

mechanism, we find that making voice mail now eligible for discount is consistent with Congress's intent "to enhance * * * access to advanced telecommunications and information services" for schools and libraries. Indeed, voice mail is an integral part of communications, especially in schools. We conclude that voice mail enhances access to information services for schools and libraries by allowing meaningful communication among parents, teachers, and school and library administrators.

20. Moreover, making voice mail eligible will reduce administrative costs, because neither applicants nor USAC will need to go through the exercise of breaking out the cost of voice mail from a bundled price for telecommunications service. We believe this modification will further our goals of improving program operation, without increasing opportunities for waste, fraud, and abuse. Accordingly, we deem voice mail to be eligible for discounts under the schools and libraries universal service support mechanism and amend §§ 54.503, 54.507, and 54.517 of our rules. We instruct USAC to process funding requests for voice mail services starting in Funding Year 2004 consistent with this *Order*.

21. *Computerized Eligible Service List.* We conclude that it would be beneficial to develop a process that would simplify applicants' selection of eligible services. The Commission currently directs the Administrator to determine whether particular services fall within the eligibility criteria established under the 1996 Act and the Commission's rules and policies. The Administrator evaluates, in consultation with the Commission on an ongoing basis, particular services and products offered by service providers, and determines their eligibility. In order to provide applicants with general guidance, the Administrator makes available on its website a list of categories of service that are conditionally eligible or ineligible, although it does not identify specific eligible brands or items. Applicants or service providers may appeal the Administrator's decision that a given service is ineligible for discounts only after a requested discount for that service is denied.

22. In the *Schools and Libraries NPRM*, we specifically sought comment on whether to establish an online computerized list of actual products and services, whereby applicants could select a specific product or service as part of their FCC Form 471 application. We suggested that under such a proposal, the number of instances in which applicants seek funding for

ineligible services might decrease. We also suggested that such a process would considerably simplify the application review process. We sought comment on the desirability and feasibility of this approach. Specifically, we sought comment on how often such a list should be updated; how to ensure that such a list would not inadvertently limit access to products and services newly introduced to the marketplace; and how to obtain input on an ongoing basis regarding what specific products and services should be eligible.

23. After reviewing the record, we conclude that there is merit to creating an online computerized list system for internal connections. We decline, however, to mandate a similar computerized list system at this time for telecommunications services and Internet access.

24. In general, we agree with commenters that such a list would aid applicants to more clearly understand which items have already been approved by USAC as eligible. Use of such a list should facilitate expedited processing of many funding requests, decrease rejection of requests for ineligibility, and decrease the chances that any ineligible request would be accidentally awarded discounts. The use of this list by applicants, therefore, should reduce the burden on applicants in completing their applications. In addition, use of such a list would streamline review by the Administrator, allowing it to focus on more complex matters arising in the application process. Finally, by helping to avoid support of ineligible services, an online computerized list would further the Commission's goal of preventing fraud and abuse.

25. At the same time, we are persuaded by the Administrator's concerns and those of certain commenters that such a list should be developed with care. For example, the list should be careful not to favor certain vendors over others. Thus, we conclude that the development of such a list should proceed in stages. The Administrator should first test the use of such a list on a limited portion of the eligible services and products list. Therefore, we direct USAC, in conjunction with the Wireline Competition Bureau (Bureau), to develop and test as a pilot program an online list for internal connections equipment. We believe that such a pilot program would assist in further developing a record regarding how such a list could, in practice, provide clearer guidance about the potential eligibility of telecommunications and Internet

access services than the current website posting.

26. We direct the Administrator to design a pilot program in consultation with the Bureau that is in keeping with the following principles: (1) the pilot system should continue to allow flexibility of choice of products by applicants; (2) this list should operate as a safe harbor, rather than a complete list of all eligible items; (3) all equipment and services listed will be automatically eligible for discounts provided the use is eligible and other funding requirements are satisfied; (4) there should be a procedure to have new products added to the list; (5) applicants and service providers may use the existing appeals procedures to appeal decisions by the Administrator rejecting the addition of specific items on the list; (6) applicants may also seek support for internal connections equipment that is not on this list; (7) such requests will be evaluated consistent with the Administrator's existing practice of ensuring that the equipment and proposed use are consistent with educational purposes.

27. We expect that the Administrator will be able to implement the pilot program no later than Funding Year 2005. The Administrator will timely report to the Commission about the effectiveness of the program during and after successful implementation. USAC's report should include information that details the effect of the list on the administrative review process, including the cost, and the number of applicants making use of such a list. We will evaluate this data and take it into consideration when evaluating whether and how to proceed to make this list accessible from the online FCC Form 471, and whether and how to incorporate telecommunications and Internet access services into such a list. In addition, in the accompanying FNPRM we seek further comment on the feasibility of an online eligible services brand name list for telecommunications services and Internet access.

B. Codification of 30 Percent Policy

28. *Discussion* We conclude that the 30 percent policy should be codified in the Commission's rules. We find that the procedure improves program operation and is important in reducing the administrative costs of the program because it enables SLD to efficiently process requests for support for services that are eligible for discounts but that also include some ineligible components. We further find that the 30 percent policy provides an appropriate incentive to applicants to seek discounts for only eligible products and services.