

E2e Exchange, LLC
WC Docket# 13-184
Comments on Category 2 Budgets and Process

Opening Remarks

We at e2e exchange, llc feel the Category 2 Pilot Plan has brought a needed injection of relevancy into the E-rate Program, but has done so at great cost to applicants. The E-rate Modernization, we believe was implemented to truly bridge the connectivity gap that lies within schools and libraries across the country. The mission to reinvigorate outdated and expensive technology infrastructure was the key to truly bring applicants a modern method of delivering the best technology solutions for education possible to students across the county. With eyes wide open USAC and FCC saw a problem and intended to help fix it. This mission though has been damaged by its very proponents. Instead of freedom from old technology, applicants have been imprisoned by the administrative state of USAC and its shortcomings. The biggest struggle has been for applicants to plan and implement and effective space that allowed applicants to access their Category 2 funding as easily as their Category 1 funding. The mission and the filing processes were never made uniform. Within that disconnected space applicants were and continue to be pushed away from their funding to the benefit of USAC staff whose intent appears to be making FCDL quotas, and not doing enough to help applicants live and experience the mission of the E-rate Modernization.

The vision set forth by the FCC and USAC is a distant memory compared to the current state of the E-rate process. Most applicants, and eventually all applicants, are being pushed to a point where they receive little to no E-rate funding and little to no, sincere or genuine support from USAC. Category 2 funding has been neither substantial enough nor helpful enough. Far from substantial, many applicants coming into FY 2017-2018 were left with little to no funds available for Category 2 funding and have been completely phased out of funding for voice services at some point within the last three (3) years. We have found it common practice for PIA reviewers regularly deny applications without feedback from the applicant. The number of appeals that we had to file years ago was minimal to the appeals we must and are required to file today. This adds an additional step to the review of applications. In our opinion the FCC should be looking at this as a processing crisis. The delay created by forcing applicants to file appeals for issues that should be resolved during PIA processing, causes network infrastructure that was already in need of replacement to grow older and less reliable. The networks USAC meant to innovate instead decay at the mercy of USAC's ability to bring the funding to districts it has so heavily publicized. As consultants we are left holding the stick, trying to help our schools navigate through an unreliable an unpredictable process.

We respectfully bring forth the below issues to the FCC in regard to USAC's current administration of the Category 2 Process:

- 7 day PIA extensions for Category 2 applications are not always enough time to respond to USAC. There exists a constant struggle with many PIA reviewers for effective communication in the best interest of the applicant. We would request that when a second, 7 day extension is requested that we are allowed to provide information as to why the second extension is needed. The automatic

request is sent to a PIA manager for review, but that PIA manager has no information as to why a second extension is necessary. If a PIA manager does not grant the extension the result is a denial, when it is likely in the best interest of the applicant for have more time given to provide a response.

- PIA reviewers are denying 471s that are being brought under their Category 2 budget. If there is an issue with the budget allocation given during PIA, USAC reviewers are not letting applicants know that an issue still exists. The result in this case is denial without every knowing what the existing issue is. The process then goes into the hands of USAC appeals, with delays realistically up to a year in getting an appeal decision. The below issues often result in difficult to answer and navigate Category 2 PIA issues:
 - o An entity who is over budget in FY 2017-2018 and who does not have a FY 2016-2017 Category 2 funding committed from their Form 471 is put in a dilemma. They may purchase the equipment from FY 2016-2017 but cannot get reimbursed without a commitment, but feels uncertain they will get an approval with the long delay in funding. This becomes a significant struggle for applicants as School Boards who may already be underfunded, wait and hope for USAC funding. Furthermore, without knowing their disbursement status, there is uncertainty as to how to remove costs on their 2017-2018 471. Has USAC considered not reviewing 2017-2018 Category Two 471 applications until the 2016-2017 471 applications have been funded?
 - o This may also include previous year's Form 500s that have not yet been processed
 - o Processed Form 500s are often not reflected in Category 2 budgets presented by PIA reviewers
 - o During the PIA review phase, the reviewer does not issue the full Category Two budget history. For example, a PIA issued budget spreadsheets regularly do not include FY 2015 funding, giving an inaccurate representation of the current budget
- It has been VERY difficult to communicate with PIA reviewers in FY 17-18 specifically. There appears to be a correlation between the willingness and the ability of USAC reviewers to make applicants aware of issues after a PIA is answered and the number of denials for FY 2017-2018. Issues that could be resolved in PIA now have to be resolved by USAC or FCC appeals, putting further burden and wait time on the applicant side
- The removal of any assistance for voice services is pushing many long-time applicants out of the program. The lack of recurring Category 1 services for applicants who exhaust their Category 2 budgets means they get very little USAC support. By taking an applicant out of the program for even one year, could put the applicant in a difficult place when they go back to apply as the process changes so often that the learning curve increases. We also see applicants that no longer get funding for voice, have very little Internet expense and cannot afford their portion of the Category Two budget forgo E-rate funding all together. Schools that get their internet access through a state provider get no E-rate funding. It is much more difficult for an applicant to pay their share of a Category 2 project up front as opposed to recurring Category 1 services. With districts uncertain about their own available technology budgets Category 2 becomes a much less likely and usable resource.
- At the 2017 USAC training in DC, the audit compliance presentation spoke about only selecting random samples of entities for Selective Review and PQA, but that it could randomly sample a

