

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

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| In the Matter of |) | |
| Federal-State Joint Board on |) | CC Docket No. 96-45 |
| Universal Service |) | FCC 01-143 |
| Further Proposed Rulemaking |) | |

COMMENTS OF THE EDUCATION AND LIBRARY NETWORKS COALITION

Introduction

Pursuant to the Commission’s Public Notice, DA No. 96-45, FCC 01-143, released April 30, 2001, the Education and Library Networks Coalition (“EdLiNC”) submits these comments on the proposal to revise the method for allocating discounts to schools and libraries under the federal universal service mechanism when there is insufficient funding to support all requests for internal connections and proposed administrative modifications to the rules to provide additional time for recipients under the schools and libraries universal service support mechanism to implement contracts or agreements with service providers for non-recurring services.

EdLiNC is a coalition of more than 24 education and library organizations.¹ These diverse organizations, representing public, private, urban, suburban, and rural schools and public libraries, have come together explicitly to support the Universal Service program for schools and libraries. EdLiNC has filed numerous comments with the Commission in the relevant proceedings, going back more than four years.²

To ensure that the program’s goal of providing affordable access to advanced telecommunications services for schools and libraries is met, EdLiNC is opposed to the proposal to apply in the fourth year of the schools and libraries federal universal service support mechanism a revision of the method for allocating discounts to schools and libraries for internal connections as described in the proposed rule. EdLiNC believes the FCC should explore other options, including the proper level of support, to address deficiencies in the available funds versus demand for Universal Service discounts. EdLiNC strongly supports the proposal to extend the deadline for non-recurring services from June 30, to September 30.

¹ A list of EdLiNC members is available at <http://www.edlinc.org>.

² Most of EdLiNC’s comments before the FCC are available online at <http://www.edlinc.org>.

Allocating Discounts for Internal Connections

While EdLiNC applauds the goal of serving more students, we believe that this current proposal is ill timed and that its ramifications have not been sufficiently explored. We submit that the Commission should refrain from implementing such a major change at this time and, instead, should commence a more thorough study of the internal connections discount issue before proposing a new rule.

EdLiNC has three major concerns with the Commission's proposed rule change. First, we believe that it is highly unfair for the Commission to implement the proposed rule for this coming program year. Applying this significant rule change to Year 4 would upset the reasonable expectations of internal connections applicants in the 90% discount band (and their vendors), who had counted on receiving most if not all of the internal connections discounts for which they had applied. If this proposed rules change is implemented, many of these 90% discount eligible applicants would receive no internal connections funding at all. EdLiNC fears that this midstream change of rules could cause applicants to doubt the reliability of the program and deter some from participating in it in future years.

Second, the Commission's proposal offers a solution that forces extremely poor applicants to compete against highly poor applicants for a diminishing pool of internal connections funds. According to the Universal Service Administrative Company (USAC) even if this proposed rule is implemented, internal connections discounts will reach only as far down as the 81% discount band, and not touch any applicants below 80%. This result represents little improvement over last year, where internal connections funding reached only the 82% band, and the proposal promises little improvement in succeeding years if demand for discounts continues at the same pace. In light of those figures, EdLiNC remains unconvinced that this proposal offers a workable solution.

Finally, EdLiNC opposes this proposal because we believe it would undercut USAC's efforts to more efficiently process applications and notify applicants of funding decisions. During each of the program's first three years, applicants have endured delays in receiving from USAC their Funding Commitment Decision Letters, causing many not to receive the full benefit of their discounts. This year, applicants expected that they would receive funding decisions on a more timely basis, thereby allowing them to enter into vendor contracts and begin utilizing services much sooner than in years past. The implementation of the Commission's proposal would likely throw a monkey wrench into the funding commitment process and again subject applicants to long waits for USAC funding decisions. EdLiNC does not think that Year 4 applicants expect nor desire more delays in the funding commitment process.

In sum, with little over a month before Year 4 begins, it is clear to us that a last minute rule change, which creates more problems than it solves, is not the right way to address issues of demand for internal connections. We urge the Commission to not implement this particular rule change at this time.

Shortage of Discount Funding

Over the first four years, applications for support from the Universal Service support mechanism for schools and libraries has surpassed the funding available. EdLiNC believes that the Commission should continue to consider the question of whether the support available annually for the program is sufficient.

However, EdLiNC contends that one reason for the internal connections funding shortfall is the Commission's policy on applicant access to unused program funds. In the first years of the program, significant undistributed sums remained in the universal service fund after all applications had been processed. Despite the Commission's own rules that require unused funds to be rolled over for use in succeeding program years, the Commission elected to use undistributed funds as credits to telecommunications carriers on their future contributions to the universal service fund. Had the FCC provided applicants the benefit of discounts to the annual cap in each year of the program, today's unmet demand for internal connections would be lower.

We believe it is reasonable for the FCC to consider what appropriate level of sustainable funding is needed to meet the discount requirements of schools and libraries, while balancing the needs of providers for a predictable amount of payments into the fund as well as the demands placed on consumers by companies meeting their Universal Service obligations.

Extension of the Deadline for Non-Recurring Services

Overall, the proposal to extend the funding window for "non-recurring services" is sound and will give schools and libraries additional flexibility for implementing E-rate enabled projects. EdLiNC applauds the FCC for considering this modest common sense change. It is an example of a small, yet tactical policy change, which is very important to those schools and libraries receiving discounts on internal connections, since it will allow them to implement their changes in a rational, measured fashion consistent with their technology plans.

Conclusion

We applaud the FCC for continuing to look for common sense solutions to ensure the E-rate program remains the highly successful program that it is. We appreciate efforts to minimize the burden placed on applicants, while balancing the needs for accountability with ensuring the integrity of Universal Service. EdLiNC recognizes the hard work of the FCC and the USAC to streamline and improve the application and funding processes for schools and libraries.

As outlined above, we believe that the Commission should ensure that any proposed rule change enhances affordable access to advanced telecommunications services for schools

and libraries. We therefore oppose the proposal to revise the method for allocating discounts to schools and libraries for internal connections in Year 4 of the E-rate. EdLiNC believes the FCC should not implement such a rule change in Year 4 since applications have already been submitted. The FCC should explore other options, including the appropriate level of sustainable funding that is needed to meet the discount requirements of schools and libraries in future years. EdLiNC strongly supports the proposal to extend the deadline for non-recurring services from June 30, to September 30.

EdLiNC appreciates the Commission's consideration of our comments in this matter.

Respectfully,

American Association of School Administrators
American Library Association
Association of Educational Service Agencies
Council of Chief State School Officers
National Association of Secondary School Principals
National Association of State Boards of Education
National Education Knowledge Industry Association
National Rural Education Association
National School Boards Association

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