

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

In the Matter of)	
)	
Requests for Review of Administrators Decision)	
And/or Petition for Waiver of FCC Rules by)	
)	Administrator's Decision July 7, 2017
Dolton School District 148)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	
)	
)	

Request for Review and/or Waiver

Applicant Name: **DOLTON SCHOOL DISTRICT 148**
Applicant BEN: 135781
FCC Registration Number: 0011845336
Funding Commitment Decision Letter for Funding Year 2015
Form 471 Application Number: 1045239
Funding Request Number: 2851594, 2851641, 2851653, 2851660, 2851610, 2851619, 2851626, 2851647, 2851677, 2851689, 2851576

In accordance with Sections 54.719 through 54.721 of the Federal Communications Commission's Rules, now comes Dolton School District 148 (hereinafter "District") before the Federal Communications Commission (hereinafter "FCC") requesting review and/or waiver of the Administrator's Decision on Appeal by the Universal Service Administrative Company (USAC) dated July 7, 2017, regarding FY2015 Form 471#1045239 FRNs 2851594, 2851641, 2851653, 2851660, 2851610, 2851619, 2851626, 2851647, 2851677, 2851689, 2851576. This request comes before the FCC in a timely manner from USAC's Decision on Appeal dated July 7, 2017 (**Exhibit 1**).

An Invoice Deadline Extension Request was properly filed with USAC via their website Submit a Question Tool in a timely manner on January 30, 2017 and to date have never received any notice of rejection and no information regarding the FRNs on the Schools and Libraries Universal Service Program FRN Extension List Website. We respectfully request FCC grant our appeal and waive any deadline and/or reverse USACs erroneous decision.

HISTORY AND REASON FOR APPEAL:

An Invoice Deadline Extension Request (IDER) for the automatic 120 day extension via the USAC Submit a Question Website Tool was properly filed for all FRNs in a timely manner on January 30, 2017

(invoice deadline date for all FRNs in question was 1/30/17) and to date have never received any decision notification/notice of rejection and no information regarding the FRNs above on the Schools and Libraries Universal Service Program FRN Extension List Website.

Almost immediately after properly filing the IDER, received via email a receipt of confirmation of the submission from sldnoreply@sl.universalservice.org with the subject line “SLD Inquiry #:22-930893 Received” on 1/30/17 at 5:51 PM (**Exhibit 2**).

I had been checking USACs FRN Extension Table on their official website and had not seen the FRNs related to the FRN IDER. Additionally, was checking email, faxes and mail for any correspondence and there was none. On 4/20/17, (and on many other occasions) I had contacted USAC to ascertain how decision notifications/rejections are sent and was told via email. I asked USAC for any document/email/proof regarding the alleged denial or approval of the IDER and USAC could not provide anything - see EPC Case Thread #171146 (**Exhibit 3**). I reviewed and checked my faxes, mail and email and never found any correspondence regarding a denial of any invoice extension request. Even though I have not received any decision notification, USAC said an appeal should be filed.

Several representatives at the Client Service Bureau (CSB) had stated on multiple occasions that any IDERs filed via Submit a Question Website Tool and are denied and sent via email and that NO records of the denials are maintained. In particular, on September 5, 2017, a CSB Supervision Josh, stated on phone the same that IDERs “filed via Submit a Question Website Tool that are denied are sent via email and that NO records of the denials are maintained”.

On June 16, 2017 an appeal was filed with USAC requesting the automatic 120 day extension be granted or a rejection be provided with explanation (**Exhibit 4**).

Administrator’s Decision on Appeal by the Universal Service Administrative Company (USAC) dated July 7, 2017, stated that “our records show that your appeal was postmarked more than sixty (60) days after the Universal Service Administrative Company’s (USAC) Administrator’s Decision was issued for your invoice deadline extension request.” However, in fact there was never any Administrator’s Decision received, nor can USAC demonstrate that it was ever sent and to what email if any.

