Recommendations of the
Task Force on the Prevention of Waste, Fraud and Abuse

Convened by the Schools and Libraries Division,
Universal Service Administrative Company

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Executive Summary

In early 1997, the Federal Communications Commission launched a program to enable schools and libraries throughout the United States to access advanced technologies and the learning resources of the Internet. Since then, schools and libraries have made use of more than $7 billion dollars worth of discounts to help them purchase Telecommunications Services, Internet Access and Internal Connections.

Before the E-rate program started, only 27 percent of U.S. public school classrooms were connected to the Internet, according to the National Center for Education Statistics. By 2001, NCES reported, that number had grown to 87 percent. In addition, 85 percent of public schools that are connected to the Internet reported in 2001 that they had a broadband connection. In 1997, only 60 percent of library systems provided public access in one of their outlets, while in 2002, 95 percent of public library outlets provided public access. The E-rate program is necessary to continue to enable K-12 students and library patrons to access remote learning resources and to develop 21st century learning skills.

Recently, concerns have been raised about the extent to which the E-rate program may have become subject to waste, fraud and abuse. To help it address these concerns, the Schools and Libraries Division of the Universal Service Administrative Company, with support from the Federal Communications Commission, created a 14-member Task Force representing diverse program stakeholders in May 2003. The Task Force was asked to make recommendations on how best to address these concerns.

The Task Force members work with the program on a daily basis—in school districts and libraries, in private schools and consortia, as state leaders and consultants, and for companies that provide telecommunications services, Internet access and networking equipment. Task Force members brought, on average, more than five years of experience each in working with the program. In a series of four face-to-face meetings and many communications in between, Task Force members shared their diverse perspectives on where the program could be susceptible to waste, fraud and abuse and what specific steps could be taken to address those issues. Through the SLD web site and other means, the Task Force publicly solicited input on various drafts of its recommendations and received valuable feedback from many stakeholder groups and program participants. In addition, the Task Force heard a number of good suggestions for improving the operation of the E-rate program. However, its charge was to focus on issues relating to the potential for waste, fraud and abuse, and it has limited its recommendations to those areas.

Based on its experience with the program, Task Force members believe that outright fraud in the E-rate program is limited, and that the SLD, the FCC and law enforcement agencies are taking appropriate actions to remedy such cases. Thus, the Task Force chose to focus on areas that have the greatest potential for waste and abuse. The Task Force believes that some of these areas may involve stakeholders following existing rules that now need to be tightened, regulations that are in need of clarification and situations in which applicants and/or service providers were found to have made mistakes because of the program's complexity.

The Task Force's recommendations fall into four broad areas:

- **BUILDING BLOCK ISSUES**—The Task Force believes changes can be made in the program's basic framework that will preserve the program's original goals while reducing the potential for waste, fraud and abuse.

- **CLARITY OF RULES**—The Task Force recommends that a number of program rules and standards be clarified so that applicants will be better able to comply with them.

- **ENFORCEMENT AND COMPLIANCE**—The Task Force believes that certain enforcement and compliance procedures should be improved to address some areas that may be particularly susceptible to potential waste, fraud and abuse.

- **EFFECTIVE USE OF RESOURCES**—The Task Force recommends refocusing the limited resources of the SLD, and those of applicants and service providers, to address areas that represent the biggest causes for concern.

The Task Force discussed a wide range of ideas for improving the program. The recommendations below are those that were supported by at least 10 members of the Task Force and opposed by no more than two members. The Task Force urges the Commission and the SLD to move swiftly to implement the recommendations. It encourages the SLD and Commission to implement as many as possible in time so that they can be communicated to applicants and service providers to guide their applications for the 2004 funding year. The Task Force recognizes that other recommendations will take longer to implement, and may require additional input to the Commission in the form of a Notice of Proposed Rule Making. The recommendations that the Task Force believes can be implemented in whole or in part by November 1, 2003 are identified with an asterisk (*).

