, Order, 16 FCC Rcd 5032, para. 12 (2001) (*Naperville Order*).

¹⁷ *Id.* at para. 16.

¹⁸ *See* Form 471. In Funding Year 2, applications were instructed to indicate whether the requested services were a telecommunications service, Internet access, or internal connections. *See* Instructions for Completing Schools and Libraries Universal Service, Services Ordered and Certification Form (FCC Form 471), OMB 3060-0806 (Dec. 1998), at 19.

information in each attachment relates to item 21, which describes the type of service to be provided, as opposed to the category under which each service is to be classified. It would significantly increase SLD's administrative costs if it had to examine each attachment in thousands of applications in order to determine the category of service. In fact, under program rules, the appropriate category of some types of service is ambiguous, and making a category determination can require a detailed factual investigation and review.¹⁹ Therefore, we find that it is incumbent on each applicant to clearly indicate in Item 11 the category under which the request is to be considered. Accordingly, we find that by not completing item 11 in two of its funding requests, Centerville did not meet minimum processing standards for these requests. Therefore, we affirm SLD's denial.

8. Moreover, we conclude that Centerville may not amend its FCC Form 471. The application window for Funding Year 3 closed on January 19, 2000. Centerville mailed revised copies of their Block 5 worksheets on June 20, 2000, well after the end of the Funding Year 3 filing window.²⁰ The Commission's rules have established a policy that applicants are not permitted to amend completed FCC Forms 471 after the closure of the filing window.²¹ If applicants were permitted to correct their applications after SLD has denied them, it would eliminate any incentive to avoid making unauthorized service requests or to comply with the SLD's document demands in a timely fashion.²² This would significantly increase the administrative burden SLD would face while carrying out its obligation to guard against the occurrence of errors and fraud.²³ Furthermore, if applicants were permitted to amend their requests after the filing window closed, it could jeopardize SLD's ability to accurately apply the rules of priority in years where requests for funding exceed the annual funding cap.²⁴ This policy imposes upon applicants the responsibility of preparing its applications carefully. For that reason, we deny Centerville's request to amend its FCC Form 471 subsequent to the filing window for Funding Year 3.

¹⁹ See, e.g., *Request for Review by the Department of Education of the State of Tennessee of the Decision of the Universal Service Administrator, Request for Review by Integrated Systems and Internet Solutions, Inc., of the Decision of the Universal Service Administrator, Request for Review by Education Networks of America of the Decision of the Universal Service Administrator, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45 and 97-21, Order, 14 FCC Rcd 13734, para. 35 (1999) ("as a practical matter, we believe that there are instances where it is difficult to draw a line between end-to-end Internet access service and internal connections").

²⁰ See SLD Appeal Letter.

²¹ The Commission's rules require that applicants file a completed FCC Form 471 by the filing window deadline to be considered pursuant to the funding priorities for "in-window" applicants. 47 C.F.R. §§ 54.504(c), 54.507(c).

²² See *Request for Review by Cheney Public Schools, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-142969, CC Dockets No. 96-45 and 97-21, Order, 16 FCC Rcd 5192, 5195 (Com. Car. Bur. 2001).

²³ *Id.*

²⁴ *Id.*

9. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the Request for Review filed April 9, 2001, by Centerville School District, Centerville, South Dakota, IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Mark G. Seifert
Deputy Chief, Accounting Policy Division
Common Carrier Bureau