ARGUMENTS

The District followed all the erate rules and properly and timely submitted the IDER on January 30, 2017. There was never any documentation/email/fax received regarding the Administrator’s Decision, nor can USAC demonstrate that it was ever sent and to what email if any. USAC alleges that an email was sent on February 10, 2017 regarding the FRNs in the IDER. However, I personally have been monitoring all incoming email and checked all email accounts and there was never any email received regarding IDERs on February 10, 2017 or any other dates for that matter.

To make matters worse, USAC policy as they say is that IDERs filed via Submit a Question Website Tool that are denied are sent via email and that NO records of the denials are maintained.

As stated in the FCC Letter from Chairman Ajit V. Pai to Chris Henderson of USAC dated April 18, 2017, in part states “there are serious flaws in USAC’s administration of the E-Rate program...” and furthermore stated, “a critical invoice filing deadline, the FCCs Wireline Competition Bureau learned from the E-Rate stakeholders that they could not receive an invoice deadline extension because of a

design flaw in USAC's Deadline Extension Tool and that USAC's designated alternative, the "Submit a Question" too, also didn't work" (**Exhibit 5**).

I have also experienced USAC/EPC systemic bugs and problems and in past have had data I had entered disappear and/or changed, notifications sent to wrong address and wrong fax numbers.

CONCLUSION

The District is not responsible for any violation or failure to respond to any appeal in a timely manner, because there was never any documentation/email/fax received regarding the alleged Administrator's Decision, nor can USAC demonstrate that it was ever sent and to what email if any. No IDER denial was ever received and USAC alleged denial was sent via email and they cannot provide any documentation to support their allegation. I have checked all email accounts and have not received any email denials for any IDERs requested. Furthermore, the District is in a very high poverty area and by USAC improperly denying the District the ability to file form 472s for reimbursement of funding already committed and spent on the students would severely impact educational services currently provided to students and is contrary to the intent and goals of the Erate Program and therefore does not serve the public interest.

The Northeast Cellular Telephone Co. decision, the Commission may grant a waiver if special circumstance warrant a deviation from the general rule, and such deviation would better serve the public interest, than strict adherence to the general rule.

USAC was well aware of and in fact formally notified by the FCC that "there are serious flaws in USAC's administration of the E-Rate program..." and furthermore stated, "a critical invoice filing deadline, the FCC's Wireline Competition Bureau learned from the E-Rate stakeholders that they could not receive an invoice deadline extension because of a design flaw in USAC's Deadline Extension Tool and that USAC's designated alternative, the "Submit a Question" too, also didn't work

Considering the gravity and severe economic and negative educational impact of USACs Denial on the economically disadvantaged district we respectfully request that FCC grant our appeal and reverse USACs Denial and/or grant Waiver of any Invoice Deadline Extension Requests. The District did not violate any program requirements and equity would dictate program rules/deadlines should be waived.

Requesting the invoice deadline extension request be properly processed and grant the IDER, so BEAR forms can be submitted or any other form of relief to effectuate the applicant being able to file the BEAR forms it is entitled and effectuate disbursement of funds.

Thank you for your consideration of our request.

Respectfully submitted this 5th day of September 2017,



Name: Clifford Friedman On behalf of District 148
Address: 998C Old Country Road – Suite 181, Plainview, NY 11803
Phone: 917-374-6505
E-mail: info@eratecompliance.com (mode of contact)
Fax: 516-822-0523

EXHIBITS

- Exhibit 1 - Administrator's Decision on Appeal by the Universal Service Administrative Company (USAC) dated July 7, 2017
- Exhibit 2 - Email a receipt of confirmation of the submission from sldnoreply@sl.universalservice.org with the subject line "SLD Inquiry #:22-930893 Received" on 1/30/17 at 5:51 PM
- Exhibit 3 - EPC Case Thread #171146
- Exhibit 4 - Appeal filed with USAC dated June 16, 2017
- Exhibit 5 - FCC Letter from Chairman Ajit V. Pai to Chris Henderson of USAC dated April 18, 2017

CERTIFICATE OF SERVICE

This is to certify that on September 5, 2017, a true and correct copy of the foregoing Appeal for Request and Review and/or Waiver and other relieve FCC deems appropriate was sent via email to:

