

## **A Summary of Comments on the E-rate Program Submitted by the American Library Association to the Federal Communications Commission (October 17, 2005) (Includes Flowcharts)**

In June 2005 the Federal Communication Commission announced that it was seeking public comments as part of its comprehensive review of the E-rate program. (This process is formally known as a Notice of Proposed Rulemaking—NPRM). In August the ALA's Office for Information Technology Policy (OITP) and the ALA's E-rate Task Force met in Chicago to draft the basic outline for the ALA's comments, which were filed with the FCC on October 17, 2005. The FCC now has a "Reply" comment period which is open through December 19, 2005. Filing comments is an easy process and can be done by selecting the "Submit a Filing" option on the right-hand menu of the FCC's website at <http://www.fcc.gov/cgb/ecfs/>. The docket number for the E-rate is 02-6. Comments can be a formal reply of several pages, or can be far less detailed. *The ALA encourages libraries to file reply comments in support of ALA's E-rate reform proposals.*

A summary of the ALA's comments is below. Any summary, by definition, does not provide the level of detail found in the full comments, which are on the OITP E-rate website at <http://www.ala.org/ala/washoff/WOissues/techinttele/erate/>. This summary also includes the three flowcharts that were attached as appendices to the full comments. Appendix A represents the current application process. Appendix B depicts ALA's recommended changes which are referenced as "Item" numbers corresponding to various parts of the application process. Items highlighted in red can be eliminated or modified and the items in green need to be added. Appendix C is the final, simplified program as envisioned by ALA.

While the overall impact of the E-rate program has been positive, the program itself is at a difficult crossroads. Over the past eight years, numerous changes have been made to the program that result in an application and funding process that is cumbersome, overly complex, and nearly impossible for small and needy applicants. Furthermore, this complicated process has created opportunities for waste, fraud, and abuse. Political pressure, negative press, and declining library participation make it clear that the E-rate needs revolutionary change to help the program achieve its stated goals.

The ALA is recommending a major simplification of the E-rate to address the program's challenges. The essence of the simplification proposal is to shift the process such that USAC makes payment directly to the applicant who, in turn, will pay the service provider. By taking this approach, many steps in the application and disbursement process are eliminated. The benefits of this approach are as follows:

- Overall program simplification means fewer opportunities for a few bad actors to commit fraud and abuse.
- A simpler application process means higher-quality applications, eliminating most causes of waste.
- A less bureaucratic and more logical process means that limited FCC/SLD resources can be better allocated to monitoring large and complex applications, further addressing waste, fraud and abuse.
- A simpler application process will increase participation in the program, particularly among small libraries and schools which cannot now afford the staff time the program demands.
- Eliminating Forms 470, 472 and 486 will make the program much easier for applicants to understand and thus facilitate greater participation.

Beyond this revolutionary plan for simplification, ALA also encourages the FCC to consider a new method for calculating poverty in library outlets/branches. We have filed comments previously on this issue and once again are asking the Commission to level the playing field for libraries and schools.

The ALA's reform proposal addresses 27 items, each of which involves a form, document, or step in the process. Several key changes are briefly summarized below with references to the complete comments. (See the complete comments for more specific information.) Many of the recommended changes to the application process are based on a fundamental change to the program: all payments for E-rate eligible services would be made directly to the applicant who would in turn make payment to the service provider

just as entities do today for any other non-E-rate purchases of similar magnitude. This approach puts applicants and their governing authorities back in the “driver’s seat” and allows for those normal checks and balances used by libraries and schools (e.g., invoice reviews, fiscal audits) to be applied to the E-rate process.

**Item 1—Technology Plans: Remove from E-rate Program Requirements (page 11 in comments).**

While we agree that technology plans are an important tool to ensure that useful and cost effective implementation of technology occurs, this is an area that is best monitored and managed at the state level.

