

109TH CONGRESS
2D SESSION

S. 2256

To amend the Communications Act of 1934 to ensure the availability to all Americans of high-quality, advanced telecommunications and broadband services, technologies, and networks at just, reasonable, and affordable rates, and to establish a permanent mechanism to guarantee specific, sufficient, and predictable support for the preservation and advancement of universal service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 2006

Mr. BURNS introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To amend the Communications Act of 1934 to ensure the availability to all Americans of high-quality, advanced telecommunications and broadband services, technologies, and networks at just, reasonable, and affordable rates, and to establish a permanent mechanism to guarantee specific, sufficient, and predictable support for the preservation and advancement of universal service, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Internet and Universal
3 Service Act of 2006”.

4 **SEC. 2. FINDINGS AND PURPOSE.**

5 (a) FINDINGS.—Congress finds the following:

6 (1) The concept that all Americans, no matter
7 where they live, should have access to high-quality
8 communication services at affordable rates has been
9 a hallmark of Federal policy for over a century.

10 (2) A national communication and information
11 policy must foster innovation, encourage investment,
12 create jobs, improve productivity, and increase con-
13 sumer benefits.

14 (3) A national policy is needed to accelerate the
15 private sector deployment of advanced communica-
16 tion infrastructure to all Americans as rapidly as
17 possible.

18 (4) The preservation and advancement of uni-
19 versal service is a fundamental goal of the Commu-
20 nications Act of 1934 and the Telecommunications
21 Act of 1996, and must remain the foundation of fu-
22 ture communications policy.

23 (5) Maintaining a sustainable universal service
24 fund requires recipients to be accountable for how
25 support is used.

1 (6) Universal service support mechanisms
2 should be used to support the deployment and ad-
3 vancement of a robust communications infrastruc-
4 ture so all Americans can enjoy new and exciting
5 communication services regardless of where they live
6 or the technology used.

7 (7) Any universal service support funding mech-
8 anism should be equitable, nondiscriminatory, com-
9 petitively neutral, and ensure affordable communica-
10 tions services for all Americans.

11 (8) Universal service support should be used to
12 provide incentives for continued investment into the
13 public network and to increase the availability of
14 broadband service to all Americans.

15 (9) Since 1998 the Federal Communications
16 Commission has committed more than
17 \$13,000,000,000 to help schools and libraries ac-
18 quire Internet and telecommunications services.

19 (10) Recently allegations of waste, fraud, and
20 abuse have surfaced, and as steward of the Schools
21 and Libraries Program, the Federal Communica-
22 tions Commission must ensure that participants use
23 program funds appropriately.

24 (11) Promoting telemedicine helps link rural
25 health care facilities to urban medical centers.

1 (12) Many people in remote communities would
2 not have access to health care without use of the
3 Internet, an important issue in rural communities
4 since many lack a physician.

5 (b) PURPOSES.—The purposes of this Act are to de-
6 velop a national telecommunications and information pol-
7 icy that fosters innovation, encourages investment, creates
8 jobs, improves productivity, and increases consumer bene-
9 fits by—

10 (1) ensuring that the United States becomes a
11 world leader in broadband deployment by ensuring
12 that consumers have access to high-capacity
13 broadband services and facilities;

14 (2) updating and advancing the definition of
15 universal service to ensure appropriate incentives
16 through the Federal universal service support fund
17 are used to accelerate the deployment of advanced
18 communications and information services and tech-
19 nologies, including broadband services, for the ben-
20 efit of all Americans;

21 (3) eliminating economic and technical barriers
22 to investment by eligible telecommunications carriers
23 in rural and high-cost areas, as contemplated in sec-
24 tion 706 of the Telecommunications Act of 1996 (47
25 U.S.C. 157 note);

1 (4) targeting universal service support specifi-
2 cally to high cost areas to ensure that communica-
3 tions services and broadband facilities are made
4 available throughout all of the States in a fair and
5 equitable manner;

6 (5) ensuring universal service support contribu-
7 tions and distributions are—

8 (A) assessed and distributed in a fair, eq-
9 uitable, and competitively neutral manner; and

10 (B) based upon a methodology to assess
11 contributions that effectuates the principles ref-
12 erenced in this Act;

13 (6) guaranteeing the integrity the methods used
14 to calculate and distribute universal service support
15 in a manner consistent with sections 214 and 254
16 of the Communications Act of 1934 (47 U.S.C. 214
17 and 254);

18 (7) ensuring that all providers that use the net-
19 work and facilities of another provider fully com-
20 pensate each provider for the use of its network and
21 facilities;

22 (8) ensuring the integrity of the Schools and
23 Libraries Program to deter waste, fraud, and abuse,
24 by strengthening the Federal Communications Com-
25 mission’s management and oversight, including im-

1 posing sanctions on applicants and vendors who re-
 2 peatedly and knowingly violate significant program
 3 rules; and

4 (9) improving the effectiveness of the Rural
 5 Health Care Program.