Task Force Recommendations

1. Building Blocks

The E-rate program's implementation, as envisioned by the Federal-State Joint Board on Universal Service and the Commission, was founded on a few basic principles:

- Schools and libraries were to prepare technology plans to determine the technology they needed to achieve their mission.

- Their purchases would be based on a competitive bidding process.

- They would receive discounts on the E-rate eligible products and services they actually purchased.

This latter requirement distinguished the E-rate program from many other sources of funding for educational technology.

The Task Force believes that while well-intentioned, this framework has not worked perfectly in practice and believes some aspects need to be addressed. We also recognize that the Commission is already looking at some of these issues.

a. The Task Force recommends that the discount matrix be revised.

The Task Force believes that the discount matrix, as currently structured, unintentionally encourages some waste, fraud and abuse. Applicants that are required to contribute only 10 percent of the cost of their services or products may not always have enough incentive to seek the most cost-effective prices or the most competitive bids. Adjusting the matrix may also deter some service providers from offering to cover the portion of the cost that, under program rules, is to be paid by the applicant.

Under the Telecommunications Act of 1996, the primary goal of the E-rate program was to provide improved connectivity for schools and libraries. Thanks to the program, many high-discount applicants are already enjoying the benefits of broadband connectivity at substantial discounts, and might be forced to curtail these services if they lost access to their discounts. While the Task Force has observed the problems described above with both Priority One services and Priority Two services, it believes that problems occur more frequently with Priority Two services. Consequently, at this time it recommends adjusting the current Urban/Rural discount matrix only for Priority Two services and stipulating that applicants would have to pay at least 20 percent of the price of E-rate-eligible Priority Two services.

Here is what the discount matrix would look like if the Task Force's recommendation were adopted. The only two discount rates that would be affected are highlighted in boldface:

POVERTY LEVEL Measured by % of students eligible for the National School Lunch Program	PRIORITY ONE URBAN LOCATION Discount	PRIORITY ONE RURAL LOCATION Discount	PRIORITY TWO URBAN LOCATION Discount	PRIORITY TWO RURAL LOCATION Discount
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	**80%**	**80%**

At the same time, the Task Force recommends that all Priority Two applicants in the new 80 percent discount band be given equal priority. This would mean that if there is insufficient funding to support all applicants in this discount band that the SLD would be required to pro-rate funding commitments across the entire 80 percent band. This will help ensure that a group of applicants that are still quite

poor, namely those currently eligible for an 80 percent discount rate, should be able to qualify for at least some Priority Two discounts for the first time since 1999.

The Task Force acknowledges that this proposal would impose a hardship on some applicants who are currently eligible for a 90 percent discount rate. It recognizes that this recommendation would have the effect of doubling the amount that these applicants would have to pay to qualify for discounts on Priority Two services. Nevertheless, the Task Force believes that this change, implemented in tandem with its many other recommendations, would have a major impact on addressing circumstances that inadvertently could allow some waste, fraud and abuse in the E-rate program.

b. The Task Force recommends that the Commission consider imposing a ceiling on the amount of funding that an applicant can request.

A ceiling would limit those applications that appear to be seeking disproportionately large funding requests. It is believed that this, along with other Task Force recommendations, would help ensure that applicants are submitting the most cost-effective funding requests. Further, a formula that produces a modest reduction in such requests is likely to promote greater competition in the program as a whole by expanding the base of applicants that could qualify for Priority Two support.

Applicants would be advised that both their Priority One and Priority Two funding requests are subject to a ceiling and would have to decide how to make best use of their available funding. By endorsing this concept, the Task Force is *not* supporting the idea of turning the E-rate program into an entitlement program, or allocating the available funds among all participating applicants.

