Texline ISD
Bishop Perry Order, FCC-06-54

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
Request for Review of the	)	
Decision of the	)	
Universal Service Administrator by	)	
	)	
Bishop Perry Middle School	)	File Nos. SLD-487170, *et al.*
New Orleans, LA, *et al.*	)	
	)	
Schools and Libraries Universal Service	)	CC Docket No. 02-6
Support Mechanism	)	

ORDER

Adopted: May 2, 2006 **Released: May 19, 2006**

By the Commission: Commissioner Copps issuing a separate statement.

I. INTRODUCTION

1. In this Order, we grant 196 appeals of decisions by the Universal Service Administrative Company (USAC) concerning the schools and libraries universal service support mechanism (also known as the E-rate program) denying funding due to certain clerical or ministerial errors in the application, *i.e.*, a failure to timely file an FCC Form 471, a failure to timely file a certification related to an FCC Form 470, or a failure to comply with minimum processing standards.[1] As explained below, we find that special circumstances exist to justify a waiver of the Commission's rules, and, accordingly, we grant these appeals and remand the underlying applications associated with these appeals to USAC for further action consistent with this Order. To ensure that the underlying applications are resolved expeditiously, we direct USAC to complete its review of each application listed in the Appendices, and issue an award or a denial based on a complete review and analysis, no later than 60 days from release of this Order. In addition, we direct USAC to provide all future and pending applicants with a 15-day opportunity to cure any ministerial or clerical errors on their FCC Form 470, FCC Form 471, or associated certifications. We also direct USAC to develop targeted outreach procedures designed to better inform applicants of application procedures.

2. As we recently noted, many E-rate program beneficiaries, particularly small entities, contend that the application process is complicated, resulting in a significant number of applications for E-rate support being denied for ministerial, clerical or procedural errors.[2] We find that the actions we

[1] In this Order, we use the term "appeals" to generically refer to requests for review of decisions, or waivers related to such decisions, issued by the Commission, the Wireline Competition Bureau, or the Administrator. A list of these pleadings is attached as Appendices A-C. One of the appeals is a petition for reconsideration of a Commission order filed by the Information Technology Department of the State of North Dakota.

[2] *Comprehensive Review of Universal Service Fund Management, Administration, and Oversight, Federal-State Joint Board on Universal Service, Schools and Libraries Universal Service Support Mechanism, Rural Health Care Support Mechanism, Lifeline and Linkup, Changes to the Board of Directors of the National Exchange Carrier*

take here to provide relief from these types of errors in the application process will promote the statutory requirements of section 254(h) of the Communications Act of 1934, as amended (the Act), by helping to ensure that eligible schools and libraries actually obtain access to discounted telecommunications and information services.[3] In particular, we believe that by directing USAC to modify certain application processing procedures and granting a limited waiver of our application filing rules, we will provide for a more effective application processing system that will ensure eligible schools and libraries will be able to realize the intended benefits of the E-rate program as we consider additional steps to reform and improve the E-rate program.[4] Requiring USAC to take these additional steps will not reduce or eliminate any application review procedures or lessen the program requirements that applicants must comply with to receive funding. Indeed, we retain our commitment to detecting and deterring potential instances of waste, fraud, and abuse by ensuring that USAC continues to scrutinize applications and takes steps to educate applicants in a manner that fosters program participation. We also emphasize that our actions taken in this Order should have minimal effect on the overall federal Universal Service Fund (USF or the Fund), because the monies needed to fund these appeals have already been collected and held in reserve.[5]

II. BACKGROUND

3. Under the E-rate program, eligible schools, libraries, and consortia that include eligible schools and libraries may apply for discounts for eligible telecommunications services, Internet access, and internal connections. The E-rate application process generally begins with a technology assessment and a technology plan.[6] After developing the technology plan, the applicant must file the FCC Form 470 (FCC Form 470) to request discounted services such as tariffed telecommunications services, month-to-month Internet access, cellular services, or paging services, and any services for which the applicant is seeking a new contract.[7] The FCC Form 470 must be posted on USAC's schools and libraries division website for at least 28 days.[8] The applicant must then comply with the Commission's competitive

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Association, Inc., WC Docket Nos. 05-195, 02-60, 03-109, CC Docket Nos. 96-45, 02-6, 97-21, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 20 FCC Rcd 11308 (2005) (*Comprehensive Review NPRM*).

[3] 47 U.S.C. § 254(h). The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, amended the Communications Act of 1934.

[4] *Comprehensive Review NPRM*, 20 FCC Rcd at 11324-25, paras. 37-40 (seeking comment on the application process and competitive bidding requirements for the schools and libraries program).

[5] We estimate that the appeals granted in this Order involve applications for approximately $68 million in funding for Funding Years 1999-2005. We note that USAC has already reserved approximately $585 million to fund outstanding appeals. *See, e.g.*, Universal Service Administrative Company, Federal Universal Service Support Mechanisms Fund Size Projections for the Fourth Quarter 2005, dated August 2, 2005. Thus, we determine that the action we take today should have minimal effect on the USF as a whole.

[6] 47 U.S.C. § 254(h)(1)(B); 47 C.F.R. § 54.504. Applicants seeking discounts only for telecommunications services do not need to develop a technology plan. *See Request for Review of the Decision of the Universal Service Administrator by United Talmudical Academy, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association*, CC Docket Nos. 96-45, 97-21, Order, 16 FCC Rcd 18812, 18816, para. 11 (2001). In August, 2004, the Commission revised its rules concerning technology plans. *See Schools and Libraries Fifth Report and Order*, 19 FCC Rcd at 15826-30, paras. 51-63. *See Schools and Libraries Universal Support Mechanism*, CC Docket No. 02-6, Fifth Report and Order, 19 FCC Rcd 15808, 15826-30, paras. 51-63 (2004) (*Schools and Libraries Fifth Report and Order*).