**Item 2—Form 470: Remove from E-rate Program Requirements (p. 12).**

We believe that the competitive bidding requirements of state and local governments should govern the requirements for each E-rate applicant. Additional layers of complexity have been added by the FCC to the procurement process through use of the Form 470.

**Item 4—Form 471: Retain as the *single application process form* (p. 14).**

The Form 471 would become the single “application” process form. If the Form 471 remains essentially the same, the program simplifications we are recommending can be implemented quickly. In other words, the application process—the Form 471—would not need to be completely retooled, thus avoiding delays in the annual E-rate application process.

**Item 6—PIA (Program Integrity Assurance) Review. Keep as the method of reviewing applications but with severe restructuring based on program clarity and elimination of duplicative requests for information (p.17).**

Applications must be reviewed to ensure that funds are being properly committed. However, PIA is hamstrung by the same uncertainty in reviewing the applications as are applicants in submitting them. For the program to work properly, emphasis should be moved from the back end of the process (e.g., audits, commitment adjustments, appeals) to the front end of the process—clarity in application requirements, clarity in eligible services, simplification of the process itself. The current PIA process entails what seems to be yet another entire application process.

**Item 7 and 7a—FCDL (Funding Commitment Decision Letter): Keep as a means of notifying applicants of approved applications. Cease sending the FCDL to service providers (p. 18).**

The FCDL is a critical tool in communicating approval or denial status to applicants and provides other useful information.

**Item 9—Form 486 (Receipt of Service Confirmation Form): Remove from E-rate Program Requirements (p. 20).**

Under today’s E-rate program structure, payments are made to the service provider, who either reimburses the applicant for payment already made or provides discounts on bills. With payments going directly to applicants, this form is not needed.

**Item 11 and Item 12—Form 472 (Billed Entity Applicant Reimbursement Form) and Form 474 (Service Provider Invoice): Remove from E-rate Program Requirements and replace with Invoice process from applicant that clearly defines what is necessary for payment. (p. 21).**

Currently, the Form 472 does not require that bills be submitted for review. Yet, often during the processing of the BEAR form, separate communications with applicants occur requesting that bills be submitted. This often feels like yet another application process, with requests for various contract information and non-OMB approved forms (e.g., the Service Certification Form) that must be filled out by service providers to certify that services were actually delivered. With payment going directly to applicants this form is not needed.

