



BOARD OF EDUCATION OF THE CITY OF NEW YORK

RUDOLPH F. CREW, Ed. D., Chancellor

OFFICE OF THE CHANCELLOR
110 LIVINGSTON STREET - BROOKLYN, NY 11201

RECEIVED

June 30, 1999

JUL 2 1999

FCC MAIL ROOM

Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, DC 20554

Ref.: Appeal of Universal Service Administrator
decision with respect to
Community School District 6
Board of Education City of New York

Dear Ms. Salas:

Attached are an original and four copies of an appeal by the NYC Board of Education of a series of funding decisions by the Universal Service Administrator with respect to the FCC Form 471 Application No. 30202 filed by Community School District 6.

Sincerely,



Elspeth Taylor
Chief Information Officer

Contact Information:

Joseph Salvati
Division of Management Information Services
Board of Education City of New York
110 Livingston Street, Room 220
Brooklyn, NY 11201
Tel: (718) 935-2545
Fax: (718) 935-2549
E-mail: joseph.salvati@nycboe.nycenet.edu

Attachment: Original appeal and four copies

No. of Copies rec'd 0
List ABCDE

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, DC 20554

RECEIVED

JUL 2 1999

FCC MAIL ROOM

Docket Nos. 97-21 and 96-45

In the matter of:)
)
 Request for Review by)
 Board of Education City of New York)
 of Decision of Universal Service Administrator)

The following appeal of a decision of the Universal Service Administrator is made by the Board of Education of the City of New York on behalf of one of its districts, Community School District 6. District 6 is located in upper Manhattan and serves the communities of Washington Heights, Inwood, and parts of Harlem. Twenty-four of its schools, involved in this appeal, are in low-income areas eligible for 80% and mostly 90% E-rate discounts.

In its FCC Form 471 application (Application No. 30202), NYC Community School District 6 applied for discounts on Internal Connection services for its 27 schools. Three or four comparatively similar line item requests were made for each school. The resulting Funding Commitment Decisions Letter for District 6 approved discounts for 24 schools at the 80-90% discount levels.

While approving most of the site-specific Internal Connection requests for the 24 schools above the 70% discount level, the Schools and Libraries Division ("SLD") reduced the requested amount by the price of one component per school "...to remove the ineligible product(s)/service WAN T-1 Switch." The original pre-discount reduction was \$7,000 per school for an aggregate pre-discount reduction of \$168,000 and discount reduction of \$149,800. Upon appeal, the Universal Service Administrator lowered the per school reduction by 35% to \$4,550 to reflect District 6's actual cost of the component rather than item's list price. The pre-discount disallowances and discount reductions still in dispute are listed below by Funding Request Numbers ("FRNs").

	<u>Pre-discount Reduction</u>	<u>Discount Percentage</u>	<u>Reduced Commitment</u>
FRN 139568	\$ 4,550.00	90 %	\$ 4,095.00
FRN 139578	4,550.00	90	4,095.00
FRN 139588	4,550.00	90	4,095.00
FRN 139592	4,550.00	90	4,095.00
FRN 139605	4,550.00	90	4,095.00
FRN 139616	4,550.00	90	4,095.00
FRN 139620	4,550.00	90	4,095.00

	<u>Pre-discount Reduction</u>	<u>Discount Percentage</u>	<u>Reduced Commitment</u>
FRN 139630	4,550.00	80	3,640.00
FRN 139635	4,550.00	80	3,640.00
FRN 139642	4,550.00	90	4,095.00
FRN 139649	4,550.00	90	4,095.00
FRN 139657	4,550.00	90	4,095.00
FRN 139662	4,550.00	90	4,095.00
FRN 139671	4,550.00	90	4,095.00
FRN 139676	4,550.00	90	4,095.00
FRN 139688	4,550.00	90	4,095.00
FRN 139694	4,550.00	90	4,095.00
FRN 139723	4,550.00	90	4,095.00
FRN 139732	4,550.00	90	4,095.00
FRN 139736	4,550.00	90	4,095.00
FRN 139738	4,550.00	90	4,095.00
FRN 139743	4,550.00	90	4,095.00
FRN 139748	4,550.00	90	4,095.00
FRN 139755	<u>4,550.00</u>	90	<u>4,095.00</u>
Total	\$ 109,200.00		\$ 97,370.00

Original SLD Decision:

During the SLD's original review of the District 6 Form 471, District 6 was asked to provide additional detail on the components of the LAN systems planned for each school. With the assistance of the major contractor, Unisys Corporation, District 6 provided the SLD with a product list and description. A copy of the original list is attached as Exhibit 1.

