



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 Public Notice, the Wireline Competition Bureau (Bureau) announces that there is sufficient funding available to fully meet the Universal Service Administrative Company's (USAC) estimated demand for category one and category two requests for E-Rate supported services for funding year 2023.¹

On March 29, 2023, USAC submitted a demand estimate for the E-Rate program for funding year 2023.² USAC estimates the total demand for funding year 2023 will be \$2.944 billion, which includes estimated demand for category one services of \$1.658 billion and of \$1.286 billion for category two services.³

The Bureau announced that the E-Rate program funding cap for funding year 2023 is \$4.768 billion.⁴ Additionally, as of March 31, 2023, USAC projects that \$440.22 million in unused funds from prior funding years is available for use in E-Rate funding year 2023.⁵

The Chief of the 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.⁶ In light of the current funding cap of \$4.768 billion and using available carry forward funding of \$440.22 million, there is sufficient funding to fully fund all category one and category two funding requests for funding year 2023. We therefore direct USAC to fully fund eligible category one and category two requests submitted for funding year 2023. We also direct USAC to use \$250 million in

¹ The E-Rate program is more formally known as the schools and libraries universal service support mechanism. The 2023 funding year runs from July 1, 2022 to June 30, 2024. 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.

² See Letter from Craig Davis, Vice President, Schools and Libraries Division, USAC, to Trent Harkrader, Chief, Wireline Competition Bureau, FCC, CC Docket No. 02-6 (Mar. 29, 2023).

³ *Id.* The demand estimate for funding year 2023 was reflected as \$2.718 billion in the Third Quarter USF Size Projections. See USAC, Federal Universal Service Support Mechanisms Fund Size Projections for Third Quarter 2023, at 55 (May 2, 2023), <https://www.fcc.gov/ecfs/document/10502666024464/2> (USAC Third Quarter 2023 USF Size Projections).

⁴ See *Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2023*, CC Docket No. 02-6, Public Notice, DA 23-178 (WCB Mar. 3, 2023); 47 CFR § 54.507(a)(3).

⁵ As of March 31, 2023, USAC projects that \$440.22 million will be available as carry forward funds for funding year 2023. See USAC Third Quarter 2023 USF Size Projections, at 55.

⁶ 47 CFR § 54.507(a)(5).

E-Rate funds unused from prior years to offset the collection requirements needed to fully meet demand for such services.⁷ We further direct USAC to reserve the remaining amount of carry forward funds for future use.⁸

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

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⁷ 47 CFR § 54.709(b) (explaining that any excessive contributions should be carried over into the following quarter and taken into account when determining the contribution factor, but also allowing the Commission to instruct USAC to treat the excess contributions in another manner). This instruction “may be made in the form of a Commission order or a public notice released by the Wireline Competition Bureau.” *Id.*

⁸ *See id.*; *see also* 47 CFR § 54.507(a)(6) (providing that “all funds collected and that are unused from prior years shall be available for use in the next full funding year of [the E-Rate program] in accordance with the public interest and notwithstanding the annual cap”). This action is also consistent with the treatment of carry-forward funds for other universal service programs, like the Rural Health Care program. *See, e.g.*, 47 CFR § 54.619(a)(5) (providing that the Wireline Competition Bureau, in consultation with the Office of the Managing Director, may determine the proportion of unused funding in the RHC program that may be used to either satisfy demand, reduce collections for the RHC program, or hold in reserve to address contingencies for subsequent funding years).