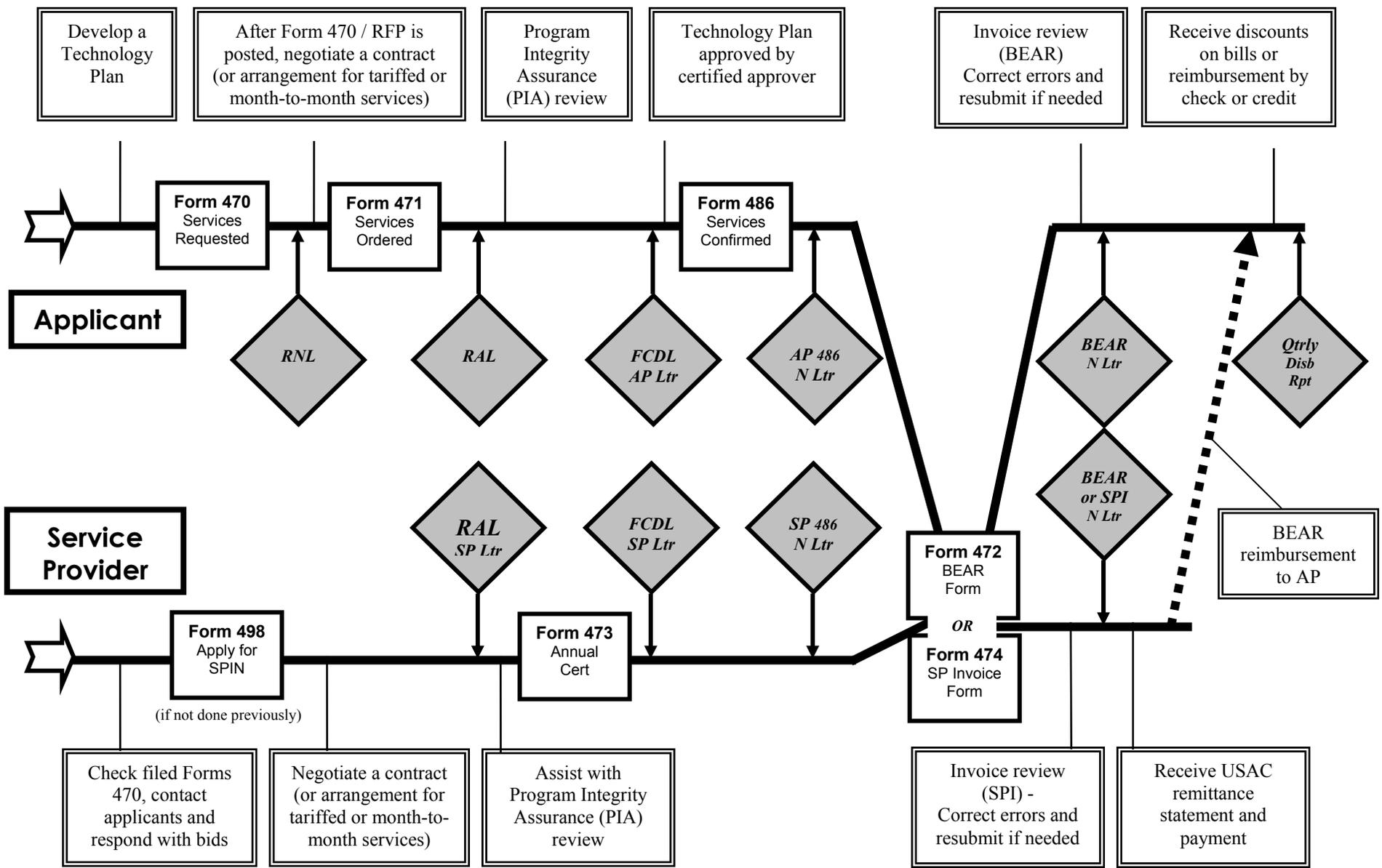
In summary, the ALA believes its recommendations will significantly improve the E-rate program and increase library participation. We ask the library community to support our recommendations by filing supporting comments with the FCC.

# Appendix A

## Application Process Flow Chart

Key	
AP or SP	Applicant or Service Provider
SPIN	Service Provider Identification Number
RNL	Form 470 Receipt Notification Letter
RAL	Form 471 Receipt Acknowledgment Letter
FCDL	Funding Commitment Decision Letter
486 NLtr	Form 486 Notification Letter
BEAR or SPI	Billed Entity Applicant Reimbursement or Service Provider Invoice
Qtrly Disb Rpt	Quarterly Disbursement Report

