DOCKET FILE COPY ORIGINAL

02-6

Federal Communications Commission

May 8, 2003 Forum on the E-rate Program

RECEIVED

MAY 1 2 2003

Federal Communications Commission
Office of the Secretary

Statement of Funds For Learning, LLC

Funds For Learning, LLC appreciates this opportunity to share its ideas on steps that could be taken to improve the E-rate program. Program stakeholders appreciate the Commission's decision last year to authorize the rollover of undisbursed funds, starting this quarter, for the benefit of needy schools and libraries. Thus it has become even more critical for program participants to ensure that E-rate discounts are used as Congress intended.

We believe that the potential for waste, fraud and abuse in the program could be addressed by four basic strategies:

- Improved education about program rules and the consequences of failing to follow them;
- Greater "sunshine" about the supporting resources standards that applicants must meet;
- Timely publicity about problem vendors and applicants and improper practices, to act as a deterrent against others who might be tempted to follow the same path;
- Tougher, speedier enforcement, including, if necessary, debarment from the program or the use of other appropriate penalties.

Funds For Learning's perspective on the schools and libraries mechanism is a unique one. Our consulting firm was founded in 1997 specifically to help applicants and technology companies understand and make effective use of the E-rate program. Over the years since then, we have worked with schools and libraries to help them manage their E-rate application and payment processes, to prepare appropriate documentation and, if necessary, to assist them with post-commitment audits. Separately, we have provided various kinds of independent, educational consulting support and program-related advocacy to companies whose products and services are eligible for discounts.

No. of Copies rec'd 0+4
List A B C D E

DOCKET NO.

DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o This document is confidential (**NOT FOR PUBLIC INSPECTION**)

o An oversize page or document (such as a map) which was too large to be scanned into the ECFS system.

o Microfilm, microform, certain photographs or videotape.

o Other materials which, for one reason or another, could not be scanned into the ECFS system.

The actual document, page(s) or materials may be reviewed (**EXCLUDING CONFIDENTIAL DOCUMENTS)** by contacting an Information Technician at the FCC Reference Information Centers) at 445 12th Street, SW, Washington, DC, Room CY-A257. Please note the applicable docket or rulemaking number, document type and any other relevant information about the document in order to ensure speedy retrieval by the Information Technician

2 Videotapes

Consequently, we get to see first-hand the impact of the program on both applicants and vendors and what is working and what is not from both points of view.[1] One of our firm's principals is serving on the Schools and Libraries Division's Task Force on the Prevention of Waste, Fraud and Abuse.

Because the E-rate program involves a fund that is ultimately finite in size, changes that favor one group of applicants inevitably may have a negative impact on another group of applicants. We wish to make clear that the positions we support today represent what we believe will best serve the overall goals of the program.

Although program auditors and the Commission's own Office of Inspector General have found instances of waste, fraud and abuse in the E-rate program, we believe that these reports need to be kept in perspective. The fact that these instances have been uncovered says that the program's administrators are, in fact, doing the job they were hired to do.

Proper administration of any government program requires two key elements:

1. A clear understanding by stakeholders of the rules that they must follow; and
2. A clear understanding of the consequences they will face if they do not.

We believe that the program's administrators have felt constrained to spend the kinds of funds that are necessary to properly educate program participants about all of the rules they must follow. Further, probably because of early political opposition to the program from some quarters, its administrators have felt the need to keep the program's story as positive as possible. As a result, they have been operating with very limited tools for deterring waste, fraud and abuse.

[1] FFL's services to applicants and vendors are not connected. Our applicant clients make their own decisions about technology planning and procurement with no input from us, and we derive no revenue based on their choice of vendors.

- Make clear that regardless of the requirements of state and local procurement law, or the information provided on a Form 470, that, upon request, applicants are expected to provide reasonable responsive vendors with enough detail so that they can submit a formal response to a Form 470, and that applicants are expected to review all responsive bids using objective standards.

