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Before the
Federal Communications Commission
Washington, DC 20554

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In the Matter of	)	
Request for Review of the Decision of the Universal Service Administrator by	)	
Visitation Academy Bay City, Michigan	)	File No. SLD-147758
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Changes to the Board of Directors of the National Exchange Carriers Association, Inc.	)	CC Docket No. 97-21

ORDER

Adopted: March 13, 2001 **Released: March 14, 2001**

By the Common Carrier Bureau:

1. The Common Carrier Bureau (Bureau) has under consideration a Request for Review submitted by Visitation Academy (Visitation), Bay City, Michigan, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator).[1] Visitation seeks review of the SLD's funding commitment decision regarding Visitation's application for discounts under the schools and libraries universal service support mechanism.[2] Visitation asserts that SLD erred in not adjusting a funding commitment which reflected a cost miscalculation made in the school's application. For the reasons set forth below, we deny the Request for Review.

2. Under the schools and libraries universal service support mechanism, eligible schools may apply for discounts on eligible telecommunications services, Internet access, and internal

[1] Letter from John H. Leaman, Visitation Academy, Bay City, Michigan, to the Federal Communications Commission, filed May 24, 2000 (Request for Review).

[2] 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).

connections by filing an FCC Form 471 with the SLD.[3] With requests for discounts on month to month services, the applicant provides the initial start date for the service, the actual or "pre-discount" monthly cost of the service, the total annual pre-discount costs, and the requested discount rate, i.e. the percentage of the costs to be funded.[4] Upon receipt and successful data entry of an FCC Form 471, SLD issues a Receipt Acknowledgement Letter (RAL), which summarizes the applicant's funding requests and provides a limited period for the applicant to make corrections.[5] SLD may also contact the applicant with requests for further information.[6] Requests for funding are then approved or denied in a Funding Commitment Decision Letter.[7]

3. Visitation made three funding requests in its FCC Form 471. Only the first request, Funding Request Number (FRN) 243932, is at issue in this appeal.[8] In connection with that request, which sought funding of local telephone service by Ameritech, Visitation indicated that the service start date was July 1, 1999, the beginning of the funding year, and that the monthly pre-discount cost was $90.00 per month. However, in calculating the resulting total annual cost, Visitation misplaced the decimal point and indicated an amount of only $108.00 instead of $1080.00.

4. On July 27, 1999, SLD issued an RAL to Visitation, specifying, *inter alia*, that the total annual pre-discount cost for FRN 243932 was $108.00, based on Column 10 of Items 15/16 (the Column containing the total annual prediscount cost).[9] It also instructed that "[i]f the information reported in this letter is at variance with the information that you provided in your application, please write to us at the address listed at the bottom of this letter under 'Questions about this Letter.'"[10] It further stated that "[i]f we (or you) have made errors in Form 471 data entry, . . . the Receipt Acknowledgement Letter offers you the opportunity to make corrections"

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[3] 47 C.F.R. § 54.504(c); *see also* Schools and Libraries Universal Service, Services Ordered and Certification Form, OMB 3060-0806 (FCC Form 471). Although the application process involves other preliminary steps, these are not relevant to the instant appeal.

[4] *See* FCC Form 471, Block 5.

[5] The Commission's regulations authorize SLD to establish rules and procedures for the administration of the schools and libraries support application process in an efficient and effective manner. *See* 47 C.F.R. §§ 54.701(a), 54.702, 54.705(a). Pursuant to this authority, SLD has incorporated the FCC Form 471 RAL as part of the FCC Form 471 application process. *See* <http://www.sl.universalservice.org/data/pdf/prgm2000.pdf> (SLD Program Description) (providing overall description of SLD application process, including description of the Form 471 Receipt Acknowledgement Letter).

[6] *See* SLD Program Description.

[7] *See id.*

[8] *See* Request for Review at 1.

[9] Letter from Schools and Libraries Division, Universal Service Administrative Co, to John Leaman, Visitation Academy, dated July 27, 1999, at 2 (RAL).

[10] RAL at 2.

and directed the applicant to send such corrections to SLD within two weeks of receiving the RAL.[11] Visitation did not respond to the RAL.

