Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Application for Review of Decision of	)	CC Docket No. 02-6
The Schools and Libraries Division of the	)	
Universal Service Administrative Company	)	
	)	
Appeal of Funding Year 2006-2007 Application	)	
Denial and the Denial of the Relevant Appeal	)	
	)	
Funding Year 2006	)	
Form 471 Application Number: 522892	)	
Funding Request Number: 1439441	)	
Applicant: Project Rebuild Community High	)	
School, Canton OH (BEN 16028781)	)	

APPEAL OF PROJECT REBUILD COMMUNITY HIGH SCHOOL

Project Rebuild Community High School, hereby respectfully appeals the decision of the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC"), to uphold its decision to not fund FY2006 application 522892, funding request 1439441.

On January 30th, 2007, SLD issued a Funding Commitment Decision Letter, denying the captioned application. The reason for the denial was listed as "This funding request is denied as a result of a Cost Effectiveness Review, which has determined that your request for Internal Connections has not been justified as cost effective as required by FCC rules. FRN was modified from $278,860 to $233,860."

On March 10th, 2007, Youth Empowerment Services ("YES"), the school's e-rate

consultant, filed a timely appeal[1] with SLD with respect to this matter. In that appeal, nine arguments were provided to counter the claim made by SLD.

We stated:

i) The Academia order had showed the Commission had not established a test to determine whether an item was "cost-effective"

ii) The Commission had not agreed to allow the "cost-effective" adjective that SLD had proposed to add to the Eligible Services List

iii) SLD incorrectly drew a correlation between the number of students to be served and the dollar amount of the funding request – thereby creating a technology reimbursement dollar per student as opposed to providing the services that the students are entitled to

iv) SLD incorrectly drew a correlation between the number of students to be served and the dollar amount of the funding request – thereby creating a direct, but erroneous link between maintenance expenses and the number of students supported

v) There is no policy or guidance given by the Commission to support the guidelines used in the cost-effectiveness review

vi) The cost-effectiveness review did not take teachers and administrators into account when creating its statistics

vii) The review only took the current year's students into account, as if the requested products and services would only be in use for one year

[1]The filed SLD appeal is attached as Exhibit A

viii) The SLD decision is against public policy as it penalizes smaller schools

ix) The school accepted the most cost-effective and efficient option available to it, despite SLD's assertions to the contrary

On April 10th, 2007, SLD issued its "Administrator's Decision on Appeal – Funding Year 2006-2007"[2] in response to our appeal. In this decision, SLD denies our appeal. In their denial, they state "The cost for the eligible equipment was $233,860.00 per year, and the cost per student was $3,897.67, and was therefore not cost-effective." SLD goes on to quote some regulations and FCC orders that do not immediately appear to be relevant to the above claim. SLD also claims that the costs of the products and services in the funding request were significantly higher than the costs generally available in the school's marketplace for the same or similar services – but does not go on to substantiate that claim with examples, evidence, or even citing the potentially offending line item(s).

It is our contention that SLD egregiously erred in this matter. First and foremost, the funding commitment request was a non-recurring cost, and not an annual cost. Second, the cost per student is not $4,264.33 as that does not take future students into account. The actual cost per student would be equal to or less than $779.53 (assuming a minimum 5 year equipment life expectancy).

Additionally, we would respectfully request the Commission take the following four points into consideration:

i) SLD did not respond to our appeal as it did not respond to any of the nine

[2]The Administrator's Decision on Appeal – Funding Year 2006-2007 is attached as Exhibit B

grounds we cited.

ii) SLD's cost-effectiveness review is against public policy in that its policies unfairly harm smaller schools. Additionally, the school's technology plan takes cost-effectiveness into account. When the technology plan is approved by a USAC-certified reviewer, it is implied that the technology plan is cost-effective. SLD undermines that approval by unnecessarily subjecting elements of a plan, approved by one if its approval authorities, to additional scrutiny. Additionally, the Commission's decision to have applicants certify that an application is cost-effective puts the onus on the applicant to make that determination. That determination is made by an individual school based on the resources it has available, and should not be made by a third party that has its own, non-public, cost-effectiveness guidelines. Additionally, the Ysleta order does not apply to this situation: a) By applying the test set forth in paragraph 54 of that order, it is our contention that the prices set forth by sole proposal, were not exorbitant, nor did SLD initially claim they were exorbitant; b) the school did not violate competitive bidding practices and it selected the most cost-effective bid that it received; and c) the application is not a maintenance request.

iii) SLD's "all or nothing" approach is against the public interest. Instead of denying the entire request, SLD could have denied certain line items it deemed to be ineligible because of cost-effectiveness concerns. At that point, it would then have to be determined if the "30% rule" applied to the application. If not, the applicant could move forward with parts of the funding request, while appealing the line-item denials as opposed to the entire application.

Considering the school that is applying for these funds has a highly disadvantaged population (nearly 100% of the enrolled students qualify for the NSLP), SLD should have taken a more responsible approach with respect to helping the school and its population.

Therefore, we would respectfully request the Commission overturn the SLD decision in this matter.

Respectfully submitted,

Chris A. Quintanilla
Youth Empowerment Services
1231 N. Broad St., Fl 4
Philadelphia, PA 19122-4021
(215) 769-0340 x226

Agent for Project Rebuild Community High School

May 25th, 2007