- Create sample worksheets that applicants can complete, if they choose, to clarify applicants' responsibilities for tracking these bids and evaluating them.

- Make clear that Form 470s are not to be turned into defensive "laundry lists," covering every conceivable service or product that an applicant might ultimately decide to buy. Rather, they are designed to be a reasoned statement of what the applicant actually plans to procure, based on its defined technology needs.

- Recognizing that a period of nearly two years may pass between the time an applicant posts a Form 470 application and when it is finally able to make use of the related discounts, the process for managing simple product substitutions needs to be improved and streamlined.

In conclusion, we wish to commend the Commission for taking the time at this point in the E-rate program's history to review how the program can be both streamlined and strengthened. That way the Commission will do its part to ensure that the vision of the E-rate program's founders—to extend advanced telecommunications services to schools and libraries, and enable them to take advantage of the vast educational resources that can be found online—will be truly realized.

Orin Heend
President
Funds For Learning, LLC

Education, Candor and Publicity

Five and a half years ago, the Commission and what was then the Schools and Libraries Corporation faced the challenge of having to put a regulatory framework in place within a matter of months, if not weeks. That framework continued to evolve over the ensuing years, to respond to administrative issues, new legislative requirements and technology improvements.

As independent auditors and auditors from the General Accounting Office and the Commission's own Office of Inspector General began looking over the shoulder of the SLD staff, the rules and rule interpretations kept changing. Rule changes are inevitable. But the problem for many applicants has been that changes have not been well publicized, or, in some cases, it seemed as if a new standard was being applied *after* their application had been submitted in good faith.

These changes have included such things as last-minute changes in application forms (with no relief provided for using the old one by mistake), whether services could be supplied to administrative buildings, to whom cellular service could be provided on a discounted basis, and the definition of an eligible server, just to name a few. Now that a new application review season has begun, schools and libraries are being asked whether their Form 470 applications specified that they were seeking a multi-year contract. The Form 470 does not provide a place to do so, and nowhere in the instructions for this form does it specify that an applicant should do this.

This has created a challenging task for those of us who try to follow the rules—and educate others about them. It also creates a number of compliance and enforcement problems for the SLD. Today we will focus on just a few of them:

- **The concept of "eligibility" lies at the heart of the E-rate program. Timely, complete information about the eligibility of products and services will help technology planning, make the application review**

Nearly 50 percent of U.S. school districts have fewer than 1,000 students. Naturally, vendors who operate on a nationwide or multi-state basis are going to tend to focus their marketing efforts on those applicants who have the potential to produce larger sales. Yet, we also know of vendors who have carved out niches for themselves by specializing in the needs of smaller districts as well schools and libraries in rural areas. [5]

We believe that there are several simple steps that could be taken to improve the Form 470 application process.

- Recognize that school procurement goes on all year long. SLD policies seem predicated on the notion that schools and libraries procure eligible services only once a year, during the window application period. The SLD needs to help applicants understand that Form 470s must be posted in conjunction with the awarding of any contract for E-rate-eligible services, no matter what time of year that occurs. The SLD also needs to make its own processes reflect this; for instance, it was not possible for an applicant to post a Form 470 on April 28, 2003 to start the process of awarding a contract that would cover the next available funding year, the 2004 year. Indeed, except for tariffed and month-to-month services, we do not understand why the SLD requires a Form 470 to be "attached" to any funding year, as the form actually "goes with" the resulting contract.

- Modify the online application form so that applicants can provide additional details about pertinent RFPs. Currently, applicants can indicate that they have an RFP available, but cannot provide any additional details about it. This forces vendors, particularly those that sell internal connections services, to have to go to the trouble to secure and review the specific document before they can determine whether a school district or library is seeking a solution they could provide. This, we believe, is a substantial impediment to competition.

