

**STATEMENT OF
COMMISSIONER KATHLEEN Q. ABERNATHY**

Re: Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Fifth Report and Order and Order, (adopted Aug. 4, 2004).

The measures we adopt in this item underscore the Commission's ongoing commitment to ensuring the integrity and effectiveness of the schools and libraries universal service support mechanism (E-Rate). I have been a stalwart supporter of the E-Rate program, but I have also emphasized the need to be steadfast in our efforts to eliminate waste, fraud, and abuse.

Over the last two years, the Commission has made a number of key improvements to the E-Rate mechanism. In April 2003, the Commission adopted a debarment rule to prevent bad actors from receiving continued support, and we also implemented other safeguards. And in May 2003, I organized a public forum to learn more about potential abuses of the program. USAC subsequently established a task force devoted to waste, fraud, and abuse. Based in large part on recommendations from public forum participants and the task force, the Commission adopted other measures to improve the program, including new rules that limit the frequency of discounts for internal connections and restrict equipment transfers among schools.

This Order builds on these earlier efforts by strengthening the Commission's and USAC's audit programs. By providing further guidance on when and how funds will be recovered in the wake of rule violations, by strengthening document-retention requirements, and by clarifying related rules, we will both deter misconduct and enable more effective and timely responses by USAC and the Commission. While these are important steps, we must continue to explore additional programmatic changes; most notably, I look forward to completing our rulemaking regarding possible changes in the discount levels available to schools and libraries. Our continuing oversight is critical to the E-Rate program's survival, and I applaud USAC, our staff, and my colleagues for their commitment to shoring up any remaining deficiencies.