FCC MAIL SECTION

DOCKET FILE COPY ORIGINAL

OCT 15 9 21 AM '99

DISPATCHED BY

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

In the Matter of	)	
	)	
Request for Review	)	
of the Decision of	)	
the Universal Service Administrator by	)	
	)	
Enterprise City School District	)	File No. SLD-46073
Enterprise, Alabama	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Changes to the Board of Directors	)	
of the National Exchange Carrier	)	CC Docket No. 97-21
Association, Inc.	)	

ORDER

Adopted: October 8, 1999 Released: October 8, 1999

By the Deputy Chief, Common Carrier Bureau:

1. The Common Carrier Bureau has under consideration a Letter of Appeal filed by Enterprise City School District, Enterprise, Alabama on May 14, 1999, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC or Administrator). Enterprise seeks review of the SLD's denial of its application for discounts for internal connections services under the schools and libraries universal service support mechanism. For the reasons set forth below, we deny the Letter of Appeal and affirm the SLD's denial of Enterprise's application for discounts for internal connections services.

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.[1] In the *Fifth Reconsideration Order*, the Commission established new rules to govern how

[1] 47 U.S.C. § 254(h)(1)(B); 47 C.F.R. §§ 54.502, 54.503.

discounts will be allocated when available funding is less than total demand.[2] These rules provide that requests for telecommunications and Internet access services shall receive first priority for available funds and that requests for internal connections shall receive secondary priority. When sufficient funds are not available to fund all requests for discounts on internal connections, the Administrator shall allocate funds for discounts to schools beginning with those applicants eligible for a ninety percent discount level and, to the extent funds remain, continue to allocate funds for discounts to applicants at each descending single discount percentage, *e.g.*, eighty-nine percent, eighty-eight percent, and so on. For this first funding year, the Administrator allocated funds to cover discounts down to the seventy percent level.

3. In accordance with the Commission's rules, the discount available to a particular school is determined by indicators of poverty and high cost.[3] The level of poverty for schools and school districts is measured by the percentage of their student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism.[4] A school's high cost status is derived from rules that classify it as urban or rural.[5] The rules provide a matrix reflecting both a school's urban or rural status and the percentage of its students eligible for the school lunch program to establish a school's discount rate, ranging from 20 percent to 90 percent, to be applied to eligible services.[6]

4. In applying for funding for the 1998 funding year, Enterprise indicated that its discount eligibility was 70 percent. In its Funding Notification Letter dated February 24, 1999, the SLD granted Enterprise's request for funding for telecommunications services, but denied its request for internal connection services, finding that its discount level was below 70 percent.

5. On April 15, 1999, the SLD affirmed its initial decision and denied Enterprise's appeal. It explained that Enterprise's calculation of its discount was based upon the "feeder school" method, an unacceptable methodology, and indicated that it was unable to verify Enterprise's requested discount. The so-called "feeder school" method determines the number of eligible students in a high school based on the number of eligible students in the elementary or middle schools whose students will attend that high school. On May 14, 1999,

---

[2] *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fifth Reconsideration Order, 13 FCC Rcd 14915, 14934 (1998) (*Fifth Reconsideration Order*), at para. 31.

[3] 47 C.F.R. § 505(b).

[4] 47 C.F.R. § 505(b)(1).

[5] 47 C.F.R. § 54.505(b)(3)(i), (ii).

[6] 47 C.F.R. § 54.505(c).

Enterprise filed an appeal of SLD's decision with us.

6. We have reviewed Enterprise's appeal and conclude that Enterprise has not shown that its request for funding for internal connections was improperly denied. Enterprise's documentation supporting its 70 percent discount level was based upon the feeder method, not one of the acceptable methods set out in the Commission's rules and orders for calculating the discount. Schools that do not use an actual count of students eligible for the national school lunch program may use only the federally-approved alternative mechanisms contained in Title I of the Improving America's Schools Act, which does not include the feeder method.[7] In fact, the Commission specifically rejected commenters' suggestions that would have permitted showings, such as the feeder method, that would merely approximate the percentage of low income children in a particular area.[8] Because the burden of supporting the requested discount level falls on the applicant and absent an independent verification of the requested discount, the SLD was unable to grant the request.

7. To the extent that Enterprise argues that other schools received funding based upon the feeder method, this statement was not supported by additional facts or evidence. Furthermore, each applicant bears the independent responsibility of providing acceptable support that complies with the rules and guidelines governing this program, regardless of what may have been provided by other schools or libraries. Therefore, we do not believe that this contention warrants further consideration.

8. 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 appeal filed by Enterprise City School District, Enterprise, Alabama on May 14, 1999 IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Lisa M. Zaina
Deputy Chief, Common Carrier Bureau

[7] *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9044-46, 9524-25 (1997); 47 C.F.R. § 54.505(b)(1).

[8] *Id.*