official.[1926] Ameritech supports an abbreviated bona fide request process in which schools and libraries submit their requests for telecommunications services in writing to all telecommunications carriers certified by the state public utility commission and certify that all services would be used for educational purposes.[1927] CEDR suggests that a voluntary electronic data bank be established for schools to file requests for proposals.[1928] New Jersey Advocate, on the other hand, favors requiring a formal declaration from schools and libraries that includes assurances that discounted services will not be used for other than educational purposes.[1929] New Jersey Advocate suggests that "[s]chools and libraries could be required to implement certain security measures, such as passwords, codes, or limited access to the facilities, to ensure that the services are used properly."[1930] In terms of defining "educational purposes," Oakland School District supports the principle of "total school service," in which all activities undertaken by school administrators, directors, managers, and all school and school district personnel would be considered as "educational" in nature.[1931] Sailor maintains that "every library activity is educational."[1932]

586. In addition to requiring certification that services will be used for "educational purposes," numerous commenters support requiring schools and libraries to fulfill additional certification requirements in order to comply with the bona fide request requirement found in section 254(h)(1)(B).[1933] AT&T, for example, notes that requiring a more detailed certification process will hold schools and libraries accountable by ensuring that discounted

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[1926] Apple comments at 6. *See also* BellSouth comments at 18-19; NCTA comments at 18-19; GCI further comments at 6; UC further comments at 4.

[1927] Ameritech comments at 16. *See also* BellSouth comments at 21 (asserting that the Commission should establish guidelines for state-administered certification program); Michigan Library Ass'n comments at 13 (maintaining that a bona fide request must be signed by parties and verified by local, state, or federal government agency).

[1928] CEDR further comments (Oct. 17, 1996).

[1929] New Jersey Advocate comments at 23.

[1930] New Jersey Advocate comments at 23.

[1931] Oakland School District comments at 16 (stating that activities include Internet access, access to student records, access for food service personnel to determine eligibility for the national school lunch program, and telephone access to communicate with parents and to arrange for field trips).

[1932] Sailor comments at 12.

[1933] *See, e.g.*, AT&T further comments at 14-15; GTE further comments at 21-22; MCI further comments at 8.

services are both "necessary and used for their intended purposes."[1934] AT&T supports requiring each school and library, as well as the appropriate state-level governing authority, to certify the following: (1) the entity requesting discounted services is eligible under section 254(h); (2) the requested services are necessary and will be used for their intended purposes; and (3) the necessary support mechanisms, including such items as hardware, software, wiring, and teacher training, will be deployed at the same time as the discounted services.[1935] New York Regents recommends that the Joint Board establish a committee of educators and librarians that currently use technology to review requests for telecommunications services from schools and libraries. This committee would assess all such requests "with respect to their purpose and value for supporting learning and information access."[1936]

587. Information Renaissance proposes developing an on-line resource to provide current information on the technology of school and community networking, as well as current examples of best practices in the application of the technology. Information Renaissance suggests that "[o]n-line resources of this type could provide a self-certification mechanism by which users would consult relevant sections of the on-line resource, verify their understanding of this material through a simple interactive form and then submit their telecommunications requests to vendors in their region."[1937] Georgia Tech Research Institute and Morris Brown Research Institute propose providing consulting services to schools and libraries to assist them in complying with the bona fide request requirement. Information Renaissance,[1938] Georgia Tech Research Institute, and Morris Brown Research Institute[1939] assert that they should be eligible for universal service support in exchange for providing such consulting services because they would yield more in savings to schools and universal service support mechanisms than they would cost.

[1934] AT&T further comments at 14.

[1935] AT&T further comments at 14-15. *See also* USTA comments at 8 (asserting that a bona fide request must include a plan to recover ongoing costs, as well as the cost of such items as hardware, software, and training); MCI further comments at 8 (stating that the Joint Board and the Commission should consider whether schools and libraries should be required to submit technology plans to a state agency prior to receiving a discount); NYNEX further comments at 13-14 (advocating submission of technology plans to a state or local organization for annual certification).

[1936] New York Regents comments at 10.

[1937] Information Renaissance supplemental further comments at 3 (Oct. 17, 1996).

[1938] Information Renaissance further comments at 3.

[1939] *Ex parte* presentation by Jeffrey Evans, Georgia Tech Research Institute, Roosevelt Thomas, Jr., Morris Brown Research Institute, and Christopher Evans, OutSource Integration, Inc., to Mark Nadel, Federal Communications Commission (Sept. 6, 1996). *See also* Letter from Timothy F. Coen, King and Spalding, to Georgia Tech Research Institute, Morris Brown Research Institute, and Christopher Evans (Sept. 17, 1996).

588. Some commenters, however, oppose a certification requirement.[1940] Idaho PUC, for example, warns against second-guessing schools and libraries regarding their requests for services and contends that imposing a certification requirement would impose an unnecessary and burdensome paperwork requirement that would accomplish nothing.[1941] Union City Board of Education asserts that the layer of review sought to be imposed by parties supporting detailed certification procedures "serve no useful purpose and would only create a significant delay in deployment of advanced telecommunications capabilities to America's classrooms."[1942] Union City Board of Education maintains that the level of accountability inherent in such detailed certification procedures already exists at the state and local government levels, and "school and library administrators responsible for making such decisions are already held accountable for the cost and effectiveness of their decisions by state and local elected officials and local taxpayers."[1943]

589. Numerous commenters address who should be responsible for making a bona fide request.[1944] ACE maintains that the individual generally responsible for ordering telecommunications services should be permitted to make a bona fide request,[1945] while Oakland School District contends that schools and libraries should be permitted to designate which specific individuals are legally authorized to make such requests.[1946] Washington Library maintains that, for a state library, either the state librarian or another state government official should make the bona fide request, while the official who is empowered under state law to request Title III funds should make the request for a local library.[1947]

590. Several commenters suggest auditing the use of discounted services by schools

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[1940] *See, e.g.,* Idaho PUC comments at 12; NSBA I comments at 5; Union City Board of Education reply comments at 16-17.

[1941] Idaho PUC comments at 12. *See also* NSBA I comments at 5 (cautioning that the bona fide request requirement may impose substantial paperwork burdens on small government agencies).

[1942] Union City Board of Education reply comments at 16-17.

[1943] Union City Board of Education reply comments at 17.

[1944] *See, e.g.,* ACE comments at 17; Alaska Library comments at 7; Mendocino School District comments at 6; Oakland School District comments at 16; U.S. Distance Learning Ass'n comments at 19; Washington Library comments at 14.