On the basis of this list, and as indicated in the Funding Commitment Decisions Letter, the SLD characterized one component of the LAN system for each school as a "WAN T-1 switch" and reduced the requested pre-discount amount by the list price of the component in each school. This was an incorrect characterization.

Each school is, indeed, to be connected via a T-1 to a wide area network. The WAN itself, however, will be provided as a telecommunications service by Bell Atlantic and is fully eligible. There is no WAN switch at each school, but there is a system component that can be characterized as a "WAN module" (*emphasis added*) that provides the necessary connectivity between the T-1 line and the internal (and fully eligible) LAN switch. As shown on the original list, the product in question is coded as a "WSM-SC-4W" and described as a "WAN T1 Switching Module 4 ports support data compression."

Appeal of SLD Decision:

Upon receiving its Funding Commitments Decisions Letter, District 6, through the NYC Board of Education, appealed the \$7,000 per school reduction in the pre-discount award. In support of its position, we provided the SLD with an updated configuration for one of its schools (PS 48, NCEC = 00528, FRN = 139723) supplied by Unisys, the system integrator. We also provided a letter from Xylan, the actual component manufacturer. Copies of the updated configuration and manufacturer letter are attached as Exhibits 2 and 3.

On the updated configuration listing, the component in question is identified as “WSM.FT1.SC.2W,” and described as “2 ser. 2 Fract T1 (integral DSU/CSU) port, with comp” in the main distribution frame (“MDF”). The Xylan letter clearly identifies the component is an integral part of the local area network switch. In discussion with the NECA staff reviewing our appeal, we further noted that the module’s DSU/CSU function is specifically included in the SLD’s list of FCC-approved eligible equipment. We also asked to speak with a technical representative of NECA and offered to arrange a conference call — which we would also do for the benefit of the FCC — with either Unisys, the system integrator, or Xylan, the LAN switch manufacturer to provide additional information.

The decision of NECA, and ultimately of the Universal Service Administrator, was that District 6 had had a chance to make its case for the eligibility of the module when originally asked for additional information and that any purchased “WAN-related” equipment is ineligible. A copy of the Administrator’s Decision on Appeal is attached as Exhibit 4.

District 6’s Argument:

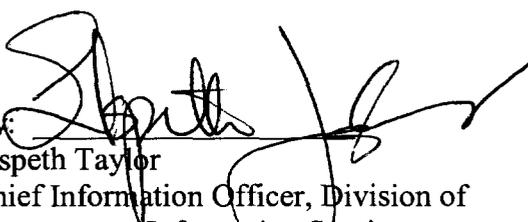
District 6 argues, first, that it had no chance to argue for the eligibility of the “WAN module” during the SLD’s original review, because all it had done was to provide a complete systems product list. District 6 was not made aware of the presumed ineligibility of one component part of the system until it received its final Funding Commitment Decisions Letter. While now recognizing that any designation incorporating the word “WAN” might raise a red flag in the review process, District 6 believes that the SLD should have asked for specific information on the component in question before unilaterally categorizing it as ineligible.

Second, District 6 and the NYC Board of Education argues that, upon appeal, we provided uncontested documentation that the module in question was an internal component of the LAN switch, that it provided clearly eligible DSU/CSU functions, that it was not a “WAN switch,” and that it’s only relationship to a WAN — or to any T1 or fractional T1 connection, for that matter — was at the network interface.