Schools and Libraries Program, Universal Service Administrative Company at:

Appeals@sl.universalservice.org



Clifford Friedman

Erate Contact on behalf of District 148

info@eratecompliance.com

917-374-6505



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2015-2016

July 07, 2017

Clifford Friedman
Dolton School District 148
998c Old Country Rd., Ste 181
Plainview, NY 11803

Re: Applicant Name:	DOLTON SCHOOL DISTRICT 148
Billed Entity Number:	135781
Form 471 Application Number:	1045239
Funding Request Number(s):	2851594, 2851610, 2851619, 2851626, 2851641, 2851647, 2851653, 2851660, 2851677, 2851689
Decision Letter Date:	February 10, 2017
Date Appeal Postmarked:	June 16, 2017
Your Correspondence Dated:	June 16, 2017

Our records show that your appeal was postmarked more than sixty (60) days after the date the Universal Service Administrative Company's (USAC's) Administrator's Decision was issued for your invoice deadline extension request as shown above. Federal Communications Commission (FCC) rules require applicants to postmark appeals within 60 days of the date of the USAC decision or action that is being appealed. Your appeal, as noted above, was postmarked after the appeal deadline. FCC rules do not permit USAC to consider your appeal.

If you wish to appeal this decision, you may file an appeal pursuant to 47 C.F.R. Part 54, Subpart I. Detailed instructions for filing appeals are available at:
<http://www.usac.org/sl/about/program-integrity/appeals.aspx>.

Schools and Libraries Division
Universal Service Administrative Company

Clifford Friedman
Dolton School District 148
998c Old Country Rd., Ste 181
Plainview, NY 11803

Billed Entity Number: 135781
Form 471 Application Number: 1045239
Form 486 Application Number:

sldnoreply@sl.universalservice.org

1/30/2017 5:51 PM

SLD Inquiry #: 22-930893 Received

To info@eratecompliance.com

Thank you for using Submit a Question. This message serves as a receipt confirmation of your submission.

The case number for your submission is 22-930893.

Please refer to this case number in subsequent contacts regarding this issue. Note that we may need to ask you for additional information to completely answer your question or fulfill your request.

If you still have questions about this issue after you review our response, please call us at 1-888-203-8100. Please do not reply to this message or to our response, as replies go to an unattended mailbox.

If you have a new question or issue, please submit another question and we will create a new case number to address it.

If you need program information, you can visit the SLD web site at www.usac.org/sl.

Thank you.

Following is the information you submitted:

*[FirstName]=Cliff [LastName]=Friedman [JobTitle]=Mr
[EmailAddress]=info@eratecompliance.com [WorkPhone]=9173746505 [FaxPhone]=
[PreviousCaseNumber]=0 [FormType]=Invoice Extension [Owner]=DEADLINEEXTENSIONS
[DateSubmitted]=1/30/2017 5:50:02 PM [AttachmentFlag]=N[Question2]=Requesting an invoice
deadline extension for all FY2015 C2 FRNs Contact Info: Clifford Friedman email:
info@eratecompliance.com DOLTON SCHOOL DISTRICT 148 471# 1045239 FRNs 2851594
2851641 2851653 2851660 2851610 2851619 2851626 2851647 2851677 2851689 2851576*

[Records / Customer Service Cases](#)

#171146 - 472 Never received decision Notification

[Follow](#)

Case Details

Topic	FCC Form 472 - BEAR - Status Inquiry	Form Type	FCC Form 471
Status	Closed	Form Number	1045239
Priority	Medium	Created By	USAC
Inquiry Type	Phone	Created On	4/19/2017 12:16 PM EDT
		Organization	Erate Compliance

Case Description

Description Consultant requests an update on numerous IDE requests submitted through Submit a Question on 1/30/2017.