[5] Competition in the E-rate program is strong enough that Funds For Learning has developed and marketed a solution, E-rate Market Analyst, that enables companies to quickly prioritize the more than 30,000 possible sales leads that the Form 470 applications represent.

process easier, and hinder the ability of vendors to make deceptive or inaccurate assertions about the eligibility of their products.

We applaud the Commission's recent decision to make the SLD's list of eligible internal connections products available online. This will help applicants comply with their legal obligation to apply only for discounts on eligible services. In addition, it will help alleviate fear among applicants that their requests will be denied or trimmed due to application of the 30% rule, a tool that is now officially part of the SLD's arsenal of weapons to discourage applicants from filing requests for ineligible services.

Ultimately, of course, a determination of product eligibility is based, to some extent, on who uses a product, where and for what purpose. However, we see no reason why the most recent version of the eligible services list that SLD's application reviewers use could not be posted whenever it is updated. This does not require any significant systems development on the part of the SLD. All that needs to be done is for a document to be posted to the SLD Web site, in a downloadable format such as PDF.[2]

We believe that the SLD's eligibility determinations with respect to specific products and services in all categories, including Telecommunications and Internet Access, is an important piece of information that can and should be shared with all stakeholders -- immediately. As recently as two weeks ago, we spoke with a representative of an e-mail application service provider whose product qualifies in the Internet Access category who expressed concern that the SLD's determination that his product was eligible was not being applied consistently. Public disclosure of the SLD's unpublished decision regarding this company's service or, perhaps, the fact that the database contained no decision at all likely would have helped the company and the SLD quickly get to the root of this problem.

---

[2] Because some have argued that it would be difficult to provide an updated version of this list on a regular basis, Funds For Learning has volunteered to make whatever hard-copy version of the list is provided to us available on our Web site, in searchable form. We will also volunteer to update this list whenever we are provided with a new one. We already provide this kind of searchable access to the current version of the Commission's eligible services list.

are convinced, would create an administrative hornet's nest and undercut dramatically the Commission's efforts to simplify and streamline the application process.

There are, however, other approaches that the Commission could consider to try to ensure that discounts are used more equitably. For instance:

- Equipment Transfer. Require schools and libraries to keep E-rate-supported equipment in place where it was originally installed (or a site with the same discount rate) for a proscribed amount of time. We believe, however, that a waiver mechanism should be provided so that schools and libraries could seek to transfer equipment when it was clearly not an attempt to "game" the system or, in effect, "funnel" E-rate discounts through their neediest schools.

- Baseline Connectivity. Set limits on the kind of connectivity that the program is willing to support. If there is not enough money available to support the networking needs of all schools, regardless of what those needs may be, then perhaps the Commission should specify what level of service it *is* reasonable for the program to support.

- Maximum "Discountable" Amount. Specify "reasonable and customary fees"—a maximum pre-discount cost for eligible products and services that the Commission would be willing to support to meet the networking needs of schools. This approach would help address concerns that schools may not be choosing cost-effective solutions when their expertise is limited.

Promoting Competition

We believe that the Form 470 posting process is still the best way to assure that competitive bidding occurs in the program. Over the E-rate program's five years, many companies, including those in the telecommunications sector, have come to recognize that the K-12 market is a strong, viable one. However, it is not without its challenges. Only about 820 school districts in the United States have as many as 10,000 students.

At the same time, we believe that the publication of this list should be accompanied by the creation of a formal process through which companies can submit their products to the SLD and get them formally reviewed—by a commercially reasonable date before the start of the traditional application season. To do otherwise is to perpetuate a playing field that can hardly be described as level.

Some companies now submit their products for an informal review by the SLD staff so that they can provide guidance to their sales force and channel partners when they market products to school districts. However, the fact that this is an informal process enables other companies to claim that their own products are "e-rateable" when, in fact, they have never been formally reviewed. At the same time, companies who have not discovered an unofficial channel to the SLD staff may get an unwelcome surprise several months into their sales cycle if the SLD staff starts rejecting their customers' applications because the SLD did not fully understand the nature of the product or how it was being used. Too often, applicants or their vendors have been forced to appeal these determinations to the SLD or the Commission, losing many valuable months of potential service.