[1945] ACE comments at 17.

[1946] Oakland School District comments at 16.

[1947] Washington Library comments at 14.

and libraries to ensure accountability with regards to the bona fide purchase requirement.[1948] Washington Library, for example, states that if the Commission is concerned about the unauthorized resale of telecommunications services in a consortium arrangement, it may require libraries to keep separate, auditable records of their portion of the network arrangement.[1949] Ameritech recommends that the Commission require all telecommunications providers to keep accounting entries to quantify and track funding for advanced services for schools and libraries.[1950] Michigan Library Ass'n asserts that "monitoring reports of overall cost, services and availability should be published."[1951] CFA contends that schools and libraries should be required to comply with standard procurement procedures when ordering discounted services, and should be subject to random audits by the universal service fund administrator.[1952]

591. Several commenters recommend that some of the complex issues dealing with support for schools and libraries be referred to an education advisory committee.[1953] NYNEX, for example, recommends formation of an Education Telecommunications Council that would include representatives from a variety of interested parties, including public and private schools, the telecommunications industry, and state and federal government agencies involved in education issues.[1954]

592. Annual Carrier Notification Requirement. Several parties comment on the Commission's proposal to require telecommunications carriers to notify schools and libraries within their geographic area of available discounts on an annual basis. Libraries for the Future, for example, states that such notification is necessary because "universal service is not exactly a household term, so few librarians or administrators realize they will be entitled to discounts."[1955] Since the telecommunications carriers will be providing the service, Libraries

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[1948] *See, e.g.*, Ameritech comments at 14; Michigan Library Ass'n comments at 13; CFA further comments at 8.

[1949] Washington Library comments at 15.

[1950] Ameritech comments at 14.

[1951] Michigan Library Ass'n comments at 13.

[1952] CFA further comments at 8.

[1953] Florida Cable comments at 13-18; NYNEX comments at 21; PacTel comments at 12; Teleport comments at 18-19; Time Warner comments at 16-17; NCTA reply comments at 21-24.

[1954] Testimony of Frank J. Gumper, NYNEX, before the Federal-State Joint Board on Universal Service (Apr. 12, 1996).

[1955] Libraries for the Future comments at 4.

for the Future maintains that they are the appropriate entities to notify schools and libraries of the applicable discounts.[1956] Washington Library states that any such information conveyed from carriers to schools and libraries must be "readily digestible."[1957] AT&T, however, maintains that telecommunications carriers should not bear the responsibility of notifying schools and libraries of applicable discounts, but supports leaving that responsibility to educational and library associations.[1958]

3. Discussion

593. Eligibility. Some parties assert policy grounds for including community networks, educational television stations, community colleges, and pre-schools in the class of entities eligible for support.[1959] Section 254(h), however, explicitly defines the class of entities eligible for support. As we observed above, schools must meet the statutory definitions of elementary and secondary schools found in the Elementary and Secondary Education Act of 1965,[1960] must not operate as a for-profit business, and must not have an endowment exceeding 50 million dollars.[1961] Libraries must be "eligible for participation in State-based plans for funds under title III of the Library Services and Construction Act,"[1962] and must not operate as for-profit businesses.[1963] Furthermore, we conclude that those not directly eligible for support should not be permitted to gain eligibility by participating in consortia with those who are eligible, even if the former seek to further educational objectives for students who attend eligible schools.

594. This creates some tension over whether purchasing consortia of eligible and ineligible institutions should be permitted, even assuming that discounts were only applied to services purchased by eligible institutions. On the one hand, as we explained above, we want

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[1956] Libraries for the Future comments at 4.

[1957] Washington Library comments at 14.

[1958] AT&T comments at 20.

[1959] *See, e.g.*, APTS comments at 11; Community Colleges comments at 4; Early Childhood comments at 2; Missouri PSC comments at 15; NSBA I reply comments at 16; National Public Telecomputing Network reply comments at 10.

[1960] 47 U.S.C. § 254(h)(4) and (h)(5)(A). *See supra* section X.E. for the definitions of elementary and secondary school.

[1961] 47 U.S.C. § 254(h)(4).

[1962] 47 U.S.C. § 254(h)(4). *See supra* section X.E. for the definition of library.

[1963] 47 U.S.C. § 254(h)(4).

to encourage eligible institutions to aggregate their demands with others to enable them to enjoy efficiencies and negotiate better deals from service providers. As the Senate Working Group states, the 1996 Act "should not hinder or preclude the creative development of consortia among education[al] institutions."[1964] Limiting such a consortium to include only other K-12 schools and libraries could severely constrain their ability to achieve sufficient demand to attract potential competitors and thereby to negotiate lower rates or at least secure efficiencies, particularly in lower density regions. Permitting schools and libraries to aggregate with other educational institutions, including colleges, universities, educational broadcasters, community free nets, and municipalities, could enable the eligible entities to secure lower pre-discount rates, thereby diminishing both their costs and the amount of support required to support a given percentage discount. On the other hand, we are somewhat concerned that permitting eligible and ineligible buyers to commingle their purchases would permit eligible schools and libraries to transfer the use of their discount to non-eligible carriers in violation of the prohibition on resale. The difficulty, then, is how to allow eligible institutions to aggregate their demand with ineligible entities without permitting the former to extend their discount privileges illegally.

595. ALA suggests that this difficulty could be addressed if members of "mixed" consortia followed accounting procedures that clearly separated telecommunications costs among participants.[1965] Washington Library suggests that the Commission might want to require auditable records.[1966] In response, however, Oakland School District describes the administrative difficulty of separating costs and its supposed negative effect on aggregation.[1967] In addition, if multiple parties share a connection between a server and an ISP, it is difficult to disagree with commenters that assert that precise allocation of network usage of the shared line is not technically feasible.[1968]

596. On careful review, we conclude that, despite the difficulties of allocating costs and preventing abuses, the benefits from permitting schools and libraries to join in consortia with other customers in their community, as discussed above, outweigh the danger that such aggregations will lead to significant abuse of the prohibition against resale. We reach this conclusion based on three findings. First, we find that the only way to avoid any possible

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[1964] Senate Working Group further comments at 2. *See also* U.S. Distance Learning Ass'n comments at 20.

[1965] ALA reply comments at 17.

[1966] Washington Library comments at 15. If multiple parties have 56 kbps links to a single server that is connected to the Internet via a T-1 connection, it is hard to dispute commenters who assert that accurate allocation of network usage -- of the T-1 here -- is not technically feasible to ascertain.

