

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Request for Review of the)	
Decision of the)	
Universal Service Administrator by)	
)	
Kerman Unified School District)	File No. SLD-141904
Kerman, California)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Changes to the Board of Directors of the)	CC Docket No. 97-21
National Exchange Carrier Association, Inc.)	

ORDER

Adopted: April 16, 2001

Released: April 17, 2001

By the Common Carrier Bureau:

1. The Common Carrier Bureau has under consideration a Request for Review filed by Kerman Unified School District (Kerman), Kerman, California.¹ Kerman seeks review of a funding commitment decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator) pursuant to a funding request for internal connections.² For the reasons set forth below, we grant Kerman’s appeal and remand Kerman’s funding application to SLD for further determination in accordance with this Order.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts

¹ Letter from Larry Teixeira, Kerman Unified School District, to Federal Communications Commission, filed May 12, 1999 (Request for Review).

² See Letter from Schools and Libraries Division, Universal Service Administrative Company, to Larry Teixeira, Kerman Unified School District, issued November 9, 1999 (Funding Commitment Decision Letter); Letter from Schools and Libraries Division, Universal Service Administrative Company, to Larry Teixeira, Kerman Unified School District, issued May 4, 2000 (Administrator’s Decision on Appeal).

for eligible telecommunications services, Internet access, and internal connections.³ In order to receive discounts on eligible services, the Commission's rules require that the applicant submit to the Administrator a completed FCC Form 470, in which the applicant sets forth the applicant's technological needs and the services for which it seeks discounts.⁴ Once the applicant has complied with the Commission's competitive bidding requirements and entered into an agreement for eligible services, it must file an FCC Form 471 application to notify the Administrator of the services that have been ordered, the carrier with whom the applicant has entered into an agreement, and an estimate of funds needed to cover the discounts to be given for eligible services.⁵ This information is generally provided in Block 5 of FCC Form 471. Among other information, Block 5 requires the applicant to indicate services requested, the name of the service provider, the type of service or product for which support is sought, and the estimated total annual pre-discount cost. Using information provided by the applicant in its FCC Form 471, the Administrator determines the amount of discounts for which the school is eligible. Approval of the application is contingent upon the filing of FCC Form 471, and funding commitment decisions are based on information provided by the school or library in this form.

3. The instant appeal arises from Kerman's Funding Year 2 application for discounted internal connections, Funding Request Number (FRN) 224368. In its FCC Form 471, filed on March 30, 1999, Kerman sought support in a single funding request for internal connections that it valued at \$228,466. In its Funding Commitment Decision Letter, SLD modified the funding request to a pre-discount amount of \$133,357 to reflect the eligible services identified in information provided by the applicant.⁶

4. Kerman filed an appeal with SLD on November 29, 1999, claiming that it did not communicate properly the nature of the equipment when first contacted by SLD's Program Integrity Assurance (PIA) unit.⁷ In response, SLD affirmed its decision stating that the funding request was reduced to the amount supported by the documentation provided in Kerman's Form 471 and in information provided by Kerman during initial review.⁸

5. In the instant appeal, Kerman seeks full funding for its request for internal connections, which it states includes the cost of labor for installation and programming. Kerman

³ 47 C.F.R. §§ 54.502, 45.503.

⁴ 47 C.F.R. § 54.504 (b)(1), (b)(3).

⁵ 47 C.F.R. § 54.504(c).

⁶ See Funding Commitment Decision Letter at 4.

⁷ Letter from Larry Teixeira, Kerman Unified School District, to Schools and Libraries Division, Universal Service Administrative Company, filed November 29, 1999. The PIA reviews applications and is responsible for ensuring that the discounts sought by applicants are for eligible services and for eligible uses.

⁸ See Administrator's Decision on Appeal.

states that during the initial review, SLD requested a breakdown of costs for the individual hardware associated with its funding request. Kerman argues that it fully complied with SLD's request for the cost of individual hardware, i.e., it provides a description, quantity, and cost of each item of hardware associated with the funding request. Kerman states that, in reducing the request by \$95,109, it appears SLD assumed that the break down of costs provided by Kerman in response to SLD's inquiry represented the entire cost of the funding request, and thus did not consider the cost of the labor to install and program the eligible services.⁹

6. Our review of the record reveals that SLD asked Kerman for information regarding "the cost associated with the individual hardware (i.e., cost of phones \$30,000, voice mail \$15,000, etc.) on FRN 224368."¹⁰ We find that SLD's request for additional information did not adequately communicate the information required to properly evaluate Kerman's funding request. Given the phrasing of SLD's request for information on individual hardware costs, we conclude that it was reasonable for Kerman to interpret SLD's inquiry as not requesting information relating to other costs, such as labor. Accordingly, we remand Kerman's application to SLD for further review.¹¹

7. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the Request for Review filed May 12, 2000, by Kerman Unified School District, Kerman, California, IS GRANTED to the extent provided herein. We direct the Schools and Library Division to review Kerman's funding application and, if warranted, to issue a revised Funding Commitment Decision Letter in accordance with the above-stated decision.

FEDERAL COMMUNICATIONS COMMISSION

Carol E. Matthey
Deputy Chief, Common Carrier Bureau

⁹ See Request for Review.

¹⁰ See Request for Review, Exhibit B, Fax from Thomas J. McNally, Schools and Libraries Division.

¹¹ We do not suggest that the circumstances require a decision in Kerman's favor, but find that SLD's ambiguous request for additional information requires remand.