6 **SEC. 3. ADVANCED TELECOMMUNICATIONS INFRASTRUC-**
 7 **TURE INVESTMENT INCENTIVES.**

8 (a) REMOVAL OF BARRIERS TO ADVANCED INFRA-
 9 STRUCTURE INVESTMENT.—Section 706 of the Tele-
 10 communications Act of 1996 (47 U.S.C. 157 note) is
 11 amended by adding at the end the following:

12 “(d) ADVANCED TELECOMMUNICATIONS INFRA-
 13 STRUCTURE INVESTMENT INCENTIVES.—The Commission
 14 shall ensure that eligible telecommunications carriers have
 15 sufficient incentives, through the use of Federal universal
 16 service support mechanisms, to invest and deploy network
 17 facilities necessary to provide broadband service and
 18 broadband voice service for the benefit of all Americans
 19 in rural, insular, and high-cost areas.”.

20 (b) EFFECTUATION OF INVESTMENT INCENTIVES.—

21 (1) RULEMAKING.—

22 (A) IN GENERAL.—Not later than 180
 23 days after the date of enactment of this Act,
 24 the Federal Communications Commission shall
 25 complete a rulemaking to define advanced tele-

1 communications infrastructure and broadband
2 service.

3 (B) REQUIRED CONTENT.—In the rule-
4 making required under subparagraph (A), the
5 definition of advanced telecommunications in-
6 frastructure and broadband service shall in-
7 clude—

8 (i) network facilities and capabilities
9 that enable 2-way transmission of informa-
10 tion using Internet protocol or any suc-
11 cessor protocol, and the associated capa-
12 bilities and functionalities, services, and
13 applications provided over an Internet pro-
14 tocol platform or for which an Internet
15 protocol capability is an integral compo-
16 nent; and

17 (ii) service facilities and equipment
18 and applications that enable an end-user to
19 receive communications in Internet pro-
20 tocol format, regardless of whether the
21 such communications are voice, data,
22 video, or any other form at a download re-
23 ceiving rate of not lower than 1 megabit
24 per second.

1 (2) ADVANCED TELECOMMUNICATIONS CAPA-
2 BILITY RULEMAKING.—Not later than 3 years after
3 the date of enactment of this Act, and every 3 years
4 thereafter, the Federal Communications Commission
5 shall complete a study to review the definition of ad-
6 vanced telecommunications infrastructure and
7 broadband service, as such term is defined under the
8 rulemaking required in paragraph (1), taking into
9 account prevailing standards of technical and eco-
10 nomic feasibility and acceptance in the marketplace.

11 (3) DEPLOYMENT OF NEXT GENERATION NET-
12 WORKS.—Not later than 180 days after the date of
13 enactment of this Act, and every 3 years thereafter,
14 the Federal Communications Commission shall com-
15 plete a study to identify economic and technical bar-
16 riers to the deployment of next generation advanced
17 telecommunications and information networks, serv-
18 ices, and technologies, including high-capacity trans-
19 mission and distribution networks capable of deliv-
20 ering 20 megabytes per second capacity, for the ben-
21 efit of all Americans in rural, insular, and high-cost
22 areas.

1 **SEC. 4. ENSURING INTEGRITY AND ACCOUNTABILITY IN**
 2 **THE DISTRIBUTION OF UNIVERSAL SERVICE.**

3 (a) CONTROLLING THE GROWTH OF UNIVERSAL
 4 SERVICE SUPPORT.—Section 214(e) of the Communica-
 5 tions Act of 1934 (47 U.S.C. 214(e)) is amended—

6 (1) in paragraph (1)—

7 (A) by redesignating subparagraph (B) as
 8 subparagraph (E);

9 (B) in subparagraph (A), by striking “;
 10 and” and inserting a semicolon; and

11 (C) by inserting the following after sub-
 12 paragraph (A):