[1967] Oakland School District further comments at 7.

[1968] BellSouth further comments at 21; USTA further comments at 11.

misallocations by eligible schools and libraries would be to severely limit all consortia, even among eligible schools and libraries, because it is possible that consortia including schools eligible for greater discounts could allocate more of the costs to those entities. We conclude that severely limiting consortia would not be in the public interest because it would serve to impede schools and libraries from becoming attractive customers or from benefiting from efficiencies. Second, illegal resale through misallocation abuse can be substantially prevented if the Commission requires providers to keep and retain careful records of how they have allocated the costs of shared facilities in order to charge eligible schools and libraries the appropriate amounts. These records should be maintained on some reasonable basis, either established by the Commission or set by the parties themselves, and should be available for public inspection. While we understand that technical precision may be impossible, we conclude that reasonable approximations of cost allocations should be sufficient to deter significant abuse. Finally, we would expect that the growing bandwidth requirements of schools and libraries would make it difficult for other consortia members to rely on using more than their paid share of the use of a facility without some technical constraint on the school or library's connection. This aspect would make fraud more detectable and likely would greatly deter fraud, given the small amounts of funds likely to be involved. Therefore, we recommend that state commissions undertake measures to enable consortia of eligible and ineligible entities to aggregate their purchases of telecommunications services and other services being supported through the discount mechanism, in accordance with the requirements set forth in section 254(h).

597. Resale. Section 254(h)(3) bars entities that obtain discounts from reselling the discounted services. It states that:

> Telecommunications services and network capacity provided [to schools or libraries at a discount] may not be sold, resold, or otherwise transferred by such user in consideration for money or any other thing of value.[1969]

Some parties propose that the Commission interpret this prohibition to apply only to resale for profit.[1970] We recommend, however, that the Commission not interpret the section 254(h)(3) bar to apply only to resale for profit. To adopt this narrow interpretation of resale would enable the discounted services to be available -- via resale at discounted prices -- to entities not eligible for them. Therefore, we recommend that the Commission interpret section 254(h)(3) to restrict any resale whatsoever of services purchased pursuant to a section 254 discount.

[1969] 47 U.S.C. § 254(h)(3).

[1970] *See, e.g.*, ALA further comments at 8-10; AT&T further comments at 13; EDLINC further comments at 17-18; PacTel further comments at 19; Washington UTC further comments at 10-11.

598. Section 25h(c)(3)'s prohibition on resale, however, would not prohibit either computer lab fees for students or fees for Internet classes. As commenters recognize, because these are not services that schools or libraries purchased at a discount under the 1996 Act, they are not subject to the resale ban. Schools and libraries would not, however, be permitted to charge for the use of services they purchased at a discount pursuant to section 254.

599. Bona Fide Request for Educational Purposes. Section 254(h)(1)(B) limits discounts to services provided in response to bona fide requests made for services to be used for educational purposes.[1971] While school groups strongly urge that any request for covered services made by an appropriate school or library official be presumed to be a bona fide request for educational purposes,[1972] we find that Congress intended to require greater accountability. We recommend that the Commission refer the task of evaluating in the first instance whether a request is a bona fide request for educational purposes to an entity with expertise in this area. Those in the educational community are best able to prevent fraud and abuse by evaluating whether requests are bona fide and whether those requests are for educational purposes. Therefore, we recommend that schools and libraries be expected to comply with three bona fide request requirements.

600. First, AT&T asks that those requesting support for services certify that they will be able to deploy any necessary hardware, software, and wiring, and to undertake the necessary teacher training required to use the services effectively.[1973] We find that this requirement would help schools avoid the waste that might arise from requests for services that the schools were unable to use for the educational purposes intended. We find that any bona fide request for educational services must be based on some internal school assessment that the institution can provide the necessary supporting technologies to permit the telecommunications and other covered services ordered to be used effectively. We appreciate that, in most instances, as long as schools and libraries are required to contribute some portion of the total cost of access (including non-covered expenses), their existing procurement process provides a check on wasteful purchases.

601. While requiring some contribution might be enough, we find that it would not be unduly burdensome to expect schools and libraries to certify that they have "done their homework" in terms of adopting a plan for securing access to all of the necessary supporting technologies needed to use the services purchased under section 254(h) effectively. We find that the burden would be particularly light given the likely development of clearinghouses of

[1971] 47 U.S.C. § 254(h)(1)(B).

[1972] NSBA I comments at 5.

[1973] AT&T further comments at 14-15.

information for schools and libraries, such as the one proposed by Information Renaissance.[1974] Furthermore, we find that requiring such schools and libraries to have a plan for ensuring that they have the necessary hardware, software, wiring, and teacher training prior to ordering services eligible for a discount under section 254 would prevent waste and, therefore, would be in the public interest. We further note that nothing prevents the fund administrator from employing staff to check certifications and, where necessary, underlying plans, whether in an audit or otherwise.

602. Second, we also find merit in Ameritech's proposal that schools and libraries submit their requests for services in writing to all service providers certificated by the state public utilities commission to serve the area in which the school or library is located,[1975] particularly in combination with the voluntary electronic data bank proposal of the Council for Educational Development and Research.[1976] We conclude that Congress desired that schools and libraries take advantage of the potential for competitive bids, and that the proposals of Ameritech and the Council for Educational Development and Research seek to maximize the number of potential competitors aware of each institution's desire to purchase services. We recommend that schools and libraries be required to send a description of the services they desire to the fund administrator or other entity designated by the Commission. They can use the same description they use to meet the requirement that most generally face to solicit competitive bids for all major purchases above some dollar amount. The fund administrator or this other entity could then post a description of the services sought on a web site for all potential competing service providers to see and respond to as if they were requests for proposals (RFPs). This requirement is consistent with NTIA's principle of stimulating competitive bidding.[1977]

603. Third, we recommend that, to ensure compliance with section 254, every school or library that requests services eligible for universal service support be required to submit to the service provider a written request for services. We recommend that the request should be signed by the person authorized to order telecommunications and other covered services for the school or library, certifying the following under oath: (1) the school or library is an eligible entity under section 254(h)(4); (2) the services requested will be used solely for educational purposes; (3) the services will not be sold, resold, or transferred in consideration for money or any other thing of value; and (4) if the services are being purchased as part of

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[1974] Information Renaissance supplemental further comments at 3. We also note that the Department of Education is participating in such an on-line site at "www.familyeducation.com". *See also* Amy Garmer and Charles Firestone, *Creating a Learning Society: Initiatives for Education and Technology* 38 (1996) (addressing the clearinghouse web sites discussed by the Forum on Communications and Society).