consortium. “Sampling” a consortium’s applicants over multiple years is not a sample, it’s a deliberate and targeted action taken against an applicant who has large requests of E-rate dollars. We have noted that only our largest applicants have been targeted for Selective Review and Post – Payment compliance reviews for at least the last three years. The number of schools we service is only a fraction of the total number of E-rate applicants. It then becomes apparent that the selections are not random at all, and that if an E-rate applicant requests a lot of E-rate funding, they will be subject to annual compliance audits. It should also be noted the most recent post payment reviews were conducted during the 471 window. The timing of these reviews makes it extremely difficult to meet the demands of the E-rate process USAC has separate departments and can diversify its workload amongst those departments. As applicants, we have limited time and resources. USAC should look at how it can best serve its stakeholders by not burdening applicants with these post-payment inquiries while the 471 window is open.

- The division of Category 2 information between the legacy system and EPC has resulted in inaccurate budget calculations from PIA reviewers. These issues including missing FY 2015 funding requests, not including cancelled FRNs from FY 2016 or FY 2016, and they do not reflect actions taken on Form 500s. It is difficult to bring an entity under budget was USAC does not account for all of the Category 2 funds requested, cancelled, denied, or pending on its own Category 2 budget spreadsheets.
- PIA reviewers shared that once a denial notification is sent via EPC, that it is already denied, and no adjustments can be made. However, there is language and an upload function to dispute the denial. Why is the opportunity to challenge the denial given if it has already been processed as denied? It would be helpful to give applicants a genuine opportunity to dispute and defend a denial during the PIA process
- Districts regularly struggle with approval and purchasing timelines. Many districts feel uncertain that their 471s will get approved given USAC’s brutal and unforgiving processing of C2 applications and do not want to purchase equipment without an approval in place. They then must wait to purchase, meaning their technology grows more and more outdated as time goes by; service within the districts suffers which results in a teacher’s inability to effectively use classroom tools online.
- Building specific budgets create red-tape in all forms of the E-rate process. USAC allows Category 2 funds to be distributed amongst schools almost at will. USAC is also not going to conduct on-site visits to every applicant to ensure the equipment is in the building listed in the 471. A more simplified district wide budget that gives applicants more freedom of how to spend their funds would lessen the burden on both applicants and USAC to track such detailed building-level data.
- One several occasions, we have had PIA reviewers reach out to us over multiple platforms either using the EPC portal or email. It would be helpful for USAC to use one platform so that we can know where to look for inquiries and how to respond. We have had several situations that USAC denied funding due to lack of response when in fact our response was uploaded to the EPC days before the due date. A simple error like this made by PIA reviewers, is harmful to applicants as it delays funding, and reduces applicants’ confidence in the E-rate application process.

Closing Remarks

The E-rate process needs to become a better, faster, more efficient and reliable vehicle to deliver on the goals set forth in the E-rate Modernization Order. The USAC portrayal of the experience as successful does not correlate with the experience of applicants. Category 2 has created budgeting shortages and decaying technology infrastructure as it fails to deliver on Category 2 funding in a simple, easy to access manner.

We challenge and encourage the FCC to look at the number of application denials and reductions for Category 2 funding since its inception and the introduction of the EPC Portal. We believe that the EPC system has helped create a culture within USAC that means the people working there no longer have to actually work with the people they service. The wall that EPC has created between applicants and the program serves only to create a space for which USAC is no longer accountable to its stakeholders. We also believe the system itself has been far too unpredictable and has regularly failed to work properly. With EPC USAC has made it easier to keep applicants from the funding they pour their time and resources into. Until the FCC steps in and helps make this program more accessible, many of its stakeholders will continue to suffer in silence.

Sincerely,
E2e Exchange, LLC

A handwritten signature in black ink, appearing to be 'SC' followed by a long horizontal stroke.

Mr. Sean Cuskey
Director of Operations

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