Case Artifacts

Documents

Name	Uploaded By	Upload Date
No items available		

Attachments

Attachment	Attachment Type
No items available	

Case Thread

User	Note	Date
USAC	<p>Clifford,</p> <p>In the below correspondence, "We don't maintain records of denials that go through Submit a Question. You can file an appeal without this record by listing your FRNs, and should file your appeal as soon as possible." this is stating you do not need records of this denial in order to file an appeal, you will start your appeal process with USAC.</p> <p>Any decision made by USAC or the Schools and Libraries Program regarding eligibility, funding, or payment recovery, can be appealed by the impacted party.</p> <p>USAC must receive a complete appeal within 60 days of the issuance of the decision by USAC; e.g., a FCDL must be appealed within 60 days of the date of the FCDL. To allow sufficient time for review, USAC encourages applicants to submit appeals as soon as possible following USAC's decision. Failure to provide all required documentation within 60 days of USAC's decision will result in dismissal of the appeal. See 47 C.F.R. Section 54.719-54.725 for the FCC's rules on filing an appeal.</p> <p>Additional information about appeals appears on the following page on the Schools and Libraries website:http://www.usac.org/sl/about/program-integrity/appeals.aspx. Please note: Appeals for FY2016 FRNs should not be submitted as instructed on this webpage. Appeals for FY2016 FRNs must be filed in EPC.</p> <p>There are three paths to beginning an appeal in EPC:</p> <ol style="list-style-type: none">1. You can reach it from the Landing Page. Click Appeal in the list of options at the top right, or2. You can reach it from the top-right drop-down menu on the Entity Summary Page. Click Create Appeal, or3. You can reach it from the Related Actions section of the Entity Summary Page. click Create Appeal. <p>The remaining steps are as follows:</p> <ol style="list-style-type: none">1. Enter the application Nickname, Funding Year, and Main Contact Person2. Click Continue.3. Use the Search Filter to find the FRNs that you would like to appeal.4. Place a checkmark next to the FRNs and click Add n FRNs.5. To remove an FRNs, place a checkmark next to it and select Remove n FRNs6. Click Continue.7. Choose the Appeal Type from the drop-down menu.8. Enter up to 2000 characters in the Narrative field.9. Attach any supporting documentation using the Upload Document section.10. Click Submit.11. Confirm that you would like to submit an Appeal.12. Click the link to continue to the Appeal.13. From Related Actions, the applicant can Add Documents and Comment, Respond to Inquiries, or Apply Summer or Winter Deferral.14. On the left hand side of the page, you can view the Associated FRNs for your appeal, Supporting Documents & Comments, or Review Inquiries for your appeal. <p>Thank you.</p>	5/18/2017 5:23 PM EDT
Clifford Friedman	<p>1. USAC via EPC below stated on 5/5/17, that "The notification would have been issued via email to the address of the person who filed the request. In this case the email would have gone to info@eratecompliance.com on 2/10/2017. I will escalate this case to find out if we can have a copy of the email resent to you." So obviously USAC must have a record of the email that was</p>	5/18/2017 5:17 PM EDT

User	Note	Date
	allegedly sent, because I have no record of receiving the email denial. 2. In the below correspondence dated today 5/18/17, you state that I can file and appeal without this record by listing the FRNs. However, you do not specify if I can I still submit this appeal to USAC?? If so, then #1 above may not be important, however, if I need to file appeal with FCC then I would need evidence of USAC original Denial. Thank you in advance for your time and consideration.	
USAC	We don't maintain records of denials that go through Submit a Question. You can file an appeal without this record by listing your FRNs, and should file your appeal as soon as possible.	5/18/2017 4:48 PM EDT
Clifford Friedman	I never received a Decision Notification regarding the Invoice Deadline Extension Request! Please provide the document, email or fax that was allegedly sent to me. Your EPC system has systemic Bugs and problems and in past have had notifications sent to wrong address and wrong fax. The Decision Notification should be resent to proper contact and with new current date. So then at least I can file a timely appeal with USAC. Thank you for your attention to this matter.	5/5/2017 5:30 PM EDT
USAC	Cliff, The notification would have been issued via email to the address of the person who filed the request. In this case the email would have gone to info@eratecompliance.com on 2/10/2017. I will escalate this case to find out if we can have a copy of the email resent to you.	5/5/2017 5:11 PM EDT
USAC	The request was denied; a decision notification was issued 2/10/2017. Please visit http://www.universalservice.org/about/about/program-integrity/appeals.aspx for instructions on filing an appeal.	5/5/2017 3:30 PM EDT
USAC	The request was denied; a decision notification was issued 2/10/2017. Please visit http://www.universalservice.org/about/about/program-integrity/appeals.aspx for instructions on filing an appeal.	4/20/2017 3:13 PM EDT
USAC	Cliff: I have received the information and will escalate the case for a status update. When an invoice deadline extension request is approved, they send out an email notifying you. Please call us if you would like further assistance. Thanks.	4/20/2017 10:40 AM EDT