[1975] Ameritech comments at 16.

[1976] CEDR further comments at 2.

[1977] NTIA submission at 7, 12-13, 14.

an aggregated purchase with other entities, the identities of all co-purchasers and the portion of the services being purchased by the school or library.

604. We also recommend that the Commission instruct the fund administrator to permit schools and libraries to self-certify that they have met the three requirements discussed above. Under this approach, no school or library would be forced to wait for approval from a designated entity before arranging deployment, once it had filed its self-certifications with the entity or the universal service administrator.

605. Auditing. As commenters suggest, we recommend that schools and libraries, as well as carriers, be required to maintain for their purchases of telecommunications and other covered services at discounted rates the kinds of procurement records that they already keep for other purchases.[1978] We expect schools and libraries to be able to produce such records at the request of any auditor appointed by a state education department, the fund administrator, or any other state or federal agency with jurisdiction that might, for example, suspect fraud or other illegal conduct. We recommend that schools and libraries also be subject to random compliance audits to evaluate what services they are purchasing and how such services are being used. Such information would permit the Commission to determine whether universal service support policies require adjustment. The fund administrator should also develop appropriate reporting information for the schools and libraries to advise on their progress in obtaining access to telecommunications and other information services.

606. Annual Carrier Notification Requirement. We also address here what obligation carriers should have with respect to notifying schools and libraries about the availability of discounted services. While two library commenters ask us to require carriers to inform libraries of this new offering,[1979] we are hesitant to recommend any regulatory requirements that appear unnecessary. We note that many national representatives of school and library groups are participating in this proceeding and we believe that no trade association or library or school trade publication will fail to inform its members or readers, respectively, of the opportunity to secure discounted telecommunications and other covered services under this program. Furthermore, assuming that we have set a reasonable pre-discount price for carriers to receive, we would expect carriers to seek out schools and libraries as attractive customers, for that is how they earn profits. While we do not recommend that the Commission require notification, we do encourage service providers to notify annually each school and library association and state department of education in the states they serve of the availability of discounted services.

[1978] *See, e.g.*, Ameritech comments at 14; Michigan Library Ass'n comments at 13; Washington Library comments at 15; CFA further comments at 8.

[1979] *See* Libraries for the Future comments at 4; Washington Library comments at 14.

F. Funding Mechanisms for Schools and Libraries

1. Background

607. Section 254(d) provides that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."[1980] Section 254(h)(1)(B) states that a telecommunications carrier providing services to schools and libraries shall:

> (i) have an amount equal to the amount of the discount treated as an offset to its obligation to contribute to the mechanisms to preserve and advance universal service, or
> (ii) . . . receive reimbursement utilizing the support mechanisms to preserve and advance universal service.[1981]

The Public Notice sought comment on whether separate funding mechanisms should be established for schools and libraries and for rural health care providers.[1982]

2. Comments

608. Separate Funding Mechanisms. Commenters approach the issue of separate funding mechanisms for schools, libraries, and health care providers in several ways. First, some commenters address whether schools, libraries, and rural health care providers should be included in a common funding mechanism with all other entities eligible for federal universal service support, or whether there should be separate funding mechanisms for each entity. Several commenters advocate separate funding mechanisms for each of the entities eligible for universal service support, including schools, libraries, health care providers, low-income subscribers, and rural, insular, and high cost areas.[1983] USTA, for example, maintains that separate funding should be adopted because the statutory requirements for the eligible entities are different. USTA notes, however, that "it is possible for funding support for each to be administered as part of the same fund so long as separate accounting practices are maintained

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[1980] 47 U.S.C. § 254(d).

[1981] 47 U.S.C. § 254(h)(1)(B).

[1982] Public Notice at question 22.

[1983] *See, e.g.,* Century further comments at 15; NYNEX further comments at 16; RTC further comments at 16; USTA further comments at 17; Vitelco further comments at 6.

by the fund administrator."[1984] SWBT contends that separate funding mechanisms "will ensure proper accountability and a targeted focus."[1985] SWBT further recommends that the multiple funding mechanisms be combined to calculate a single customer surcharge.[1986] NECA supports multiple "specifically-targeted funds," but also recommends a "common fund collection mechanism for its universal service programs."[1987] NCLIS maintains that schools and libraries should even have separate funding mechanisms.[1988] Other commenters, however, support a single funding mechanism for all entities eligible for federal universal service support.[1989] EDLINC, for example, maintains that section 254 does not contemplate separate funds.[1990] Bell Atlantic advocates a common funding mechanism, with separate sizing and distribution.[1991]

609. Alternatively, some commenters focus solely on whether schools and libraries should have one funding mechanism, and health care providers should have another funding mechanism.[1992] MCI, for example, asserts that "if the Commission adopts an interstate-only universal service fund, then there must be separate funding mechanisms for schools and libraries and rural health care providers because all telecommunications service providers must contribute to the latter and only interstate carriers would contribute to the former."[1993] BellSouth maintains that separate funding mechanisms are appropriate because of the different statutory criteria and methods for providing support to schools and libraries, on the one hand,

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[1984] USTA further comments at 17 (supporting separate funding mechanisms for schools and libraries, rural health care providers, and for "the provision of core universal services").

[1985] SWBT further comments at 18 (supporting multiple funds).

[1986] SWBT further comments at 18. *See also* NYNEX further comments at 16.

[1987] NECA further comments at 13-14.

[1988] NCLIS further comments at 7.

[1989] *See, e.g.,* Apple further comments at 4; Bell Atlantic further comments at 7; EDLINC further comments at 40-41.

[1990] EDLINC further comments at 40-41.

[1991] Bell Atlantic further comments at 7 (asserting that, "[s]ince all telecommunications providers must pay into the universal service fund, there can be a single collection mechanism for both the high cost fund and the education/library/health care fund. Each fund, however, would be sized and distributed individually").

[1992] *See, e.g.,* ALA further comments at 18; BellSouth further comments at 30; Information Renaissance further comments at 10; MCI further comments at 10; NCTA further comments at 6; Western Alliance further comments at 4.

