This makes it increasingly important that regulators, educators, librarians and the telecommunications industry work together to provide sufficient technological capability within all schools so that every student and school district is able to obtain the full benefits of educational technology, and work to establish local libraries as community technology centers for the new millennium, providing all citizens with increasingly important electronic access. We cannot permit class distinctions among our children, denying information technologies to some and relegating them to second class futures for lack of information age skills. Equality of opportunity in this context must equate to **all** schools and school children being treated equally.

In addition, much of the currently requested funding is for internal connections, which is an **up-front, one-time** expense that, once incurred, will not be required in future years. The FCC acknowledged this fact in its *Third Reconsideration Order*, when it concluded that demand from schools and libraries during the first and second quarters of 1998 wouldn't be substantial enough to reach projected maximums since schools and libraries would most likely not begin the installation of internal connections until the summer when students were not present.[8] Therefore, the FCC is urged to maintain the fund at $2.25 billion for 1998 and 1999, since it can reasonably be anticipated that funding levels will go down in future years. If schools aren't presently able to receive assistance for internal wiring, they will be unable to make maximum educational use of computers in the classroom.

[8] *Third Order on Reconsideration* at ¶6. However, the number of applications filed and

## II. ELIGIBLE NEW JERSEY SCHOOLS THAT APPLIED IN A TIMELY FASHION SHOULD NOT BE DENIED FUNDING.

---

the level of assistance requested would indicate the need for the FCC to reevaluate this premise.

The importance of ensuring that all New Jersey students have sufficient access to educational technology is compelling and undeniable. New Jersey's entire educational community has consistently asserted that the effective use of advanced technology is firmly established as the new "basic."[9] Today, technology is as important an academic skill as the traditional "three R's." Indeed, the Core Curriculum Content Standards set by the New Jersey Department of Education (NJDOE) in 1996 as statewide requirements reflect the increasing importance of technological literacy, requiring students as early as fourth grade to have mastery of computer skills such as word processing and spreadsheets.

[9] See *Direct Testimony of Community Network for New Communications Technology (CONNECT) filed on Behalf of the New Jersey Division of the Ratepayer Advocate,* In the Matter of the Investigation Regarding Local Exchange Competition for Telecommunications Services, New Jersey Board of Public Utilities, Docket No, TX95120631 (filed August 19, 1997).(*CONNECT* Testimony).

Many schools in our state have invested in computer technology and are already providing their students with essential training. But because they cannot afford to provide access to telecommunications services, much of the benefit of that computer equipment is not able to be fully realized. Schools simply do not have funds to pay commercial rates to access the Internet. Reflecting this economic fact are the results of a 1996-97 survey by the New Jersey Department of Education, indicating that only 3.76% of the classrooms in New Jersey public schools have Internet access.[10] Consequently, the ability to access telecommunications services affordably is

[10] "1996-97 New Jersey Technology K-12 Survey Report," Quality Education Data, 1997. See Appendix . What is even more distressing is that

this lack of classroom connectivity is prevalent in many New Jersey counties and in fact, spans the state geographically. The following geographic comparison data from the survey report illustrates the lack of connectivity in many New Jersey classrooms:

| County* | Student Population | #of Classrooms with Internet Access |
|---|---|---|
| Sussex | 12,781 | 46 |
| Warren | 12,667 | 71 |
| Somerset | 20,191 | 81 |
| Morris | 31,926 | 124 |
| Passaic | 28,404 | 130 |
| Middlesex | 41,546 | 73 |
| Ocean | 42,784 | 111 |
| Cumberland | 14,078 | 33 |
| Gloucester | 22,743 | 19 |
| Salem | 7,480 | 49 |

one of the important functions of the federal universal service support mechanisms; it offers the potential to multiply the benefits of other educational resources.

* This data is based on a 50% response rate (1,170 public schools).

However, the recent actions of the FCC, as well as attacks on the E-Rate by telecommunications carriers and certain members of Congress, call into question the future of this federal universal service program to fulfill its intended role. The actual experience of the current application period provides clear evidence that, under the FCC's proposal, the federal e-rate fund will be depleted prior to receipt of discounts by all schools and libraries that applied in a timely fashion. It is unfortunate that this withdrawal of support on the federal level is coming at the same time that schools and libraries have proved their readiness to bring technology to students and patrons, with estimates from EdLiNC that 84% of the nation's K-12 schools and libraries applied for E-Rate discounts.[11]

[11] Press Release, *Survey Finds 84% of Schools and Libraries in the US Intend to Apply for E-Rate Discount; Program a Huge Success, Demand for Funding Support from Schools and Libraries Corporation Confirms Overwhelming Need for E-Rate,* EdLiNC (May 1, 1998).