**Wait at least 28 days!**

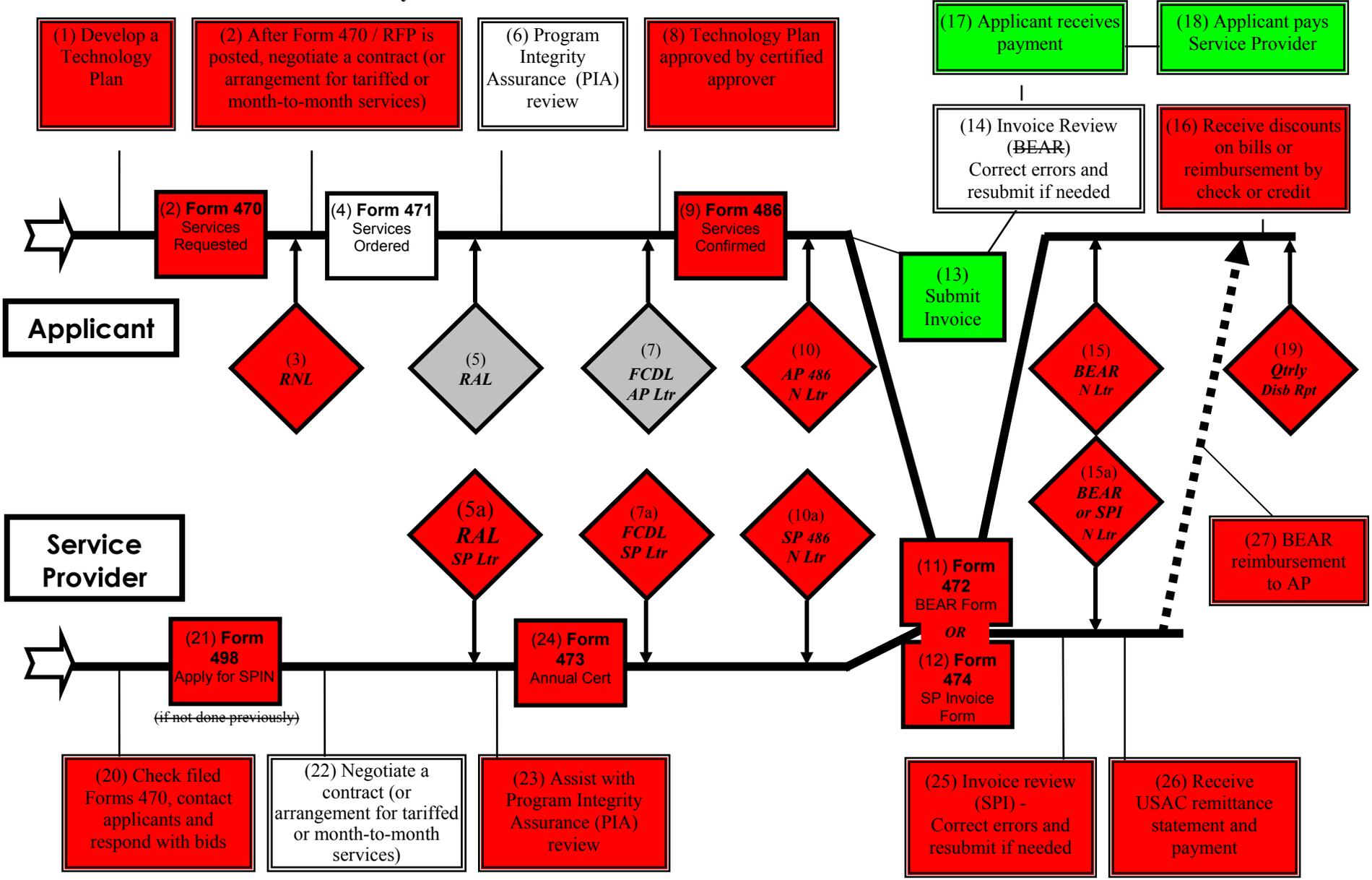


# Appendix B

## Application Process Flow Chart

Key	
AP or SP	Applicant or Service Provider
SPIN	Service Provider Identification Number
RNL	Form 470 Receipt Notification Letter
RAL	Form 471 Receipt Acknowledgment Letter
FCDL	Funding Commitment Decision Letter
486 NLtr	Form 486 Notification Letter
BEAR or SPI	Billed Entity Applicant Reimbursement or Service Provider Invoice
Qtrly Disb Rpt	Quarterly Disbursement Report

**Wait at least 28 days!**



# Appendix C

## Application Process Flow Chart

Key	
AP or SP	Applicant or Service Provider
SPIN	Service Provider Identification Number
RNL	Form 470 Receipt Notification Letter
RAL	Form 471 Receipt Acknowledgment Letter
FCDL	Funding Commitment Decision Letter
486 NLtr	Form 486 Notification Letter
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