



# PUBLIC NOTICE

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## WIRELINE COMPETITION BUREAU DIRECTS USAC TO FULLY FUND ELIGIBLE CATEGORY ONE AND CATEGORY TWO E-RATE REQUESTS

CC Docket No. 02-6

In this notice, the Wireline Competition Bureau announces that there is sufficient funding available to fully meet the Universal Service Company's (USAC) estimated demand for category one and category two requests for E-rate supported services for funding year 2016.<sup>1</sup>

For funding year 2016, USAC created two E-rate application filing window periods.<sup>2</sup> On June 6, 2016, after the first of these two windows closed, USAC submitted an estimate of demand for the E-rate program for funding year 2016.<sup>3</sup> It estimates that the total demand for funding year 2016 will be \$3.609 billion, which includes estimated demand for category one services of \$2.330 billion and of \$1.279 billion for category two services.<sup>4</sup>

Recently, the Wireline Competition Bureau announced that the E-rate program funding cap for funding year 2016 is \$3.939 billion.<sup>5</sup> Additionally, according to USAC projections, \$1.9 billion in unused funds is available for use in E-rate funding year 2016.<sup>6</sup>

The Chief of the Wireline Competition Bureau is delegated authority to determine the proportion of unused funds needed to meet category one demand and to direct USAC to use any remaining funds to provide category two support.<sup>7</sup> In light of the current funding cap of \$3.939 billion and available carry forward funding of \$1.9 billion, there is sufficient funding to fully fund all category one and category two

<sup>1</sup> The 2016 funding year runs from July 1, 2016 to June 30, 2017. The E-rate program is more formally known as the Schools and Libraries universal service support program.

<sup>2</sup> See USAC, E-rate Application Window Extension Notice for FY2016 (Apr. 15, 2016), <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=685>

<sup>3</sup> See Letter from Mel Blackwell, Vice President, USAC, to Matthew DelNero, Chief, Wireline Competition Bureau, FCC, CC Docket No. 02-6, at Attach. (filed June 6, 2016) (Funding Year 2016 E-rate Demand Estimate Letter) (USAC estimated demand by using its normal methodology for the first window and using historical funding patterns to calculate the additional demand from the second window, which closes July 21, 2016).

<sup>4</sup> *Id.*

<sup>5</sup> See *Wireline Competition Bureau Announces E-rate Inflation-Based Cap for Funding Year 2016*, CC Docket No. 02-06, Public Notice, DA 16-505 (WCB May 6, 2016) 2016 WL 2627663; 47 CFR § 54.507(a)(3).

<sup>6</sup> See USAC, Federal Universal Service Support Mechanisms Fund Size Projections for Second Quarter 2016 (Feb. 1, 2016), <http://www.usac.org/about/tools/fcc/filings/2016/Q2/Fund%20Size%20Projection%20Summary.pdf>, at 45.

<sup>7</sup> 47 CFR § 54.507(a)(5). Category one services include telecommunications, telecommunications services and Internet access; category two services include internal connections, basic maintenance of internal connections and managed internal broadband services.

funding requests. We therefore direct USAC to fully fund eligible category one and category two requests, using \$1.9 billion in E-rate funds unused from previous years, and any additional funds needed under the current cap to fully meet demand for such services.

For further information, please contact James Bachtell, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

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