In the brief amount of time available, the Task Force explored a handful of possible formula models for establishing this kind of ceiling. These models included formulas based on the number of students and/or library patrons, based on the number of sites, and a formula that would take the applicant's discount rate into consideration. The Task Force also tested models in which the ceiling would apply to an applicant's combined funding requests for Priority One and Priority Two services, and separate ceilings for the two kinds of services. While reaching no conclusion on which approach was better, the Task Force believes that the ceiling concept should be applied to both service priorities.

A ceiling must also be implemented in such a way that it does not favor particular kinds of applicants. For instance, some models might tend to favor large applicants, while others might tend to favor small applicants. The Task Force did not have time to fully test all of these ideas and recommends that the Commission test multiple models before choosing a particular one. The Task Force is happy to share with the Commission the work it has already done in this area.

The Task Force does agree that any formula ultimately adopted by the Commission should be simple for the SLD to administer and easy for applicants to understand. Any formula should be based upon data that are readily available and grounded in a policy that is sound and logically defensible. The Task Force believes it should be possible to integrate a formula into the Form 471, based on information that applicants are already required to submit. Ideally, this would not impose additional work on applicants. It will be important to ensure that a ceiling formula addresses the question of how to manage the requests of schools and libraries that may also be members of consortia.

The Task Force acknowledges that any formula for setting a ceiling may ultimately curtail some funding requests. Nevertheless, it believes that as long as the E-rate funding pool is not large enough to meet the funding requests of all eligible applicants, the imposition of a properly constructed ceiling on funding requests would encourage applicants to create more cost-effective plans for ensuring access.

c. The Task Force makes two recommendations for addressing issues related to the competitive bidding process.

The Task Force believes that the program's competitive bidding process is not working as effectively as policy makers had intended. The Task Force makes two recommendations to help address issues that have arisen and encourages the Commission to continue its own review of these processes with applicants and service providers.

- The Task Force believes that a process should be convened to better match the complexity of the application process with the complexity of individual applicant situations. At a minimum, this process should explore creating simpler versions of the Form 470 and Form 471 for smaller and less complex applications. The Task Force believes that applicants seeking small amounts of funding, particularly for Priority One services, are being held to a process that is inappropriate for the kinds of services and dollars at stake.

- The Task Force recommends that the current Form 470 application be modified to require applicants to list generally the types of products and services that they are seeking, regardless of whether they have also prepared an RFP. Currently, the online Form 470 application permits applicants only to specify that they have an RFP or to list their needs in a generic way; they are not required to do both. The Task Force believes that this would help the SLD verify the procurement process. Implementing this recommendation will make it easier for all interested service providers to review applicants' needs and prevent applicants or their agents from making it difficult to review an RFP in a way that could limit competition. At the same time, the Task Force recommends that the SLD make clear to all applicants that the Form 470 is intended to represent what the applicant truly needs and wants to purchase, not simply a listing of all potentially E-rate eligible services.

d. The Task Force recommends that the goals, requirements and procedures associated with the E-rate program's technology planning process be reviewed in accordance with other pertinent federal requirements for technology planning.

The Task Force believes that schools and libraries should engage in a planning process to ensure that they choose the technologies that best suit their particular needs. Many E-rate applicants are already subject to technology planning requirements because they receive other forms of federal funding. In the years since the Telecommunications Act of 1996 was passed, many of these requirements and procedures have changed. To better coordinate requirements for technology plans, the Task Force recommends that the goals, requirements and procedures associated with the E-rate program's technology planning process be reviewed in accordance with the technology goals and planning requirements of the U.S. Department of Education and the U.S. Institute for Museum and Library Services.

2. Clarity of Rules

The Task Force believes there needs to be greater clarification of program rules, along with increased, strong program support staff and educational outreach to further ensure the optimal usage of program resources. The following recommendations are focused on key areas that could quickly impact the ability of the SLD to enforce the rules and the ability of applicants and service providers to understand and follow them.

a. *Prior to the start of the annual training cycle, the SLD needs to provide clear policy, procedures, eligible services list, etc., for the upcoming program year and work to minimize the need for clarifications of the rules during the Program Integrity Assurance review process.

