



**COMMENTS OF  
THE EDUCATION AND LIBRARIES NETWORKS COALITION  
FOR  
THE SCHOOLS & LIBRARIES DIVISION WASTE FRAUD AND ABUSE  
TASKFORCE**

**JUNE 23, 2003**

The Education and Libraries Networks Coalition (EdLiNC), consisting of the nation's leading private and public school and public library associations, would like to offer comments on the work of the Waste, Fraud and Abuse Taskforce, as assigned by the Schools and Library Division (SLD). EdLiNC was formed in 1995 to advocate for the interests of the school and library communities during the consideration and passage of the Telecommunications Act of 1996, which contained provisions authorizing the E-Rate program. EdLiNC has been intimately involved with virtually every Commission proceeding bearing on the program's regulations and has been a strong and consistent voice in support of the program on Capitol Hill, at the White House and other key executive agencies, and nationwide.

Since its inception the E-Rate has proven itself to be a valuable asset for schools and libraries in closing the technology divide and increasing connectivity. Through disbursement of over \$10 billion in discounted services since 1997, the E-Rate has helped wire the vast majority of America's schools and libraries. As of 2001, 87 % of all public school instructional classrooms (including 81% of all instructional classrooms in schools with 50 percent or higher minority enrollment) have been connected to the Internet. In 2002, 95% of all public libraries provide public Internet access. Large numbers of private schools have also increased their access to the Internet as a result of E-Rate discounts.

We would like to offer our appreciation for the work of the Waste, Fraud and Abuse Taskforce. Ensuring the program integrity of the E-Rate is critical to the success of the program. However, EdLiNC would like to caution the Taskforce to minimize any increase in the application process when suggesting the addition of more potentially burdensome paperwork, which may prevent abuse of the program. The current application process can sometimes be a difficult process to maneuver and therefore causes many smaller applicants to not apply. EdLiNC firmly believes that success of the program also relies on increasing access to eligible schools and libraries and this could be hindered by additional steps in the application process. In addition, EdLiNC would also

like to caution the Waste, Fraud and Abuse Taskforce from recasting Universal Service Funds as federal funds, which would depart from the original intention of the program and prevent full participation by all constituencies.

EdLiNC would like to comment specifically on some of the suggested changes by the Taskforce.

Enforcement and Compliance: Most of the proposed changes in this area seem to strengthen the procedures for involvement in the E-Rate program. Specifically, increasing the difficulty of attaining SPIN numbers and developing consultant disclosure practices should ensure the highest quality of vendors while also increasing the amount of available information. EdLiNC would also like to applaud the proposed change to give priority in resolving appeals to those that SLD acknowledge is its own fault. After working with SLD over the past year on this issue, we are happy to see that they have come to a resolution which was in line with EdLiNC recommendations.

Issues Involving Wasteful Incentives: EdLiNC believes that providing guidelines on pricing would be helpful, especially for new applicants; however, we would like to caution the Taskforce about the possibility of decreasing competition in the E-Rate. Specifically, the presence of a threshold pricing system could cause vendors to manipulate their pricing systems to just below the threshold price. In addition, EdLiNC feels that any pricing guideline should include geographic and regional pricing. We recognize that prices for Biggers-Reyno, AR will be drastically different than Boston, MA. In order to accomplish a guideline, SLD should publish the range of prices for various services based on the requested pricing from the previous year. This way, SLD would not be responsible for speculating prices, but rather reporting factual pricing from the previous year.

While EdLiNC understands the basis of the change to the Form 471, we are concerned about changes to the form while the FCC has yet to rule on the transfer of equipment policy as it was presented in last year's NPRM. We feel that those decisions must be made before changes are done on the Form 471. Otherwise, it could result in multiple changes to the form and cause confusion in the applicants.

EdLiNC supports the changes to the timeline of the funding commitment letter for the automatic extension of the non-recurring services. This works better with the budgeting cycles of many school districts and will increase effectiveness in spending.

Competitive Bidding Issues: The proposed changes to the Form 470 would have the potential of increasing the amount of work for the applicant. EdLiNC believes the increased burden does not justify the intention of this provision.

Issues of Inadequate Education: EdLiNC supports the proposed changes that would increase opportunities for education of participants and increase opportunities for communication. Increasing access and participation in the E-Rate program rests strongly on the need for educating applicants about the process. But EdLiNC maintains that

expenditures on education efforts should be kept in check. Every dollar spent out of E-Rate funds for education is a dollar less spent on connectivity. While education is important, it is critical to balance the need for education with the lack of overall funding based on program demand.

EdLiNC strongly supports the dissemination of best practices in E-Rate and the telling of the positive difference it has made for schools and libraries. This is central to EdLiNC's theme as a coalition. Furthermore, EdLiNC is releasing a report of this nature in early July to showcase the success stories of the E-Rate program.

Program Complexity Issues: As was stated before, EdLiNC supports changes to the E-Rate that will reduce the overall complexity of the program. Changes such as consolidating the Forms 470 and 471 and making program rules clear, present options to streamline the operation of the program overall.

In closing, EdLiNC would like to extend their appreciation to the members of the taskforce for their extensive work on increasing the effectiveness of the E-Rate. We would also to extend our services and contacts to our vital constituencies, should the taskforce need additional feedback.

Sincerely,

American Association of School Administrators  
American Federation of Teachers  
Association of Educational Service Agencies  
Consortium for School Networking  
International Society for Technology in Education  
National Association of Independent Schools  
National Association of State Boards of Education  
National Catholic Educational Association  
National Education Association  
National Education Knowledge Industry Association  
National Rural Education Association  
National School Boards Association  
United States Conference of Catholic Bishops