[7] If the technology plan has not been approved when the applicant files the Form 470, the applicant must certify that it understands that the technology plan must be approved prior to commencement of service. 47 C.F.R. § 54.504(b)(2)(vii).

[8] 47 C.F.R. § 54.504(b)(4).

bidding requirements set forth in sections 54.504 and 54.511(a) of the Commission's rules.[9] The applicant then files the FCC Form 471 (FCC Form 471), after entering into agreements for eligible services.[10] Section 54.507 of the Commission's rules states that fund discounts will be available on a first-come-first-served basis.[11] Under the Commission's rules, USAC implements an initial filing period, or filing window, for the FCC Form 471 applications that treats all schools and libraries filings within that period as if their applications were simultaneously received.[12]

4. The Commission has vested in USAC the responsibility of administering the application process for the schools and libraries universal service support mechanism.[13] Pursuant to this authority, USAC has established procedures, including "minimum processing standards," to facilitate its efficient review of the thousands of applications requesting funding that it receives.[14] These minimum processing standards are designed to require an applicant to provide at least the minimum data necessary for USAC to initiate review of the application under statutory requirements and Commission rules. When an applicant submits an FCC Form 470 or FCC Form 471 application that omits information required by the minimum processing standards, USAC automatically returns the application to the applicant without considering it for discounts under the program, without inquiring into the cause of the omission or without providing the applicant with the opportunity to cure the error.[15] For example, if an applicant failed to answer all blocks 1-6 on the FCC Form 471 or failed to submit a properly signed signature certification, the applicant's FCC Form 471 would be rejected and returned to the applicant, without further consideration.[16]

5. The Commission has under consideration various appeals filed by parties that have requested funding for discounted services under the schools and libraries universal service support mechanism.[17] The petitioners request review of decisions, or waivers related to such decisions, issued by

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[9] 47 C.F.R. §§ 54.504, 54.511(a).

[10] This form is to request discounts on those services and it contains the discount calculation worksheet and the discount funding request. The FCC Form 471 must be filed each time a school or library orders telecommunications services, Internet access, or internal connections.

[11] 47 C.F.R. §§ 54.507(c).

[12] 47 C.F.R. §§ 54.507(c).

[13] *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).

[14] *See, e.g.*, Instructions for Completing the Universal Service Schools and Libraries Services Ordered and Certification Form (FCC Form 471), OMB 3060-0806 (December 2002) (FCC Form 471 Instructions) at 6-9.

[15] *See, e.g.*, USAC website, Form 471 Minimum Processing Standards and Filing Requirements for FY 4,

http:// www.sl.universalservice.org/reference/471mps.asp (Minimum Processing Standards).

[16] *Id.* But note, in the *Naperville Order*, the Commission determined that USAC should not return an application without consideration for having omitted information required by USAC's minimum processing standards where: (1) the request for information is a first-time information requirement on a revised form, thereby possibly leading to confusion on the part of the applicants; (2) the omitted information could be easily discerned by USAC through examination of other information included in the application; and (3) the application is otherwise substantially complete. *Request for Review by Naperville Community Unit School District 203, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-203343, CC Dockets No. 96-45 and 97-21, Order, 16 FCC Rcd 5032,5037-38, paras. 12-15 (2001) (*Naperville Order*).

[17] *See* Appendices A-C.

the Commission, the Wireline Competition Bureau, or USAC.[18] The decisions at issue involve the denial of funding based on an applicant's failure to timely file an FCC Form 471, a failure to timely file certifications related to an FCC Form 470, or a failure to comply with minimum processing standards.[19]

6. The Commission may waive any provision of its rules on its own motion and for good cause shown.[20] A rule may be waived where the particular facts make strict compliance inconsistent with the public interest.[21] In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.[22] In sum, waiver is appropriate if special circumstances warrant a deviation from the general rule, and such deviation would better serve the public interest than strict adherence to the general rule.[23]

III. DISCUSSION

7. In this item, we consider 196 appeals of decisions denying requests for funding from the schools and libraries universal service support mechanism based on an applicant's failure to timely file an FCC Form 471, a failure to timely file the certifications related to an FCC Form 470, or a failure to comply with minimum processing standards. We consider these three groups of applicants separately below.

8. Generally, the petitioners argue that immaterial clerical, ministerial or procedural errors resulted in rejection of their requests. Some also dispute that an error was made at all. For the reasons discussed below, we waive the relevant Commission rules, and grant all pending appeals pertaining to decisions denying funding due to a failure to comply with minimum processing standards, a failure to timely file an FCC Form 471, or a failure to timely file certifications related to an FCC Form 470, and remand the underlying applications associated with these appeals to USAC for further action consistent with this Order. In remanding these applications to USAC, we make no finding as to the ultimate eligibility of the requested services.

9. In many instances here we depart from prior Commission precedent.[24] For the reasons described below, however, we find that the departure is warranted and in the public interest. Although we base our decision to grant these requests in part on the fact that many of the rules at issue here are

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[18] For purposes of this Order, decisions by both the Schools and Libraries Division and USAC will be collectively referred to as decisions issued by USAC.

