

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C 20544

RECEIVED & INSPECTED  
SEP 02 2003  
FCC - MAILROOM

In the Matter of )  
 )  
Amendment of Part 97 of the )  
Commission's Rules on Reimbursement )  
For VE/VEC expenses )  
 )  
 )  
 )

To: The Commission

**PETITION FOR RULE MAKING**

Petitioner, Joseph Speroni, an FCC Amateur Radio Licensee with call sign AH0A, requests Commission rules be modified to require VECs annually report examination statistics and financial accounts for out-of-pocket expenses; and further that minutes of formal Commission meetings with VECs be made public.

**I. Introduction and Background**

1. The creation of the VEC system addressed an issue important to the amateur radio community – easy access to examinations. Petitioner participated in early use of the VE system for U.S. nationals in Japan and much appreciated Commission action to build the VEC system. Without it many U.S. residents and expatriates would never have had the opportunity to become licensed.

In the 18 years of voluntary service to the amateur community VECs and their VE teams have collectively administered uncountable examinations resulting in the largest number of U.S. licensed amateur radio stations in the history of the service<sup>1</sup>. In every measurable way the VEC system has contributed to the health of the amateur service. The voluntary contribution of time and effort of so many deserves recognition and their involvement by the Commission in considering changes to the amateur radio licensing system.

2. One area of concern, is the lack of financial reporting. Since 1998 the VEC fee rose from \$6.35 to \$12.00 today, an annual rate of increase of 13.6% per annum; well above the rate of inflation. At the same time the VECs have increased their volume of transactions and begun employing automated software to reduce their costs. It is not unreasonable to expect that costs per transaction would have decreased during this period.

<sup>1</sup> The number of licensed U.S. amateurs was 687,104 in July 2003, with all active license classes – Extra, General and Technician – also attaining their highest counts in the history of the service. The number of HF licensed amateurs (Extra, Advanced and General) has increased by 13% since restructuring

No. of Copies rec'd  
List ABCDE  
List ABCDE  
03-772

3. Application of new computer technology should have brought down the costs to handle FCC Form 605 applications. Elements 1 thru 4 could be generated locally with VEC software distributed via Internet, improving the randomness of question selection and test variations, and reducing VEC costs. With automation, applications could be vetted by VE team software producing error free electronic data that could be submitted directly to the VEC for archiving and to the FCC for processing, driving VE team and VEC per transaction costs lower. Competition among VECs would create the environment to introduce technology into the system and reduce the paperwork load of VE teams. *The opportunity to reduce VEC and VE team workloads far exceeds any savings that could result from reducing qualifications for an amateur license.*
4. With changes made to the Amateur Service licensing after restructuring in April 15, 2000, the volume of transactions handled by VECs has increased. By June 2003 the 12-month moving average of new licensees<sup>2</sup> had risen by 32%, and continues to rise. Restructuring has accomplished one of its goals by increasing the number of new licensees, and has resulted in a large increase in VEC activities. It is reasonable to expect this would have resulted in reduced out-of-pocket expenses on a per transaction basis.
5. By June 2003, active VEC involvement<sup>3</sup> in the renewal process produced a large increase in renewals<sup>4</sup>; by a factor of 2.25 (125% growth). This represents a major increase in VEC reimbursable fees which are not publicly accounted<sup>5</sup> and could possibly be used to reduce fees for the testing process.
6. Prior to implementation of ULS, VEC related Form 610 application data was publicly available from the Commission from the FCC download web site. The last period for which Petitioner has information showed two VECs dominated 93.3% of application processing – the ARRL VEC was 68.8% and the W5YI VEC was 24.5%. Clearly if these weightings remain valid today, inputs from the ARRL VEC should weight heavily in VEC matters. Petitioner is unaware of any publicly available data on VEC activity since the conversion to ULS. This information is of interest to the amateur community.
7. VEC reimbursements are increasing. Petitioner estimates annual fees<sup>6</sup> now approach \$400,000 per annum for all VECs. The assumptions behind the estimate are arguable. VEC financial reporting would clarify this.
8. Two VEC's, the Laurel MD VEC and Anchorage AK VEC do not charge fees for testing in their areas.