New Jersey schools jumped at the chance of obtaining federal universal service funding to assist them in providing affordable Internet access to their students. Although more than 30,000 applications were submitted nationally by schools and libraries seeking the E-Rate discount during the 75-day filing window, between January and March 1998, these included almost 1,700 applications from New Jersey's schools, school districts and libraries.[12] New Jersey ranks seventh in the number of applications submitted during that first 75-day period, and the New Jersey Department of Education deserves much credit for those truly remarkable numbers. There is no data yet on the specific amount of funds that have been requested by New Jersey's schools and libraries. It is known, however, that the three state-operated districts, Paterson, Jersey City and Newark, have applied and collectively requested more than $15 million. If the FCC fails to collect enough funds to provide the total $2.02 billion requested in discounts, it seems clear that some of the New Jersey schools and libraries that have applied during the first two months of the program will be denied discounts because there's simply not enough money to

[12] New Jersey schools and libraries are taking advantage of the opportunities afforded by the federal fund. Following are the figures that reflect how many schools and libraries in New Jersey have applied for discounts from the Universal Service Fund during the 75-day window of opportunity, which closed on April 15, 1998:

464 from single schools (public and non-public)
955 from school districts (public)
220 from library consortiums
27 from multiple entities
**1,666 applications* from New Jersey's schools and libraries**

* Applications represent a total of 1,556,807 students and 8,673,144 library patrons.

go around.

## III. WITHOUT ADEQUATE FEDERAL UNIVERSAL SERVICE FUNDING, ELIGIBLE NEW JERSEY SCHOOLS AND LIBRARIES MAY BE UNABLE TO OBTAIN ACCESS TO ADVANCED TELECOMMUNICATIONS SERVICES.

In New Jersey, the affordability of telecommunication services for many schools and libraries is hampered because they are served under the commercial tariffed rates of their local exchange carrier (LEC). Discounts on telecommunications services funded by the universal service fund could play a major role in relieving the fiscal pressures faced by schools and libraries required to pay commercial rates. It must be recognized that for many users, the only practical vehicle for accessing the Internet will be through schools and libraries. In other words, for many citizens, school and library telecommunications provide the means for telecommunications that, for others, ***is*** residential service.

In addition, New Jersey also faces the obstacle of aging infrastructure. According to the New Jersey Department of Education, 906 of the State's 2,303 schools -- almost half -- are more than 50 years old, with 86 schools older than 90 years.[13] Based on 1992 data provided by the Public Affairs Research Institute of New Jersey, six counties in the northern third of the state have

[13] *See School Buildings Age (School Buildings 50 Years or Older)*, New Jersey Department of Education. (*School Buildings* Report).

more than half of their buildings over 50 years old. In the state-designated special needs districts, 64 percent of the buildings are over 50 years old.

Consider the observation of Neil DiLorenzo, Assistant Principal of Wildwood High School: "My school community is committed to moving forward into the 21st century, but my school building -- constructed in 1917 -- stands in the way. The school is three stories high, and our construction costs for wiring and access to classrooms is a major impediment to our progress."[14]

These older schools will be faced with costs of contractors to drill through thick masonry walls, which will be much more expensive than the costs for newer schools. This increased cost is evident in an example provided by the NJDOE, which estimated that the wiring costs for classrooms in a 50-year-old school building could be $125,000.[15] For large urban areas of the

[14] *See CONNECT* Testimony at 14.

[15] See *Direct Testimony of Jefftey V. Osowski, Assistant Commissioner, New Jersey Department of Education,* In the Matter of the Investigation Regarding Local Exchange Competition for Telecommunications Services, New Jersey Board of Public Utilities, Docket No, TX95120631 (filed August 19, 1997) at 5. "Generally, schools built after 1950 have dropped ceilings and some even have raceways or conduits for easy installation of wiring."

state, where one school district may contain 10 or more buildings that are over 50 years in age, the wiring costs alone of providing one computer for every five students could be enormous.

With schools facing large expenses for internal wiring, the importance of discounts toward the costs of internal access for schools and libraries cannot be overstated. Clearly, discounts for the provision of Internet access and telecommunications services will be meaningless if schools and libraries cannot afford the cost of wiring the facilities for access. The federal universal service discounts will provide assistance to many states, such as New Jersey, which face the challenges presented by wiring classrooms in older school buildings, and thus, may result in greater than average costs for providing access due to the age of the physical plant.