[19] *See* Appendices A-C.

[20] 47 C.F.R. §1.3.

[21] *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*).

[22] *WAIT Radio v. FCC*, 418 F.2d 1153, 1157, (D.C. Cir. 1969), *affirmed by WAIT Radio v. FCC*, 459 F.2d 1203 (D.C. Cir. 1972), *cert. denied*, 409 U.S. 1027 (1972).

[23] *Northeast Cellular*, 897 F.2d at 1166.

[24] *See, e.g., Request for Review by St. John's School, Schools and Libraries Universal Service Support Mechanism, Order*, 20 FCC Rcd 8171 (2005); *Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the national Exchange Carrier Association, Inc., Bruggemeyer Memorial Library, Order*, 14 FCC Rcd 13170 (1999); *see also Naperville Order*, 16 FCC Rcd at 5036 -5037, para. 11 (Although the Commission granted Naperville's request for review, it affirmed that "consistent with the Commission's rule requiring applicants to submit a 'completed' FCC Form 471, SLD's minimum processing standards provide an efficient means to minimize unnecessary administrative costs by reducing the number of substantially incomplete applications that SLD must review and process," and concluded that "it is appropriate for SLD to require the information requested by Item 22[in Form 471], and for SLD to return applications that fail to provide this information in any form.").

procedural, such a decision is in the context of the purposes of section 254 and cannot be applied generally to other Commission rules that are procedural in nature. Specifically, section 254 directs the Commission to "enhance . . . access to advanced telecommunications and information services for all public and non-profit elementary and secondary school classrooms, health care providers and libraries."[25] Because applicants who are eligible for funding will now receive the opportunity for that funding where previously it was denied for minor errors, we believe granting waivers of these rules in these instances, particularly in light of the limited 15-day correction period we impose, will better ensure that universal service support is distributed first to the applicants who are determined by our rules to be most in need, and thus, further the goals of section 254. We caution, however, that even in the context of the schools and libraries program, the waivers here should not be read to mean that applicants will not be required in the future to comply fully with our procedural rules, which are vital to the efficient operation of the E-rate program. To ensure these issues are resolved expeditiously, we direct USAC to complete its review of the applications listed in the Appendices and issue an award or a denial based on a complete review and analysis no later than 60 days from release of this Order.

10. *Applications Denied for Failing to Meet the Minimum Processing Standards.* Sixty-three applicants were denied funding for failing to meet USAC's minimum processing standards.[26] Some of these appeals involved clerical errors on the part of petitioners who inadvertently left portions of the FCC Form 470 or FCC Form 471 blank or made minor errors while completing the form.[27] Some petitioners

[25] *See* 47 U.S.C. § 254(h).

[26] *See* Appendix C. We estimate that these 63 appeals involve applications for approximately $34 million in funding for Funding Years 1999-2005 and note that these funds have already been collected and held in reserve. Also covered in this Order is one application that does not technically involve a minimum processing error. Alexander City Schools discovered it had incorrectly requested a lesser amount of money than it needed. Even though it promptly notified USAC of its error – within nine days – USAC found that because the correction was made after the close of the filing window, USAC could not correct the amount of funding. *See* Request for Review by Alexander City Schools.

[27] Request for Review by Alexander City Schools; Request for Review by Athens City Schools; Request for Review by Bay St. Louis-Waveland School District; Request for Review of Bucksport School Department; Request for Review of Calumet City School District No. 155; Request for Review of Clovis Unified School District; Request for Review and Waiver of Colegio San Antonio; Request for Review of Colton School District #53; Request for Review of Cooperative Educational Service Agency #12; Request for Review of Creighton School District; Request for Review of Elsa Public Library; Request for Review of Emery Unified School District; Request for Review of Fairfax County Public Schools; Request for Review of Forsyth County Public Library; Request for Review of Franklin Lakes School District; Request for Review of French Camp Academy; Request for Review of Henderson County Public Library; Request for Review of Hood River County School District; Request for Review of Incarnation School; Request for Review of Jackson District Library; Request for Review of Lawrence County School District; Request for Review of Leary Independent School District; Request for Review of Mabton School District 120; Request for Review of Marshfield Public Schools; Request for Review of Maumee City School District; Request for Review of McKittrick School District; Request for Review of Memphis City Schools; Request for Review of Mililani-Mauka Elementary School; Request for Review of Northampton Public Schools; Request for Waiver of Radford City Schools; Request for Review of Rangeley Public Library; Request for Review of Richards Independent Schools; Request for Review of Richford High School; Request for Review of Santa Cruz Catholic School; Request for Review of Sevier County Library; Request for Review of St. Joseph the Carpenter Schools; Request for Review of St. Lawrence Catholic School; Request for Review of St. Mary's Academy; Request for Review of Suffolk Cooperative Library System; Request for Review of Sweetser; Request for Review of Teton County Library; Request for Review and Waiver of Toledo Academy of Learning; Request for Review of Unger Memorial Library; Request for Review of Upper Adams School District; Request for Review of Vidalia City School District; Request for Review of Volusia County Schools; Request for Review of West Genesee Central School District; Petition for Reconsideration of City of Newport News; Application for Review of Des Moines Public Schools; Petition for Reconsideration of King and Queen County Public Schools.

experienced technical problems, either with their own equipment or while interfacing with USAC's electronic filing mechanism, and failed to properly file electronically.[28] Other petitioners used outdated USAC forms.[29] Some other petitioners claim that the rules and instructions for filing an FCC Form 470 or FCC Form 471 are vague and unclear and that the resulting misunderstandings led to minor mistakes on their applications.[30] Finally, others maintain that they did not violate the minimum processing standards at all.[31]

