

**STATEMENT OF  
CHAIRMAN MICHAEL K. POWELL**

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

Today, we adopt measures to protect against waste, fraud, and abuse in the administration of the E-rate program. In particular, we resolve a number of issues that have arisen from audit activities conducted as part of our expanded oversight over the administration of the universal service fund, and we address programmatic concerns raised by our Office of Inspector General.

To deter bad actors, E-rate applicants will be held accountable for the contents of their applications and other filings. Continuing strong review and auditing programs serve as a long-term deterrent to waste, fraud, and abuse. I am particularly pleased that my colleagues have accepted a delegation of authority to the Bureau Chief of the Wireline Competition Bureau to quickly resolve audits that uncover instances of waste fraud and abuse. The measures we adopt herein are not the final steps we plan to take for strengthening oversight of the universal service program and combating waste, fraud, and abuse. My fellow Commissioners and I remain committed to deterring inappropriate uses of universal service monies and to rapidly detecting and addressing potential misconduct (including waste, fraud, and abuse), and we recognize that achieving these goals is a continual process. While we recognize that this item does not address the discount matrix issue, we are continuing to work on various proposals for improving our oversight of the universal service program, and we expect to issue an order adopting additional measures in the near future.

We at the FCC are proud of the schools and libraries support program, but we will never be satisfied with the status quo. We will continue to use all tools at our disposal to help us identify areas of E-rate program administration that are vulnerable to fraud, waste, or abuse, and E-rate applicants will be subject to a zero-tolerance policy. At the same time, we will continue to encourage participation in the program so that those that the program's true beneficiaries – the nation's students, library patrons, and all Americans – receive the support they need.