- **The SLD needs to devote more resources to applicant education and provide more information, not less, about its standards and expectations.**

Of growing concern to the program's administrators are the increasing number of funding requests that the SLD must reject because: "Documentation provided demonstrates that price was not the primary factor in selecting this service provider's proposal." There are many reasons why these kinds of situations occur, but one of the most troubling is when "bad-actor" vendors prey on small private schools that serve low-income students and that have little experience in procuring technology.

With five years of experience under its belt, we believe that the SLD should work with a cross-section of vendors and educational technology leaders to create a vendor-neutral guide that would help schools understand what prices and fees are reasonable when

Academy Bond program, a program that provides up to $400 million worth of interest-free bonding authority a year for school renovations and equipment purchases, is available to schools where 35 percent or more of the students participate in the school lunch program. Note, however, that these other programs define a "needy" school by a standard that is even less restrictive than the one we are suggesting—and that many schools that are eligible for discounts at the 60 and 70 percent discount rate still have many unfulfilled networking needs.

This discussion has focused only on how the discount rate is applied to schools. We have joined the American Library Association in arguing that E-rate discounts are not applied equitably to libraries, because library branches that serve relatively poor neighborhoods typically do not enjoy the same kinds of E-rate discounts as their neighborhood schools.

More Equitable Distribution of Funds – Other Approaches

Funding Internal Connections Requests in Alternate Years is Not a Sound Solution. We continue to believe strongly that the Commission was correct to reject an earlier proposal that would have denied support for internal connections to any applicant that had received support for internal connections in the previous year.[4] Many low-income schools and libraries rely on the E-rate program to continue to support maintenance of the networks that the program helped them build. In addition, we believe the original proposal was too inflexible, and did not take into consideration anomalies created by the application form itself. In its *Second Report and Order* released a little over a week ago, the Commission took "major steps to simplify and streamline the operation" of the E-rate program. Directing the SLD to deny internal connections funding in alternate years to districts and library systems and to schools and library systems within those systems, we

[4] "The Commission's proposal is not in keeping with the Joint Board's recommendation to establish greater discounts for the most economically disadvantaged schools and libraries. The Commission asserts that its proposal would be "...targeted to the schools and libraries with the greatest need." But the Commission failed to discuss the reason it believes less needy schools are in greater need. The Commission's logic leads one to conclude that it does not believe that the neediest schools requesting funding for internal connections two or more years in a row really have legitimate claims. If that is true, the Commission needs to review the internal connection facilities it is funding, rather than use *ad hoc* administrative procedures to deny legitimate funding requests." Comments by WorldCom, Inc. (May 23, 2001) to the Further Notice of Proposed Rule Making, Adopted April 26, 2001 and quoted by Funds For Learning in its Reply Comments.

telecommunications and technology products and services are purchased. While there will always be exceptions, notably when workmen start tearing up aging school buildings, this approach would place inexperienced school administrators in a better position to evaluate intelligently the vendor proposals they receive.

We expect—just to cite one example— that a vendor whose name is on funding requests for 15 private and charter schools that total nearly $60 million for the coming year (or $4 million, on average, per school), will ultimately be subjected to very close scrutiny by the SLD staff. But the SLD should also do what it can to help inexperienced school leaders understand that it's very difficult to spend that much money, either legitimately or intelligently, on E-rate eligible networking equipment in a small school in a single year. This kind of educational initiative might prevent inflated applications from being submitted in the first place—and schools being surprised when they are rejected.