[1993] MCI further comments at 10.

and rural health care providers on the other.[1994] Oakland School District states that the differing needs of schools and libraries versus rural health care providers justify separate funding mechanisms.[1995] Other commenters assert that schools, libraries, and rural health care providers should be combined in a single funding mechanism.[1996] U S West, for example, supports a combined funding mechanism with separate allocation and administration of funds for schools and libraries, and rural health care providers.[1997] Ameritech states that "[i]t is not clear why it would be necessary or desirable to establish separate funding mechanisms, but it would be helpful to maintain separate accounting for these programs in order to give the Commission the opportunity to phase-out one or the other should that be reasonable to do in the future."[1998]

610. Offset versus Reimbursement. Several commenters address carriers' options of applying the amount of the discount provided to schools and libraries as an offset to universal service contribution requirement or receiving direct reimbursement from universal service support mechanisms. NECA, for example, contends that "[f]rom an administrative standpoint . . . it would be preferable to provide direct reimbursements to all qualified carriers rather than permit offsets in any case."[1999] NECA argues, however, that if offsets are permitted, carriers should be required to report total revenue amounts, "with offsets stated as explicit amounts to be credited against contribution requirements,"[2000] and should keep adequate records that would be subject to audits by the Commission or the administrator.[2001] NECA asserts that such an approach would serve the dual purposes of ensuring the accuracy of

[1994] BellSouth further comments at 30. *See also* ALA further comments at 18 (stating that "ALA simply notes that the language in Section 254(h)(1)(A) for rural health care providers differs somewhat from that in paragraph (B) for schools and libraries").

[1995] Oakland School District further comments at 9-10. *See also* Information Renaissance further comments at 10 (asserting that "[t]he needs of schools and libraries and those of rural health care providers are sufficiently different that it is desirable to use one funding mechanism for schools and libraries and a separate funding mechanism for rural health care providers").

[1996] *See, e.g.,* Ameritech further comments at 22; U S West further comments at 12.

[1997] U S West further comments at 12.

[1998] Ameritech further comments at 22.

[1999] NECA comments at 16 n.34.

[2000] NECA comments at 16 n.34.

[2001] NECA reply comments at 16-17.

carrier revenue data and diminishing verification problems.[2002] Idaho PUC states that telecommunications carriers should only be able to seek offset or reimbursement "for actual costs incurred but not recovered," but not for "estimated revenue loss."[2003]

3. Discussion

611. Separate Funding Mechanisms. We recommend that the universal service administrator distribute support for schools and libraries from the same source of revenue used to support other universal service purposes under section 254. While we appreciate commenters' concerns that we ensure proper accountability for and targeting of the funds for schools and libraries,[2004] we agree with those commenters who observe that this is achievable if the fund administrator maintains separate accounting categories.[2005] Other commenters propose the use of separate funds because Congress established different rules for distributing funds,[2006] but we see no reason why different distribution mechanisms should dissuade the Commission from collecting funds for different programs in the same most efficient manner.

612. Other commenters urge us to recommend separate funds to enable the Commission to collect funds for schools and libraries on a different basis from other universal service programs. These commenters suggest that the Commission might target different categories of contributors, e.g., all interstate carriers versus all telecommunications service providers, for different programs.[2007] As we explain below, however, we recommend that funds be collected from all telecommunications carriers that provide interstate telecommunications services, and we find no advantage to collecting funds from a smaller subgroup for a different purpose. Thus, we conclude that the establishment of separate funds would yield *de minimis*, if any, marginal improvement in accountability, while imposing unnecessary administrative costs.

613. Offset versus Reimbursement. Section 254(h)(1)(B) requires that telecommunications carriers providing services to schools and libraries shall either apply the amount of the discount afforded to schools and libraries as an offset to its universal service contribution obligations or shall be reimbursed for that amount from universal service support

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[2002] NECA comments at 16 n.34.

[2003] Idaho PUC comments at 13.

[2004] *See* SWBT further comments at 18.

[2005] *See* USTA further comments at 17.

[2006] *See* ALA further comments at 18; BellSouth further comments at 30.

[2007] *See* MCI further comments at 10.

mechanisms.[2008] While we acknowledge NECA's argument that providing only direct reimbursements may be administratively less complicated,[2009] we conclude that section 254(h)(1)(B) requires that telecommunications carriers be permitted to choose either reimbursement or offset. Because non-telecommunications carriers are not obligated to contribute to universal service support mechanisms, they would not be entitled to an offset. Non-telecommunications carriers providing eligible services to schools and libraries, therefore, would be entitled only to reimbursement from universal service support mechanisms.

G. Sections 706 and 708

1. Background

614. Section 706 of the 1996 Act directs the Commission and the states to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms)."[2010] Section 706 also states that the Commission and the states may use "price cap regulation, regulatory forbearance, measures that promote competition in the local telecommunications market, or other regulatory methods that remove barriers to infrastructure investment" to encourage the deployment of advanced telecommunications services.[2011] Section 706 directs the Commission to initiate a Notice of Inquiry within 30 months after enactment of the 1996 Act, and to complete the inquiry within 180 days of its initiation.[2012]

615. Section 708 recognizes the National Education Technology Funding Corporation "as a nonprofit corporation operating under the laws of the District of Columbia, and . . . provide[s] authority for Federal departments and agencies to provide assistance to the Corporation."[2013] The functions of the National Education Technology Funding Corporation include leveraging resources and stimulating investment in educational technology, designating state educational agencies to receive loans or grants from the Corporation, providing loans and grants to state education technology agencies, and encouraging public-private ventures to

[2008] 47 U.S.C. § 254(h)(1)(B).

[2009] NECA comments at 16 n.34.

[2010] 1996 Act, § 706(a).

[2011] 1996 Act, § 706(a).

[2012] 1996 Act, § 706(b).

[2013] 1996 Act, § 708(a)(2).

promote the development of advanced telecommunications services.[2014] Section 708 also states that "the [National Education Technology Funding] Corporation shall be eligible to receive discretionary grants, contracts, gifts, contributions, or technical assistance from any Federal department or agency, to the extent otherwise permitted by law."[2015] The Public Notice sought comment on whether the provisions of sections 706 and 708 should be considered by the Joint Board and relied upon to provide advanced services to schools and libraries.[2016]

2. Comments

616. Some commenters maintain that the Joint Board should consider section 706 and 708 at this time.[2017] Numerous commenters assert that, while sections 706 and 708 should not be considered substitutes for the requirements of section 254, they may be considered as complements to section 254.[2018] AirTouch states that section 706 and 708 are within the scope of the Joint Board's mandate to evaluate, preserve, and enhance universal service support.[2019] NYNEX maintains that the Joint Board should pursue the goals of sections 706 and 708 by encouraging facilities-based competition and market-based pricing. NYNEX also states that section 708 recognizes the need for funding beyond universal service.[2020] U S West maintains that "[s]ections 706 and 708 should be solely relied upon to ensure that advanced services are provided to schools, [and] libraries."[2021] U S West further contends that the monitoring of the marketplace required by section 706 is all that is necessary for now. The Commission should wait until after there has been an opportunity to see how the market reacts to the competitive framework embodied in the 1996 Act to determine whether additional regulatory steps will be necessary to encourage the provision of advanced

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[2014] 1996 Act, § 708(a)(1)(C).