1-8 of 8

Case Contact

Case Contact Clifford Friedman

June 16, 2017

Letter of Appeal
Schools and Libraries Division
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685
Submitted Via E-mailed to: Appeals@sl.universalservice.org

LETTER OF APPEAL - Reason for Appeal: Filed Invoice Deadline Extension Request in a timely manner on January 30, 2017 and to date have never received any notice of rejection and no information regarding the FRNs below on the Schools and Libraries Universal Service Program FRN Extension List Website.

Contact:

Name: Clifford Friedman
Company: Erate Compliance CRN 16062554
Address: 998C Old Country Road – Suite 181, Plainview, NY 11803
Phone: 917-374-6505
E-mail: info@eratecompliance.com

Appellant Name:	Clifford Friedman on behalf of DOLTON SCHOOL DISTRICT 148
Applicant Name:	DOLTON SCHOOL DISTRICT 148
Applicant BEN:	135781
Service Provider Name:	Sentinel Technologies, Inc.
SPIN:	143008231
Funding Commitment Decision Letter for Funding Year 2015	
Form 471 Application Number:	1045239
Funding Request Number:	2851594, 2851641, 2851653, 2851660, 2851610, 2851619, 2851626, 2851647, 2851677, 2851689, 2851576

HISTORY/PROBLEM/REASON FOR APPEAL:

Filed for the first time Invoice Deadline Extension Request (IDER) for the automatic 120 day extension via the USAC Submit a Question Website Tool in a timely manner on January 30, 2017 (invoice deadline date was 1/30/17) and to date have never received any decision notification/notice of rejection and no information regarding the FRNs above on the Schools and Libraries Universal Service Program FRN Extension List Website.

Received a receipt of confirmation of the submission from sldnoreply@sl.universalservice.org with the subject line “SLD Inquiry #:22-930893 Received” on 1/30/17 at 5:51 PM.

On 4/20/17, I had contacted USAC to ascertain how decision notifications/rejections are sent and was told via email and I asked USAC for any document/email/proof regarding the alleged denial or approval of the IDER and USAC could not provide anything. I reviewed and checked my faxes, mail and email and never found any correspondence regarding a denial of any invoice extension request. Even though I have not received any decision notification, USAC said an appeal should be filed.

As stated in the FCC Letter from Chairman Ajit V. Pai to Chris Henderson of USAC dated April 18, 2017, in part states “there are serious flaws in USAC’s administration of the E-Rate program...” and furthermore regarding “ a critical invoice filing deadline, the FCC’s Wireline Competition Bureau learned from the E-Rate stakeholders that they could not receive an invoice deadline extension because of a design flaw in USAC’s Deadline Extension Tool and that USAC’s designated alternative, the “Submit a Question” too, also didn’t work.”

I have also experienced USAC/EPC systemic bugs and problems and in past have had data I had entered disappear and/or changed, notifications sent to wrong address and wrong fax numbers.

RELIEF SOUGHT:

Requesting the invoice deadline extension request be properly processed, issue and send me a Decision Notification and grant the IDER, so BEAR forms can be submitted or any other form of relief to effectuate the applicant being able to file the BEAR forms it is entitled and effectuate disbursement of funds.

Thank you for your consideration of our request.