5. Subsequently, Visitation was contacted by an SLD employee seeking additional information to resolve a problem unrelated to the instant appeal.[12] The SLD employee did not mention any miscalculation in FRN 243932.[13]

6. SLD subsequently issued its Funding Commitment Decision Letter.[14] In connection with FRN 243932, SLD made a funding commitment of $54.00 based on a total pre-discount cost of $108.00 and a discount rate of 50 percent.[15] Visitation appealed to the Administrator, asserting that because its monthly cost for local service was $90.00 per month as stated in its FCC Form 471, its total annual cost was actually $1080.00 and the SLD funding commitment should therefore be $540.00 instead of $54.00.[16]

7. By decision dated May 8, 2000, the Administrator denied the appeal.[17] The Administrator stated in its decision that Visitation was responsible for the accuracy of the FCC Form 471 information and that no corrections to a funding request were allowed after approval or denial of the request unless the error was the fault of SLD.[18] Visitation then timely filed the instant Request for Review with the Commission.

8. In its Request for Review, Visitation argues that the error was indeed the fault of SLD.[19] Visitation asserts that its own miscalculation of annual costs should have been detected and corrected automatically by SLD's data entry system.[20] It further asserts that the reviewing SLD employee should have brought the error to Visitation's attention when he contacted the school for other information.[21]

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[11] RAL at 3.

[12] *See id.* at 1.

[13] *See id.*

[14] Letter from Kate L. Moore, Schools and Libraries Division, Universal Service Administrative Co., to John Leaman, Visitation Academy, filed October 5, 1999, at 5 (Funding Commitment Decision Letter).

[15] *See id.*

[16] *See* Letter from John H. Leaman, Visitation Academy, to Schools and Libraries Division, Universal Service Administrative Co., filed August 31, 1999 at 1.

[17] *See* Letter from Schools and Libraries Division, Universal Service Administrative Co., to John Leaman, Visitation Academy, dated May 8, 2000, at 1 (Administrator's Decision on Appeal).

[18] *See id.*

[19] *See* Request for Review at 1-2.

[20] *See id.* at 1.

[21] *See id.* at 1-2.

9. We reject Visitation's assertion that SLD's failure to detect the discrepancy between the monthly and total annual pre-discount costs relieved Visitation of its own obligation to ensure the accuracy of its funding requests. As we have previously stated, in "light of the thousands of applications that SLD must review and process each year, we find that it is administratively appropriate to require an applicant to be responsible for correctly calculating and reporting its estimated pre-discount costs in completing its FCC Form 471 upon which its ultimate funding is dependent."[22]

10. We specifically found in *Roaring Spring Community Library* that it is "incumbent upon [the applicant] to correctly calculate the estimated total annual pre-discount cost in its FCC Form 471 upon which its discount and ultimate funding [is] dependent."[23] In that case, we denied the applicant's appeal from a funding commitment reflecting applicant error where there was "no evidence in SLD's records that [the applicant] attempted to correct this error at any time, and certainly not during the application review process."[24]

11. We see no unfairness in placing the ultimate burden of detecting such cost calculation errors upon the applicant, particularly given that the FCC Form 471 RAL is provided specifically to grant applicants a pre-decision opportunity to detect such errors.[25] Because it was Visitation's miscalculation which caused it to be approved for a smaller discount amount than that to which it may have otherwise been entitled, and because there is no evidence in SLD's records that Visitation attempted to correct this error at any time prior to approval, we conclude that SLD correctly affirmed its funding commitment based on the total pre-discount cost reported in the applicant's FCC Form 471.

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[22] *See Request For Review By Scranton School District, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-112318, Order, CC Docket Nos. 96-45, 97-21, 15 F.C.C. Rcd. 181, 184 (Com. Car. Bur. rel. 2000); *see also Request For Review By Crookston 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-50583, Order, CC Docket Nos. 96-45, 97-21, DA 99-2955 (Com. Car. Bur. rel. December 21, 1999), 1999 WL 1216134, para. 5 (F.C.C.) (holding that "Crookston bears the responsibility for reviewing the forms it files with SLD for any discrepancies or errors").

[23] *See Request for Review by Roaring Spring Community Library, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-79875, Order, CC Docket Nos. 96-45, 97-21, 15 FCC Rcd 4504 (Com. Car. Bur. rel. Oct. 27, 1999), para. 2 (*Roaring Spring Community Library*).

[24] *See id.*

[25] *See Western Wayne School District*, File No. SLD-107715, Order, CC Docket Nos. 96-45, 97-21, DA 99-1507 (Com. Car. Bur. rel. July 29, 1999), 1999 WL 552655, at para. 9 (denying appeal where applicant "was on notice once it received the Receipt Acknowledgment Letter that there was an error in its application.").

12. 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 by Visitation Academy, dated May 24, 2000, is DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Carol E. Mattey
Deputy Chief, Common Carrier Bureau