Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
Schools and Libraries Universal Service	)	CC Docket No. 02-6
Support Mechanism	)	
	)	
Management and Administration of	)	FCC Docket No. 05-195
the Universal Service Fund	)	
	)	
	)	

REPLY COMMENTS OF THE

American Association of School Administrators

&

Association of Educational Service Agencies

INTRODUCTION

The American Association of School Administrators (AASA), representing more than 14,000 school superintendents and local educational leaders, and the Association of Educational Service Agencies (AESA), representing over 550 educational service agencies throughout the country, would like to offer our reply comments on the proposed changes by the Commission to the E-Rate program. The large number of comments on this proceeding demonstrates the importance of the E-Rate program and the Universal Service Fund to many across the country. By representing both public school districts and educational service agencies, these reply comments represent the majority of applicants with the E-Rate program. AASA and AESA strongly believe that the E-Rate program has been primarily

responsible for providing connectivity to thousands of school districts across the country. It continues to be telecommunications success story. In light of all of the proposed changes it is important to maintain the central purpose of the program to increase technological connectivity and affordability for schools and libraries across the country. While AASA and AESA stand by our previous statements, we would like to offer our support and additional comments on areas proposed by other commenters.

The Anti-Deficiency Act

AASA and AESA would like to continue to raise the importance of a permanent solution to the application of the Anti-Deficiency Act to the Universal Service Fund (USF). We were relieved to hear that the Congress had granted another one year exemption waiver in November. This was an important step that ensured school districts across the country that E-Rate discounts would continue to flow for another year; but school districts need greater certainty than just one year. We strongly urge the FCC and the Administrator of USF to work proactively and cooperatively with Congress to provide for a permanent solution. It is unfair to ask school districts to do comprehensive technology planning prior to submitting their applications and encourage multi-year contracts for Priority One services to drive down costs, yet not provide the school districts with certainty that the discount will even be there after this coming year. We support efforts by the Commission to work with members of Congress for a permanent solution.

Performance Measures

The Telecommunications Act designated the purpose of this program; with a statutory goal that E-Rate would provide discounts to eligible schools and libraries for "educational purposes." AASA and AESA strongly stand by this purpose. Therefore, our organizations feel that it would be inappropriate

to create performance measurements for E-Rate that dealt with anything other than levels of connectivity. Numerous commenters, including The Council of Chief State School Officers (CCSSO), Los Angeles Unified School District (LAUSD), the State E-Rate Coordinators Alliance (SECA), the West Virginia DOE/ Office of Technology and Information Systems (WVDOE), and the Council of Great City Schools (CGCS), the Consortium for School Networking (COSN) and the International Society for Technology in Education (ISTE) all agree that the new performance measures should be based off of speed and bandwidth measurements. AASA and AESA support this view.

While technology is developed within a context and for certain purposes, the purpose of the E-Rate program is to increase connectivity. Therefore, it is only fair that the program success measures the levels of connectivity for all applicants. These measures should be measured against a five year continuum of goals. Every three to five years the proposed goals should be updated based on the latest technological advancements. This would allow equal opportunity for public and private schools and libraries to be measured along the same continuum. This minimal amount of data could be collected as part of the application process.

AASA and AESA would oppose any efforts to align the performance measure for the E-Rate program with the Enhancing Education Through Technology Formula Grants (EETT) as suggested by both Qwest Communications and Miami Dade County School District. First of all, this program only applies to public schools and would leave out accountabilities for private schools and libraries. Secondly, the EETT grant has an entirely different purpose than the E-Rate. The EETT grant is a comprehensive grant designed to increase academic performance through technology. Along with that program are a number of requirements that school districts have to meet that are outside of the purview of the E-Rate. While the focus on

targeted groups of students is important at the school district level, E-Rate was designed to ensure access not performance.

We also oppose the statements by Qwest Communications to eventually move the E-Rate Program over to the Department of Education. The E-Rate is a technology program with educational benefits. The Department of Education is not equipped to handle the detailed levels of technology that are commonly discussed by E-Rate applicants. In addition, moving the E-Rate out of the FCC would effectively remove it from the Universal Service Fund. This would essentially eliminate E-Rate from existence. Given the current budget situation, there is no possibility the government could absorb a $2.25 billion program to be funded out of treasury receipts. The E-Rate is also not a federal tax funded program. Elimination of the E-Rate program would severely hamper the ability of school districts to upgrade their technology and access to ensure their students can compete in the global marketplace. Further, the U.S. Department of Education does not provide oversight as it relates to libraries and only has limited jurisdiction as it relates to private schools.

Formula Changes

AASA and AESA strongly oppose the shifting of the distribution of the E-Rate program to a formula. Beyond the overall concerns about the impact on applicants, we remain concerned that a formula would needlessly disadvantage applicants from small and rural schools. These geographically isolated areas may often have the smallest numbers of students but the highest cost per student. A per-pupil formula would needlessly put them at a disadvantage.

We remain concerned about any attempts to block grant E-Rate to the states based on number of students and poverty levels as was suggested by some applicants. In addition, the proposal presented by Sprint/ Nextel to

equalize the discount rate at 50 percent for all Priority One applications would restrict availability of the E-Rate to districts that are most in need. If everyone received the same discount rate it would be more difficult to target the discounts to the highest need applicants. Additionally, increasing the local contribution by four fold could prevent many of the poorest school districts from even applying. While their proposal would "eliminate some forms" they would also increase the costs directly for applicants. Even Sprint/ Nextel admit that their proposal "could reduce the total potential funding for an individual school or library." If the idea of the E-Rate program is to maximize the benefit to the applicant, it would seem counterintuitive to introduce a change that would reduce those benefits.