[2015] 1996 Act, § 708(c)(2).

[2016] Public Notice at question 8.

[2017] *See, e.g.*, NCTA comments at 23; Netscape comments at 23-24; USTA comments at 12; ALA further comments at 4-5; BellSouth further comments at 16-17; California Library Ass'n further comments at 2; NYNEX further comments at 7-8; Union City Board of Education further comments at 2, 7.

[2018] *See, e.g.*, ACE reply comments at 7; ALA further comments at 4-5; BellSouth further comments at 16-17; California Library Ass'n further comments at 2; MAP further comments at 5-6; RTC further comments at 11, 12.

[2019] AirTouch further comments at 12-14.

[2020] NYNEX further comments at 7-8.

[2021] U S West further comments at 7.

services.[2022]

617. Other parties contend that the Joint Board should not consider sections 706 and 708 in the context of this universal service rulemaking proceeding.[2023] Senators Carol Moseley Braun and Conrad Burns, the principal co-sponsors of sections 706 and 708, explained in a letter to Chairman Hundt that those sections were intended "to supplement, not replace or supplant, Section 254, with respect to [the use of] advanced services" by schools and libraries.[2024] Ameritech asserts that only section 254(h)(2) addresses advanced services for schools and libraries. Ameritech also contends that section 706 concerns only the encouragement of deploying advanced services and the capability of advanced services, while section 708 concerns only the leveraging of resources and the stimulation of private investment in infrastructure.[2025] CFA maintains that there is no need for the Joint Board to consider sections 706 and 708 until the new universal service policies are in place and permitted to operate.[2026] ITC states that the Joint Board has neither the resources nor the jurisdiction over collection and disbursement to support considering sections 706 and 708.[2027] U.S. Distance Learning Ass'n contends that sections 706 and 708 should be viewed as broader mandates to reexamine the effectiveness of section 254 after implementation.[2028]

3. Discussion

618. Recognizing the growing importance of technological fluency for successful participation in society, section 254 expands the concept of universal service to include assistance for schools and libraries in making technology available to students and the general public. As discussed above, section 254 will provide the support needed as a catalyst for the

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[2022] U S West further comments at 7.

[2023] *See, e.g.,* Letter from Senator Carol Moseley-Braun and Senator Conrad Burns to Reed Hundt, Chairman, Federal Communications Commission (Aug. 2, 1996); Ameritech further comments at 14, 15; Oakland School District further comments at 3-4; U.S. Distance Learning Ass'n further comments at 4-5.

[2024] *See* Letter from Senator Carol Moseley-Braun and Senator Conrad Burns to Reed Hundt, Chairman, Federal Communications Commission (Aug. 2, 1996).

[2025] Ameritech further comments at 14, 15. *See also* Oakland School District further comments at 3-4 (asserting that sections 706 and 708 have nothing to do with the provision of advanced services to schools and libraries).

[2026] CFA further comments at 6-7.

[2027] ITC further comments at 5.

[2028] U.S. Distance Learning Ass'n further comments at 4-5 (noting also that the deadlines in sections 706 and 708 are longer term than the statutory deadlines for section 254).

deployment of technology to every school and library across the nation. While not replacements for the programs under section 254, we recognize that sections 706 and 708 include requirements that would complement the goal of widespread availability of advanced telecommunications services. We conclude, however, that Congress contemplated that section 706 would be subject to a separate rulemaking proceeding. In section 706, Congress directed the Commission to initiate a notice of inquiry within 30 months after the enactment of the 1996 Act, and it further directed the Commission to complete that rulemaking proceeding within 180 days after its initiation.[2029] These statutory deadlines differ from the deadlines imposed on the section 254 rulemaking proceeding. We decline, therefore, to consider section 706 in the context of this proceeding.

619. Although we will not be making a recommendation regarding section 706, we note that section 706 reinforces the goals of section 254 by requiring the Commission and the states to encourage carriers to deploy "advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms)" through the utilization of "price cap regulation, regulatory forbearance, measures that promote competition in local telecommunications market, or other regulating methods that remove barriers to infrastructure investment."[2030] The definition of "advanced telecommunications capability" under section 706 is consistent with the scope of services contemplated under section 254(h)(2) in its acknowledgment that the evolution of technology has expanded the media by which advanced services are delivered.[2031] Whereas section 254 prescribes financial assistance for schools and libraries through the establishment of discounts on services, section 706 identifies mechanisms by which the power of competitive markets can be used to further the goal. The requirement under section 706 for periodic reports on the extent to which the goal of pervasive deployment of advanced telecommunications capabilities has been achieved further builds on the evaluation guidelines that we recommend. While we strongly support the goals of section 706, which include the Commission and the states creating incentives for the dissemination of technology to schools and libraries through appropriate streamlining of regulations, facilitation of competitive entry, and removal of barriers to infrastructure investment, we will not consider section 706 in the context of the section 254 rulemaking proceeding.

620. We also note that the National Education Technology Funding Corporation, which is recognized under section 708, provides additional opportunities for schools and

[2029] 1996 Act, § 706(b).

[2030] 1996 Act, § 706(a).

