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October 27, 2008

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, DC 20554

The Honorable Michael J. Copps
Commissioner
Federal Communications Commission
445 12th Street, SW, Room 8-B115
Washington, DC 20554

The Honorable Jonathan S. Adelstein
Commissioner
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, DC 20554

The Honorable Deborah Taylor Tate
Commissioner
Federal Communications Commission
445 12th Street, SW, Room 8-A204
Washington, DC 20554

The Honorable Robert M. McDowell
Commissioner
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, DC 20554

Re: Universal Service Contribution Methodology
WC Docket No. 06-122
Federal-State Joint Board on Universal Service
CC Docket No. 96-45

Written Ex Parte Communication

Dear Commissioners:

I am writing on behalf of the University of Missouri in response to reports that the FCC is considering a proposal to change the current system for determining the amount of contributions to the federal Universal Service Fund. As I understand this proposal, the FCC intends to base contributions to the fund from residential customers on how many telephone numbers are assigned to each carrier's customers, to retain the current revenue-based contribution mechanism for commercial customers, including colleges and universities, and to request comments on whether to modify the contribution system for commercial customers in the future. Further, it appears that the proposal rejects a suggestion by AT&T and Verizon that all contributions, including those from commercial customers, should be based on telephone number assignments. For the reasons

described below, the University of Missouri believes that the FCC should not adopt any modification that uses telephone numbers to calculate commercial customers' contributions to the federal Universal Service Fund, and that the FCC should retain the current revenues-based system for commercial services until it can devise a system that does not impose an inequitable burden on large users of telephone numbers, including colleges and universities.

Any change in the contribution mechanism that depends solely on counting telephone numbers, without accounting for the way those numbers are used, would have a significant negative effect on colleges and universities because it would increase their universal service costs significantly.

For instance, the AT&T/Verizon proposal would impose a uniform fee for each assigned telephone number in the U.S., a fee that they estimate would range from $1.00 to $1.10 per month. This fee would be assessed regardless of how many calls were made to or from a number and, in fact, regardless of whether the number actually was used at all. Colleges and universities typically use many telephone numbers to serve their faculty, staff and students. Even relatively small campuses can use thousands of numbers, and the largest state universities are assigned tens of thousands of numbers at any given time. As a consequence, the net effect of adopting the AT&T/Verizon approach to universal service contributions would be to increase the burden of those contributions on colleges and universities significantly. ACUTA, the Association for Information Communications Technology Professionals in Higher Education, has calculated that, at a rate of $1.00 per number per month, the average college or university would see its universal service contribution rise under the AT&T/Verizon proposal to nearly eight times the current level, from an average of more than $13,000 a year to an average of about $100,000 a year. In the case of the University of Missouri, increases for 3 of our 4 campuses would be as follows:

Columbia campus would increase from $12,786 to $230,046 annually

Kansas City campus would increase from $2,640 to $66,000 annually

St. Louis campus would increase from $550.80 to $67,320 annually

This additional financial burden would be particularly onerous at this time. As you are aware, the current economic situation makes it difficult for colleges and universities to cover increased costs in any area. In addition, tuition increases are limited by both practical considerations and new mandates in the Higher Education Opportunity Act of 2008, enacted over the summer. As a result, any increased universal service costs would have to be covered by reducing expenditures in other areas under already-tight budgets.

Retaining the current revenue-based system for calculating contributions for commercial services will avoid imposing this burden on colleges and universities, as well as other users that have many telephone numbers assigned to them, but will not prevent the Commission from reforming the contribution mechanism for consumer services. Maintaining the current system for commercial customers also will give the

Commission the time to analyze and evaluate alternatives that can address the issues caused by revenue-based contributions without placing a disproportionate burden on non-profit colleges and universities. For instance, the Commission could recognize that the burden placed on the telephone network by large consumers of telephone numbers is not proportional to how many numbers are assigned to those customers, and adopt equivalency ratios like those that are now in place for the subscriber line charge. Regardless of the approach the Commission ultimately takes, it should ensure that colleges and universities do not experience the kind of rate shock that would result from adoption of a system based solely on number assignments, and should ensure that the potential customer impacts of any new contribution methodology are addressed before the new methodology is adopted.

In accordance with Section 1.1206 of the Commission's rules, four copies of this letter are being filed with the Secretary's office on this date.

Please inform me if any questions should arise in connection with this letter.

Respectfully submitted,

Gary K. Allen

Gary K. Allen, DVM, PhD
Vice President for Information Technology
University of Missouri System

cc:

Daniel Gonzalez
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Senator Claire McCaskill
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Congressman Sam Graves
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Congresswoman Jo Ann Emerson
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