The Task Force believes that if applicants have a better understanding of the rules and standards that will be applied, they will be better equipped to obey them. Providing clarity at the beginning of the cycle will also help avoid the waste associated with pursuing appeals that result from a misunderstanding of the rules.

b. The Task Force recommends that the SLD work with stakeholder groups to develop voluntary, instructional guidelines on what would be considered the generally reasonable cost and functionality for common E-rate-eligible products and services.

This approach is designed to provide better guidance to applicants with less experience in procuring telecommunications and technology services and products and to help them better evaluate the bids and proposals they receive.

c. Establish and publish service life guidelines for common products.

The FCC should establish service-life guidelines, which will determine the useful life of equipment funded under the E-rate program. By providing guidelines on the service life, the E-rate program can ensure applicants plan their needs over several years, while avoiding wasteful turnover of equipment.

d. The FCC should make clear that applicants may not transfer equipment within the service life period without SLD waiver.

The Task Force asserts that the lack of guidelines around how long the product or service must be utilized at the qualifying school or library can lead to program waste. Program rules should prohibit the moving of equipment to other locations prior to the end of the service life without a waiver. The FCC should move forward with its pending proposal to restrict transferability of equipment.

e. The Task Force recommends that the SLD establish and publicize reasonable standards for warranties or other defined hardware support services for Internal Connections equipment that are tied to the recommended service life guidelines.

The Task Force is concerned that attempts may be made to incorporate an increasingly broad range of support services under the rubric of eligible equipment maintenance. Providing applicants with standards for the warranties or support that may accompany hardware purchases will help them be smarter consumers and make sure that discounts are provided only for support levels that meet program rules.

f. *The SLD should make public the same detailed, product-specific information on eligible services that is provided to PIA reviewers.

To ensure that applicants and service providers alike are very clear on what products and services are eligible, the SLD should make public its list of eligible offerings by product name, and this list should be available on the web. The SLD should make clear that such a list is not exclusive and that eligibility remains conditional upon the specific uses of a product or service. Further, given the pace of innovation in this sector, there should be a mechanism to ensure the list is kept current and that new products or services can be quickly evaluated for inclusion.

The Task Force recognizes that the FCC has directed the SLD to create, as a pilot test, a computerized version of the eligible services list for internal connections. However, in the meantime the Task Force suggests that during this testing period, sharing the PIA reviewers' current list could aid in reducing waste and abuse.

g. *Because of the specialized knowledge and technical expertise required to properly evaluate eligible services, the Task Force recommends that the SLD create a larger, more permanent "eligible services team" within the PIA staff.

Adoption of this recommendation would mean that there exists a true SLD resource to turn to for help in navigating one of the most confusing parts of the program. For example, this team of reviewers would be available to provide more sophisticated advice to applicants and service providers about the eligible services rules prior to the applicant's filing of the Description of Services documentation. Further, the Task Force recommends that PIA staff be hired on a more permanent basis and in sufficient numbers to complete PIA reviews in a consistent and timely manner.

h. *Clarify specific guidance to applicants, service providers, and consultants regarding if and when service providers may provide technology planning and/or procurement management (i.e., management support services, technical assistance, consulting services, contractor assistance in technical evaluations, or systems engineering where the service provider is responsible for the development or production phases of a contract) and still be permitted to compete for follow-on contracts.

The Task Force believes that the SLD should clarify its guidance in this area to ensure that competitive bidding will occur consistently within the program and to clearly communicate restrictions or rules in this area to applicants, service providers and consultants.

i. *The Task Force recommends that the FCC direct the SLD to not automatically deny all of an applicant's funding requests on a Form 471 that cited a particular Form 470 if procurement or contract problems related to the Form 470 posting are identified only with a specific funding request or a specific service provider.

