



NEWS

Federal Communications Commission
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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. Circ 1974).

FOR IMMEDIATE RELEASE:
August 4, 2004

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FCC ADOPTS FURTHER MEASURES TO SAFEGUARD THE E-RATE PROGRAM

Action to Protect Against Waste, Fraud and Abuse in the Administration of the Schools and Libraries Universal Service Support Mechanism

Washington, DC – The Federal Communications Commission (FCC) today adopted measures that resolve a number of issues that have arisen from audit activities conducted as part of ongoing oversight of the schools and libraries support mechanism (also known as the “E-rate” program), and address programmatic concerns raised by its Office of Inspector General. The Order does the following:

- sets forth a framework regarding what amounts should be recovered by the Universal Service Administrative Company (USAC) and the Commission when funds have been disbursed in violation of specific statutory provisions and Commission rules;
- announces that USAC and the Commission will conduct audits or other investigations relating to use of E-rate funds within five years of receipt of supported services;
- eliminates the current option to offset amounts disbursed in violation of the statute or a rule against other funding commitments;
- extends the red light rule previously adopted pursuant to the Debt Collection Improvement Act (DCIA) to bar beneficiaries or service providers from receiving additional benefits under the schools and libraries program if they have failed to satisfy any outstanding obligation to repay monies into the fund;
- requires beneficiaries and service providers to maintain all documents necessary to demonstrate compliance with program requirements for five years, which will enhance the Commission’s ability to conduct all necessary oversight and provide a stronger enforcement tool for detecting statutory and rule violations;

- requires applicants to develop a technology plan consistent with the U.S. Department of Education and USAC guidelines for technology plan content;
- amends and strengthens the Commission's certification requirements for E-rate applicants and service providers to enhance oversight and enforcement activities;
- directs USAC to submit a plan for timely audit resolution; and
- directs USAC to submit, annually, a list of its administrative procedures for potential codification to enhance the Commission's ability to limit waste, fraud and abuse.

The schools and libraries program enables qualified applicants to receive discounts on eligible telecommunications services, Internet access, and internal connections. Since the program's inception in 1997, schools and libraries across the United States have received over \$11 billion in funding commitments. Today, in large part due to this program, 99% of public schools and 92% of public school classrooms are connected to the Internet.

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Docket No.: CC 02-6

Action by the Commission, August 4, 2004, by Fifth Report and Order and Order (FCC 04-190). Chairman Powell, Commissioners Abernathy, Copps, and Adelstein with Commissioner Martin approving in part and dissenting in part. Separate statements issued by Chairman Powell, Commissioners Abernathy, Copps, Martin and Adelstein.

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News about the Federal Communications Commission can also be found on the Commission's web site www.fcc.gov.