11. Based on the facts and circumstances of these specific cases, we find that good cause exists to waive the minimum processing standards established by USAC. Minimum processing standards are necessary to ensure the efficient review of the thousands of applications requesting funding that USAC receives. In these circumstances, applicants committed minor errors in filling out their application forms. For example, among other problems, applicants inadvertently forgot to fill in a box, had computer problems, used an outdated form that requests primarily the same information as the current one, or misread the instructions. We do not believe that such minor mistakes warrant the complete rejection of each of these applicants' E-rate applications, especially given the requirements of the program and the thousands of applications filed each year.[32] Importantly, applicants' errors could not have resulted in an advantage for them in the processing of their application. That is, the applicants' mistakes, if not caught by USAC, could not have resulted in the applicant receiving more funding than it was entitled to. In addition, at this time, there is no evidence of waste, fraud or abuse, misuse of funds, or a failure to adhere to core program requirements. Furthermore, we find that the denial of funding requests inflicts undue hardship on the applicants. In these cases, we find that the applicants have demonstrated that rigid compliance with the application procedures does not further the purposes of section 254(h) or serve the public interest.[33] We therefore grant these appeals and remand them to USAC for further processing consistent with this Order.

12. *Applications Denied for Filing Outside the FCC Form 471 Filing Window.* We also have before us for consideration 103 appeals of USAC decisions that denied funding for applications that were filed outside of the FCC Form 471 filing window.[34] Some petitioners maintain that they submitted the

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[28] Request for Review of Burnt Hills-Ballston Lake Central School District; Request for Review of West Sioux Community School District.

[29] Request for Review by Perrysburg Exempt Village School; Request for Review by Lawrence County School District; Request for Review by Maumee City School District; Request for Review of Maine School Administrative District No. 36; Request for Review of Moencopi Day School.

[30] Request for Review of City of Boston; Request for Review of Department of Neighborhood Development; Request for Review of Tennessee School Boards Association; Application for Review of Paramus School District.

[31] Request for Review of Biblioteca Electronica de Rio Hondo; Request for Review of Sarah A. Reed Children's Center; Request for Review of South Winneshiek Community School District.

[32] The initial application is 14 pages long. *See* USAC website, Schools and Libraries Universal Service

Description of Services Requested and Certification Form 470, available at http://www.universalservice.org/_res/documents/sl/pdf/470.pdf.

[33] See 47 U.S.C. § 254(h).

[34] *See* Appendix B. We estimate that these 103 appeals involve applications for approximately $30 million in funding for Funding Years 1999-2005, and note that these funds have already been collected and held in reserve. In the case of Fairfax School District R3, Minnesota Transition School, Minnewaska Area Schools, Our Lady of The Lake School, and St. Francis of Assisi School, the applicants had not yet submitted their completed FCC Forms 471 before filing their requests for review with the Commission but anticipated that their forms would be filed outside the FCC Form 471 filing window. *See* Request for Review of Fairfax School District R3; Request for Waiver of

relevant information on time.[35] Given that it is difficult to determine in these cases whether the error was the fault of the applicant, USAC or a third party, we give the applicants the benefit of the doubt. We find that a slight delay in USAC's receipt of the applications in each of these cases does not warrant the complete rejection of each of these applicants' E-rate applications. Therefore, we find that good cause exists to waive section 54.507 of the rules for these applications.[36]

13. The rest of the petitioners assert a waiver is appropriate for one of two reasons: either someone on the applicants' staff made a mistake or had a family emergency that prevented them from filing on time or the delay in the filing or receipt of the application was due to circumstances out of the applicants' control. Specifically, in the first group, some of these appeals involve applicants whose staff members inadvertently failed to file the application forms in a timely manner.[37] Another group of petitioners state that they were unable to comply with the filing deadline due to staff illness or relatives of staff members who were ill.[38] Other petitioners claim that the rules and instructions for filing an FCC

Minnesota Transition School; Request for Waiver of Minnewaska Area Schools; Request for Waiver of Our Lady of The Lake School; Request for Waiver of St. Francis of Assisi School.

[35] Request for Review of Centerville School District 60-1; Request for Appeal of Colonial Intermediate Unit 20; Request for Review of Derby Public Schools; Request for Review of Ferndale Area School District; Request for Review of Kent City Schools; Request for Review of Mel Blount Youth Home; Request for Review of North Panola School District; Request for Review of Oglala Lakota Technology Consortium; Request for Review and Waiver of Perrysburg Exempt Village School District.

[36] *See* 47 C.F.R. § 54.507(c).