The Task Force believes that the current policy has led to the denial of some applicants' funding requests that were not subject to service provider manipulation, simply because the applicant filed a single Form 470 application.

j. *Develop standardized Form 471 worksheets to support or supplant Item 21 attachments.

The Task Force believes that standardized worksheets would help applicants more easily understand and comply with program eligibility rules, plus make the forms easier for review by SLD staff. These worksheets would provide useful documents beneficial to applicants and service providers and expedite PIA/audits with increased and standardized information.

k. *The Task Force believes that it is important to increase SLD resources for providing information and guidance to applicants, service providers and consultants.

The SLD should review with stakeholder groups the best strategies for accomplishing this task. Among the ideas that should be considered (this list is not exhaustive):

- Expand applicant and service provider workshops (for example, three to five regional locations);
- Provide at least one national satellite and/or webcast applicant-oriented training session;
- Develop an e-mail-based alert system to proactively alert applicants and service providers to new program developments;
- Track and publicize common questions and problems identified through helpline calls and PIA review.
- Provide more information and guidance using the web.

Continual education about program rules, in conjunction with alerts to new or clarified rules and frequently asked questions/discovered mistakes, should lead to increased understanding and compliance with program rules.

l. *Actively publicize best practices, bad practices and E-rate achievement stories.

One of the ways that the program should be strengthened is to allow applicants and service providers to learn from each other's successes and mistakes. By creating a section of the SLD website for best practices and program violations, the SLD can advise program stakeholders how best to comply with program rules.

The SLD web site content could include:

- Case studies on successful projects
- Features on most common mistakes with real-life examples
- Reports on substantial program violations – including the names of applicants, service providers and consultants involved where legally permitted
- Audit reports – success stories and mistakes to avoid

The Task Force believes that making this important information available to the entire E-rate community will help ensure that applicants, consultants and service providers can more effectively understand what practices to emulate and avoid.

3. Compliance and Enforcement

The Task Force approached program compliance with a view toward making the rules workable without causing an undue administrative burden on applicants, service providers or the SLD. The Task Force also attempted to identify program areas where additional oversight or reporting was required in order to ensure checks and balances. The Task Force believes that these recommendations are additional steps toward that goal.

a. Develop consultant disclosure and registration practices.

Due to the current complexity underlying the E-rate program, many applicants and service providers feel the need to bring in an "E-rate expert" to assist them in understanding the processes and documentation unique to this program. The Task Force recognizes that the benefits gained through the use of a consultant can be substantial, but also recognizes that problems can occur through reliance on untrained or unscrupulous consultants. As a result, the Task Force recommends that the following actions be considered:

- Assign an entity code to consultants similar to that of applicants and service providers to identify their actions going forward.
- Require consultants who prepare applications on behalf of applicants to submit a standardized disclosure statement to the applicant, detailing the nature of any potential conflicts of interest that the consultant may have as a result of his/her dealings with service providers.
- Follow "IRS tax preparer" signature policies for consultants or other non-applicants who prepare forms.

These basic changes to the program are a step toward a "professionalization" of the E-rate consultant along the lines of consultants in other industries. The Task Force feels that these changes do not unnecessarily burden consultants as a whole and represent a cost-effective approach to reducing potential abuses.

b. *Strengthen the review process for the issuance of Service Provider Identification Numbers (SPINs) and Eligible Telecommunications Provider (ETP) designation.

The SPIN is the key identifier used to track the activity of a given service provider. Today, this is a self-certification process with little additional verification. The Task Force recommends a change in the manner in which SPINs are issued. SPIN issuance and ETP designation should involve a more detailed analysis of the service provider, its principals and the nature of its business. Additional checks should also be made against a list of known program violators to prevent a barred service provider from operating the following year under a new name and SPIN.

c. *Provide a means of allowing applicants to review Service Provider Invoices associated with Internal Connections projects prior to payment by the SLD.