[2031] 1996 Act, § 706(c)(1).

libraries to increase the deployment of technology within their institutions.[2032] While we strongly support the mission of the Corporation, which includes the development of public-private ventures to accelerate the dissemination of technology, we do not rely upon section 708 to provide advanced services to schools and libraries within the context of the section 254 rulemaking proceeding. We agree with commenters who assert that section 708 should be considered further after implementation of section 254.[2033]

H. Access to Advanced Telecommunications and Information Services

1. Background

621. Section 254(h)(2)(A) directs the Commission to establish "competitively neutral rules" designed to enhance access to advanced telecommunications and information services to elementary and secondary school classrooms and libraries, "to the extent technically feasible and economically reasonable."[2034] Congress also directs the Commission to establish "competitively neutral rules" defining the circumstances under which a carrier may be required to connect its network to public institutional telecommunications users, such as elementary and secondary schools and libraries.[2035] Access to advanced telecommunications services is also included within the seven universal service principles outlined in section 254(b). Principle six, entitled, "Access to Advanced Telecommunications Services for Schools, Health Care, and Libraries," states that "[e]lementary and secondary schools and classrooms, . . . and libraries should have access to advanced telecommunications services as described in subsection [254] (h)."[2036]

622. In the NPRM, the Commission asked commenters to identify which services would qualify as "advanced telecommunications and information services" pursuant to section 254(h)(2), as well as the features and functionalities necessary to give classrooms and libraries access to those services.[2037] The NPRM sought comment on "any additional measures, other than discounts or financial support, that would promote deployment of advanced services to

[2032] 1996 Act, § 708(a)(1)(C).

[2033] *See* CFA further comments at 6-7; U.S. Distance Learning Ass'n further comments at 4-5.

[2034] 47 U.S.C. § 254(h)(2)(A).

[2035] 47 U.S.C. § 254(h)(2)(B).

[2036] 47 U.S.C. § 254(b)(6).

[2037] NPRM at para. 109.

school classrooms, [and] libraries."[2038] For each such measure, the NPRM sought comment on whether it would be competitively neutral and whether it would comply with the resale prohibition contained in section 254(h)(3).[2039] The Commission also asked commenters to estimate the potential costs associated with such measures.[2040]

623. In addition, the NPRM also asked how the Commission should assess whether specific services providing access to advanced telecommunications and information services are "technically feasible and economically reasonable."[2041] Moreover, the NPRM sought comment on how to define the circumstances under which a telecommunications carrier may be required to connect its network to public institutional telecommunications users.[2042]

2. Comments

624. Promoting Deployment. Several commenters discuss ways to promote deployment of advanced services.[2043] NSBA I and ALA, for example, state that the Commission should encourage appropriate pricing policies, such as flat rate pricing, that would accommodate the need of schools and libraries for predictable pricing.[2044] NCLIS anticipates "discounted rates" and "affordable access" to advanced telecommunications and information services.[2045] New York Regents maintains that market aggregation and a consistent funding mechanism will promote deployment of advanced services.[2046] Syracuse University asserts that direct subsidies should be provided to establish rate comparability

[2038] NPRM at para. 109.

[2039] NPRM at para. 110.

[2040] NPRM at para. 110.

[2041] NPRM at para. 110.

[2042] NPRM at para. 110.

[2043] *See, e.g.*, ALA comments at 22-23; MFS comments at 21; Metricom comments at 8; NCTA comments at 23; NSBA I comments at 25; Syracuse University comments at 10-11.

[2044] ALA comments at 22-24; NSBA I comments at 24-25. *See also* CWA comments at 13 (asserting that reduced connection and user rates should be offered).

[2045] NCLIS reply comments at 4, 24. *See also* Libraries for the Future reply comments at 1-3 (stating that libraries require discounted access to advanced services).

[2046] New York Regents comments at 11.

among rural, high cost, and urban areas for T-1 data transmission lines.[2047] Some parties maintain that the fostering of competition will promote such deployment, [2048] while Rural Iowa Indep. Tel. Ass'n notes that the combination of competition, the establishment of universal service support mechanisms, and continuing technological advances will foster deployment of advanced services.[2049]

625. Other commenters take different approaches to the deployment of advanced services. CCV, for example, believes that "there are substantial incentives in place today that are driving companies such as Continental to accelerate the pace of providing access to a range of new, advanced services.[2050] CCV cites a series of government-business partnerships into which it has entered and its construction of institutional networks that will promote deployment of advanced services to schools and libraries.[2051] USTA notes that "[w]hile § 254(h)(2) requires that advanced services be provided in a manner that is technically and economically reasonable, it does not require that advanced services that do not qualify as special services be discounted."[2052] NCTA maintains that section 254(h)(2) does not envision support for advanced services, but only contemplates enhancing access to such services.[2053]

626. Ensuring Competitive Neutrality. Several commenters address ways in which the Commission can ensure that it promulgates competitively neutral rules regarding advanced services.[2054] Sailor, for example, asserts that rules for advanced services should allow schools and libraries to choose from among a variety of technologies and a variety of service providers.[2055] Time Warner contends that ensuring competitive neutrality requires the Commission to "carefully examine the current market" to determine what services are already

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[2047] Syracuse University comments at 10-11.

[2048] *See, e.g.,* MFS comments at 21; NCTA comments at 22-23.

[2049] *See* Rural Iowa Independent Telephone Ass'n comments at 6.

[2050] CCV comments at 6.

[2051] CCV comments at 6-10.

[2052] USTA comments at 12.

[2053] NCTA comments at 17.

[2054] *See, e.g.,* Metricom comments at 7; New York Regents comments at 10-11; PacTel comments at 11; Sailor comments at 15; Time Warner comments at 18.

[2055] Sailor comments at 15. *See also* HITN comments at 8 (encouraging the Commission to include Instructional Fixed Service licensees as telecommunications providers eligible for universal service support).

being provided to schools and libraries.[2056] PacTel states that "*all* telecommunications and information service providers must bear responsibility for providing and funding these services."[2057] New York Regents asserts that all companies providing core services to schools and libraries should be required to provide interconnection to advanced services.[2058]

627. Technically Feasible and Economically Reasonable Requirement. Several commenters address the concept of technical feasibility and economic reasonableness. Ameritech, for example, notes that these two requirements are important limitations on the Commission's obligation to enhance access to advanced telecommunications and information services under section 254(h)(2), when it states that "[a]ccess to these advanced services may require more than the transmission capabilities provided by a telecommunications carrier."[2059] Ameritech also recommends that the Commission not adopt detailed rules regarding section 254(h)(2) at this time, but rather should adopt a rule that imposes the requirements of (h)(2) and provides for an informal dispute resolution process to handle any disputes which may arise in the future.[2060] PacTel maintains that any access mandated for an advanced service can only be considered technically feasible and economically reasonable "after the recipient has made a showing that it possesses and has the training to use related hardware and software."[2061] PacTel also supports ongoing review of access to advanced services and the development of working groups comprised of telecommunications providers and industry members to examine related issues.[2062] USTA asserts that the technically feasible and economically reasonable requirement "does not require that advanced services which do not qualify as special services be discounted."[2063] USTA also contends that rules to be promulgated under section 254(h)(2) should be considered in the context of the Commission's section 706 proceeding.[2064]

628. Requiring Carriers to Connect to Schools and Libraries. Only one party

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[2056] Time Warner comments at 17-18.

