DOCKET FILE COPY ORIGINAL

ALA Comments on USAC Plan of Reorganization
in CC Docket Nos. 97-21 and 96-45, and DA 98-1336
August 5, 1998

RECEIVED

AUG - 5 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:	)	
	)	
USAC Plan of Reorganization	)	CC Docket Nos. 97-21 and 96-45, and DA 98-1336
	)	
Federal-State Joint Board on Universal Service	)	

COMMENTS OF
AMERICAN LIBRARY ASSOCIATION
on USAC Plan of Reorganization
July 15, 1998

Submitted,
August 5, 1998

rec'd 0+4

USAC Plan of Reorganization, CC Docket Nos. 97-21 and 96-45, and DA 98-1336

I. General Comments

The American Library Association (ALA) respectfully submits its comments on the above referenced proceeding regarding the USAC reorganization. The American Library Association, founded in 1876, is the oldest and largest library association in the world. With a membership of more than 57,000 librarians, library trustees, library educators, friends of libraries and other interested persons from every state, ALA is the chief advocate for the people of the United States in their search for the highest quality of library and information services. ALA's concerns span all types of libraries and it has been an active participant in this proceeding.

ALA generally supports the Federal Communication Commission's (FCC's or the Commission's) attempt to refine the work of the Universal Service Administrative Company (USAC), the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC) to achieve efficient administration and accountability while assuring that the services provided by these disparate entities do not decline and are not further delayed.

ALA supports actions that will improve the quality and efficiency of service to the beneficiaries of this program. The General Accounting Office (GAO) notes in its written testimony of July 16, that the SLC "is currently faced with the task of implementing procedural changes in response to changes in the program made recently by the FCC. In addition, [Schools and Libraries] Corporation officials are currently considering changes to procedures and internal controls aimed at addressing concerns that we raised with them during our review." ALA strongly urges the FCC to follow a general principle that any changes to these programs at this point, including consolidation or restructuring, enhance these programs rather than causing further delay or complication.

ALA offers some suggestions regarding the following areas where the FCC's attention will be crucial in determining efficient and effective administration of these programs. Those areas include:

A. Processes for reviewing USAC's actions
B. Vesting the USAC with additional responsibilities and establishing USAC as permanently divested from the National Exchange Carriers Association (NECA)
C. Adding members to the USAC board
D. Setting terms for USAC board members
E. Function consolidation

II. Specific Recommendations

A. Processes for reviewing USAC's actions

In the July 15, 1998 Request for Comment (DA-98-1336), the FCC specifically requested input on the processes for Commission review of actions by USAC, RHCC and SLC. (DA-98-1336, page 1) The ALA believes that because the initiation of the programs has been so rapid, there has been very little thought to their overall goals and objectives. To that end, ALA recommends that the FCC establish benchmarks for all the programs to evaluate the success or failure of the processes in place to accomplish the universal service goals.

While ALA does not presume to understand each and every aspect of every universal service program before the FCC, it does have some experience with the Schools and Libraries component from the beneficiary's perspective. As such, ALA recommends that the FCC establish benchmark mechanisms for both programmatic and administrative aspects of the programs to assure that the programs are meeting their goals of universal service. These benchmarks should assess participation rates, particularly in low-income and high-cost/rural areas; the quality and types of services supported by the program; and the overall quality, speed, consistency, and accuracy with which the program is administered. ALA believes these benchmarks would assist the FCC in evaluating whether the program is effectively reaching and meeting the needs of the constituencies it serves, as well as providing efficient administration.

B. Vesting USAC with additional responsibilities and establishing USAC as permanently divested from the National Exchange Carriers Association (NECA)

ALA does not have much experience with USAC and does not have any first-hand knowledge of its efficiency or effectiveness. In its January 27, 1997 Comments on the Changes to the Board of Directors of the National Exchange Carrier Association, Inc., ALA recommended two broad principles for any administrator. First, it recommended that the organization have experience in managing and collecting for a fund of the size recommended by the Joint Board. Second, it recommended that the administrating entity must be a neutral and impartial party to all entities affected by universal service, both the contributors to the fund as well as recipients of the discounted services. (ALA Comments, CC 97-21, Page 2)

However, ALA does recognize that there are cross-over responsibilities with the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC) because USAC is responsible for paying vendors for their services under these programs. ALA believes that vesting USAC with the additional responsibilities of the programs for libraries, schools, and rural health could further the FCC's goals of effective and efficient administration as long as the

systems' users (including libraries, schools, rural health care providers, and telecommunications providers) do not suffer from additional changes to the programs as a result of this consolidation.

As you know, not only have libraries and schools dealt with reconsideration orders issued as little as two weeks before the program began, but they have also wrestled with subsequent guidance on calculations, eligible services and other important areas that were issued in the middle of the application period, leaving many libraries concerned and confused about proper application procedures. There are additional concerns that subsequent changes will be forthcoming, as noted earlier by the GAO's July 16 testimony. If the reorganization complicates these processes, this will do nothing to improve the effectiveness and efficiency of the program. It will, instead, further erode confidence in the FCC's ability to oversee and manage these programs.