## IV. THE FCC MUST RETAIN FUNDING AT THE $2.25 BILLION CAP TO ENSURE ADEQUATE AND EQUITABLE FUNDING FOR ALL ELIGIBLE SCHOOLS AND LIBRARIES, PARTICULARLY FOR THE MOST DISADVANTAGED.

The Public Notice also seeks comment on ways to ensure that the proposed adjustments do not impact the level of support available to the most economically disadvantaged schools and libraries. Although the Ratepayer Advocate shares the FCC's concern that the most needy schools should obtain adequate funding to provide access to advanced telecommunications services for its students, we must remain aware of the underlying consequences which these recommendations will have overall on the equitable distribution of such funding. The rules of

priority[16] previously promulgated by the FCC, generally provide that, once $2 billion in funds has been expended, the final $250 million remaining under the $2.25 billion funding cap will be held to meet funding commitments for eligible schools and libraries which fall into the two most disadvantaged categories. Under the FCC's present proposal however, since only $1.67 billion is proposed to be collected for disbursement, the $2 billion trigger would not be reached, and thus, there appear to be no safeguards under the proposed rules to protect funding for the most economically disadvantaged schools and libraries. Conversely, if the FCC intends to retain the last $250 million for the most disadvantaged schools, it leaves only $1.42 billion for all others, which is simply inadequate. Clearly, the FCC must adhere to its initial framework as defined in the *Universal Service Order*, to provide for a maximum of $2.25 billion in funding. This is the only approach that even harbors the hope of every eligible school and library benefitting from the fund.

[16] *See* 47 *C.F.R.* §54.507(g).

We would also note that the proposed mechanism increases inequities in the current funding distribution system, which have been brought to the FCC's attention by the Ratepayer Advocate in prior filings.[17] As we previously stated, the funding scheme currently does not provide for a fair and equitable distribution of funds for all states. Currently there are no guarantees that schools and libraries from each state will receive any portion of funding, or that each state will receive a pro rata share of funding. The concern that funding may not be equitably distributed based on a state's contributions are heightened under the FCC's proposal, which will plainly fail to satisfy the $2.02 billion in funding requests from schools and libraries currently pending. The FCC is urged to provide for some conscientious oversight in the distribution of funds that will allow for states to receive funding for its schools and libraries at a level relatively equivalent to the amount which they have contributed to the fund through the FCC's assessment upon their interstate and intrastate telecommunications revenues.[18]

## V. CONCLUSION

The Federal Communications Commission, Congress, and telecommunications companies must work together to keep intact the E-rate, the universal service program that gives

[17] See *Comments of the New Jersey Division of the Ratepayer Advocate*, FCC Public Notice, Common Carrier Bureau Seeks Comment on Universal Service Support Distribution Options for Schools, Libraries and Rural Health Care Providers, CC Docket No. 96-45, DA 97-1957.(filed September 24, 1997); *New Jersey Division of the Ratepayer Advocate Petition for Clarification and Reconsideration,* In the Matter of the Federal-State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45 (filed July 16, 1997).

[18] See 47 *U.S.C.* §54.703(b).

schools and libraries affordable access to telecommunications. To do otherwise would bar countless students from the educational riches of the Internet and distance learning. The Ratepayer Advocate voiced its concerns to the FCC in previous filings on the possible inadequacy of the federal universal fund when we stated: "Schools and libraries could be lulled into a false sense of security if they depend upon the availability of funds to meet the need as documented in their applications, only to discover that the funds have been expended before their application has been considered."[19]

The Ratepayer Advocate urges the FCC to uphold the promises of the 1996 Act to schools and libraries and fully fund all eligible applications for the 1998 funding year by retaining collections at the $2.25 billion level. We agree with the concerns expressed by the EdLiNC coalition in its letter to the FCC, where they stated:

[19] *Comments of the New Jersey Division of the Ratepayer Advocate*, FCC Public Notice, Common Carrier Bureau Seeks Comment on Universal Service Support Distribution Options for Schools, Libraries and Rural Health Care Providers, CC Docket No. 96-45, DA 97-1957 at 2. (filed September 24, 1997)

> "A restructuring of this program midstream or an 11th hour lowering of the funding cap will do irreparable harm to communities all across the nation that have undertaken significant, long-term financial obligations in anticipation of this program. Either outcome would not only upset the legitimate expectations of all applicants and leave them "holding the bag," but will work particular harm on the low-income rural and Inner-city communities that the program was designed to benefit most."[20]

The Ratepayer Advocate is confident that the federal universal service mechanisms that provide discounted telecommunications services to schools and libraries can help realize the dream of a true 21st century classroom without walls, where a child's only limitations will be his or her curiosity and ability to dream. We must ensure that the dream is available to **all** our children.

