



NEWS

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See *MCI v. FCC*, 515 F.2d 385 (D.C. Circ 1974).

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FCC Launches Broad Inquiry Into Management and Oversight of Universal Service Fund

Takes Steps to Simplify and Safeguard the Program

Washington, D.C. – The Federal Communications Commission today launched a broad inquiry into the management, administration and oversight of the Universal Service Fund.

The Commission's goals are to improve the operation of the program for its beneficiaries and contributors and to enhance program integrity. The four programs of the Universal Service Fund, or USF, help provide affordable phone service in rural areas, fund Internet access and telecommunications equipment and services in the nation's schools and libraries, bring telemedicine services to rural areas, and assist low-income families with their phone bills.

Since 1997, the Universal Service Administrative Company, or USAC, which administers the fund, has disbursed approximately \$30.3 billion from the fund. This proceeding will provide an opportunity for the Commission to work with all USF stakeholders to learn from the experience of the past eight years and find new, constructive ways to both meet the needs of those who depend on the USF and protect the integrity of the program.

In particular, the Commission is seeking comment in the following areas:

- **Managing the Program:** The Commission is exploring ways to simplify and streamline the management of the program. In particular, the Commission tentatively concludes that a multi-year application process for telecommunications services for the E-rate and Rural Healthcare programs would simplify the process in a way that still guards against potential abuse. The Commission also seeks comment on, among other things, reducing or consolidating application forms and adopting deadlines and other criteria to provide certainty to program applicants.
- **Improving Oversight:** The Commission seeks comment on the effectiveness of existing efforts to protect the fund against potential misuse. The Commission tentatively concludes that more aggressive debarment procedures are necessary to safeguard the fund and seeks comment on ways to improve the debarment rules. In addition, the Commission seeks comment on establishing independent audits for certain USF beneficiaries and contributors and seeks comment on what rules

would help ensure that any audits are effective and fair. The Commission is also seeking comment on establishing rules for recovering USF monies that were not used in accordance with program rules.

- **Administrative Structure:** The Commission is examining the effectiveness of the existing administrative structure and seeks comment on whether any rule changes are needed to ensure the USF is administered in an effective, competitively neutral way.
- **Performance Measures:** The Commission is seeking comment on establishing performance measures to assess the effectiveness of the program

The Commission will determine whether it needs to change any rules in order to manage and administer the USF more effectively while deterring waste, fraud and abuse.

Action by the Commission, June 14, 2005, by Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking (FCC 05-124). Chairman Martin, Commissioners Abernathy, Copps and Adelstein. Separate statements issued by Chairman Martin and Commissioners Copps and Adelstein.

Docket Nos. 05-195, 96-45, 02-6, 02-60, 03-109 and 97-21.

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