[2057] PacTel comments at 11.

[2058] New York Regents comments at 11.

[2059] Ameritech comments at 20.

[2060] Ameritech comments at 20-21.

[2061] PacTel comments at 11.

[2062] PacTel comments at 11-12.

[2063] USTA comments at 12.

[2064] USTA comments at 12. *See supra* section X.G. for a further discussion of section 706.

addresses the circumstances under which a carrier may be required to connect its network to schools or libraries. Metricom suggests that the Commission refer to section 214(e), which provides "a mechanism by which subscribers in all areas of the country are assured of interconnection with at least one carrier which must offer all of the services that the Commission finds are necessary for schools, [and] libraries."[2065] Metricom concludes, therefore, that there is no need for the Commission to require carriers other than those deemed eligible carriers under section 214(e) to provide interconnection to schools and libraries.[2066] In its reply comments, Metricom acknowledges that no other party directly addressed this issue, but states that "the record contains ample support for the proposition that carriers should not be forced to offer advanced telecommunications or information services to educational . . . institutions."[2067]

3. Discussion

629. As discussed above, we recommend that the Commission use section 254(h) to provide universal service support to schools and libraries for telecommunications services, Internet access, and internal connections. We conclude that our recommendations for providing universal service support under section 254(h) will significantly increase the availability and deployment of telecommunications services for school classrooms and libraries, and we find that additional steps are not needed to meet Congress's goal of enhancing access to advanced telecommunications and information services.

I. Implementation

630. We recommend that the Commission adopt rules that will permit schools and libraries to begin using discounted services ordered pursuant to section 254(h) at the start of the 1997 - 1998 school year. We anticipate that they may begin complying with the self-certification requirements as soon as the Commission's rules become effective. As explained in our discussion of the bona fide request requirement above, we recommend that all schools and libraries be required to comply with three self-certification requirements: (1) certify to the administrator that they have adopted a plan for securing access to all of the necessary supporting technologies needed to use the services purchased under section 254(h) effectively; (2) send a description of the services they desire to the fund administrator, so that the description of services can be posted for all potential competing service providers; and (3) submit written requests to their chosen service providers for services eligible for section 254(h) discounts, including certification of their eligibility for support and agreement to abide

[2065] Metricom comments at 8.

[2066] Metricom comments at 8.

[2067] Metricom reply comments at 4 (*citing* New York DOE comments, TCI comments, and USTA comments).

by Commission rules.

XI. HEALTH CARE PROVIDERS

A. Overview

631. Under section 254, public and non-profit health care providers that serve persons residing in rural areas within a state may receive telecommunications services necessary for the provision of health care services at rates that are reasonably comparable to urban rates for similar services.[2068] They may also receive universal service support for additional telecommunications services not included in the list of "core" services.[2069] In addition, carriers that provide telecommunications services to rural health care providers at reduced rates may treat the amount of the reduction as part of their universal service obligation.[2070] Further, the Commission is required to establish competitively neutral rules to enhance, to the extent technically feasible and economically reasonable, the access of public and non-profit health care providers to advanced telecommunications and information services[2071] and to define the circumstances when a carrier may be required to connect its network to health care providers.[2072]

632. In this section, we recommend that the Commission seek additional information on the telecommunications needs of rural health care providers, and on the costs of these services, prior to the Commission adopting final rules. The record submitted to date does not give us the confidence to make a recommendation at this time regarding the exact scope of services to be supported. We also recommend that the Commission seek additional information on the costs that would be involved in reducing or eliminating distance-based charges to rural health care providers in excess of those paid by urban customers, recognizing that removing disparities between rural and urban telecommunications rates is a central purpose of section 254. Further, we recommend that the Commission seek additional information on the costs to support toll-free Internet access and necessary upgrades to the public switched network.

633. With respect to establishing reasonably comparable rates for those services

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[2068] 47 U.S.C. § 254(h)(1)(A).

[2069] 47 U.S.C. § 254(c)(3).

[2070] 47 U.S.C. § 254(h)(1)(A).

[2071] 47 U.S.C. § 254(h)(2)(A).

[2072] 47 U.S.C. § 254(h)(2)(B).

ultimately designated, we recommend that the Commission require carriers to provide each service offered in a rural area at a rate no higher than the highest commercial tariffed or publicly available rate in the state's closest urban area. We also recommend compensating the providing carrier by allowing an offset to that carrier's universal service obligation. The offset should be the difference between the rate charged to the health care provider and the average of that carrier's rates in the rural county in which the health care provider is located. If the carrier is not providing the service to other customers in that area, we recommend that the offset be calculated from the average of other carriers' rates in the same area, or from a cost-based rate approved by the state or the Commission. We also describe the certifications we recommend be included in each bona fide request for services, and explain our recommendation that aggregated purchase arrangements with non-eligible entities should be allowed.

B. Services Eligible for Support

1. Background

634. As discussed in section IV.A. above, section 254(c)(1) of the 1996 Act gives the Commission and Joint Board responsibility for defining a group of core services eligible for federal universal service support. In addition to these core telecommunications services, section 254(c)(3) provides the Commission with the authority to designate "special" or "additional" services as eligible for support for public and non-profit health care providers for the purposes of subsection 254(h).[2073] Subsection (h)(1)(A) provides a specific mechanism for supporting services to eligible health care providers serving persons who reside in rural areas at rates reasonably comparable to rates in urban areas in that state.[2074]

635. In the Joint Explanatory Statement accompanying the 1996 Act, Congress explained that subsection (h) of section 254 is intended "to ensure that health care providers for rural areas have affordable access to modern telecommunications services that will enable them to provide medical . . . services to all parts of the Nation."[2075] In addition, the Joint Explanatory Statement noted that the definition of services to be supported by universal service support mechanisms is an evolving one, and, "[t]he Commission is given specific authority to alter the definition from time to time, and to provide a different definition for . . . health care facilities."[2076] Further, in its consideration of section 254(c)(3) "additional"

[2073] 47 U.S.C. § 254(c)(3).

[2074] 47 U.S.C. § 254(h)(1)(A).

[2075] Jt. Statement of Managers, S. Conf. Rep. No. 104-230, 104th Cong., 2nd Sess. 132 (1996).

[2076] Joint Explanatory Statement at 131.