



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU ANNOUNCES CARRY-FORWARD OF UNUSED SCHOOLS AND LIBRARIES UNIVERSAL SERVICE FUNDS FOR FUNDING YEAR 2015

CC Docket No. 02-6

Pursuant to section 54.709(a)(3) of the Commission's rules,¹ on January 30, 2015, the Universal Service Administrative Company (USAC) submitted projections of demand and administrative expenses for the federal universal service fund for the second quarter of 2015.² According to USAC's projections, \$1.575 billion in unused funds from previous funding years is available to carry forward to increase disbursements to schools and libraries via the E-rate program, more formally known as the schools and libraries universal service program.³ In the second quarter of each calendar year, all funds that are collected and unused from prior years shall be available for use in the next full E-rate funding year.⁴ The Chief of the Wireline Competition Bureau is delegated authority to determine the proportion of unused funds to meet category one demand and to direct USAC to use any remaining funds to provide category two support.⁵

Pursuant to the *Second E-rate Modernization Order*, the E-rate cap for Funding Year 2015 is \$3.9 billion.⁶

¹ 47 C.F.R. § 54.709(a)(3).

² See USAC, Federal Universal Service Support Mechanisms Fund Size Projections for Second Quarter 2015 (Jan. 30, 2015), <http://www.usac.org/about/tools/fcc/filings/2015/Q2/USAC%20Q2015%20Federal%20Universal%20Service%20Mechanism%20Quarterly%20Demand%20Filing.pdf> (USAC Second Quarter 2015 Fund Size Projections); see also Letter from Chris Henderson, Chief Executive Officer, USAC, to Marlene H. Dortch, Secretary, FCC, CC Docket No. 02-6, WC Docket No. 13-184 (filed Dec. 23, 2014).

³ USAC Second Quarter 2015 Fund Size Projections at 43.

⁴ 47 C.F.R. § 54.507(a)(6); see also 47 C.F.R. § 54.507(a)(5) (stating that “[a]ll funds collected that are unused shall be carried forward into subsequent funding years for use in the [E-rate program] in accordance with the public interest and notwithstanding the annual cap”).

⁵ 47 C.F.R. § 54.507(a)(5).

⁶ See *Modernizing the E-Rate Program for Schools and Libraries; Connect America Fund*, WC Docket Nos. 13-184 and 10-90, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538, 15569, para. 77 (2014) (*Second E-rate Modernization Order*); 47 C.F.R. § 54.507(a). Beginning in Funding Year 2016, the \$3.9 billion E-rate funding cap will be automatically increased to take into account increases in the rate of inflation. See 47 C.F.R. § 54.507(a)(1).

On May 6, 2015, USAC submitted an estimate of demand for the E-rate program for Funding Year 2015 (July 1, 2015 to June 30, 2016) of \$3.92 billion, which includes estimated demand for category one services (telecommunications, telecommunications services and Internet access) of \$2.255 billion and of \$1.665 billion for category two services (internal connections, basic maintenance of internal connections and managed internal broadband services).⁷

No unused funding from previous years is needed to fully fund category one services. We therefore direct USAC to fully fund eligible category one services under the new cap. We also direct USAC to fully fund eligible category two services, first using as much as \$1.575 billion in E-rate funds unused from previous years, and then using any additional funds needed under the new cap to fully meet demand.

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

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⁷ See Letter from Mel Blackwell, Vice President, USAC, to Julie Veach, Chief, Wireline Competition Bureau, FCC, CC Docket No. 02-6, at Attach. (filed May 6, 2015).