

SEPARATE STATEMENT OF COMMISSIONER KATHLEEN Q. ABERNATHY

Re: Schools and Libraries Universal Service Support Mechanism, Second Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 02-6 (adopted Apr. 23, 2003).

The universal service support mechanism for schools and libraries (often called the E-Rate program) has helped millions of school children and library patrons gain access to advanced telecommunications services. Despite its general success, however, the program — like any government program — can be made more efficient and effective. The challenge is to remove unnecessary impediments to the flow of support, while continuing to ensure that adequate safeguards are in place to prevent waste, fraud, and abuse.

Today's Order and Further Notice are an important step in the right direction. We are adopting several rule changes that will eliminate red tape and remove obstacles to the flow of support to eligible schools and libraries. We also are adopting a debarment rule that will prevent entities that are convicted of criminal violations or held civilly liable for E-Rate abuses from participating in the program for a period of time.

While these are important changes, they represent only the first stage in a more comprehensive reform effort. I have organized a public forum, to be held May 8, 2003, to explore further means of improving our oversight of the E-Rate program. In particular, we will focus on complementing existing efforts to combat waste, fraud, and abuse. I look forward to hearing from stakeholders about ways to ensure that program beneficiaries are using E-Rate funds judiciously and that applicants are unable to game the system. For example, parties in this rulemaking have made a variety of proposals to ensure that expenditures on internal connections are both necessary and cost-effective — including adjusting the discount matrix, restricting schools' ability to transfer equipment, and limiting how often schools and apply for internal connections funding. These and other suggestions require further scrutiny, since all are likely to have pros and cons. But I am confident that, through the upcoming forum and the Further Notice we adopt today, we are strengthening the E-Rate program. The survival of this program depends on strong oversight, and I am encouraged that we appear to be on the right track.