

Pai Directs USAC to Improve E-Rate Productivity Center

April 20, 2017

Federal Communications Commission (FCC or Commission) Chairman Ajit Pai sent a [letter](#) this week to Chris Henderson, CEO of the Universal Service Administrative Company (USAC) expressing concern about flaws in USAC's administration of the E-Rate Productivity Center (EPC), the online application and account portal. In the letter, Chairman Pai noted his support for E-Rate as a program that is a key component of the Universal Service Fund but said that major problems exist in the process through which schools and libraries apply for E-Rate funding.

The EPC was established in response to a 2014 FCC directive to make the E-Rate process faster, simpler, and more efficient. In his letter, the Chairman stated that the EPC was supposed to be fully operational for the funding year 2016 filing window and that today it is still not adequately functional. According to Pai, "EPC implementation issues have created major headaches for applicants requesting E-Rate funding." As an example, the Chairman cited the fact that USAC has been unable to meet a Commission directive to process funding requests by September 1 of the funding year, resulting in a number of applicants who are still awaiting decisions for funding year 2016. The Chairman also noted similar delays with other matters including issuance of commitment adjustments, revisions to funding commitment decision letters, and appeals resolutions.

Chairman Pai also took issue with the cost of the EPC project. He emphasized the fact that the project was originally supposed to cost \$19 million, has already cost over \$30 million and is projected to cost \$60 million or more. Pai further criticized USAC for a lack of transparency with the FCC "about program issues that directly and materially affect applicants, such as system outages during critical application periods." In one instance, E-Rate stakeholders, and not USAC, informed the FCC about a problem with invoice deadline extensions using USAC's Invoice Deadline Extension Tool and the Wireline Competition Bureau had to devise an impromptu solution.

In the letter, Pai seeks the following specific commitments from USAC going forward:

- Guarantee to take all necessary steps to quickly resolve any issues with the EPC, with a focus on supporting and completing basic functionality for applicants to apply for and receive funds;
- Be transparent with and accountable to the Commission by providing timely and accurate information; and
- Work to proactively identify and implement alternative options to assist applicants when EPC fails, including manually processing items if needed (which should fall to SOLIX under its \$38 million contract to process applicant funding applications).

USAC is directed to provide a response to this letter and outline its plan to address these matters by May 18, 2017.