[37] Request for Waiver of Assabet Valley Regional Vocational School District; Request for Review of Barnwell County School District 45; Request for Review of Bath County School District; Request Waiver of Beavertown Community Library; Request for Review of Brown County School Corporation; Request for Review of Caruthers Unified School District; Request for Review of Central Catholic High School; Application for Review of Chawanakee Joint Elementary School District; Request for Review of Clearwater Memorial Library; Request for Waiver of Clinton County Board of Education; Request for Review of Coahoma County Public Schools; Requests for Review of Consorcio de Escuelas y Bibliotecas; Request for Review and Waiver of CPC Behavioral Healthcare; Request for Review of Delta County School District; Request for Review of Fairfax School District R3; Request for Review of Germantown School District; Request for Waiver of Hawaii State Public Library; Petitioner for Reconsideration of High Bridge Board of Education; Request for Waiver of Holmes District School Board; Request for Review of Hubbard Independent School District; Request for Waiver of Indian Oasis Baboquivari District 40; Request for Waiver of Island Trees Public Library; Request for Waiver of Jefferson School District; Request for Review of Los Alamitos Unified School District; Request for Review of Madera Unified School District; Request for Review of Malone Independent School District; Request for Waiver of McClure Community Library; Request for Waiver of Middleburg Community Library; Request for Waiver of Minnesota Transition School; Request for Waiver of Minnewaska Area Schools; Request for Review of Montfort & Allie B. Jones Memorial Library; Request for Waiver of Mount Ayr Community School District; Request for Waiver of Mount Saint John School; Request for Waiver of Mt. Carroll Township Public Library; Request for Review of Our Lady of Refuge; Request for Waiver of Pinon Dormitory; Request for Waiver of Queen of Apostles Catholic School; Request for Waiver of Richmond Public Library; Request for Review of Rylander Memorial School; Request for Waiver of Selinsgrove Community Library; Petitioner for Reconsideration of Siskiyou County Library; Request for Review of Southeast Delco School District; Request for Review of Southeastern Libraries Cooperating; Request for Review of St. Clement's Regional Catholic School; Request for Review of St. Elizabeth Interparochial School; Request for Waiver of St. Francis of Assisi School; Request for Waiver of SuperNet Consortium; Request for Waiver of Tiverton School Department; Request for Waiver Wabash Valley Educational Center; Request for Review of Wallington Public Schools; Request for Waiver of Walnut Community School District; Request for Waiver of Washington Local School District; Request for Waiver of Westside Holistic Family Services; Request for Review of Whitfield County School District; Request for Waiver of Wilkinson County School District; Request for Review of Wilson Memorial Library.

[38] Request for Waiver of Augusta County Library; Request for Review of Bonnie Brae Educational Center School; Request for Review of Garvey School District; Request for Waiver of Gaston County School District; Request for

Form 471 are vague and unclear and that the resulting misunderstandings led to forms being filed after the filing window.[39]

14. Based on the facts and circumstances of these specific cases, we find that good cause exists to waive the deadline for filing the FCC Form 471 found in section 54.507 of the Commission's rules.[40] Under Bureau precedent deadlines have been strictly enforced for the E-rate program,[41] including those pertaining to the FCC Form 471. We nevertheless find that good cause exists to waive the deadline in these cases. Generally, these applicants claim that staff mistakes or confusion resulted in the late filing of their FCC Form 471s. We note that the primary jobs of most of the people filling out these forms include school administrators, technology coordinators and teachers, as opposed to positions dedicated to pursuing federal grants, especially in small school districts. Even when a school official has learned how to correctly navigate the application process, unexpected illnesses or other family emergencies can result in the only official who knows the process being unavailable to complete the application on time. Given that the violation at issue is procedural, not substantive, we find that the complete rejection of each of these applications is not warranted. Notably, at this time, there is no evidence of waste, fraud or abuse, misuse of funds, or a failure to adhere to core program requirements. Furthermore, we find that denial of funding in these cases would inflict undue hardship on the applicants. In these cases, the applicants have demonstrated that rigid compliance with USAC's application procedures does not further the purposes of section 254(h) or serve the public interest.[42] We therefore grant these appeals and remand them to USAC for further processing consistent with this Order.

15. The second group of petitioners failed to file an FCC Form 471 in a timely manner due to circumstances beyond their control, such as school reorganizations or inclement weather.[43] Some petitioners state that technical problems, either with their own equipment or while interfacing with USAC's electronic filing mechanism, prevented the FCC Form 471s from being timely filed.[44] Other

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Waiver Millennium Community School; Request for Waiver of Northwest Institute for Contemporary Learning, Inc.; Request for Waiver of St. Mary's School; Petition for Reconsideration of Neches Independent School District; Request for Waiver of Unadilla Community School.

[39] Request for Waiver of Blackwell Public Schools; Request for Waiver of Brooklyn Jesuit Prep; Request for Review of Cecil County Public Schools; Request for Review of Colleton County School District; Request for Review of Jefferson City School District; Request for Review of Laporte School District 306; Request for Waiver of Nativity Mission School; Request for Review of Pierce City School District R6; Request for Waiver of St. Ignatius Academy.

[40] *See* 47 C.F.R. § 54.507(c).

[41] *See, e.g., Request for Review by Information Technology Department State of North Dakota, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.,* File No. SLD-245592, CC Docket Nos. 96-45 and 97-21, Order, 17 FCC Rcd 7383, 7389, para. 13 (Wireline Comp. Bur. 2002) (*North Dakota Order*); *Request for Review by Wilmington Public Schools, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.,* File No. SLD-254818, CC Docket Nos. 96-45 and 97-21, Order, 17 FCC Rcd 12069, 12071, paras. 7-8 (Wireline Comp. Bur. 2002) (*Wilmington Public Schools Order*); *Request for Review by South Barber Unified School District, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.,* File No. SLD-158897, CC Docket Nos. 96-45 and 97-21, Order, 16 FCC Rcd 18435, 18437-38, para. 7 (Com. Car. Bur. 2001) (*South Barber Order*).

[42] *See* 47 U.S.C. § 254(h).

[43] Request for Waiver of Design and Engineering Services; Request for Waiver of Nelson County Public Schools; Request for Waiver of Our Lady of the Lake School.