---

<sup>2</sup> Data from FCC ULS were used to develop statistics at <http://www.ah0a.org/FCC/New.html>

<sup>3</sup> As part of the ULS system, the Commission implemented a free on-line renewal service, but according to some VEC web sites the complexity argues against public use, viz <https://www.w5yi.org/Secure/Renew.htm>

<sup>4</sup> Data from FCC ULS were used to develop statistics at <http://www.ah0a.org/FCC/Renewals.html>

<sup>5</sup> As part of the ULS system, the Commission implemented a free on-line renewal service, but according to some VEC web sites the complexity argues against public use, viz <https://www.w5yi.org/Secure/Renew.htm>

<sup>6</sup> The estimate is derived using ULS data since August 1999. See <http://speroni.com/FCC/VECIncome.htm> for details

## II. Effects of Lack of VEC Reporting

9. The Commission has fixed the number of VECs and operating together VECs have "coordinated" their fees, which are now \$12 per applicant. To a large extent VECs now operate a monopoly with little FCC or amateur community oversight. No new VECs have been created since 1998. New groups could offer ideas and technology to the process. Lack of financial visibility in the existing process may discourage new participants.
10. The ARRL today waives license renewal fees for its members via the ARRL VEC. Depending on how accounting is handled this may contravene §97.527 (b). Reporting of VEC costs would make clear any subsidy involved.
11. The W5RI VEC subsidizes travel to NCVEC meetings from a portion of fees collected for license renewals<sup>7</sup>. The NCVEC is not a formal non-profit organization and is involved in activities outside those specified in §97.527<sup>8</sup>. This may be questionable use of fees collected from the public. VEC financial reporting would clarify use of the fees involved.
12. FCC personnel meet annually with VECs to discuss the VEC/VE system. Such meetings are of interest to the amateur community and minutes should be published by the Commission. Petitioner is concerned that in absence of public reporting, subjects discussed may relate to matters outside the VEC system. Documentation of meetings would confirm VEC funds are being properly used for the purposes intended<sup>9</sup>.
13. Petitioner suggests VECs voluntarily make public their use of fees collected. The Commission should not be made responsible to collect or disseminate the reports. No additional work for the Commission is requested or suggested.

---

<sup>7</sup> Text from the W5YI ORG web site page <https://www.w5yi.org/Secure/Renew.htm> states "We charge \$6.00 for this service -- a portion of which goes to the National Conference of VECs to help fund their annual conference with the FCC."

<sup>8</sup> The NCVEC recently prepared and filed a petition July 29, 2003 on the subject of Morse code testing. This would appear to be outside the scope of the use of reimbursements for out of pocket expenses "in preparing, processing, administering, or coordinating an examination for an amateur operator license"

<sup>9</sup> A recent FCC-NCVEC meeting in Gettysburg appears to have resulted in work on a petition to remove Morse code testing from the amateur radio syllabus, and to institute work on a new entry level license class question pool. VEC reimbursements are not intended for such activities.

### III. VEC Reporting

14. Petitioner proposes to modify "Subpart F, Qualifying Examination Systems."

§97.521 VEC Qualifications.

Add (e),

(e) Annually review matters pertaining to VEC/VE activities with Commission staff for public disclosure. Each VEC's expenses for their participation in such meetings shall properly be considered reimbursable.

§97.527 Reimbursement for expenses:

Revise the paragraph to read,

"VEs and VECs may be reimbursed by examinees for out-of-pocket expenses incurred in preparing, processing, administering, or coordinating an examination for, or renewal or modification of, an amateur operator license. VECs shall make public yearly financial statements documenting use of reimbursements collected."

Therefore, considering the above, Petitioner requests the Commission enact the proposed regulations, or issue an order a Notice of Proposed Rule Making if they require extensive comment.

Respectfully submitted,

---

Joseph Speroni, AH0A