Respectfully submitted,



Name: Clifford Friedman

Company: Erate Compliance CRN 16062554

Address: 998C Old Country Road – Suite 181, Plainview, NY 11803

Phone: 917-374-6505

E-mail: info@eratecompliance.com (mode of contact)

Fax: 516-822-0523

Attachments:

- Receipt of confirmation of the submission from sldnoreply@sl.universalservice.org with the subject line “SLD Inquiry #:22-930893 Received” on 1/30/17 at 5:51 PM
- FCC Letter from Chairman Ajit V. Pai to Chris Henderson of USAC dated April 18, 2017

SLD Inquiry #: 22-930893 Received

To info@eratecompliance.com

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If you have a new question or issue, please submit another question and we will create a new case number to address it.

If you need program information, you can visit the SLD web site at www.usac.org/sl.

Thank you.

Following is the information you submitted:

*[FirstName]=Cliff [LastName]=Friedman [JobTitle]=Mr
[EmailAddress]=info@eratecompliance.com [WorkPhone]=9173746505 [FaxPhone]=
[PreviousCaseNumber]=0 [FormType]=Invoice Extension [Owner]=DEADLINEEXTENSIONS
[DateSubmitted]=1/30/2017 5:50:02 PM [AttachmentFlag]=N[Question2]=Requesting an invoice
deadline extension for all FY2015 C2 FRNs Contact Info: Clifford Friedman email:
info@eratecompliance.com DOLTON SCHOOL DISTRICT 148 471# 1045239 FRNs 2851594
2851641 2851653 2851660 2851610 2851619 2851626 2851647 2851677 2851689 2851576*

April 18, 2017

Chris Henderson
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, DC 20005

Re: *USAC's Performance as Schools and Libraries Program Administrator*

Dear Mr. Henderson,

I am writing about recent issues with the Universal Service Administrative Company's (USAC) administration of the schools and libraries universal service support program (E-Rate). E-Rate is a key component of the Universal Service Fund and helps millions of students in America benefit from digital learning. That is why, four years ago, I said that "E-Rate is a program worth fighting for."

Unfortunately, it has come to my attention that there are serious flaws in USAC's administration of the E-Rate program—flaws that relate to the process by which schools and libraries apply for E-Rate funding and that are in fact preventing many schools and libraries from getting that funding. Despite assurances from prior FCC leadership that these problems were being addressed, they appear to have persisted, to the detriment of students, library patrons, and taxpayers across the country.

The specific problem involves USAC's development and roll-out of the online E-Rate Productivity Center (EPC). The prior administration issued USAC a directive in 2014 to make the E-Rate process fast, simple, and efficient. It approved USAC's establishment of the EPC system as part of that directive. The EPC was designed to be an Internet portal that every school or library seeking E-Rate funding had to use for purposes of their applications. It was supposed to cost \$19 million to establish. USAC began negotiations for its implementation in 2014.

Things have not gone according to plan. The EPC was originally scheduled to fully operational for applicants by the opening of the funding year 2016 filing window. Yet today it is still not adequately functional; critical E-Rate processes are still operated out of the legacy IT system instead of EPC. For example, the entire invoice system remains in the legacy IT system and will remain there until late summer.

EPC implementation issues have created major headaches for applicants requesting E-Rate funding. For instance, despite the Commission's direction to USAC to process funding commitments or denials for all workable funding requests by September 1 of the funding year, many applicants are still waiting for funding commitment decision letters for funding year 2016. Issuance of commitment adjustments, revised funding commitment decision letters, and appeals resolutions have been similarly delayed. USAC has failed to fulfill specific commitments made to applicants even as it rolled out EPC system upgrades. USAC has frequently failed to devise solutions for applicants, instead requiring extensive FCC involvement, including from my office, to resolve problems. These and many other problems suggest that my predecessor's assurance that issues with EPC were nearing resolution—in a June 3, 2016 letter to Senator Ron Johnson—was not accurate.

Finally, in terms of cost, the original estimate of \$19 million for implementation is proving to be far understated. I understand that over \$30 million has already been spent, and that estimates for the final total cost may be over double that amount—\$60 million or greater.