[44] Request for Waiver of A.C.E. Charter High School; Request for Review of American School for the Deaf; Request for Waiver of Associated Marine Institutes, Inc.; Request for Review of Clinton Public Schools; Request

petitioners claim that they attempted to mail their FCC Form 471s on time but that problems with a third-party carrier prevented the application from arriving in a timely manner.[45]

16. Based on the facts and circumstances of these specific cases, we find that good cause exists to waive the deadline for filing the FCC Form 471 found in section 54.507(c) of the Commission's rules.[46] Under Bureau precedent, deadlines have been strictly enforced for the E-rate program,[47] including those pertaining to the FCC Form 471. We nevertheless find that good cause exists to waive the deadline in these cases. Generally, these applicants claim that problems with third parties or circumstances outside their control resulted in the late filing of their FCC Form 471s. We find that, given that the violation at issue is procedural, not substantive, a complete rejection of each of these applications is not warranted, especially given that the error in these cases is not the fault of the applicants. Notably, at this time, there is no evidence of waste, fraud or abuse, misuse of funds or a failure to adhere to core program requirements. Furthermore, we find that denial of funding in these cases would inflict undue hardship on the applicants. In these cases, the applicants have demonstrated that rigid compliance with USAC's application procedures does not further the purposes of section 254(h) or serve the public interest.[48] We therefore grant these appeals and remand them to USAC for further processing consistent with this Order.

17. *Applications Denied for Failing to Certify FCC Form 470.* We also have before us for consideration 29 appeals of USAC decisions that denied funding for applications because their FCC Forms 470 were not certified or not certified before the close of the filing window.[49] Some of these appeals involve applicants whose staff members inadvertently failed to file the certification before the filing window closed.[50] Some petitioners state that technical problems, either with their own equipment or while interfacing with USAC's electronic filing mechanism, prevented the FCC Forms 470 from being certified.[51] Other petitioners claim that they attempted to mail their FCC Form 470s certifications but that

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for Waiver of Howard County School District; Requests for Waiver of Jemez Mountain School District; Request for Waiver of Leggett Valley Unified School District; Request for Review of Maine School Administrative District #36; Request for Review of Meriwether County School System; Request for Review of North East Independent School District; Request for Review of Saint John Grammar School; Request for Review of Trinity Christian School; Request for Review of Watson School District #56.

[45] Request for Waiver of Las Vegas City Schools; Request for Review of Loogootee Community School Corporation.

[46] *See* 47 C.F.R. § 54.507(c).

[47] *See, e.g., North Dakota Order*, 17 FCC Rcd at 7389, para. 13; *Wilmington Public Schools Order*, 17 FCC Rcd at 12071, paras. 7-8; *South Barber Order*, 16 FCC Rcd at 18437-38, para. 7.

[48] *See* 47 U.S.C. § 254(h).

[49] We estimate that these 29 appeals involve applications for approximately $4 million in funding for Funding Years 1999-2005, and note that these funds have already been collected and held in reserve.

[50] Request for Waiver of Bishop Perry Middle School; Request for Review of Canby School District 891; Request for Review of Candler County Board of Education; Request for Review of Cassopolis Public School; Request for Review of Construction Careers Center; Request for Review of Dunmore School District; Request for Review of Fluvanna County School District; Request for Review of Interstate 35 Community School District; Request for Review of Lydia Bruun Woods Memorial Library; Request for Review of Mabton School District 120; Request for Review of New York State Office of Children & Family Services; Request for Review of Proctor Public Schools; Request for Review of Weld County School District Six.

[51] Request for Review of Fort Atkinson School District; Request for Waiver of Northwestern Local School District; Request for Review of Tewksbury Public Schools; Request for Review of Unified School District 443 Information Technologies Services; Request for Review of Weld County School District Re-3(J).

the FCC Form 470 was either lost by a third-party carrier or USAC.[52] Still other petitioners maintain that they complied with program rules.[53]

18. Based on the facts and circumstances of these specific cases, we find that good cause exists to waive the requirement that the certification be filed with FCC Form 470 for these applicants. Our rules require that applicants certify that certain eligibility and program requirements are met.[54] Specifically, the certifications include attestations that applicants have a current technology plan, if applicable; that they will conduct the competitive bidding process in accordance with Commission rules; that the applicant is an eligible school or library or consortium; that the funding will be used for educational purposes; that the applicant has not received anything of value from the service provider, other than the requested services, in connection with the request for services; that applicants have the necessary resources to use the services purchased effectively; that the signatory has the authority to submit the request on behalf of the applicant; that the applicant has complied with applicable federal, state and local procurement laws and that violations of the rules may result in suspension or debarment from the program.[55] These certifications on the FCC Form 470 are important to maintain the integrity of the E-rate program and are necessary to ensure that only eligible entities receive support under the program.

19. We find, however, that a missing certification does not constitute a substantive violation, but a procedural one. We emphasize that these applicants still must file the certifications, even though they are late, for their applications to be processed by USAC. The question here is one of timing. USAC denied these applications not because the applicants refused to sign the certification, but because it was not received by USAC by the filing deadline, which meant that the applications were incomplete. Many of the applicants thought they had complied with the requirements, but due to computer error or other third-party errors, the certifications did not reach USAC.