Third, we would note that our request during the appeals process to speak with any technical member of the review staff who could explain the SLD's or NECA's position on eligibility was denied. We believe that had such a dialog been forthcoming, which could and should have included technical representatives of our system suppliers, this appeal would have been successfully concluded without it having to be referred to the FCC on further appeal.

District 6 and the NYC Board of Education respectfully asks the FCC to reexamine the eligibility of the DSU/CSU module in question and to provide the additional \$ 97,370 in total funding under the 24 FRNs listed.

Respectfully submitted,


By:
Elspeth Taylor
Chief Information Officer, Division of
Management Information Services
Board of Education City of New York
110 Livingston Street
Brooklyn, NY 11201

Dated: June 8, 1999

Attachment: Exhibits 1-4

prepared for School District 6

Network

Switch Configuration and Implementation Costs

All Pricing is in U.S. Dollars

Product	Description	List Price	Qty	District 6 Cost	Extension
IDFF 29 Floors - no lab = 32 ports					
OS-3032	32-port 10BaseT main switching unit stackable to 96 ports	\$5,950.00	29	\$3,867.50	112,157.50
OSESM-100FM-2	OmniStack 100BaseFx sub-module, 2 port mmf	\$2,950.00	29	\$1,917.50	55,607.50
IDFF 48 Floors - 1 lab = 64 ports					
OS-3032	32-port 10BaseT main switching unit stackable to 96 ports	\$5,950.00	48	\$3,867.50	185,640.00
OS-3032E	32-port 10BaseT Expansion switching unit connects to OS-3032	\$4,450.00	48	\$2,892.50	138,840.00
OSESM-100FM-2	OmniStack 100BaseFx sub-module, 2 port mmf	\$2,950.00	48	\$1,917.50	92,040.00
IDFF 6 Floors - 2 labs = 96 ports					
OS-3032	32-port 10BaseT main switching unit stackable to 96 ports	\$5,950.00	6	\$3,867.50	23,205.00
OS-3032E	32-port 10BaseT Expansion switching unit connects to OS-3032	\$4,450.00	12	\$2,892.50	34,710.00
OSESM-100FM-2	OmniStack 100BaseFx sub-module, 2 port mmf	\$2,950.00	6	\$1,917.50	11,505.00
MDFF 27 Floors - no lab = 32 ports & T1 interface					
OMNI-9WX	Omni-9wx (9 slots) wide version, OMNI-PS9-500 Power Supply and rack-mount brackets. Supports Cell/frame Bus.	\$7,950.00	27	\$5,167.50	139,522.50
MPM-1GW	Management Processor Module for Omni-9wx wide chassis	\$6,450.00	27	\$4,192.50	113,197.50
OMNI-PS9-500P	500W Power Supply. Redundant or spare power supply.	\$2,500.00	27	\$1,625.00	43,875.00
ESM-C-32W	High-density Ethernet Switching Module. 32 10BaseT RJ45 ports	\$5,950.00	27	\$3,867.50	104,422.50
ESM-100FM-8W4C	High-density Fast Ethernet Wide Module. Supports mmf cable	\$7,950.00	27	\$5,167.50	139,522.50
CSM-UW	Universal Cell Switching Module holds 3 adapter boards	\$7,950.00	27	\$5,167.50	139,522.50
FCSM	Frame-to-cell Switching Module	\$8,250.00	27	\$5,362.50	144,787.50
WSM-SC-4W	WAN T1 Switching Module 4 ports support data compression	\$7,000.00	27	\$4,550.00	122,850.00
Installation and Engineering Svcs	Installation of District 6 network design and engineering support services.	\$322,180.00	1	\$322,180.00	322,180.00
Premise Wiring	Premise Wiring - estimated at 4,768 drops @ \$250 per drop.		5440	\$250.00	1,360,000.00
	Premise Wiring (fiber backbone) - estimated at \$15,000 per bldg.		27	\$15,000.00	405,000.00

EQUIPMENT/IMPLEMENTATION TOTAL: \$3,688,585.00

North American End-User Programs

SWITCHPACKplus NEXTDAY	One year - 7 X 24 phone support, software releases, www access, 1 full day of training for every \$25,000 of net product cost, next-day, on-site hardware replacement (labor and parts)	\$211,641.50	1/yr.	\$211,641.50	\$211,641.50
------------------------	---	--------------	-------	--------------	--------------

