



NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

*Connecting New Jersey's
Schools and Libraries to the
Information Superhighway*

The Federal Telecommunications Act of 1996 is intended to ensure that all schools and libraries will provide affordable advanced telecommunication services for students and library users. However, there is no guarantee that all New Jersey schools and libraries will receive the funds necessary to meet these goals. That is why the Ratepayer Advocate is calling for the Board of Public Utilities (BPU) to take action in this matter and create a state universal service fund, ensuring that all of our schools and libraries are connected to the information superhighway. The fund would guarantee that all New Jersey schools and public libraries receive discounts on phone service, Internet access and the cost of internal wiring. Based on the Ratepayer Advocate's cost model, *Before 2000: Funding Technology in New Jersey's Schools and Public Libraries by the End of the Century*, an annual funding requirement of approximately \$40 million for the next 5 years is necessary for a State Universal Service Fund, to ensure the equal distribution of information technologies for all New Jersey's schools and libraries. This state fund is more important now than ever since the Federal Communications Commission's (FCC) has decided to reduce the level of federal support to schools and libraries from \$2.25 billion annually to \$625 million for the first six months of 1998. Even though the FCC has mandated a universal service fund, they have acknowledged that not every eligible school and library will receive benefits under the federal Act.

"We can use the money to fill the gaps where the FCC can't or won't help and respond to individual hardships requiring additional aid, Mrs. Peretz said. What we are trying to do is make sure that all of New Jersey's schools and libraries obtain what they need to put our educational system on the cutting edge of telecommunications."

A STATE UNIVERSAL SERVICE FUND IS NECESSARY BECAUSE:

- *We don't know how much of the federal funds will be allocated for New Jersey;*
- *We don't know which New Jersey school or library will receive money from the federal fund;*
- *We don't know whether all New Jersey's schools and libraries that apply will receive funding.*

Our educational system must create computer-savvy, high-tech workers conversant with information age technologies and proficient in their use. That is the workforce of the next century, and we have the opportunity to ensure that New Jersey has such a workforce. In September 1997, the Star Ledger reported that New Jersey has an unfriendly business climate that is inhibiting growth. In a survey of 375 technology companies, 42% have considered leaving the state. Part of the reason is because our workforce does not have the skills, the preparation, or the education to compete.

“Our telecommunications companies have taken the let’s wait and see approach. Our schools, senior citizens and unemployed alike cannot afford to wait. At a cost of 0.089% or less than 9/10th of one percent of revenues, telecommunications providers can impact the learning of children in our schools and expand the reach of all consumers through our municipal libraries,” said Blossom A. Peretz, Ratepayer Advocate.

The state universal service fund must meet three goals: discounts for schools and libraries must be implemented state wide; assistance must be provided to low income customers with the specific goal of increasing subscribership; there must be an appropriate level of service in all the areas of the state, including the high cost rural areas.

The \$40 million requested by the Ratepayer Advocate for schools and libraries may not even be enough due to the FCC’s recent action. With federal support now having been reduced by 45% for the first half of 1998, there is a cloud of uncertainty over the entire federal program, and federal funding assistance to schools and libraries as of July 1998 remains more of a hope than a certainty. Clearly, New Jersey cannot rely on the federal fund to meet all of our Universal Service needs. Without access to information technology, New Jersey’s students, its residents and the State as a whole, will be at a disadvantage in the competitive global marketplace.

A fund of \$11 million would provide meaningful assistance to low income consumers that has never before been available in New Jersey. A state universal service fund must be created with the intention of ensuring the maximum amount of federal benefits available to the state’s low income ratepayers through the Lifeline Program. A state universal service program for low income subscribers is necessary to provide the matching funds necessary to implement the Lifeline program in New Jersey.

The fund must also ensure the availability of affordable service to customers in high cost geographic areas. All New Jersey citizens should have an equal opportunity to benefit from vigorous competition in the local phone industry and its promise to bring lower rates. The Ratepayer Advocate is recommending a \$16 million fund to enable and hopefully encourage competitive carriers to enter the marketplace in high cost geographic areas.

The window of opportunity is here to enrich the lives of school children, low income residents and those in remote high cost areas. We urge the BPU to open the door to new technology to ensure that our schools and libraries receive sufficient funding for the new Information Age, to meet the needs of its low income residents and for those who live in high cost geographic areas.

If you would like copies of our schools and libraries report, and testimony filed at the BPU from both the Ratepayer Advocate and New Jersey’s education associations, please contact our office or Website.

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