Similarly, we believe that the SLD could provide better guidance on its standard for the "necessary resources" that an applicant should have in place to effectively use E-rate discounts. This issue will become even more critical this year as many school districts around the country struggle with shrinking state and local government budgets. A principal of Funds For Learning who serves as project director of the Consortium for School Networking's initiative on Total Cost of Ownership has spoken to SLD leaders about working with CoSN to help schools understand these expectations. However, the SLD has declined, not wishing to publicize the threshold that it applies in making these determinations.

Here's one example of the issue this poses for applicants. During the Clinton Administration, the U.S. Department of Education said that schools should spend 30 percent of their technology budgets on staff development. The No Child Left Behind Act specifies that 25 percent of the funds provided to a local school district through the technology block grant must be devoted to staff development. On the other hand, widely distributed education industry marketing figures indicate that in 2000-01, the average school district spent only about 7 percent of its technology budget on staff development

- It should help ensure that a broader range of needy schools and libraries will. in fact, qualify for much-needed support.

Broaden the Highest Discount Band to Include 80 and 90 Percent Applicants

The current rules have created a distorted economic system in which school districts are encouraged to focus technology improvements on "90 percent discount schools," or those where more than 75 percent of the students qualify for the free and reduced-price lunch program. We would argue that the matrix should be revised in such a way that all schools where 50 percent or more of the students are eligible for the school lunch program should be treated the same. This would mean that highest discount band (whatever percentage the Commission decides is appropriate) would include applicants that are now eligible for an E-rate discount of 80 or 90 percent.

If large school districts know that their 80-percent discount schools would have the same chance of getting funded as their 90-percent schools, we believe they would adjust their planning to use scarce dollars to leverage E-rate discounts for schools that have not enjoyed E-rate discounts for networking needs for the past three years. *However, if the matrix is adjusted only to require that 90-percent applicants pay a larger portion of the purchase price, but still get favorable treatment, we believe that the market for technology services will still be distorted in favor of the schools that are defined as extremely needy.* These are the schools that most program stakeholders recognize have enjoyed an advantage for the past three years of the program.

Revising the matrix to treat schools with at least 50 percent participation in the school lunch program on an equitable basis would actually bring the E-rate program into closer alignment with certain other key federal programs that support school technology purchases. For instance, when the No Child Left Behind Act was passed in January 2002, it lowered the threshold for school-wide Title I programs from 50 percent participation in the school lunch program to 40 percent, the equivalent of an E-rate discount rate of 60 or 70 percent. In the past, Title I dollars have been used to support technology purchases in schools that are eligible for these school-wide programs. In addition, the Qualified Zone

activities. How does the SLD staff assess whether a school district has devoted the "necessary resources" to staff development? What is the appropriate level for the E-rate program? How does an applicant know that it is requesting too much hardware, based on the amount of staff development it can support?

The position of the SLD staff appears to be that providing any sort of guidance on this point will tip its hand to those that would seek to defraud the program. We contend that the opposite is true: The average applicant, trying to do its best to follow the rules, has no idea of the standard it is expected to meet. The SLD should promote an open discussion with school technology leaders on what the appropriate standard should be.

We believe that ultimately the SLD must devote more resources to training program stakeholders. The E-rate program is, by its nature, much more complicated than the other Universal Service Fund programs, and many program participants have little knowledge of telecommunications or telecommunications regulation. After five years, many schools and libraries have seen turnover in the personnel who have managed their E-rate applications in the past. New people need training in program basics and experienced applicants need training in new rules and audit expectations.

At a time when state education budgets are under significant stress, and state education officials are challenged to implement all the new requirements of the No Child Left Behind Act, the SLD needs to take greater responsibility for this. It could make better use of interactive tools and distance learning to provide this training, and should outsource this initiative if it does not have the capacity to manage it itself.

In USAC's January 31, 2003, quarterly report to the Commission, it noted that in the fourth quarter of 2002 alone, it earned $7.018 million in interest on undisbursed funds in the schools and libraries program. Certainly, some small portion of that could be designated for educational and outreach activities—activities that should improve program compliance and address some of the issues that contribute to the disbursement gap to begin with.

