

**Before the
Federal Communications Commission
Washington, DC 20554**

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In the Matter of)	
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Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	
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Management and Administration of)	FCC Docket No. 05-124
the Universal Service Fund)	
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**COMMENTS OF THE
National Rural Education Advocacy Coalition**

The National Rural Education Advocacy Coalition (NREAC)* advocates for the highest quality education for the children of rural America’s public schools. The coalition is committed to national policy expanding the programs and services available to rural public schools. The NREAC is dedicated to maintaining rural schools as centers for learning and community life in rural America. The NREAC strongly supports the role that E-Rate plays in increasing the connectivity of our rural communities and the steps it has taken to eliminate the digital divide. We support program improvements to E-Rate that would streamline the program to make it more accessible to smaller applicants who are still not participating. However, we would oppose any program changes that would put rural school districts at a disadvantage due to their size or their geographic location.

* The NREAC is comprised of the Arkansas Rural Education Association, the California Small School Districts Association, the Association of Illinois Rural and Small Schools, the Michigan Rural and Small Schools and Community Association, the Minnesota Rural Education Association, Missouri Association of Rural Education, the Montana Rural Education Association, Organization of Rural Oklahoma Schools, Pennsylvania Association Rural and Small Schools, the Texas Rural Education Association, the National Rural Education Association and the American Association of School Administrators.

The Anti-Deficiency Act

The NREAC calls on the FCC to take a leadership position in advocating for the exemption of the Universal Service Fund from the Anti-Deficiency Act. The five month halt in the E-Rate program last year caused an enormous amount of confusion and complications in planning. The uncertainty in funding had a detrimental effect to some school districts who were forced to cancel their phone service and/or their internet connectivity due to the uncertainty of when funding would appear. This makes it incredibly difficult for school districts to plan for future technology plans. Any disruption in services to school districts will ultimately lead to an interruption in student learning. As more and more rural school districts are encouraged to access distance learning in order to comply with the No Child Left Behind Act, the certainty of receiving these services becomes even more important.

A permanent exemption to Universal Service Fund from the Anti-Deficiency Act would provide the level of certainty that rural school districts need. It would allow school districts to continue to enter into multi-year contracts for cost savings purposes and know that the funding will be there every year, especially for recurring services. The NREAC hopes that the FCC will be a strong voice in advocating for this necessary permanent exemption that is consistent with several other federal programs.

E-Rate Performance Measures

When determining performance measures for E-Rate, the FCC should remember the original purpose of the program: it is a telecommunications program with educational benefits. E-Rate's primary purpose is to increase the level of connectivity of schools and libraries across the country. If distance learning continues to be a priority, one cannot expect a dial up connection to be sufficient. The E-Rate program should strive to increase the quality of connectivity. Performance measures for the E-Rate program should focus on the level of connectivity for schools and libraries that participate in the program. Measures that go beyond that would be inappropriate for this program. Rural areas should work to reach the same speed of connectivity for their school districts as urban and suburban school districts.

Funding Mechanisms

The NREAC strongly opposes any attempts to alter the disbursement of the E-Rate program into a per-pupil or any other formula allocation. One-size-fits-all solutions fail to fully encompass the unique situation of geographically isolated areas. Rural school districts often have the highest costs for connectivity but the smallest numbers of impacted students. Under a formula process, rural school districts would lose out. Attaining connectivity varies by the geographic location of the school district. No one formula will be able to account for that variation. In addition, a set formula allotment would lead to poor planning by not allowing school districts to accomplish different connectivity goals in certain years. For instance, technology start-up costs are generally higher than year to year maintenance costs. Receiving a set amount each year will make it difficult for smaller school districts with tighter budgets to acquire new technology. In addition, a formulaic approach will not be able to guarantee that the school districts that are in the greatest need with the most worthy projects get the most aid.

The NREAC supports maintaining the E-Rate program as part of the Universal Service Fund. This consistent funding stream provides a level of certainty that school districts have grown to count on. Given the current federal fiscal situation, any attempts to move E-Rate funding out of the Universal Service Fund will doom the program. There is just not enough funding available under the normal appropriations process to see that this program is funded year in and year out. Rural schools would not be able to achieve higher levels of connectivity without the help of the E-Rate program.

Finally, transferring this program into a formula program with additional “flexibility” will make oversight of the program even more difficult. This is critical given the current focus on reducing waste, fraud and abuse. This proposal seems counter-intuitive to the FCC and USAC approach to solving these concerns.

Competitive Bidding

Competitive bidding is always a challenge in rural areas due to the overall number of potential vendors. School districts have worked within the program rules regarding competitive bidding. However, the NREAC urges the FCC to consider the unique nature of rural schools when they create or change competitive bidding rules. The FCC should

recognize that most states have laws and processes in place for procurement and competitive bidding of goods and services. E-Rate application requirements should recognize that these state rules exist and not provide additional complexity for applicants. Applying for the E-Rate program in a rural school district is often determined by who is available to fill out the paperwork. Developing additional processes that conflict with state law only creates confusion and will deter many smaller applicants from applying.

Independent Audits

The NREAC urges the FCC to reconsider any attempts to require independent audits of E-Rate funds. This will be overly burdensome to smaller applicants such as rural schools. In addition, the cost of the audit may not equal the benefit provided by the E-Rate to many smaller applicants. This may encourage many of them not to apply despite the reality that these applicants may need the most help in terms of connectivity.

Conclusion

The E-Rate is a critical program to ensure connectivity of rural America. We urge the FCC to recognize the importance of this program and approve program changes that would increase its accessibility under the current mechanism. E-Rate dollars are critical to providing the connectivity to broaden what is taught in staff limited rural schools and guarantee a world class education for rural students.

Comments were prepared by Mary Kusler, Assistant Director for Government Relations for the American Association of School Administrators in consultation with the NREAC membership.

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