Regarding permanency and divestiture, following ALA's principles would require that USAC be divested from NECA because NECA is naturally aligned with a particular industry segment and has a financial interest, on behalf of its members, in the support mechanisms. (ALA Comments, January 27, 1997, Page 3) Because of these concerns, ALA recommends divestiture as soon as possible without disrupting current efforts to run the programs.

C. Adding members to the USAC board

In the Request for Comment, the FCC seeks comment on the RHCC's recommendation that two additional rural health care representatives serve on the USAC Board. (Request for Comment, Page 3) ALA stated in its January 27, 1997 Comments in, CC Docket 97-21, the Matter of Changes to the Board of Directors of the National Exchange Carrier Association, Inc. that "the Commission should ensure that adequate representation of these groups' interest and concerns are present on the universal service advisory board and are manifest in the policies and procedures of both the temporary and permanent fund administrator." (ALA Comments, Page 6) While ALA does not have a position on whether additional rural health care representation is needed to meet that principle, we feel that under this general principle there is room to improve representation for minority members, such as rural health care providers or libraries. Although the RHCC Separate Statement points out that there are four representatives of schools and libraries in the schools and libraries program (Separate Statement, Page 4), only ONE of these represents libraries. This means that rural health care providers and libraries would both need additional representation to meet the standard outlined in the RHCC's Separate Statement as adequate representation -two additional members to present and defend the views of these constituencies on the USAC board.

Libraries continue to face difficult administrative issues within the Universal Service program for schools and libraries. As an example, libraries are not reviewed on the poverty status of the people in the communities they serve. They are judged on the poverty status of the students in

the schools within the areas they serve. This has led to a process of exceptions and alternatives, in addition to leaving libraries at a disadvantage when a school district chooses other means of proving poverty status than the standard one, the participants in the National School Lunch Program. Further, the standards of telecommunications service usage - educational use for schools and public use for libraries -- continue to pose different issues for these groups. Better library representation could mean better efforts to resolve these issues before they become problems.

D. Setting terms for USAC board members

On Page 14 of the Report to the FCC and again on page 22 citing the Structure of USAC's Board of Directors After the Reorganization, USAC and its partners propose staggering the terms of the current 17 members. While recognizing the importance of establishing member overlap to assure smoother functioning of the Board, ALA strongly urges that the FCC require USAC to maintain the one director representing eligible libraries for a longer term. As mentioned above, there is only one representative for libraries. The institutional memory of that one member may be the only way that library issues are addressed in this forum. Thus, maintaining that resource through these initial phases is vital to maintaining libraries' effective and efficient participation in the program.

E. Function Consolidation

ALA notices that throughout the USAC document there is reference to consolidating some functions and maintaining separation for others. For example, the USAC document recommends consolidating liaison, general counsel and Website administration functions (Report, pages 10 & 12 respectively) and maintaining separation for public relations and program integrity (Report, page 11 & 12 respectively). We do not intend to discourage the FCC from implementing a proposal that improves efficiency and effectiveness. However, we cannot discern from the USAC Report whether the consolidations and separations will accomplish this.

ALA appreciates USAC's recognition that there are different constituencies for different programs and, therefore, assuring that the public relations and program integrity aspects of the programs will continue to function in a manner that addresses the unique needs of these constituencies. However, we believe the same is true, to some extent, for other functions. The legal issues of libraries differ from the legal issues of rural health care providers and telecommunications providers. Does the establishment of a central in-house general counsel (Report, Page 10) mean that those issues will be addressed inadequately? What are the criteria for deciding when a separate or unique activity may be more appropriate? Will it take twice as long to resolve an issue because there is an additional layer of bureaucracy that constituency groups must address before an issue can tackled? The liaison relationships between the proposed

USAC divisions and the FCC will differ to some extent. The same issues exist for this function as with the general counsel.

Similarly, we have some concerns about the information architecture consolidation. (Report, Page 10) While we agree that combining systems, in the abstract, makes the most sense for an organization that is trying to merge functions, a comparison of the SLC and RHCC Websites show the different directions these organizations have chosen. For example, the SLC uses its Website for filing applications. Although this system was not ideal since it could barely handle the capacity, it is anticipated that it will reduce errors in processing applications during the second round. On the other hand, the RHCC does not use its Website for filing applications. It has completely different needs. We urge the FCC to take into consideration these extremely different uses as it considers the prudence of merging these organizational functions.

Finally, we are interested in what policies, procedures and practices are being consolidated under this plan when program management and operations management appear to be continuing separately. While there may be some economies to be gained through combining policies, procedures and practices, ALA would like to see more information on what these terminologies mean.

Therefore, we are somewhat concerned by the appearance, through the report, that much of the activities currently conducted by the Corporation's staffs may be overridden or duplicated by the envisioned USAC staff hierarchy. If these issues are not resolved, this proposal does not, on its face, appear to meet the goals of efficient and effective administration. We encourage the FCC to implement portions of the report that enhance the administrative processes and reject those that will increase the administrative complexities of these programs.

III. Conclusion

We appreciate the opportunity to reply to the FCC's Request for Comment and look forward to working with the FCC, USAC and the consolidated divisions on assuring that the universal service programs meet the dual goals of efficiency and effectiveness.

-End-

Respectfully Submitted,

Lynne Bradley
Deputy Executive Director
American Library Association Washington Office
1301 Pennsylvania Ave. NW Suite 403
Washington, DC 20004

August 5, 1998