13 “(B) offer any calling plan, approved by
 14 the State, as meeting the definition of afford-
 15 able service, at rates, terms, and conditions
 16 comparable to those offered by the eligible tele-
 17 communications carrier that is the incumbent
 18 local exchange carrier for such service area;

19 “(C) offer such services and perform such
 20 functions as may be required of the eligible tele-
 21 communications carrier that is the incumbent
 22 local exchange carrier for such service area
 23 under applicable Federal and State law to pro-
 24 tect customers and promote public health, safe-
 25 ty, and welfare, including promoting the quality

1 and reliability of the telecommunications serv-
2 ices and infrastructure of the nation;

3 “(D) offer such services substantially over
4 its own facilities, excluding unbundled network
5 elements, and further commit to use any sup-
6 port received to achieve facilities-based coverage
7 of the entire service area within 2 years of such
8 date of designation; and”;

9 (2) in paragraph (2)—

10 (A) in the second sentence, by striking “,
11 in the case of an area served by a rural tele-
12 phone company, and shall, in the case of all
13 other areas,”; and

14 (B) in the last sentence, by striking “for
15 an area served by a rural telephone company”;
16 and

17 (3) by striking paragraph (5) and inserting the
18 following:

19 “(5) SERVICE AREA DEFINED.—

20 “(A) IN GENERAL.—The term ‘service
21 area’ means the entire study area of an incum-
22 bent local exchange carrier for which such car-
23 rier is designated as an eligible telecommuni-
24 cations carrier.

1 “(B) LIMITATION ON SIZE.—No carrier
 2 may be designated an eligible telecommuni-
 3 cations carrier under this section for any area
 4 smaller than the entire study area of an incum-
 5 bent local exchange carrier.”.

6 (b) ELIGIBLE TELECOMMUNICATIONS CARRIER DES-
 7 IGNATION DISCIPLINE.—

8 (1) IN GENERAL.—Section 214(e) of the Com-
 9 munications Act of 1934 (47 U.S.C. 214(e)) is
 10 amended by adding at the end the following:

11 “(7) CALCULATION OF SUPPORT.—

12 “(A) IN GENERAL.—The Commission shall
 13 calculate the amount of support payable to any
 14 eligible telecommunications carrier based on a
 15 prior showing of the actual costs of providing,
 16 maintaining, and upgrading of facilities and
 17 services in the service area for which such sup-
 18 port is intended of each such carrier.

19 “(B) ELECTION.—An eligible telecommuni-
 20 cations carrier may elect to have the Commis-
 21 sion calculate the amount of support payable to
 22 it on the basis of the forward looking costs of
 23 such carrier.”.

24 (2) RULEMAKING.—Not later than 270 days
 25 after the date of enactment of this Act, the Commis-

1 sion shall complete a rulemaking to implement sec-
 2 tion 214(e)(7) of the Communications Act of 1934,
 3 including establishing competitively neutral criteria
 4 for demonstrating actual costs as required by such
 5 section for eligible telecommunications carriers not
 6 currently submitting cost data under subparagraph
 7 (B) of such section.

8 (c) OVERSIGHT OF USE OF UNIVERSAL SERVICE
 9 SUPPORT.—Section 254 of the Communications Act of
 10 1934 (47 U.S.C. 254) is amended by adding at the end
 11 the following:

12 “(m) ACCOUNTABILITY OF ELIGIBLE TELECOMMUNI-
 13 CATIONS CARRIERS.—

14 “(1) IN GENERAL.—The Commission shall re-
 15 quire each eligible telecommunications carrier receiv-
 16 ing support under this section to certify annually to
 17 the Commission that such carrier is using such sup-
 18 port in compliance with subsection (e) and section
 19 214(e), including establishing with specificity that
 20 such support is being used for the provision, mainte-
 21 nance, and upgrading of facilities and services for
 22 which such support is intended.

23 “(2) COMPETITIVELY NEUTRAL CRITERIA.—
 24 The Commission shall establish competitively neutral
 25 criteria for the annual certifications described in

1 paragraph (1) that impose substantially similar bur-
 2 dens of substantiation on each eligible telecommuni-
 3 cations carrier.”.

4 (d) EFFECTIVE DATE; TRANSITION PERIOD FOR AU-
 5 THORIZED ELIGIBLE TELECOMMUNICATIONS CAR-
 6 RRIERS.—

7 (1) IN GENERAL.—This section and the amend-
 8 ments made by this section shall take effect on the
 9 expiration of the date which is 1 year after the date
 10 of enactment of this Act.