Under current program rules, many applicants are faced with an inability to monitor payments made on phased projects typical in the Internal Connections category. The Task Force recommends that the applicant be permitted, but not required, to notify the SLD that it wishes to review its portion of the Service Provider Invoice of its Internal Connections service provider before payments are disbursed to those service providers. If an applicant's response is not received within a specified period of time, the SLD will disburse the money without the applicant's response. This approach is designed to improve accountability by addressing the applicant's current lack of control over the pacing of the progress payments for phased Internal Connections projects after the initial Form 486 has been filed while not unduly delaying the recovery of funds by the Service Provider. In addition, the applicant will be able to identify and correct billing errors earlier.

d. *Explore a process to prevent applicant subunits from filing applications without authorization of their central control or authority.

For example, applicants should be permitted to notify the SLD in advance that they wish to prevent funding of requests submitted on behalf of their subunits, such as individual schools within a school district or schools/libraries associated with a central authority.

e. *Develop audit policies to reflect compliance with the rules that existed during the funding year to which the funding was associated and to better communicate the degree of program compliance.

The absence of a mature rule base has resulted in the addition of guidelines and/or rules over time that attempt to correct program shortcomings as they were identified. These new guidelines and rules were developed over the first six years of the program through the review process attempting to close perceived loopholes, the appeal process addressing specific instances not found in the existing rule base or a Notice of Proposed Rule Making (NPRM) where new policy was being made. The Task Force believes that program audits, which are a necessary part of waste, fraud and abuse prevention, need to focus on the policies, procedures, eligible services, etc., that existed during the funding year that is being audited. Measuring program compliance against policies, procedures, eligible services, etc., which were not in place during a particular funding year is inherently unfair and invalid. It also creates a misperception that waste, fraud and abuse are more prevalent than is the case.

The Task Force is also in agreement that a tier approach should be used in reporting audit results. By using audit compliance tiers, such as "Compliant," Generally Compliant" or "Non-compliant," the various stakeholders associated with the E-rate program will be in a better position to judge overall waste, fraud and abuse associated with the program. Failure to utilize a tier structure allows for distorted estimations of program abuse.

4. Effective Use of Resources

In reviewing the program's history, the Task Force recognizes that the E-rate program has, in fact, been closely scrutinized. From the start, the Schools and Libraries Corporation (later the SLD) was required to operate under the close supervision of the FCC, Congress, the General Accounting Office and a number of external and internal auditors. In fact, the SLC's proposed application-reviewing procedures were reviewed and critiqued by outside auditors before the first discount check was even disbursed.

In some cases, this scrutiny has led to the imposition of rules and procedures that the Task Force believes are an inefficient use of the limited resources of the SLD, USAC and FCC. The Task Force is also concerned that extensive and costly delays in decisions can adversely affect legitimate applicants and service providers. Addressing these issues should enable the SLD to better deploy its resources.

a. *Simplify the Service Substitution process by raising the threshold for review and eliminating unnecessary constraints.

The Service Substitution process needs to be simplified because the long lag time between application submission and funding disbursements, coupled with rapid changes in technology, force many products and services to be substituted. A change in policy will help ensure that such changes are subjected to an appropriate level of review, resulting in a higher degree of applicant compliance and more appropriate deployment of the SLD's application review resources. Among the approaches that this might entail are:

- Creation and publication of a "safe harbor" list of simple, permissible substitutions, e.g., a router model for another router model;
- Elimination of the current restrictions prohibiting substitutions when an applicant is willing to spend more of its own money, or the new product will have a greater percentage of ineligible components, because these serve no substantive policy purpose and can prevent applicants from obtaining the best solutions for their particular situations.

b. *The Task Force recommends that the SLD develop a streamlined, combined process for changes that involve both a SPIN change and a Service Substitution change.

Because applicants often need to request a Service Substitution at the time they request a SPIN change, the Task Force recommends that the SLD develop a streamlined, combined process for managing such changes. This would reduce resource waste around such changes for the SLD, applicant and service provider communities.

c. Convene a process to better match the complexity of the application review processes with the complexity of individual application situations.