Finally, AASA and AESA are troubled by the continued suggestions to reduce the maximum discount rate from 90 percent to 70 percent. Several comments were filed by organizations who represent the state level (e.g. SECA, Greg Weisiger, MORENet, WIPD) to increase the amount of contribution that applicants pay into projects. The idea behind this proposal is that by raising the costs; schools and libraries will be more careful in what they submit for discounts. AASA and AESA take issue with SECA's comment that "based on FY 2005 demand projection, it appears that the two-in-five rule will have little impact on the availability of internal connections…" This statement shortchanges the full story. First of all, in order to determine the true impact of the two-in-five rule, the FCC will have to wait three to five years. It is during that time that applicants will not be able to reapply for internal connections. It is after that period that we anticipate the ability of USAC to fund additional applicants within internal connections. In addition, this year's limited ability to fund more applications under Priority Two services was due to the impact of Hurricane Katrina. USAC was asked to hold money aside due to the reopening of the application window for schools

and libraries that were impacted by the hurricane. This prevented additional applicants from being funded.

AASA and AESA urges the FCC to let the two-in-five rule run its course to determine its effectiveness before layering on additional restrictions that could come at even greater expense to those applicants with the greatest need.

Streamlining the Application Process

Streamlining the application process is one of the best changes that the FCC could make to increase the accessibility of the E-Rate program to new and current applicants. An overwhelming number of comments support the allowance of multi-year applications for Priority One services. This will help relieve some of the administrative burden on applicants and allow those districts who just apply for Priority One services the greatest benefit.

Any changes that the FCC makes in the application process must include steps for both the applicant and the vendor side to ensure everyone's commitment to the program requirements. AASA and AESA are concerned about the proposal by the American Library Association (ALA). In their comments, ALA proposed an entirely new application process that would eliminate most paperwork. Their proposal would eliminate any paperwork for the vendors. This would put the complete burden for program adherence on the applicant, ensuring that schools and libraries were the only ones who would have to certify adherence to the E-Rate program rules. This does not seem logical to us. E-Rate works as a delicate balance between the applicant and the vendor community. It supports partnerships that work between the vendor and the school or library to ensure that the technology meets the needs of the local school district or library. Part of this equation would vanish if vendors were no longer required to actively participate in the process.

In addition, we do not support the efforts of the ALA to remove the requirement of the technology plan from the process. The technology plan in critical to demonstrate that comprehensive technology planning is taking place and the E-Rate program is a tool to accomplish the end goal.

While AASA and AESA can see the merits of direct payments to applicants, there are greater concerns to consider. The private schools that participate often have concerns about the complications for their institutions to receive direct funding. Furthermore, the vendor receiving payment(s) is part of the check and balance system that deters waste, fraud and abuse. The one improvement the FCC could make in this area is to increase enforcement of the vendors to ensure timely turnover of funding to the applicants who pay the vendor for expenditures on an ongoing basis. In some cases, it may take months if not longer for applicants to be reimbursed for their discounted portion of the E-Rate services. It is incumbent on the FCC to increase their enforcement of the vendors to increase the timeliness of payments. With this improvement, the vendors receiving the funding would have fewer conflicts with the applicants.

Audits

AASA and AESA support the random targeted audits as a way to handle auditing with the E-Rate program. We are encouraged by the number of comments that opposed applicant-funded audits (e.g. ADOE, BellSouth, CCSSO, CPS, CTIA, ESPF, IDT, KSC, MORENet, Qwest, SECA and WVOE). AASA and AESA believe that imposing the cost of audits on applicants will keep schools and libraries across the country from applying for E-Rate discounts. While audits are important, they should be used judiciously. USAC currently targets a number of audits every year. We support the comments of Qwest Communications that would limit an applicant from being subjected to a targeted USAC audit to once every three years, except

where there is due cause. This will help reduce unnecessary bureaucracy and allow USAC greater ability to target their audits. We believe in strengthening protections against waste, fraud and abuse but these protections should not provide additional hurdles for applicants that would deter them from participating in the program.

Carryover Funds

AESA and AESA recommend that carryover funds be made available to applicants. The FCC has been slow in transferring this money to the current funding year and has even on occasion used those dollars to offset funding gaps in the USF or to prevent the telephone companies from a higher contribution rate. We believe that these dollars are critical to helping to meet the high demand for E-Rate. The FCC should stand by its previous decision and allow rollover funds to be applied to the current funding year.

Conclusion

In closing, we encourage the FCC to carefully consider making additional changes in the program before considering the changes that have already been made. It is important that the FCC realizes the impact of each change before it is made. But more importantly, the FCC should know how the changes will impact each other. While streamlining is certainly needed in some areas; other areas, such as the 2 out of 5 rule, just need a chance to work. The E-Rate program is critical to advancing the accessibility of technology. Rule changes should not prevent this from happening.

Comments were prepared by Mary Kusler, Assistant Director for Government Relations for the American Association of School Administrators in consultation with a committee of AASA and AESA membership.

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