20. While the Bureau has enforced existing filing deadlines for the E-rate program,[56] we find that good cause exists to waive the procedural deadline in these cases. We find that given that the violation at issue is procedural, not substantive, we find that a complete rejection of each of these applications is not warranted, especially given that the error in these cases is not the fault of the applicants. Notably, at this time, there is no evidence of waste, fraud or abuse, misuse of funds or a failure to adhere to core program requirements revealed by the record in these matters. Furthermore, we find that denial of funding in these cases would inflict undue hardship on the applicants. In these cases, the applicants have demonstrated that rigid compliance with USAC's application procedures does not further the purposes of section 254(h) or serve the public interest.[57] We therefore grant these appeals and remand them to USAC for further processing consistent with this Order.

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[52] Request for Review of Cook County School District 130; Request for Waiver of Creighton Community Public Schools; Request for Review of Gladwin County Library; Request for Review of Tamaroa Public School District #5; Request for Review of Welch Independent School District 17; Request for Review of Yeshiva Ktana of Passaic.

[53] Request for Review of Goose Creek Consolidated Independent School District; Request for Review of Morley-Stanwood Community School District; Request for Review of Sibley East Independent School District #2310; Request for Review of Temple Terrace Public Library.

[54] 47 C.F.R. § 54.504(b).

[55] *Id.*

[56] *See, e.g., North Dakota Order*, 17 FCC Rcd at 7389, para. 13; *Wilmington Public Schools Order*, 17 FCC Rcd at 12071, paras. 7-8; *South Barber Order*, 16 FCC Rcd at 18437-38, para. 7.

[57] *See* 47 U.S.C. § 254(h).

21. *North Dakota Petition for Reconsideration.* As part of this decision, we also grant a Petition for Reconsideration of an Order filed by the Information Technology Department of the State of North Dakota.[58] North Dakota mailed its FCC Form 471 certification after the deadline, but asserts that it did not understand when it needed to mail the certification after filing the application electronically.[59] In *North Dakota*, the Commission rejected North Dakota's arguments that a waiver of its filing requirements was warranted because of, *inter alia*, the complex nature of the application process and the detrimental effect the denial would have on the public schools and libraries in North Dakota.[60] The Commission stated that "the size and complexity of the application" did not establish good cause to waive the Commission's rules, and reiterated that all applicants are subject to the same filing rules, which are necessary for the program to be administered in an efficient and equitable basis.[61]

22. On reconsideration, we find that good cause exists to waive the deadline for filing the FCC Form 471. We now believe that, consistent with our reasoning above, a procedural violation should not have resulted in the rejection in North Dakota's entire application. Contrary to our earlier ruling, we note that our waiver standard allows us to consider hardship when analyzing whether particular facts meet the standard. We find here that denial of funding in this case would inflict undue hardship on the applicant. Notably, at this time, there is no evidence of waste, fraud or abuse, misuse of funds or a failure to adhere to core program requirements. Furthermore, we find that in this case, the applicant has demonstrated that rigid compliance with USAC's application procedures does not further the purposes of section 254(h) or serve the public interest.[62] For these reasons, we find that a waiver of our filing requirements is warranted, and we grant the Petition for Reconsideration filed by the Information Technology Department of the State of North Dakota.

23. *Additional Processing Directives for USAC.* As of the effective date of this Order, we require USAC to provide all E-rate applicants with an opportunity to cure ministerial and clerical errors on their FCC Form 470 or FCC Form 471, and an additional opportunity to file the required certifications. Specifically, USAC shall inform applicants promptly in writing of any and all ministerial or clerical errors that are detected in their applications, along with a clear and specific explanation of how the applicant can remedy those errors. USAC shall also inform applications promptly in writing of any missing or incomplete certifications. Applicants shall have 15 calendar days from the date of receipt of notice in writing by USAC to amend or refile their FCC Form 470, FCC Form 471 or associated certifications.[63] USAC shall apply this directive to all pending applications and appeals even if such applications or appeals are no longer within the filing window. The 15-day period is limited enough to ensure that funding decisions are not unreasonably delayed for E-rate applicants and should be sufficient time to

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[58] *Application for Review of a Decision by the Wireline Competition Bureau, Information Technology Department State of North Dakota, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-245592, CC Dockets No. 96-45 and 97-21, Order, 18 FCC Rcd 21521 (2003).

[59] *Id.*

[60] *Id.*

[61] *Id.*, 18 FCC Rcd at 21525-27, paras. 12, 17-18.

[62] *See* 47 U.S.C. § 254(h).

[63] Applicants will be presumed to have received notice five days after such notice is postmarked by USAC. USAC, however, shall continue to work beyond the 15 days with applicants attempting in good faith to amend their applications. This 15-day opportunity to refile or amend applications exists only where applicants have attempted to file their FCC Form 470 and FCC Form 471 within the filing window. If applicants miss the filing window entirely, they would need to file a request for waiver of the deadline with the Commission.

correct truly unintentional ministerial and clerical errors.[64] The opportunity for applicants to amend their filings to cure minor errors will also improve the efficiency and effectiveness of the Fund. Because applicants who are eligible for funding will now receive funding where previously it was denied for minor errors, we will ensure that funding is distributed first to the applicants who are determined by our rules to be most in need of funding. As a result, universal service support will be received by schools in which it will have the greatest impact for the most students. Furthermore, the opportunity to amend the application will improve the efficiency of the schools and libraries program. If USAC helps applicants file correct and complete applications initially, USAC should be able to reduce the money it spends on administering the fund because fewer appeals will be filed protesting the denial of funding for these types of issues. Therefore, we believe this additional opportunity to cure inadvertent administrative, ministerial, and clerical errors on applications will improve the administration of fund.

