

**SEPARATE STATEMENT OF CHAIRMAN MICHAEL K. POWELL,
APPROVING IN PART AND CONCURRING IN PART**

Re: Schools and Libraries Universal Service Support Mechanism, First Report and Order, CC Docket No. 02-6

I wholeheartedly support the Commission's decision to use monies that were left unclaimed by successful applicants of the Schools and Libraries program to stabilize the universal service contribution factor through the first quarter of 2003. All of our universal service programs serve important statutory goals, and I remain as committed as ever to achieving those goals. We must always recognize, however, that the cost of these programs is ultimately borne by American consumers. Accordingly, as the *Order* explains in detail, we must balance the needs of funding these programs against the real burden that our contribution requirements could impose on consumers if we do not manage those requirements carefully.

Lasting minimization of the impact on consumers will require long term universal service contribution reform. The Commission remains committed to moving forward with such reform as quickly as possible. But reform cannot be rushed; it requires thorough assessment of the legal, economic and technical options and careful coordination with related proceedings. Further, reform requires time for a healthy dialogue with state utility commissions, as two of my colleagues have insisted. In that regard, for the last few months, the Commission and our state commission colleagues have been planning a public forum to discuss long term reform, which will take place on June 21, 2002.

That said, I would have preferred to leave open the question whether we would, after the first quarter of 2003, use unclaimed funds to reduce future contributions. In particular, I think it would have been more prudent to answer that question with fuller knowledge of how contribution reform will play out and with a clearer sense of the degree to which such reform actually does improve fund stability. Thus, I concur only as to that small aspect of this *Order*. I consider this concern slight, however, juxtaposed to the beneficial compromise that I have been able to reach with my colleagues, under unavoidably tight time constraints, to prevent unnecessary disruption to carriers, consumers and the integrity of our universal service programs.