April 18, 2003

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket 96-45; and CC Dockets 98-171, 90-571, 92-237, 99-200, 95-116, 98-170

Dear Ms. Dortch:

The National Indian Education Association submits this letter as a reply comment to express our trepidation about the Federal Communications Commission's (FCC) consideration of an alternative funding mechanism for universal service. Under the proposed mechanism, contributions would be based on a flat monthly connection fee as opposed to the current system based on a percentage of interstate revenue.

The National Indian Education Association (NIEA) supports traditional Native cultures and values, to enable Native learners to become contributing members of their communities, to promote Native control of educational institutions, and to improve educational opportunities and resources for American Indians, Alaska Natives, and Native Hawaiian's throughout the United States. NIEA has promoted the interests of Native Americans in telecommunications to Congress, before the FCC and in the courts.

Because the majority of Native Americans live, work, and learn in rural areas, many participate in the Lifeline and Link-up programs. Additionally, many Native American libraries, schools, and universities are beneficiaries of the E-rate program. E-rate is a vital program providing numerous Native American K-12 public schools and libraries with significant discounts on telecommunications services, Internet access, and internal connections costs; thereby ensuring our teachers, students and families have access to the richness of the world wide web. Hence, NIEA is an avid supporter the Universal Service Fund, and the need to generate reliable sources of funding for universal service programs.

NIEA is instrumental in working with Native American schools and libraries to apply for E-rate discounts and we support the FCC's goal of ensuring the USF is positioned to meet future demands. We advocate not only for the continuance of the USF but also for the expansion of base contributors as well. An expanded base of contributors will assure the availability of affordable, accessible telecommunications services. However, in the case of the connection-based proposal, NIEA is concerned that prepaid wireless carriers that service rural localities, such as TracFone, Inc., would be disproportionately impacted, resulting

in a higher fee assessment for Native American consumers of such services. Prepaid wireless service offers Native Americans an affordable accessible communication option. Prepaid wireless service is an off-the-shelf, pay-as-you-go, service that offers consumers wireless service with no contracts, no credit checks, no monthly fees, no activation fees, no security deposits and no age limits. Such features provide Native Americans with true costs for services. Because of living in rural localities, many calling plans hit Native Americans with hidden roaming fees and various other charges that are financially burdensome. With prepaid wireless services, there are no surprises. Native Americans pay for minutes that are expended.

As iterated in our previous comments on this matter, under this new connection-based proposal, carriers whose services are designed for customers that make fewer calls would carry a greater payment burden. Such a burden would also be levied on the prepaid wireless customers. In short, customers who make few interstate calls would be assessed the same cost as customers who make many interstate calls. This would be a major financial cost to Native Americans, who generally are low-volume interstate callers. The result would be low-volume, residential customers disproportionately contributing to the universal service fund. The connection-based proposal does not live up to a primary statutory principle that guides universal service fund policy: *quality services should be available at just, reasonable, and affordable rates*.

NIEA urges the FCC to consider alternative modifications to the contribution methodology. We would like to point out that other commenters have identified additional contribution methodologies -- such as, eliminating the wireless safe harbor and ensuring that broadband Internet access services contribute to the Universal Service Fund -- as viable alternatives. We agree that such changes could possibly provide significant additional resources for universal service programs. Additionally, these suggested changes would most likely not have a negative effect on Native Americans.

NIEA asks that the FCC take a closer look at the connection-based proposal. We are confident that you will find that it is not in the interest of consumers, especially Native American prepaid wireless consumers. Nor do we believe that adoption of this methodology is necessary to ensure a robust USF. We, instead, encourage the FCC to retain the current revenue-based mechanism and to carefully explore fair and equitable ways to expand the base of contributors as a means for generating additional revenues.

John Cheek
Executive Director
National Indian Education Association