Respectfully submitted,

BLOSSOM A. PERETZ, ESQ., RATEPAYER ADVOCATE,
NJ DIVISION OF THE RATEPAYER ADVOCATE

By:_____
Lawanda R. Gilbert, Esq.
Assistant Deputy Ratepayer Advocate

[20] Press Release, *Nation's Schools and Libraries Urge FCC, Congress, and Telecos to Protect "E-Rate" Program's Affordable Access to Telecommunications*, EdLiNC (March 31, 1998).

Proceeding: UNIVERSAL SERVICE — Record 1 of 1

Applicant Name: Fiona Branton

Proceeding Name: 96-45 Author Name:

Lawfirm Name:

Contact Name: applicant_name Contact Email: fbranton@itic.nw.dc.us

Address Line 1: 1250 I St., NW Suite 200

Address Line 2:

City: Washington State: DC

Zip Code: 20005 Postal Code:

Submission Type: CO Submission Status: ACCEPTED Viewing Status: UNRESTRICTED

Subject:

DA Number: Exparte Late Filed: File Number:

Calendar Date Filed: 05/22/1998 12:23:59 PM Date Disseminated:

Official Date Filed: 05/22/1998 Filed From: INTERNET

Confirmation # 1998522627545

DOCKET FILE COPY ORIGINAL

RECEIVED

MAY 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

No. of Copies rec'd 1
List A B C D E

RECEIVED

MAY 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Table of Contents

**Proposed Revision of Maximum Collection Amounts for Schools and Libraries and Rural Health Care Providers, Public Notice, CC Docket No. 96-45, DA 98-872**

Filed Electronically via the Internet May 22, 1998

May 22, 1998

The Honorable William Kennard
Chairman
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: Proposed Revision of Maximum Collection Amounts for Schools and Libraries and Rural Health Care Providers, Public Notice, CC Docket No. 96-45, DA 98-872

Dear Chairman Kennard:

I am writing on behalf of the Information Technology Industry Council (ITI) to express our support for the "internal connections" component of the Commision's program to connect eligible schools and libraries to the Internet. As decisions are made in the coming months regarding program funding levels, ITI believes that the internal connections component must remain an integral part of the services for which a recipient receives funding, regardless of the program's overall funding levels.

The rules adopted by the Commission pursuant to the Telecommunications Act of 1996 established competitively neutral mechanisms to extend both telecommunications and information services to disadvantaged schools and libraries. The Commission agreed with the recommendation of the Federal-State Joint Board on Universal Service that the wiring and equipment installed within schools and libraries are critical elements, along with basic transmission services and Internet access, for ensuring that our nation's schools and libraries have adequate access to advanced telecommunications and information services.

Schools and libraries will have access to the Internet and other advanced services only if those institutions can build the internal systems necessary to access the external connections. Inside wiring and networking to connect individual classrooms, offices or other points within a school or library make a useful, scaleable, education-oriented network possible. Otherwise, only a handful of computers in a school or library would have direct access to the Internet and other information services. Users on other computers would not be able to take advantage of the myriad information resources and education applications available through the Internet. The investment of universal service contribution dollars in connections for schools and libraries

to the Internet will be wasted if that investment does not include the necessary internal connections that enable all users in an institution to access connections to the Internet and other advanced information services.

ITI is the leading trade association for manufacturers and vendors of computers, computing devices, office equipment and information services. As companies that provide a significant share of the hardware, software, and services that schools and libraries need, we know first-hand the importance of ensuring that schools and libraries have the equipment and systems they need to establish the internal connections required to access advanced services. The Commission should not exclude internal connections from the complement of equipment and services for which a school or library may use the funds it receives.

Respectfully submitted,

Fiona Branton
Vice President and Chief Counsel
Information Technology Industry Council

cc: Commissioner Ness
Commissioner Powell
Commissioner Tristani
Commissioner Furchgott-Roth

Proceeding: UNIVERSAL SERVICE — Record 1 of 1

Applicant Name: Sara Parker, Missouri State Librarian

Proceeding Name: 96-45 Author Name:

Lawfirm Name: Missouri State Library

Contact Name: applicant_name Contact Email: sparker@mail.sos.state.mo.us

Address Line 1: Missouri State Library

Address Line 2: 600 West Main Street, P.O. Box 387

City: Jefferson City State: MO

Zip Code: 65102 Postal Code:

Submission Type: CO Submission Status: ACCEPTED Viewing Status: UNRESTRICTED

Subject:

DA Number: Exparte Late Filed: File Number:

Calendar Date Filed: 05/22/1998 3:38:29 PM Date Disseminated:

Official Date Filed: 05/22/1998 Filed From: INTERNET

Confirmation # 1998522922267

DOCKET FILE COPY ORIGINAL

RECEIVED

MAY 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

No. of Copies rec'd 1
List A B C D E

May 26, 1998

DOCKET FILE COPY ORIGINAL

The Honorable William E. Kennard, Chairman
Federal Communications Commission

RECEIVED

MAY 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Washington, D.C.