Up until now, the SLD has trumpeted only the fact that funding commitments have been approved. Although the information is now made available to the public, the SLD has never focused attention on application rejections or even what percentage of an applicant's commitments are ultimately used.

We believed that this has contributed to a climate in which "success" is measured by the size of commitments approved, not whether E-rate eligible purchases were necessary or whether the money was well spent—or used at all. We acknowledge that in our first years of working with the program, we sometimes evaluated funding commitments this way, in part because that was the only information that was available. But in more recent years, we have realized that this mentality, coupled with marketing by some vendors and consultants, can lead school officials to mistakenly view the E-rate program as a "grant" program and can foster a competition with their peers for who can win the biggest funding commitments. They fail to realize that bigger commitments only mean more spending on their part—and, we would argue, a stronger chance that at least some of the dollars will not be spent in a cost-effective way. As long as the focus of attention remains only on the first stage of the process, it will be hard to disabuse them of this notion.

Reload the Discount Matrix

Decrease the 90% Discount Rate for All Services

On another issue, we believe that a revision of the Commission's existing discount matrix would serve three important goals:

- By, in effect, increasing an applicant's "co-pay," it would force applicants to become more careful shoppers. Although this change will undoubtedly cause pain for some school districts, we believe that after six years of support, it is a reasonable proposal, particularly in the area of internal connections.
- Revising the matrix will make it more difficult for unscrupulous vendors to, in effect, offer their customers "free services" through schemes that provide applicants with donations or other forms of payment forgiveness.

- **The Commission must move quickly to put in place appropriate penalties for serious violations of program rules. But in the meantime, the SLD and the Commission should do more to publicize the names of those vendors and applicants that have been found to have committed serious violations of program rules.**

An important deterrent to fraud in any government program is the recognition that if you violate the rules, you will face consequences. Government agencies usually try to leverage the impact of these enforcement activities through skillful public relations activities.

This is not news to the Commission. To cite just a few examples, in the past few months, the Commission has issued press releases announcing a $6 million forfeiture imposed on SBC for violation of the SBC/Ameritech Merger Order; a $1.2 million forfeiture imposed on WebNet Communications for violation of the commission's rules on slamming and announcing that 13 companies had been cited for alleged violations of the Telephone Consumer Protection Act of 1991.

By contrast, never once in the history of the E-rate program has the SLD or FCC formally "named names." Consequently, no program participant knows:

- Which vendors were found to have posted unauthorized Form 470 applications? *(See unspecified SLD warnings posted on May 9, 2000, December 8, 2000 and January 25, 2001)*
- Which individual was found to have impersonated an SLD auditor? *(See warning—identified only as "Notice to Schools and Libraries--posted on November 2, 2001)*
- Which consulting company was found to have advertised itself as SLD "certified"? *(same warning as above)*

Because the E-rate program came under fire in its early years from a number of critics, we believe the SLD has tried to keep news reports about its operations as positive as possible. Unfortunately, the result has been that when instances of waste and fraud do come to light, they are decried as examples of the program's failures rather than celebrated as evidence that the SLD is, in fact, doing its job in rooting out those who would seek to take advantage of the program for their own misbegotten gains.

We believe that the Commission needs to develop appropriate sanctions for those who are found guilty of violating program rules, either willfully or due to gross negligence, and we commend the Commission for firing the first shot over the bow by adopting debarment rules to address the most egregious cases. However, it will still take a substantial amount of time to develop a wider range of sanctions and make sure that they are meted out fairly.[3] We believe that until then, the Commission and the program's supporters in Congress should encourage the SLD to provide more information about applicants and vendors whose applications have been rejected because of significant violations of program rules in hopes that all program stakeholders can learn from the process.