11 (2) COMPLIANCE WITH THIS SECTION FOR CAR-
 12 RRIERS ALREADY DESIGNATED AS ELIGIBLE.—

13 (A) COMPLIANCE REQUIRED.—Each tele-
 14 communications carrier designated as an eligi-
 15 ble telecommunications carrier under section
 16 214(e) of the Communications Act of 1934 (47
 17 U.S.C. 214(e)) prior to the date of enactment
 18 of this Act shall comply with the provisions of
 19 this section on or after the date described in
 20 paragraph (1).

21 (B) PENALTY FOR NONCOMPLIANCE.—Any
 22 telecommunications carrier designated as an eli-
 23 gible telecommunications carrier under section
 24 214(e) of the Communications Act of 1934 (47
 25 U.S.C. 214(e)) prior to the date of enactment

1 of this Act, who fails to comply with the provi-
 2 sions of subparagraph (A) shall have such des-
 3 ignation revoked by the Commission.

4 **SEC. 5. STABILIZATION OF UNIVERSAL SERVICE FUNDING.**

5 (a) ENSURING AN EQUITABLE CONTRIBUTION BASE
 6 FOR UNIVERSAL SERVICE.—

7 (1) IN GENERAL.—Section 254(d) of the Com-
 8 munications Act of 1934 (47 U.S.C. 254(d)) is
 9 amended to read as follows:

10 “(d) UNIVERSAL SERVICE SUPPORT CONTRIBU-
 11 TIONS.—

12 “(1) ADMINISTRATION OF UNIVERSAL SERVICE
 13 PROGRAMS.—In administering Federal universal
 14 service funding mechanisms, and developing a con-
 15 tribution methodology for support for rural, insular,
 16 and high cost areas the Commission shall ensure—

17 “(A) that Federal universal service funding
 18 mechanisms are specific, predictable, and suffi-
 19 cient—

20 “(i) to preserve and advance universal
 21 service and to enable access to advanced
 22 telecommunications infrastructure and
 23 broadband services, as that term is defined
 24 under section 3(b)(1) of the Internet and
 25 Universal Service Act of 2006; and

1 “(ii) to effectuate the principles set
2 forth in subsection (b); and

3 “(B) that contributions to such funding
4 mechanisms are specific, predictable, and suffi-
5 cient to sustain the funding of networks used to
6 preserve and advance universal service.

7 “(2) NON-DISCRIMINATORY CONTRIBUTION
8 MECHANISM.—

9 “(A) IN GENERAL.—Each provider of tele-
10 communications, broadband service, or
11 broadband voice service shall contribute to the
12 Federal universal service funding mechanisms
13 established under this section.

14 “(B) REQUIREMENTS.—The Commission
15 shall ensure that the contributions required
16 under subparagraph (A) shall be—

17 “(i) equitable and non-discriminatory
18 among different types of providers;

19 “(ii) applied as broadly as possible to
20 all types of providers; and

21 “(iii) competitively and technologically
22 neutral, excluding no class of providers
23 from the obligation to contribute.

24 “(3) DE MINIMIS EXCEPTION.—The Commis-
25 sion may exempt a provider of telecommunications,

1 broadband service, or broadband voice service or any
 2 class of such providers from the requirements of this
 3 subsection if the communications activities of such
 4 provider are limited to such an extent that the level
 5 of contributions of such provider to the preservation
 6 and advancement of universal service would be de
 7 minimis.

8 “(4) CONTRIBUTION ASSESSMENT FLEXI-
 9 BILITY.—

10 “(A) IN GENERAL.—The Commission may
 11 employ any methodology to assess contributions
 12 to effectuate the principles referenced in this
 13 section, including—

14 “(i) revenues;

15 “(ii) working telephone numbers; or

16 “(iii) any other current or successor
 17 identifier protocols or connections to the
 18 network.

19 “(B) USE OF MORE THAN 1 METHOD-
 20 OLOGY.—If no 1 methodology employed under
 21 subparagraph (A) effectuates the principles de-
 22 scribed under this subsection, the Commission
 23 may employ a combination of any such meth-
 24 odologies.

1 “(C) REVENUE BASED METHODOLOGY.—

2 Notwithstanding paragraph (2)(B)(ii), if the
 3 Commission determines that a revenues based
 4 methodology, by itself or in combination with
 5 another methodology or methodologies, effec-
 6 tuates the principles described under this sub-
 7 section, the Commission may assess the inter-
 8 state, intrastate, and international revenues of
 9 a provider of telecommunications, broadband
 10 service, or broadband voice service.