EQUIPMENT, IMPLEMENTATION, & SWITCHPACK MAINTENANCE PROGRAM TOTAL: \$3,900,226.50 QUOTE

VALIDITY: This quotation reflects Unisys' New York State Contract Number PT00147 prices for hardware and services. This quotation is an invitation of an offer and a contract between District 12 and Unisys shall exist only when Unisys has accepted District 12's purchase order and District 12's purchase order expressly references this Quotation and Unisys New York State Contract Number PT00147.

DELIVERY: All items Ex Works, Xylan, Calabasas CA.

TERMS: Products due on delivery. Services upon invoicing after the month in which those services are performed.

FAX & SEND P.O.

TO: (516) 733-7745; Roger Fay, c/o Unisys Corporation, 280 North Broadway, Jericho, NY 11753.

WARRANTY: Hardware = One (1) year



11 Penn Plaza, 5th Floor
New York, NY 10001

Tel: 212.946.2696
Fax: 212.946.2676
Web: www.xylan.com



Monday, April 19, 1999

Schools & Library Corporation

To Whom it May Concern:

This is to confirm that the Wan module specified in the proposal for School District 6 is resident in the Xylan LAN switch located in the MDF (Main Distribution Frame). This is a necessary component in the LAN design to allow outgoing connectivity to a T1 line for internet access.

The Xylan Switch located in the MDF switch is used as a core switch to collapse and interconnect all IDF (Intermediate Distribution Frame) and Lab switches for user/student connections. Internet access is provided through this switch via the Wan module connecting to a T1 line.

The Xylan Switch located in the IDF switch is used to provide 10/100 Fast Ethernet classroom connectivity. In addition, these switches provide a fiber backbone connection via Gigabit Ethernet back to the MDF switch.

These switches deliver high-speed, layer-three switching, advanced routing protocols, extensive management applications, and powerful policy-based broadcast management.

If you have any additional questions or require more information, please call me at 212-946-2696.