A few months ago, staff members in the marketing division of a Fortune 500 company, observing that a competitor had appeared to have won hundreds of millions of dollars in E-rate-eligible business, asked our opinion on what they could do to duplicate that success. We reminded them that their competitor's funding requests had actually been *rejected* and that consequently, that was an approach they would probably *not* want to follow.

It should not be left to consulting companies like ourselves to deliver this important message.

---

[3] A review of the Office of Inspector General's reports suggests that another "untold story" is the difficulty that the Commission has encountered in enlisting the help of other federal enforcement agencies in pursuing "E-rate crooks."

The SLD has never posted information on its Web site, telling program stakeholders that the principals in a company participating in the E-rate program *had been arrested on federal criminal charges of fraud and obstruction of justice* in connection with a scheme designed to defraud the E-rate program—much less actually naming the company. It was left to the federal courthouse reporter of The New York Times to break this story, which, in our opinion, was an announcement that the SLD staff should have been proud to make—and indeed was obligated to make to program stakeholders.

In December, 2002, the SLD posted a message on its Web site that it had "*determined* that a sizable number of Funding Year 2002 applications associated with a particular service provider" (emphasis added) were not consistent with Commission regulations. The SLD has still not identified the service provider on its Web site, although it has acknowledged the name in response to inquiries from the media and program stakeholders who asked.

Is it any surprise then that two months after that vague warning was posted, the Navajo Education Technology Consortium proceeded to submit $70 million worth of funding requests for the next funding year in the name of the vendor that some knew was the subject of the SLD's warning. Two months later, the Navajo consortium's 2002 funding requests were, in fact, rejected by the SLD, citing as the reason: "Services for which funding sought not defined when vendor selected; price of services not a factor in vendor selection per Customer Agreement; price of services set after vendor selection." Would the Navajo consortium have continued to seek services from the same vendor if the name had been publicized *before* the consortium submitted its application for the 2003 funding year? Quite possibly. But it is also true that the SLD withheld important information that could have helped the consortium make a more fully informed decision about how it should proceed in the future.

Nor has the SLD provided the names of all of the vendors that it has found have inappropriately enlisted consultants to steer business their way, or vendors who were inappropriately funneling so-called "donations" to schools to cover their portion of the

cost of the work. In the 2001 funding year, one of our school district clients notified the SLD that a company was approaching individual schools in the district and proposing these kinds of "too good to be true" deals, and that the company had filed a multi-million-dollar application, allegedly on the schools' behalf. District officials certified to the SLD that this vendor was not authorized to act on behalf of schools in the district, and its attorney sent a "cease and desist" letter to the vendor with a copy to the SLD. Yet the SLD has never publicized this vendor's name, leaving it free to prey on other unsuspecting schools. That the systems the SLD has labored long and hard to put in place caught these incidents of abuse proves that they work, a fact that the SLD should have been proud to report.

Vendors are not the only ones who are protected from the glare of negative publicity. The SLD does not make announcements when the applications of schools and libraries are rejected for substantial violations of program rules. The SLD has not publicized the results of any of its audits of specific schools and libraries. Nor does the average applicant know that, according to a recent Commission fact sheet on the program, applicants have been notified that they must return $1 million worth of approved discounts because of commitment adjustment decisions, or "COMADs." These actions bear real consequences—and applicants would be well served if they knew that a failure to follow program rules could lead to negative publicity or being forced to return previously approved funding.

Now that the Commission has decided to make the details of funding requests and disbursements publicly available, our company has been able to make educated guesses as to who some of these "problem" companies may be, as well as the schools and school districts whose commitments have been rejected for violations of the competitive bidding rules. And in some cases, those, like ourselves, who regularly monitor Commission appeals decisions, will be able to identify some of these "bad actor" companies by name. But the SLD does not take advantage of what school officials call "teachable moments" to help E-rate applicants and vendors understand that names are being taken, rejections may result, and there may be some pain involved.