



NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

FOR IMMEDIATE RELEASE:
December 17, 2003

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FCC TAKES ADDITIONAL STEPS TO IMPROVE THE UNIVERSAL SERVICE SCHOOLS AND LIBRARIES PROGRAM

Washington, D.C. – The Federal Communications Commission (FCC) today adopted new rules to further improve the administration of the schools and libraries program, often referred to as the e-rate program. Additionally, the FCC has concluded that approximately \$420 million in unused schools and libraries funds from prior years (1999, 2000, and 2001) will be carried forward for disbursement in Funding Year 2003, making more benefits available to more recipients. Over the past year and a half, the FCC has moved to simplify program administration, ensure equitable distribution of funds, and prevent waste, fraud, and abuse, and today's action builds upon and extends those efforts.

The schools and libraries program, a part of the universal service fund (USF), enables qualified applicants to receive discounts for eligible telecommunications services, Internet access, and internal connections. Since the inception of the schools and libraries support mechanism in 1997, the Nation's schools and libraries have received over \$9.8 billion in funding commitments. This support has provided millions of school children and library patrons access to modern telecommunications.

In adopting the *Third Report and Order and Second Further Notice of Proposed Rulemaking* today, the FCC is seeking to make the administration of the schools and libraries program as straightforward as possible for participants, while also ensuring the continued integrity of the program by strengthening the procedural safeguards. The measures adopted today include:

1. **Preventing Waste, Fraud and Abuse** – Prohibits the transfer of equipment that has been purchased with universal service discounts to other locations for three years after purchase, with limited exceptions.
2. **Simplifying Program Administration** – Creates a more formal and transparent process for updating annually the list of services eligible for support.
3. **Ensuring Equitable Distribution of Funds** – Limits support for upgrading or replacing internal connections to no more than twice every five years, but exempts basic maintenance services from this restriction.

In the *Second Further Notice* adopted today, the FCC will be seeking comment on changing the current discount matrix used to determine the level of discounts for which applicants are eligible, and additional measures to further prevent waste, fraud and abuse, including whether to adopt 1) a ceiling on the total funding an applicant can request on an annual basis; 2) strengthened requirements for technology plans; and, 3) additional record keeping requirements.

-FCC-

Docket No.: 02-6

Action by the Commission December 17, 2003, by Third Report and Order and Second Further Notice of Proposed Rulemaking (FCC 03-323). Chairman Powell, Commissioners Abernathy, Copps, Martin, and Adelstein, with separate statements issued by Chairman Powell, Commissioners Abernathy, Copps, and Adelstein.

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