Sincerely,

Rommel A. Guingon
Rommel A. Guingon
Territory Manager

District Six/PS 48 Final Configuration

QTY	STYLE	DESCRIPTION	Unit List	% DISC	Unit Sell	Total Sell
MDFP- 32 ports & T1 Interface						
2	MPX	Standard Management Processor Module for Omni Switch/Router. Includes 32M DRAM and 8M flash memory. Includes a socket to accommodate the HRE-X.	\$8,460	35.0%	\$5,492.50	\$10,985.00
1	OMNIS/R-9	Omni Switch/Router 9-slot chassis, 650W AC power supply and rack mount brackets. Supports high-speed frame switching fabric. CD manual included.	\$8,960	35.0%	\$5,817.50	\$5,817.50
1	OMNIS/R-PS9-650	650W power supply. Redundant or spare power supply for the 5-slot Omni Switch/Router.	\$3,500	35.0%	\$2,275.00	\$2,275.00
1	ESX-100C-32W	High-density fast Ethernet desktop switching module. Thirty-two 10/100BaseTX switching ports, RJ-45 connectors.	\$6,950	35.0%	\$4,517.50	\$4,517.50
1	WSM FT1-SC-2W	2 ser. 2 Fast T1 (integral DSU/CSU) port, with comp.	\$9,000	35.0%	\$5,850.00	\$5,850.00
2	GSX-FM-2W	Gigabit Ethernet backbone switching module. Two 1000BaseSX switching ports, SC connectors.	\$5,950	35.0%	\$3,867.50	\$7,735.00
2	HRE-X	Hardware Routing Engine, providing high speed layer 3 routing.	\$2,450	35.0%	\$1,592.50	\$2,185.00
1	MPX-SW-3-4	Omni Switch/Router Base Software Version 3.4. Includes layer 2 switching, IP/IPX routing, policy-based management, RMON, and LANE. One unit required.	\$0		\$0.00	\$0.00
1	MPX-SW-AR-3-4	Omni Switch/Router Advanced Routing Software Version 3.4. Includes OSPF, RIP II, and IP multicast routing.	\$1,250	35.0%	\$812.50	\$812.50
IDFT 3 Lab - 64 Ports						
3	OS-5024	24-port 10/100BaseT switch, 1 uplink slot, 2K CAM.	\$7,000	35.0%	\$4,550.00	\$13,650.00
3	OSTK-SWH-3-4	OmniStack 2000, 3000 and 5000 Base Software Version 3.4. Includes layer 2 switching, IP/IPX routing, policy-based VLANs, RMON, LANE client and capable.	\$0		\$0.00	\$0.00
2	OSESM-100C-4	OmniStack 100BaseT sub-module, 4-port, 100Mbps, RJ45.	\$1,250	35.0%	\$812.50	\$1,625.00
1	OSGSM-FM-2	OmniStack Gigabit sub-module, 2-port.	\$2,950	35.0%	\$1,917.50	\$1,917.50
2	MPX	Standard Management Processor Module for Omni Switch/Router. Includes 32M DRAM and 8M flash memory. Includes a socket to accommodate the HRE-X.	\$8,450	35.0%	\$5,492.50	\$10,985.00
1	OMNIS/R-9	Omni Switch/Router 9-slot chassis, 650W AC power supply and rack mount brackets. Supports high-speed frame switching fabric. CD manual included.	\$8,950	35.0%	\$5,817.50	\$5,817.50
1	OMNIS/R-PS9-650	650W power supply. Redundant or spare power supply for the 5-slot Omni Switch/Router.	\$3,500	35.0%	\$2,275.00	\$2,275.00
4	ESX-100C-32W	High-density fast Ethernet desktop switching module. Thirty-two 10/100BaseTX switching ports, RJ-45 connectors.	\$6,960	35.0%	\$4,517.50	\$18,070.00
1	GSX-FM-2W	Gigabit Ethernet backbone switching module. Two 1000BaseSX switching ports, SC connectors.	\$5,950	35.0%	\$3,867.50	\$3,867.50
2	HRE-X	Hardware Routing Engine, providing high speed layer 3 routing.	\$2,450	35.0%	\$1,592.50	\$3,185.00
1	MPX-SW-3-4	Omni Switch/Router Base Software Version 3.4. Includes layer 2 switching, IP/IPX routing, policy-based management, RMON, and LANE. One unit required.	\$0		\$0.00	\$0.00
1	MPX-SW-AR-3-4	Omni Switch/Router Advanced Routing Software Version 3.4. Includes OSPF, RIP II, and IP multicast routing.	\$1,250	35.0%	\$812.50	\$812.50
Installation Services						
1	SER-INSTALL1-OS	Inst ser. Inst of 1 OmniSwitch unit.	\$1,500		\$1,500.00	\$1,500.00
1	SER-INSTALL2-OS	Inst ser. Inst of each add OmniSwitch.	\$750		\$750.00	\$750.00
1	SER-INSTALL1-PS	Inst ser. Inst of 1 PizzaSwitch unit.	\$750		\$750.00	\$750.00
2	SER-INSTALL2-PS	Inst ser. Inst of each add PizzaSwitch.	\$500		\$500.00	\$1,000.00
2	CONFIG-STAGE-OS	Configuration and Staging of one OmniSwitch.	\$400	35.0%	\$260.00	\$520.00
3	CONFIG-STAGE-PS	Configuration and Staging of one OmniStack.	\$200	35.0%	\$130.00	\$390.00
Total Equipment and Installation						\$108,357.50

District Six/PS 48 Final Configuration

QTY	STYLE	DESCRIPTION	Unit List	% DISC	Unit Sell	Total Sell
		Unisys Services and Premise Wiring				
	Premise Wiring	Premise Wiring 214 UTP and Fiber Optic Backbone 34 Classrooms, 3 Wire Centers, District Offices	\$87.581		\$87.581 00	\$87,581 00
80	PROF.SVCS	Project Management, Site Surveys, and Design	\$125			\$10,000 00
		Total Unisys Services and Premise Wiring (per SOW)				\$97,581 00