11 “(D) LIMITATION.—Nothing in this sub-
 12 section precludes a State from establishing
 13 funding mechanisms to preserve and advance
 14 universal service within that State pursuant to
 15 subsection (f).

16 “(5) NON-DISCRIMINATORY ELIGIBILITY RE-
 17 QUIREMENT.—A provider of telecommunications,
 18 broadband service, or broadband voice service is not
 19 exempted from the requirements of this subsection
 20 solely on the basis that such provider is not eligible
 21 to receive support under this section.

22 “(6) RULEMAKING.—Not later than 180 days
 23 after the date of enactment of the Internet and Uni-
 24 versal Service Act of 2006, the Commission shall

1 complete a rulemaking proceeding to effectuate the
 2 provisions of this subsection.

3 “(7) BILLING STATEMENT.—A contributor to
 4 universal service mechanisms under this section
 5 shall—

6 “(A) be entitled, but not required, to place
 7 on any bill of a customer a separate line item
 8 charge that does not exceed the percentage that
 9 such contributor is required to contribute under
 10 this section; and

11 “(B) label such line item charge ‘Federal
 12 Universal Service Fee’.

13 “(8) DEFINITIONS.—In this subsection:

14 “(A) BROADBAND SERVICE.—The term
 15 ‘broadband service’ means any service used for
 16 transmission of information of a user’s choosing
 17 with a transmission speed of at least 200 kilo-
 18 bits per second in at least 1 direction, regard-
 19 less of the transmission medium or technology
 20 employed, for a fee directly—

21 “(i) to the public; or

22 “(ii) to such classes of users as to be
 23 effectively available directly to the public,
 24 including—

1 “(I) digital subscriber line serv-
2 ice;

3 “(II) cable modem service;

4 “(III) spectrum based broadband
5 service; or

6 “(IV) any service providing such
7 transmission speed that uses advanced
8 telecommunications capability, as that
9 term is defined in section 706(c) of
10 the Telecommunications Act of 1996.

11 “(B) BROADBAND VOICE SERVICE.—The
12 term ‘broadband voice service’ means a 2-way
13 voice service used for transmission of informa-
14 tion of a user’s choosing that is—

15 “(i) interconnected with a public
16 switched network; or

17 “(ii) transmitted, in whole or in part,
18 over the Internet, as that term is defined
19 in section 231(e)(3), or over any successor
20 protocol.”.

21 (2) CONFORMING AMENDMENT.—Section
22 254(b)(4) of the Communications Act of 1934 (47
23 U.S.C. 254(b)(4)) is amended by striking “tele-
24 communications services” and inserting “tele-

1 communications, broadband service, or broadband
2 voice service”.

3 (b) PROPER ACCOUNTING OF UNIVERSAL SERVICE
4 CONTRIBUTIONS.—

5 (1) FROM ALL BUDGETS.—Notwithstanding any
6 other provision of law, the receipts and disburse-
7 ments of the universal service contributions collected
8 by the Federal Communications Commission under
9 section 254 of the Communications Act of 1934 (47
10 U.S.C. 254) shall not be counted as new budget au-
11 thority, outlays, receipts, or deficit or surplus for
12 purposes of—

13 (A) the budget of the United States Gov-
14 ernment as submitted by the President;

15 (B) the congressional budget;

16 (C) the Balanced Budget and Emergency
17 Deficit Control Act of 1985; or

18 (D) any other statute requiring budget se-
19 questers.

20 (2) ADDITIONAL EXEMPTIONS.—Section 1341,
21 subchapter II of chapter 15, and sections 3302,
22 3321, 3322, and 3325 of title 31, United States
23 Code, shall not apply to the—

1 (A) collection and receipt of universal serv-
 2 ice contributions, including the interest earned
 3 on such contributions; or

4 (B) disbursement or other obligation of
 5 such contributions authorized by the Commis-
 6 sion under section 254 of the Communications
 7 Act of 1934 (47 U.S.C. 254).

8 (c) EFFECTIVE DATE.—This section, and the amend-
 9 ments made by this section, shall apply to all universal
 10 service contribution obligations due on or after the date
 11 of enactment of this Act.