24. To complement this effort, USAC shall also develop a more targeted outreach program and educational efforts to inform and enlighten applicants on the various application requirements, including the application and certification deadlines, in an attempt to reduce these types of errors. We expect that the additional outreach and educational efforts will better assist E-rate applicants in meeting the program's requirements. Similarly, USAC shall develop a targeted outreach program designed to identify schools and libraries that have timely posted an FCC Form 470 on USAC's website but have failed to file the associated FCC Form 470 certification. USAC should also notify applicants that have filed an FCC Form 470, but have failed to file an FCC Form 471 or its certification by the close of the filing window. We believe such an outreach program will increase awareness of the filing rules and procedures and will assist applicants in filing complete and correct application. As we noted above, we believe that these changes will improve the overall efficacy of the program.

25. In addition, we note that, in the *Comprehensive Review NPRM*, we started a proceeding to address the concerns raised herein by, among other things, improving the application and disbursement process for the schools and libraries support mechanism.[65] Although we expect that the additional direction we have provided in this Order will help ensure that eligible schools and libraries can more effectively navigate the application procedures, this action does not obviate the need to take steps to reform and improve the program based on the record in the *Comprehensive Review* proceeding.

26. We emphasize the limited nature of this decision. As stated above, we recognize that filing deadlines and minimum processing standards are necessary for the efficient administration of the E-rate program. Although we grant the 196 subject appeals before us, our action here does not eliminate the minimum processing standards, or the deadlines for filing the FCC Form 470 and FCC Form 471, or certifications to the FCC Form 470 or 471. We continue to require E-rate applicants to submit complete and accurate information to USAC as part of the application review process. The direction we provide USAC will not lessen or preclude any application review procedures of USAC. All existing E-rate program rules and requirements will continue to apply, including USAC's minimum processing standards, the existing forms and documentation with the associated certifications, USAC's Program Integrity Assurance review procedures, and other processes designed to ensure applicants meet the applicable program requirements.

27. Finally, we are committed to guarding against waste, fraud, and abuse, and ensuring that funds disbursed through the E-rate program are used for appropriate purposes. Although we grant the appeals addressed here, we reserve the right to conduct audits and investigations to determine compliance

[64] We note that applicants will retain the ability to appeal decisions denying funding requests on the grounds discussed herein.

[65] *Comprehensive Review NPRM.*

with the E-rate program rules and requirements. Because audits and investigations may provide information showing that a beneficiary or service provider failed to comply with the statute or Commission rules, such proceedings can reveal instances in which universal service funds were improperly disbursed or in a manner inconsistent with the statute or the Commission's rules. To the extent we find that funds were not used properly, we will require USAC to recover such funds through its normal processes. We emphasize that we retain the discretion to evaluate the uses of monies disbursed through the E-rate program and to determine on a case-by-case basis that waste, fraud, or abuse of program funds occurred and that recovery is warranted. We remain committed to ensuring the integrity of the program and will continue to aggressively pursue instances of waste, fraud, or abuse under our own procedures and in cooperation with law enforcement agencies.

IV. ORDERING CLAUSES

28. ACCORDINGLY, IT IS ORDERED that, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 1.3, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 1.3 and 54.722(a), that the Requests for Review and Requests for Waiver of 47 C.F.R. §§ 54.507(c) and 54.504(b) filed by the petitioners as listed in Appendices A-C ARE GRANTED.

29. IT IS FURTHER ORDERED that, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 1.3, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 1.3 and 54.722(a), that the Requests for Review and/or Requests for Waiver filed by the petitioners as listed in Appendices A-C ARE REMANDED to USAC for further consideration in accordance with the terms of this Order.

30. IT IS FURTHER ORDERED that, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 1.3, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 1.3 and 54.722(a), that the Petition for Reconsideration filed by the Information Technology Department of the State of North Dakota IS GRANTED and IS REMANDED to USAC for further consideration in accordance with the terms of this Order.

31. IT IS FURTHER ORDERED that, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, USAC SHALL COMPLETE its review of each remanded application listed in the Appendices and issue an award or a denial based on a complete review and analysis no later than 60 days from release of this Order.

32. IT IS FURTHER ORDERED that this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A
Form 470 Certification Filing Violations
Requests for Review and Waivers

Applicant	Application Number	Funding Year	Type of Appeal
Bishop Perry Middle School New Orleans, LA	487170	2005	Request for Waiver
Canby School District 891 Canby, MN	414927, 401098, 412330	2004	Request for Review
Candler County Board of Education Metter, GA	314603	2002	Request for Review
Cassopolis Public School Cassopolis, MI	256502	2001	Request for Review and Waiver
Construction Careers Center St. Louis, MO	358508	2003	Request for Review
Cook County School District 130 Blue Island, IL	357892	2003	Request for Review
Creighton Community Public Schools Creighton, NE	356062	2003	Request for Waiver
Dunmore School District Dunmore, PA	391672	2004	Request for Review
Fluvanna County School District Palmyra, VA	360642	2003	Request for Review
Fort Atkinson School District Fort Atkinson, WI	366145, 366454, 366439, 366372	2003	Request for Review.
Gladwin County Library Gladwin, MI	219040	2001	Request for Review
Goose Creek Consolidated Independent School District Baytown, TX	320463	2002	Request for Review
Hart County School System Hartwell, GA	395563	2004	Request for Review
Interstate 35 Community School District Truro, IA	479137	2005	Request for Waiver