Compounding these system failures is the lack of full transparency with the Commission. On many occasions, USAC has not fully apprised the Commission about program issues that directly and materially affect applicants, such as system outages during critical application periods. For example, on October 28, 2016, a critical invoice filing deadline, the FCC's Wireline Competition Bureau learned from E-Rate stakeholders that they could not receive an invoice deadline extension because of a design flaw in USAC's Invoice Deadline Extension Tool and that USAC's designated alternative, the "Submit a Question" tool, also didn't work. Because USAC did not notify the Commission of this issue, it fell to the Bureau to devise an impromptu solution and extend the invoice-extension deadline for E-Rate participants. Although USAC has focused a considerable amount of time and money on developing its stakeholder outreach functions, this effort has not significantly improved the experience of applicants who have been forced to deal with a multitude of filing issues, nor has it enhanced USAC's transparency with the Commission.

The current state of affairs is unacceptable. I seek your unqualified commitment that USAC will administer the E-Rate program in a manner that fully complies with Commission direction; works for applicants and participants; and promptly apprises the FCC of all relevant information concerning implementation. Specifically, I seek your commitment to implement the following directives:

- *USAC focus on administration of E-Rate.*—USAC must ensure that it is taking all necessary measures to swiftly resolve issues that continue to plague the system. These efforts should focus first on supporting and completing the basic EPC functionality needed to ensure that applicants can apply for and receive their funds, and perform other necessary tasks, in a timely fashion. Only after these basic system issues have been resolved should USAC focus on activities ancillary to proper administration.
- *USAC must be fully transparent with and accountable to the Commission.*—It is unacceptable for Commission staff to first learn of problems from applicants rather than USAC itself. USAC must give the Commission timely and accurate information. That means USAC must be fully transparent with the Commission so that we may work together to achieve the goals of the E-Rate program.
- *USAC must identify alternative options to assist applicants even in the event of IT failures.*—USAC must work to proactively identify and implement alternative options to assist applicants when EPC fails, consistent with the program's rules. This may mean that USAC manually issues commitments, commitment adjustments, revised funding commitment decision letters, and appeals resolutions outside of the EPC system. Notably, USAC currently has a contract with SOLIX valued at \$38 million to process applicant funding applications and other application requests. SOLIX should make sure applicants receive timely assistance, even if this requires SOLIX to use manual processes. In short, USAC must be solution- and customer-service oriented no matter the IT situation.

The E-Rate program is critical to the goals of universal service—it connects students and library patrons everywhere with digital opportunity. But the program's mission can be achieved only with proper administration. The problems I've identified have persisted and have plagued schools and libraries for too long; we must solve them, and soon. Please respond to this letter with USAC's plan to address these issues by May 18, 2017. If you have any questions, please feel free to contact Nicholas Degani in my office at (202) 418-2277.

Sincerely,

Ajit V. Pai
Chairman
Federal Communications Commission

April 18, 2017

Chris Henderson
Universal Service Administrative Company
700 12th Street NW, Suite 900
Washington, DC 20005

Re: *USAC's Performance as Schools and Libraries Program Administrator*

Dear Mr. Henderson,

I am writing about recent issues with the Universal Service Administrative Company's (USAC) administration of the schools and libraries universal service support program (E-Rate). E-Rate is a key component of the Universal Service Fund and helps millions of students in America benefit from digital learning. That is why, four years ago, I said that "E-Rate is a program worth fighting for."

Unfortunately, it has come to my attention that there are serious flaws in USAC's administration of the E-Rate program—flaws that relate to the process by which schools and libraries apply for E-Rate funding and that are in fact preventing many schools and libraries from getting that funding. Despite assurances from prior FCC leadership that these problems were being addressed, they appear to have persisted, to the detriment of students, library patrons, and taxpayers across the country.

The specific problem involves USAC's development and roll-out of the online E-Rate Productivity Center (EPC). The prior administration issued USAC a directive in 2014 to make the E-Rate process fast, simple, and efficient. It approved USAC's establishment of the EPC system as part of that directive. The EPC was designed to be an Internet portal that every school or library seeking E-Rate funding had to use for purposes of their applications. It was supposed to cost \$19 million to establish. USAC began negotiations for its implementation in 2014.