SUBJECT: DA98-872

Dear Mr. Kennard:

Thank you for the opportunity to comment on contributions needed to support subsidies for school and library telecommunication discounts this year (DA98-872). This morning I looked at the list of Missouri public libraries applying for telecommunication discounts. This ranges from the libraries in Kansas City and St. Louis to very small places, the Shelbina Public Library, the Montgomery City Public Library, and the Douglas County Public Library among many others.

Missouri libraries have long been focused on serving users through telecommunications. This is true of their voice line as well as the new data line that connect them to the inter-net. During the past year, 1.4 million more people made visits to Missouri public libraries. Libraries receive over 960,000 more reference questions than the year before. All of this at a time when circulation of books was fairly flat. It is the new technology and inter-net access that are causing the increased use in libraries.

Missouri public libraries need the telecommunication discounts provided by law to be fully funded. All of the savings realized from discounts will be used to purchase more telecommunications and electronic services for libraries. The estimate of the school and libraries corporation that 2.2 billion is needed to support the discounts is an accurate one given that more libraries in Missouri will be applying. Not all could make the first "window" of opportunity.

All Missouri libraries have invested considerable amounts of staff time to prepare their filings. The Federal Communication Commission should keep faith with those libraries and their expectations and provide for maximun collection amount. Thank you for your consideration of this.

Sincerely,

Sara Parker
State Librarian

SP:jo

Proceeding: UNIVERSAL SERVICE Record 1 of 1

Applicant Name: Cisco Systems, Inc. c/o Laura Ipsen

Proceeding Name: 96-45 Author Name:

Lawfirm Name:

Contact Name: applicant_name Contact Email: lipsen@cisco.com

Address Line 1: Cisco Systems, Inc.

Address Line 2: 170 West Tasman Drive

City: San Jose State: CA

Zip Code: 95034 Postal Code: 1706

Submission Type: CO Submission Status: ACCEPTED Viewing Status: UNRESTRICTED

Subject:

DA Number: Exparte Late Filed: File Number:

Calendar Date Filed: 05/22/1998 3:00:14 PM Date Disseminated:

Official Date Filed: 05/22/1998 Filed From: INTERNET

Confirmation # 1998522507534

DOCKET FILE COPY ORIGINAL

No. of Copies rec'd 1

List A B C D E

RECEIVED

MAY 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

May 22, 1998

The Honorable William E. Kennard
Chairman
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

**Re: Proposed Revision of Maximum Collection Amounts for Schools and Libraries and Rural Health Care Providers, Public Notice, CC Docket No. 96-45, DA 98-872. [Letter also submitted electronically via the Internet and is an exact copy of formal comments.]**

Dear Chairman Kennard:

Thank you for the opportunity to comment on the schools and libraries program, which is currently under review. I appreciate and support your commitment to bringing the Internet to the children of America. With that in mind, it is imperative that we develop a workable program that has the greatest value for our schools, our society and our taxpayers.

Like most new ideas, this program has been the subject of a great deal of speculation, criticism and concern. One aspect, which I would like to address, is the design of the program. We support the establishment of an overall program that consists of telecommunications services, internal connections and Internet access. Without any one of these elements, the program will not work.

While all three of these elements are essential, I would like to address the need for internal connections. A system that does not include internal connections will not be, by definition, a network; it will allow one terminal to be connected to the Internet, while other computers within a school building--or within other buildings in a school district--are left without access to the Internet or each other. The Federal State Joint Board on Universal Service recognized this and voted unanimously to include internal networking in the schools and libraries program.

In addition, a review of the applications received from schools and libraries from across the country reveals that the poorest and the most rural institutions are asking for the most funding of internal connections. Students in these schools are not connected today, and this program is a way for them to benefit from access to the Internet.

The Internet is truly a revolution—it is changing the way we work, live, play and learn. I would like to thank you for your leadership in giving all children in communities across the country a way to participate equally in this exciting and dynamic new age.

Sincerely,

John T. Chambers

President and Chief Executive Officer

cc: Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani