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

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Reply Comments of the American Library Association in the Matter of USAC Plan of Reorganization

Summary

The American Library Association (ALA) respectfully submits these responses to comments submitted to the Federal Communications Commission (FCC or Commission) on August 5, 1998 In the Matter of USAC Plan of Reorganization, CC Docket 96-45, Common Carrier Bureau's Public Notice DA 98-1336. As mentioned in the previous filing in this matter, ALA generally supports the proposal to consolidate the universal service functions under the Universal Service Administrative Company with some recommendations. In this filing, ALA will address the following issues raised by other filers by:

A. Opposing a proposal to alter representation of beneficiaries between the Schools and Libraries Division and the Rural Health Care Division;
B. Questioning a proposal for "contested elections";
C. Supporting expressed concerns of administrative complexity, especially during appeals;
D. Disagreeing with contentions that beneficiaries should be the only affected party during disputes;
E. Clarifying the need for internal wiring as part of the schools and libraries program; and

ALA regrets that as of August 11, 1998 not all filings in the proceedings were available for review. We anticipate filing ex parte comments as those filings become available.

Specific Comments

A. Opposing a proposal to alter representation of beneficiaries between the Schools and Libraries Division and the Rural Health Care Division:

In its comments filed on August 5, 1998 in response to the FCC's notice, GTE Service Corporation and its affiliated domestic telephone operating, wireless and long distance companies (collectively, GTE) recommends "redistributing representation between the SLC and RHCC rather than adding additional members to the USAC." (GTE Comments, Pages 2-3) The ALA strongly disagrees with this proposal. As mentioned in the ALA's comments, library

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representation could be strengthened. It would clearly not be our intent, however, to do so at the expense of schools' representation or rural health care representation. GTE's proposal would weaken beneficiary representation on the USAC board and in the Schools and Libraries Division, not enhance it and, as such, is counter to the interests of assuring a balanced board.

B. Questioning a proposal for "contested elections"

The GTE Comments also contain a proposal for providing that "each USAC Board member should be seated based on a majority vote cast in a contested election." The ostensive reason for proposing this model is that this process parallels the process for picking NECA board members. (GTE Comments, page 5) However, the ALA is certain that the Commission clearly understands that the USAC board differs significantly from the NECA board. The members and programs are more disparate and involve industries and beneficiaries that have little understanding of each other. Therefore, such a model is questionable in these circumstances.

C. Supporting expressed concerns of administrative complexity, especially during appeals

Several commenters, including the ALA mention that they believe merging the USAC, SLC and RHCC functions should enhance administrative efficiencies, not complicate them. GTE reiterates our concerns that additional changes may take place that will add further frustration to the process. (GTE comments, page 3) The ALA continues to urge the Commission to assure that consolidation not add to these frustrations.

In addition, both GTE and BellSouth Corporation (BellSouth) offer varying suggestions on facilitating expeditious dispute resolution. (GTE Comments, pages 5-6 & BellSouth Comments, pages 7-8) While the ALA is unfamiliar with current dispute resolution processes at the Commission, both proposals seem to infer that dispute resolution will take more time than is prudent when fund disbursement is involved. ALA encourages the Commission to consider the most efficient and expeditious dispute resolution process possible, particularly in the first year where services have already been rendered and fund disbursement will be retroactively applied. If the Commission is compelled to follow the entire process outlined in the proposal, perhaps time limits on each phase of the process could be imposed so that the timeframe for resolution would be clear to all affected parties.

D. Disagreeing with contentions that beneficiaries should be the only affected party during disputes

Both GTE and BellSouth submitted comments encouraging the Commission to impose fund withholding or recovery only on the beneficiary, not the service provider. GTE states that "reimbursements to the service provider should never be withheld pending resolution of a

dispute" (GTE Comments, page 7) while BellSouth recommends that when errors occur, USAC "should institute action to recover the funds from the benefit recipient. In no event should this collection effort be imposed on the service provider." (BellSouth Comments, page 8)

These comments seem to imply that the service provider has no role to play in providing the services or receiving funds. This is not appropriate in the kind of discount program that has been established by the Congress where the discount funds are supplied directly to the service provider and not to the beneficiary. The ALA does not intend to discourage the Commission or USAC from taking appropriate action in instances where there are disputes or where errors have been discovered through auditing processes. Instead, we encourage swift resolution of disputes and minimizing errors so that all participants - USAC, schools, libraries and service providers - are clear on the responsibilities, the expectations and the program limits.

These incidents will be minimized by the thorough process established by the Schools and Libraries Corporation and, presumably, followed by the USAC before funding approval is made. There will certainly be more problems in the first year of the Schools and Libraries program because services have already been rendered by the service providers. Schools and libraries have already committed resources in anticipation of the discounts. In addition, this is the first year of the program and there are bound to be disputes as the Commission and the newly formed USAC establish the program's parameters. ALA has no doubt that if there are disputes or errors, the current situation will cause great concern and pose greater problems.

However, in future years, because the vetting process under the Schools and Libraries program is so meticulous and painstaking for all involved, schools, libraries and service providers should know before the services are rendered if they are eligible and approved. This will significantly reduce disputes and errors.

E. Clarifying the need for internal wiring as part of the schools and libraries program

BellSouth seems to contend that the primary problems associated with the schools and libraries program, in particular, are the result of the Commission's "inclusion of internal connections within the class of services qualifying for discount treatment." (BellSouth Comments, pages 4-5) We encourage the Commission to remember the reasons why internal connections were included in the program: so that telecommunications and other services could be provided directly to classrooms. (Commission's First Report and Order, CC Docket No. 96-45, para 450) It makes no sense to fund the telecommunications and other services to the school or library building and not continue the support throughout the building. Further, the experience of our libraries has been that internal wiring is, perhaps, the most competitive aspect of the program, currently. While most libraries are limited in the telecommunications carriers they can use, internal wiring has been a fertile field for competition even in remote areas.

Conclusion

In general, ALA supports proposals that will facilitate simpler and more efficient administration. We oppose proposals that would inflict additional hardships on or reduced representation of beneficiaries in the universal service program. We look forward to working with the Commission, the newly formed USAC and its divisions on strengthening the universal service program.

Respectfully Submitted,

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