There is substantial anecdotal evidence of SLD reviewers questioning and demanding additional justification for amounts as low as a few dollars per month. While the Task Force is sensitive to the issue of over-commitment of funds, the level of review for small applications to reduce the potential for over-commitment is wasting resources that could be more wisely spent reviewing applications where problems are more likely to occur.

d. *The Task Force believes that several issues need to be addressed in the invoicing process.

Although these payment processes, particularly those for Service Provider Invoices and electronic invoicing, were originally constructed to be streamlined and time-sensitive, increasingly applicants and service providers alike can be subjected to multiple and time-consuming reviews, sometimes involving dollar amounts that are *de minimis*. The goal of these recommendations is to free SLD staff to more aggressively pursue waste, fraud and abuse in a more prioritized manner. To address these issues, the Task Force recommends:

- That the SLD establish the criteria for the information it will need for the invoicing review process, publicize them and permit applicants and service providers, if they choose, to submit that information along with their forms.
- That an explicit cost-benefit policy for invoice review be established that properly matches the dollar amounts involved with the corresponding level of review.

e. *Give priority to resolving appeals involving issues that the SLD has acknowledged involve its own mistakes.

There are documented instances in the program where SLD reviewers have made fundamental mistakes in denying applications. The current process requires applicants to appeal since the SLD frequently has no ability to determine affected applicants. The Task Force believes the SLD has a responsibility to expedite appeals for known SLD errors as well as take additional steps to notify the applicant community that a systemic error has occurred and how to rectify the error.

f. *The SLD should establish improved levels of applicant and service provider access to information about the status of their applications.

The Task Force has observed that with increased emphasis on investigating potential cases of waste, fraud and abuse, service providers and applicants often do not know the precise status of their applications. This, in itself, can contribute to program waste because of the inability of these applicants and service providers to plan the timing—and consequently the cost—of their projects. The Task Force believes that the requirements of investigations need to be balanced with stakeholders' rights to due process. Thus it recommends that as the funding year progresses, the SLD should establish improved levels of applicant and service provider access to information about the status of their applications and procedural relief if that information is not forthcoming.

Here is one example of the kind of framework that might be established for initial funding decisions:

- Prior to October 1, the current "In Review" status indicator is sufficient.
- From October 1 to December 31, the SLD should provide an additional level of status indicators such as:

  o Pending initial review;
  o In normal review;
  o In selective review;
  o In investigative review;
  o Pending program decision on available Internal Connections funding.

- After January 1, the SLD should provide written, applicant-specific, status reports and information that will help an applicant make a decision on how to proceed.

g. A service provider, when acting as a Good Samaritan, should be exempted from Commitment Adjustment (COMAD) responsibility.

The Task Force recommends that changes be made in the Good Samaritan process to make service providers more willing to step into that role and to reduce the potential for waste when an E-rate service provider can no longer participate in the program. Any COMAD issues that arise should remain the responsibility of the original service provider and/or the applicant.

h. Advance the date used to trigger automatic extensions of non-recurring service delivery deadlines from March 1 to January 1.

For example, this would give schools and libraries whose funding commitments are approved more than halfway through a funding year additional time to make use of their discounts so that they can be used in a well-planned, and thus more cost-effective, manner. It would also help ensure that approved funding does not go to waste because the applicant had a constrained amount of time in which to use it.

Conclusion

The Task Force commends the FCC and the SLD for assembling a Task Force of diverse program stakeholders to address recent concerns about waste, fraud and abuse. The Task Force hopes that its recommendations will lead to positive changes in the program and urges the Commission and the SLD to move swiftly to implement the recommendations contained in this report.

The Task Force also encourages the FCC and the SLD to continue to convene groups representing multiple stakeholders to look for ways to improve the program and to solicit feedback from program participants.

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