Before the
Federal Communications Commission
Washington D.C. 20554

In the Matter of	)	
	)	
Comprehensive Review of Universal Service Fund Management, Administration and Oversight	)	WC Docket No. 05-195
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Schools and Libraries Universal Service Support Mechanism	)	CC Docket 02-6
	)	
Rural Health Care Support Mechanism	)	WC Docket No. 02-60
	)	
Lifelink and Link-Up	)	WC Docket No. 03-109
	)	
Charges to the Board of Directors for the national Exchange Carrier Association, Inc.	)	CC Docket No. 97-21

eChalk
INITIAL COMMENTS
FCC Further Notice of Proposed Rulemaking FCC 05-124

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I. INTRODUCTION

In response to the Commission's Further Notice of Proposed Rulemaking, FCC 05-124, released June 14, 2005, eChalk hereby respectfully submits our comments on the proposed changes and other aspects of the universal service support mechanisms specifically as it relates to the schools and libraries program ("Erate").

eChalk has been directly involved in the Erate program since 1999. eChalk provides services within the Internet Access category, namely, email and web hosting designed specifically for use in the k-12 environment. Over 1500 schools in 32 different states are using the eChalk service. The vast majority of eChalk's customers utilize the Erate program to help pay for the cost of the service. eChalk has seen first hand the successes in schools as a direct result of the Erate program and fully supports the goals of the program. However, as a small business, we face unique financial challenges when there are delays in the processing of applications, invoices, 486s etc. We hope to address these issues clearly in these initial comments.

II. COMMENTS

A. Program Management

1. General

Re: Paragraph 32: Due Process. eChalk feels that every attempt possible needs to be made to include due process in every stage of the Erate program. Upon multiple occasions, eChalk has felt that due process has not been provided and therefore erroneous decisions were made, costing our company lost revenue and time, and deprive schools of necessary services. For example, an application for one of our larger customers was approved in June of 2004. The customer filed the 486, eChalk began service and submitted an invoice to the SLD. The invoice sat for over one year without being paid. eChalk made numerous attempts to obtain the status of the invoice and find out what the problem was and was given no information other than to wait. After one

year, and without any prior contact with or notification to the district or eChalk, we received a COMAD letter adjusting the commitment to "$0" from the original approval amount of $200,000. The reason behind this decision was that the reviewer believed that the signature date on the contract was *after* the date on which the applicant filed the form 471. The reviewer was looking at a handwritten date and contended that the date read 2/17/05 rather than 1/17/05. The COMAD letter also states that a "thorough investigation" had occurred and that the applicant had failed to provide appropriate backup documents. To our knowledge, no investigation had occurred, nor was there any contact whatsoever with eChalk or the district. Not only were we not given an opportunity to provide evidence of the actual signature date, of which we had plenty, but we had to wait over one year to get this decision during which time neither eChalk nor the district were contacted by the SLD to question us on the date. We are currently awaiting the decision on the appeal. This is one example where no due process was provided, and is subsequently placing a large financial burden on our company.

These types of extreme situations need to be avoided at all costs. Some form of due process needs to be incorporated into each and every step of the program so that applicants and service providers have an opportunity to clarify information, correct any misinterpretations of data or documents, and a correct decision can be made the first time around.

2. **Delays**

Re: Paragraph 38 : Timing and Delays: FCDL The Erate program is set up according to annual funding cycles, beginning on July 1st of each year and ending on June 30th of the following year. The program is designed to allow applicants to take advantage of Erate discounts during the entire funding year. However, in reality, because of the delay in release of FCDLs, many applicants are forced to delay or postpone projects for months, awaiting the receipt of their FCDLs. Not only does that create a hardship for the applicants, but it places a financial burden on the vendor who loses service fees while awaiting the release of the FCDL. Over the past several funding years, the release of FCDLs has been delayed dramatically. A small percentage of our customers actually receive their FCDLs prior to the start of the funding year, and most are forced to wait an additional 1- 6 months for their letters. As of today, four and a half months into the funding year, 44% of our applicants have not received their FCDLs. Some sort of performance measure should be put in place in attempts to get the majority of the FCDLs out before the beginning of the funding year so that applicants and vendors can participate fully in the program.

Re: Paragraph 38 : Timing and Delays: Invoicing The second part of the program that causes significant hardship on vendors, particularly small vendors like eChalk is the delay in getting invoices paid. As a small company, eChalk is not in a position to absorb those costs while awaiting payment. The invoicing process continues to be a mysterious one for our staff. We are unable to get a clear outline of the process, and it seems to change from invoice to invoice. We strongly encourage the creation of performance goals for timely release of invoice

payment. Right now USAC is tracking the number of invoices paid within a 90 day period. Standard business practice is payment within 30 days of receipt of an invoice. This should be the standard to which the program aspires to reach.

Along these lines, service providers need to have a clearer understanding of the steps involved in processing invoices by the SLD. This process seems arbitrary. For instance, all invoices go through a review process with a representative. This includes eChalk preparing a service certification form and getting the appropriate representative at the district to fill it out and sign off. Then we need to forward this certification form with a copy of our invoice to the district to the SLD representative. We end up having to be the point person between this rep and the district on any questions or issues that come up. The onus is on us to make sure this form is filled out and submitted and to clear up any issues. Some invoices or maybe all seem to go through a separate final review process and some sit in a special final review for what can be months. It would be great to know what the exact process for all this is. Our SLD invoicing rep is unable to provide clarification, and we don't get satisfactory answers to questions. The rules on where the district contact needs to sign or what information is provided on the form, or who may sign this form constantly changes – again seemingly at random. When we contact the basic SLD hotline, the staff are unable to confirm or deny rules regarding the service certification forms or the process overall, making it difficult to call the help line and ask questions, etc. eChalk recommends a clear and transparent process of invoice review that can be shared with program participants. In

addition, an online tool to track invoice status would be very helpful. The tool would need to provide more information than "in review" and let the service provider know of any potential problems so they can be addressed in a timely manner.

3. **Forms**

Re: Paragraph 41 : Form 470 In our opinion, the form 470 should not be eliminated. This form is used by eChalk and other vendors to identify applicants who are seeking the type of services we provide. eChalk has invested significant resources in building a system to track all form 470s that are requesting our general type of service. We feel the form 470 process works well for us and we would not like to see the form eliminated. The new form 470, with the addition of the buttons to indicate interest in multi-year contracts, as well as the requirement to identify services being sought even if you have an RFP are both positive developments.

Re: Paragraph 41 : Form 470 Service Certification Forms: The service certification forms which are required to be signed by the applicant after the form 486 is filed and before the vendor can be paid are an unnecessary burden. The applicant is in effect certifying that service has or will begin on the form 486, and the process of requiring another signature on another form stating the same thing is redundant and very time consuming to obtain. The burden to get this form signed in generally left to the service provider, and can hold up the payment process for a very long time. We would like to recommend that the information on the service certification form be included in the form 486, and that as soon as the form 486 if filed, the invoicing

process can continue unheeded. Alternatively, the 486 could be eliminated in favor of just the service certification – but having both requires duplicative work and unnecessarily delays payment.