12 **SEC. 6. NETWORK TRAFFIC ACCOUNTABILITY STANDARDS.**

13 (a) NETWORK TRAFFIC IDENTIFICATION ACCOUNT-
 14 ABILITY RULES.—Section 251 of the Communications Act
 15 of 1934 (47 U.S.C. 251) is amended by adding at the end
 16 the following:

17 “(j) IDENTIFICATION OF TRAFFIC.—

18 “(1) IN GENERAL.—Not later than 120 days
 19 after the date of enactment of the Internet and Uni-
 20 versal Service Act of 2006, the Commission shall
 21 issue and adopt rules to require each carrier to prop-
 22 erly identify the traffic that such carrier originates
 23 or transmits in such a manner as to enable a termi-
 24 nating carrier to properly identify, measure, and
 25 charge for such traffic.

1 “(2) REQUIRED CONTENT.—

2 “(A) TRANSMISSION RULES.—Any rule
3 adopted under paragraph (1) shall require all
4 carriers—

5 “(i) originating traffic to transmit in-
6 formation identifying the originating car-
7 rier, jurisdiction, and party from which
8 such traffic originates;

9 “(ii) to transmit such identifying in-
10 formation without alteration or deletion;

11 “(iii) except originating carriers to
12 transmit records identifying the originating
13 carrier; and

14 “(iv) to route traffic in accordance
15 with the local exchange routing guide es-
16 tablished by the industry to ensure traffic
17 is routed on trunk groups appropriate to
18 the jurisdictional status of such carrier.

19 “(B) ALTERNATE ROUTING ARRANGE-
20 MENTS.—In fulfilling any requirement under
21 subparagraph (A), a carrier may, if approved in
22 writing by the terminating carrier, use alternate
23 routing arrangements.

24 “(C) PROCESS RULES.—Notwithstanding
25 subparagraph (A), any rule adopted under

1 paragraph (1) shall also require the Commis-
2 sion to establish—

3 “(i) an expedited informal complaint
4 process for the enforcement of such rule;
5 and

6 “(ii) such remedies as may be appro-
7 priate to be imposed on carriers found to
8 be in violation of such rule.

9 “(D) AVAILABLE REMEDIES.—A remedy
10 described under subparagraph (C)(ii) may in-
11 clude—

12 “(i) the imposition of damages in ac-
13 cordance with section 209;

14 “(ii) the imposition of a forfeiture in
15 accordance with section 501;

16 “(iii) permitting the terminating car-
17 rier that receives telecommunications traf-
18 fic not accompanied by the information re-
19 quired in this subsection to bill the carrier
20 that delivered the traffic to the terminating
21 carrier the charges that would have applied
22 if the Commission finds that the failure of
23 such carrier to provide such information
24 caused or contributed to the inability of

1 the terminating carrier to bill the proper
2 carrier; or

3 “(iv) such other remedy as the Com-
4 mission determines appropriate.

5 “(3) DEFINITION OF CARRIER.—As used in this
6 section, the term ‘carrier’ means any telecommuni-
7 cations carrier including any broadband, broadband
8 voice, CMRS provider, and any other entity that di-
9 rectly or indirectly obtains telephone numbers, or
10 any successor identifier, from the numbering admin-
11 istrator, or any successor administrator, established
12 under this section.”.

13 (b) SEPARATIONS FREEZE.—All separations alloca-
14 tions for telecommunications carriers authorized under
15 section 410(c) of the Communications Act of 1934 (47
16 U.S.C. 410(c)) shall be frozen until such time as the Com-
17 mission completes a rulemaking under this subsection es-
18 tablishing a comprehensive system of intercarrier com-
19 pensation for all telecommunications and information
20 services carried on the network of more than 1 carrier.

21 **SEC. 7. ENSURING INTEGRITY AND ACCOUNTABILITY IN**
22 **THE SCHOOLS AND LIBRARIES PROGRAM.**

23 Title IV of the Communications Act of 1934 (47
24 U.S.C. 401 et seq.) is amended by adding at the end the
25 following:

1 **“SEC. 417. UNIVERSAL SERVICE ADMINISTRATOR.**

2 “(a) APPOINTMENT OF USAC AS PERMANENT AD-
3 MINISTRATOR.—The Universal Service Administrative
4 Company is appointed the permanent Administrator of the
5 universal service support mechanisms established under
6 section 254.

7 “(b) OVERSIGHT.—The Administrator shall be sub-
8 ject to oversight by the Commission.

