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Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
Request for Review of the Decision of the Universal Service Administrator by	)	
	)	
Goodrich Independent School District Goodrich, Texas	)	File No. SLD-155539
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Changes to the Board of Directors of the National Exchange Carrier Association, Inc.	)	CC Docket No. 97-21

JAN 25 2002

ORDER

Adopted: January 17, 2002 **Released: January 18, 2002**

By the Accounting Policy Division, Common Carrier Bureau:

1. Before the Accounting Policy Division (Division) is a Request for Review filed by Goodrich Independent School District (Goodrich), Goodrich, Texas, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator).[1] Goodrich seeks review of SLD's denial of one of its Funding Year 2 requests for discounts under the schools and libraries universal service mechanism.[2] For the reasons discussed below, we deny the Request for Review and affirm SLD's decision.

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.[3] The Commission's rules require that the applicant make a bona fide request for services by filing

[1] Letter from Keith McCallum, Goodrich Independent School District, to Federal Communications Commission, filed May 15, 2001 (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).

[3] 47 C.F.R. §§ 54.502, 54.503.

with the Administrator an FCC Form 470,[4] which is posted to the Administrator's website for all potential competing service providers to review.[5] After the FCC Form 470 is posted, the applicant must wait at least 28 days before entering an agreement for services and submitting an FCC Form 471, which requests support for eligible services.[6] SLD reviews the FCC Forms 471 that it receives and issues funding commitment decisions in accordance with the Commission's rules.

3. Applicants may only seek support for eligible services.[7] The instructions for the FCC Form 471 clearly state: "YOU MAY NOT SEEK SUPPORT ON THIS FORM FOR INELIGIBLE SERVICES."[8] The instructions further clarify that "[w]hile you may contract with the same service provider for both eligible and ineligible services, your contract or purchase agreement must clearly break out costs for eligible services from those for ineligible services."[9] Although SLD reduces a funding request to exclude the cost of ineligible services in circumstances where the ineligible services represent less than 30 percent of the total funding request, SLD will deny a funding request in its entirety if ineligible services constitute 30 percent or more of the total.[10] An applicant can avoid denial by subtracting out, at the time of its initial application, the cost of ineligible services.

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[4] Schools and Libraries Universal Service, Description of Services Requested and Certification Form, OMB 3060-0806 (December 1998) (FCC Form 470).

[5] 47 C.F.R. § 54.504(b); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9078, para. 575 (1997) (*Universal Service Order*), as corrected by *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Errata, FCC 97-157 (rel. June 4, 1997), *affirmed in part, Texas Office of Public Utility Counsel v. FCC*, 183 F.3d 393 (5th Cir. 1999) (affirming *Universal Service First Report and Order* in part and reversing and remanding on unrelated grounds), *cert. denied, Celpage, Inc. v. FCC*, 120 S. Ct. 2212 (May 30, 2000), *cert. denied, AT&T Corp. v. Cincinnati Bell Tel. Co.*, 120 S. Ct. 2237 (June 5, 2000), *cert. dismissed, GTE Service Corp. v. FCC*, 121 S. Ct. 423 (November 2, 2000).

[6] 47 C.F.R. § 54.504(b), (c); Schools and Libraries Universal Service, Services Ordered and Certification Form, OMB 3060-0806 (December 1998) (FCC Form 471).

[7] 47 C.F.R. § 54.504 *et seq.*

[8] Instructions for Completing the Schools and Libraries Universal Service Services Ordered and Certification Form (FCC Form 471) (December 1998), at 15 (Form 471 Instructions).

[9] Form 471 Instructions, at 16.

[10] *See Request for Review of the Decision of the Universal Service Administrative Company by Ubly Community Schools, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45 and 97-21, Order, DA 00-1517 (Com. Car. Bur. rel. July 10, 2000); *Request for Review of the Decision of the Universal Service Administrator by Anderson School, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-133664, CC Docket Nos. 96-45 and 97-21, Order, DA 00-2630, para. 8 (Com. Car. Bur. rel. November 24, 2000). The "30-percent policy" is not a Commission rule, but rather is an SLD operating procedure established pursuant to FCC policy. *See Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Federal-State Joint Board on Universal Service,* CC Docket Nos. 97-21 and 96-45, Third Report and Order in CC Docket No. 97-21 and Fourth Order on Reconsideration in CC Docket No. 97-21 and Eighth Order on Reconsideration in CC Docket No. 96-45, 13 FCC Rcd 25058 (1998). This operating procedure, used during SLD's application review process, enables SLD to efficiently process requests for funding for services

4. Goodrich seeks review of SLD's denial of Funding Request Number (FRN) 307119, which sought discounted Internet access.[11] Goodrich's FCC Form 471 indicated that this request included a one-time pre-discount cost of $11,000, a monthly pre-discount cost of $575.00, and a total pre-discount cost of $11,575.[12] During the course of its application review, SLD requested that Goodrich submit documentation verifying the eligibility of the services purchased.[13] The record indicates that Goodrich failed to submit any documentation. Accordingly, on April 27, 2001, SLD issued a Funding Commitment Decision Letter, stating that FRN 307119 was denied because the "Applicant has not provided sufficient documentation to determine the eligibility of this item."[14] Goodrich then filed the pending Request for Review.

5. Goodrich's Request for Review asserts that the basis for the denial was the fact that FRN 307119 lacked a Provider Contract Number and asserts that the request should not have been denied on this grounds. Goodrich is mistaken. Although the Funding Commitment Decision Letter does note that the Provider Contract Number is "not provided," this observation is not reflected in the reasoning given for the decision. Next to "Funding Commitment Decision," SLD provided: "Insufficient documentation." Next to "Funding Commitment Decision Explanation," SLD stated, as noted above, "Applicant has not provided sufficient documentation to determine the eligibility of this item."[15] Because Goodrich provides no evidence that it supplied the requested information, we affirm SLD's decision.

that are eligible for discounts but that also include some ineligible components. If less than 30 percent of the request is for funding of ineligible services, SLD normally will issue a funding commitment for the eligible services. If 30 percent or more of the request is for funding of ineligible services, SLD will deny the application in its entirety. The 30 percent policy allows SLD to efficiently process requests for funding that contain only a small amount of ineligible services without expending significant fund resources working with applicants that, for the most part, are requesting funding of ineligible services.

[11] Request for Review, at 1.

[12] FCC Form 471, Goodrich Independent School District, filed April 10, 1999, at 3.

[13] Universal Service Administrative Company, Schools and Libraries Division, Program Integrity Assurance Review Contact Report, Goodrich Independent School District, Goodrich, Texas, July 13, 2000 (showing that SLD contacted Goodrich on July 13, 2000 and October 31, 2000 seeking supplemental information on the eligibility of Goodrich's request).

[14] Letter from Schools and Libraries Division, Universal Service Administrative Company, to James B. Boyce, Goodrich Independent School District, dated April 27, 2001 (Funding Commitment Decision Letter).

[15] Letter from Schools and Libraries Division, Universal Service Administrative Company, to James B. Boyce, Goodrich Independent School District, dated April 27, 2001 (Funding Commitment Decision Letter).

6. 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 Goodrich Independent School District, Goodrich, Texas, on May 15, 2001 IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Mark G. Seifert
Deputy Chief, Accounting Policy Division
Common Carrier Bureau