



# PUBLIC NOTICE

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DA 97-1957

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## COMMON CARRIER BUREAU SEEKS COMMENT ON UNIVERSAL SERVICE SUPPORT DISTRIBUTION OPTIONS FOR SCHOOLS, LIBRARIES, AND RURAL HEALTH CARE PROVIDERS

CC Docket 96-45

### Potential for Exhaustion of Funds

On May 8, 1997, the Federal Communications Commission (Commission) released a Report and Order on Universal Service (*Order*).<sup>1</sup> In the *Order*, the Commission determined that funds for eligible schools, libraries, and rural health care providers will be distributed on a first-come first-served basis beginning January 1, 1998. The Commission also established a \$2.25 billion annual cap on universal service support for schools and libraries and a \$400 million annual cap for rural health care providers. Eligible schools and libraries will be required to participate in a competitive bidding process to select their service providers and will be permitted to submit funding requests once they have made agreements for specific eligible services. The Administrator will commit funds based on those agreements on a first-come first-served basis until only \$250 million in funds remains available. Thereafter, a system of priorities will govern the distribution of the remaining \$250 million to provide an opportunity for only the most economically disadvantaged schools and libraries to receive support. In light of the need to implement the necessary administrative processes, funding for the period beginning January 1, 1998 and ending June 30, 1998 will be limited to \$1 billion for schools and libraries. Similarly, disbursement to rural health care providers will be limited to \$100 million in the first quarter of 1998.

In response to concerns expressed about distributing support to schools, libraries, and rural health care providers on a first-come, first-serve basis, we seek comment on the following issues:

- 1) Whether a "window" period should be established in which all beneficiaries filing within that period would be given equal priority. We seek comment on the length of the period in which any such window should remain open and as to whether

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<sup>1</sup> Federal-State Joint Board on Universal Service, *Report and Order*, CC Docket No. 96-45, FCC 97-157 (rel. May 8, 1997).

there should be a "rolling" or ongoing series of windows, *e.g.*, a series of two-week windows during which all beneficiaries filing within that two-week period would be given equal priority.

- 2) Whether to clarify that the rules of priority for distributing funds to schools and libraries set forth in section 54.507 of the Commission's rules, 47 C.F.R. § 54.507, apply to the \$1 billion available between January 1, 1998 through June 30, 1998. That is, if expenditures between January 1, 1998 and June 30, 1998 reach the level where only \$250 million remains before the \$1 billion cap is reached, the remaining funds will be distributed in accordance with the rules of priority.<sup>2</sup>
- 3) We also seek comment on whether a mechanism to prioritize requests from rural health care providers should be adopted in the event that requests exceed available funds. For example, should a mechanism be established to ensure that funds are distributed to rural health care providers located in all regions of the country? We seek comment on whether such a mechanism should be permanent or should apply only in the first quarter of 1998, when collection for rural health care is limited to \$100 million.
- 4) We also seek comment on whether other methods might ensure a broad and fair distribution of funds, particularly at the earliest stages of these support programs.

#### Allocation of Aggregated Requests for Funds

In the *Order*, the Commission held that schools and libraries may apply for funds on an individual basis, by school district, by state, or by consortium. In the event that a school district or a state applies for support on behalf of its schools, the school district or state may compute the discounts on an individual school basis or may compute an average discount. The state or school district shall strive to ensure that each school receives the full benefit of the discount to which it is entitled. On July 31, 1997, the "E-Rate Implementation Working Group," comprised of the U.S. Department of Education, Institute of Museum and Library Services, National Telecommunications and Information Administration, Rural Utilities Service, and Education and Library Network Coalition, filed a report with the Commission in CC Docket 96-45 in response to the Commission's request for recommendations on certain issues regarding universal service support for schools and libraries.<sup>3</sup> The Working Group Report proposes a method for allocating support to individual institutions that apply for funds on an aggregated (*e.g.*, statewide or districtwide) basis. We seek comment on that proposal.

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<sup>2</sup> Although the text of the *Order* discusses the trigger mechanism only with respect to the full \$2.25 billion cap per funding year, we note that section 54.507(g) of the Commission's rules states that the trigger mechanism applies when only \$250 million remains in any funding year, which includes the period from January 1, 1998 through June 30, 1998.

<sup>3</sup> U.S. Department of Education, Institute of Museum and Library Services, National Telecommunications and Information Administration, Rural Utilities Service, Education and Library Networks, *Report by the E-Rate Implementation Working Group* (July 31, 1997) (Working Group Report).

Copies of the report are available for review and copying at the FCC Reference Center, Room 239, 1919 M Street, N.W., Washington, D.C. 20554 or on the Internet at [www.ed.gov/Technology](http://www.ed.gov/Technology).

### Procedure for Filing

Comments should be filed in CC Docket No. 96-45 on or before September 25, 1997, and should include the DA number shown on this Public Notice. Pursuant to Section 1.3 of the Commission's rules, 47 C.F.R. § 1.3, we find good cause to waive Section 1.415 (c) of the Commission's rules, 47 C.F.R. § 1.415, providing for replies to original comments. Dispensing with reply comments is crucial due to the urgent need to provide definitive guidance to the schools, libraries, and rural health care providers that are applying for services supported by the universal service support mechanisms currently scheduled to begin by January 1, 1998. Interested parties must file an original and four copies of their comments with the Office of Secretary, Federal Communications Commission, Room 222, 1919 M Street, N.W., Washington, D.C. 20554. Parties should send eight copies of their comments to Sheryl Todd, Universal Service Branch, Accounts and Audits Division, Federal Communications Commission, 2100 M. St, N.W., 8th Floor, Washington, D.C. 20554. Parties should send one copy of their comments to the Commission's copy contractor, International Transcription Service, 1231 20th Street, N.W., Washington, D.C. 20036.

Pursuant to section 1.1206 of the Commission's Rules, 47 C.F.R. § 1.1206, this proceeding will be conducted as a permit-but-disclose proceeding in which *ex parte* communications are permitted subject to disclosure.

For further information, please contact: Richard D. Smith or Lori Wright, Common Carrier Bureau, (202) 418-7400.

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