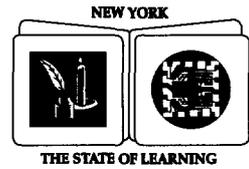


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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

96-45

December 16, 1998

Honorable William E. Kennard, Chairman  
Federal Communications Commission  
1919 M Street, NW  
Room 814  
Washington, D.C. 20554

Dear Chairman Kennard:

To establish the proper perspective for this letter it must be noted that the work that the Commission has performed in creating the school and library telecommunications discount program should prove to be an extremely beneficial asset in ushering our educational systems into the information age. The vision and understanding necessary to create this program are to be commended. Nevertheless, a program of such magnitude is bound to have some start up problems, and it is one particularly glaring deficiency that we are seeking your support to resolve.

Specifically, when the FCC issued its Fifth Order on Reconsideration it extended the program's first year through June 30, 1999, but did not allow discounts to apply during the extension period on services whose contracts had expired prior to December 31, 1998. This would not be a problem if the schools and libraries had an opportunity to negotiate contracts to cover the extension period during the application window. However, the extension was announced on June 5, 1998, long after the applications had all been submitted. This created situations where contracts that expired during 1998, that were going to be renewed, would be ineligible for discounts for the first six months of 1999.

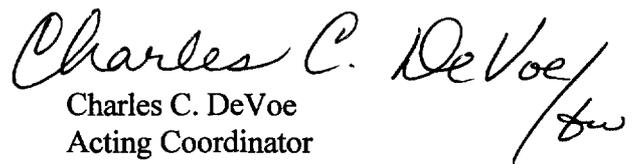
One example of the problem that this change in rules created is as follows. New York schools and libraries are encouraged to use the state contract with AT&T for long distance services in order to take advantage of its low rates that resulted from competitive bidding. This contract expired on October 18, 1998. Those schools who used this contract to benefit from lower rates will now lose an additional six months of long distance discounts. The schools that are using tariff rates will get long distance discounts for the full extension period. Another common example is that most of the internet contracts are for one year, thus the schools and libraries may stand to lose six

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months of discounts because they are trying to create a more competitive environment with short term contracts. By unfairly penalizing these schools and libraries, we are sending them the wrong message about seeking competition. This is ironic because it appears that the original decision was made to enhance competition.

We request your reconsideration of the proposal from the Fifth Order on Reconsideration and Fourth Report and Order to terminate discounts when contracted services expire prior to December 31, 1998. Allowing discounts during the January 1999 to June 1999 extension period on services whose contract expired during 1998 will restore equity to this discount program and encourage competitive bidding in the future.

Sincerely,

  
Charles C. DeVoe  
Acting Coordinator

cc: Arthur Sheekey