9 “(c) DUTIES OF THE ADMINISTRATOR.—The Com-
10 mission shall define the duties and responsibilities of the
11 Administrator.

12 “(d) ACCOUNTABILITY AND ENFORCEMENT.—The
13 Commission, in consultation with the Administrator,
14 shall—

15 “(1) ensure the integrity and accountability of
16 all programs established under section 254(h); and

17 “(2) not later than 180 days after the date of
18 enactment of the Internet and Universal Service Act
19 of 2006, establish rules—

20 “(A) identifying appropriate fiscal controls
21 and accountability standards that apply to the
22 Schools and Libraries Program under section
23 254(h);

24 “(B) including a memorandum of under-
25 standing, or including contractual relationships,
26 as the Commission determines appropriate, de-

fining the administrative structure and processes by which the Universal Service Administrative Company administers the Schools and Libraries Program under section 254(h);

“(C) creating performance goals and measures for the Schools and Libraries Program under section 254(h), such goals and measures shall be used by the Commission to determine—

“(i) how efficiently and cost-effectively funds are spent in supporting the telecommunications needs of schools and libraries; and

“(ii) areas for improved operations; and

“(D) establishing appropriate enforcement actions, including imposition of sanctions on applicants and vendors who repeatedly and knowingly violate program rules set forth in section 254(h), such as debarment from the program for individuals convicted of crimes or held civilly liable for actions taken in connection with the Schools and Libraries Program.”.

1 **SEC. 8. IMPROVING EFFECTIVENESS OF RURAL HEALTH**
2 **CARE SUPPORT MECHANISM.**

3 Section 254(h) of the Communications Act of 1934
4 (47 U.S.C. 2549h)) is amended—

5 (1) in paragraph (1), by striking subparagraph
6 (A) and inserting the following:

7 “(A) HEALTH CARE PROVIDERS FOR
8 RURAL AREAS.—

9 “(i) DISCOUNTS.—A telecommuni-
10 cations carrier, or other provider of com-
11 munications services shall, upon receiving a
12 bona fide request, provide telecommuni-
13 cations services which are necessary for the
14 provision of health care services in a State,
15 including instruction relating to such serv-
16 ices, to any public or nonprofit health care
17 provider in that State at a discounted rate
18 that is 25 percent of the lowest rate avail-
19 able in that State.

20 “(ii) LIMITATION.—The discount re-
21 quired under clause (i) shall be available
22 only to a public or nonprofit health care
23 provider located in a rural area.

24 “(iii) DEFINITION.—For purposes of
25 this subparagraph, the term ‘rural area’
26 means—

1 “(I) any incorporated or unincor-
2 porated area in the United States, or
3 in the territories or insular possession
4 of the United States, including any
5 area within the Federated States of
6 Micronesia, the Republic of the Mar-
7 shall Islands, and the Republic of
8 Palau, that has not more than 20,000
9 inhabitants based on the most recent
10 available population statistics pub-
11 lished in the most recent decennial
12 census issued by the Census Bureau;

13 “(II) any area located outside the
14 boundaries of any incorporated or un-
15 incorporated city, village, or borough
16 that has more than 20,000 inhab-
17 itants based on the most recent avail-
18 able population statistics published in
19 the most recent decennial census
20 issued by the Census Bureau; or

21 “(III) any area that qualified as
22 a rural area under the rules of the
23 Commission in effect on December 1,
24 2004.”; and

25 (2) in paragraph (7)—

1 (A) in clause (vi), by striking “; and” and
 2 inserting a semicolon; and

3 (B) by striking clause (vii) and inserting
 4 the following:

5 “(vii) not-for-profit nursing homes or
 6 skilled nursing facilities;

7 “(viii) critical access hospitals;

8 “(ix) emergency medical services fa-
 9 cilities;

10 “(x) hospice providers;

11 “(xi) rural dialysis facilities;

12 “(xii) tribal health clinics;

13 “(xiii) not-for-profit dental offices;

14 “(xiv) school health clinics;

15 “(xv) residential treatment facilities;

16 “(xvi) consortia of health care pro-
 17 viders consisting of 1 or more entities de-
 18 scribed in clauses (i) through (xv); and

19 “(xvii) any other entity the Commis-
 20 sion determines—

21 “(I) eligible to receive discounted
 22 telecommunications service under
 23 paragraph (1)(A); and

- 1 “(II) essential to the health, edu-
- 2 cation, or safety of the public.”.

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