Things have not gone according to plan. The EPC was originally scheduled to fully operational for applicants by the opening of the funding year 2016 filing window. Yet today it is still not adequately functional; critical E-Rate processes are still operated out of the legacy IT system instead of EPC. For example, the entire invoice system remains in the legacy IT system and will remain there until late summer.

EPC implementation issues have created major headaches for applicants requesting E-Rate funding. For instance, despite the Commission's direction to USAC to process funding commitments or denials for all workable funding requests by September 1 of the funding year, many applicants are still waiting for funding commitment decision letters for funding year 2016. Issuance of commitment adjustments, revised funding commitment decision letters, and appeals resolutions have been similarly delayed. USAC has failed to fulfill specific commitments made to applicants even as it rolled out EPC system upgrades. USAC has frequently failed to devise solutions for applicants, instead requiring extensive FCC involvement, including from my office, to resolve problems. These and many other problems suggest that my predecessor's assurance that issues with EPC were nearing resolution—in a June 3, 2016 letter to Senator Ron Johnson—was not accurate.

Finally, in terms of cost, the original estimate of \$19 million for implementation is proving to be far understated. I understand that over \$30 million has already been spent, and that estimates for the final total cost may be over double that amount—\$60 million or greater.

Compounding these system failures is the lack of full transparency with the Commission. On many occasions, USAC has not fully apprised the Commission about program issues that directly and materially affect applicants, such as system outages during critical application periods. For example, on October 28, 2016, a critical invoice filing deadline, the FCC's Wireline Competition Bureau learned from E-Rate stakeholders that they could not receive an invoice deadline extension because of a design flaw in USAC's Invoice Deadline Extension Tool and that USAC's designated alternative, the "Submit a Question" tool, also didn't work. Because USAC did not notify the Commission of this issue, it fell to the Bureau to devise an impromptu solution and extend the invoice-extension deadline for E-Rate participants. Although USAC has focused a considerable amount of time and money on developing its stakeholder outreach functions, this effort has not significantly improved the experience of applicants who have been forced to deal with a multitude of filing issues, nor has it enhanced USAC's transparency with the Commission.

The current state of affairs is unacceptable. I seek your unqualified commitment that USAC will administer the E-Rate program in a manner that fully complies with Commission direction; works for applicants and participants; and promptly apprises the FCC of all relevant information concerning implementation. Specifically, I seek your commitment to implement the following directives:

- *USAC focus on administration of E-Rate.*—USAC must ensure that it is taking all necessary measures to swiftly resolve issues that continue to plague the system. These efforts should focus first on supporting and completing the basic EPC functionality needed to ensure that applicants can apply for and receive their funds, and perform other necessary tasks, in a timely fashion. Only after these basic system issues have been resolved should USAC focus on activities ancillary to proper administration.
- *USAC must be fully transparent with and accountable to the Commission.*—It is unacceptable for Commission staff to first learn of problems from applicants rather than USAC itself. USAC must give the Commission timely and accurate information. That means USAC must be fully transparent with the Commission so that we may work together to achieve the goals of the E-Rate program.
- *USAC must identify alternative options to assist applicants even in the event of IT failures.*—USAC must work to proactively identify and implement alternative options to assist applicants when EPC fails, consistent with the program's rules. This may mean that USAC manually issues commitments, commitment adjustments, revised funding commitment decision letters, and appeals resolutions outside of the EPC system. Notably, USAC currently has a contract with SOLIX valued at \$38 million to process applicant funding applications and other application requests. SOLIX should make sure applicants receive timely assistance, even if this requires SOLIX to use manual processes. In short, USAC must be solution- and customer-service oriented no matter the IT situation.

The E-Rate program is critical to the goals of universal service—it connects students and library patrons everywhere with digital opportunity. But the program's mission can be achieved only with proper administration. The problems I've identified have persisted and have plagued schools and libraries for too long; we must solve them, and soon. Please respond to this letter with USAC's plan to address these issues by May 18, 2017. If you have any questions, please feel free to contact Nicholas Degani in my office at (202) 418-2277.

Sincerely,

Ajit V. Pai
Chairman
Federal Communications Commission