District Six/PS 48 Final Configuration

QTY	STYLE	DESCRIPTION	Unit List	% DISC	Unit Sell	Total Sell
		Maintenance				
	SWITCHPACK	One year 7x24 Telephone Support, software, www adv	\$8,140		\$8,140.00	\$8,140.00

Administrator's Decision on Appeal

May 10, 1999

Joseph Salvati
Division of Management Information Services
Board of Education City of New York
110 Livingston Street, Room 220
Brooklyn, NY 11201

Re: Billed Entity Number: 123607
Application Number: 30202
Funding Request Number(s): 139568, 139578, 139588, 139605, 139592, 139616, 139620,
139630, 139635, 139642, 139649, 139657, 139662, 139671,
139676, 139688, 139697, 139723, 139732, 139736, 139738,
139743, 139748, 139755 and one additional FRN
Your Correspondence Dated: April 23, 1999

After thorough review and investigation of your appeal, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company has resolved your appeal seeking approval of additional discounts for the first program year. This letter addresses our decision concerning each Funding Request Number that was included in your letter of appeal for the Application Number cited above. If your letter of appeal addressed more than one Application Number, a separate letter will be issued to inform you of our decision on the appeal of each Application Number included in your appeal.

Funding Request Numbers: 139568, 139578, 139588, 139605, 139592, 139616, 139620, 139630,
139635, 139642, 139649, 139657, 139662, 139671, 139676, 139688,
139697, 139723, 139732, 139736, 139738, 139743, 139748, 139755
Decision on Appeal: Partially approved.

The following explanation is provided to inform you of the reason for our decision on appeal of these Funding Request Numbers.

Partial Approval Reason(s):

- The decision to reduce these Funding Request Numbers was based on the supporting documentation provided to Schools and Libraries during the application review process in February 1999. The service was clearly listed as a WAN-related internal connection service, and as such was automatically considered ineligible. As you know, leased WANs are eligible as a Telecommunications Service while purchased WAN equipment of any kind is considered ineligible. Our procedures generally require rejection of any purchased WAN-related equipment without further review. The documentation you provided with your appeal does not change this decision. However, we are going

to revise the amount decreased for these Funding Request Numbers. During our review, we noted the original reduction was incorrect.

Funding Request Number: One additional Funding Request Number
Decision on Appeal: Approved in full.

The following explanation is provided to inform you of the reason for our decision on appeal of this Funding Request Number.

Approval Reason(s):

Your appeal is meritorious because of the following reason(s):

- This request for funding was missed during the application review process. We agree with your request to include it.

If you feel further examination of your application is in order, you may file an appeal with the Federal Communications Commission, Office of the Secretary, 445 12th Street, SW, Room TW-A325, Washington, DC 20554. Before preparing and submitting your appeal, please be sure to review the FCC rules concerning the filing of an appeal of an Administrator's Decision, which are posted to the SLD Web Site at <www.sl.universalservice.org>. You must file your appeal with the FCC no later than 30 days from the date of the issuance of this letter, in order for your appeal to be timely filed.

Since our appeal decision letter approves additional funding for your application, we must issue a new Funding Commitment Decisions Letter to you and to each service provider that will provide you with the services approved for discounts in this letter. We will issue the Funding Commitment Decisions Letter to you as soon as we can, pending completion of our review of all 1998 application appeals and quantification of approved appeals in relation to contingency funds reserved for appeals purposes. Only when you receive the Funding Commitment Decisions Letter from the SLD will you know the precise dollar value of the adjustment to your funding request.

Once this appeal decision letter is issued to you, we can and will process invoices that may be submitted for Funding Request Numbers approved for discounts in the Funding Commitment Decisions Letter that was originally issued to you.

We appreciate your bringing to our attention the issue you identified in your appeal. While we strive for excellence, we know that improvements can be made in our review process. We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

cc: Alan Godlewicz
NYC BOE/Community School District 6
4360 Broadway
New York, NY 10033