



# 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 2026.<sup>1</sup>

On April 6, 2026, USAC submitted a demand estimate for the E-Rate program for funding year 2026.<sup>2</sup> USAC estimates the total demand for funding year 2026 will be \$3.515 billion, which includes estimated demand of \$1.701 billion for category one services, and of \$1.814 billion for category two services.<sup>3</sup>

The Bureau announced that the E-Rate program inflation-based cap for funding year 2026 is \$5.2 billion.<sup>4</sup> Additionally, as of March 31, 2026, USAC projects that \$600 million in unused funding from prior years is available for use in E-Rate funding year 2026.<sup>5</sup>

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.<sup>6</sup> In light of the current funding cap of \$5.2 billion and available carry forward funding of \$600 million,<sup>7</sup> there is sufficient funding to fully fund all category one and category two requests for

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<sup>1</sup> The E-Rate program is formally known as the schools and libraries universal service support mechanism. Funding year (FY) 2026 runs from July 1, 2026 to June 30, 2027. 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.

<sup>2</sup> See Letter from Bernie Manns, Senior Director, Schools and Libraries Division, USAC, to Joseph Calascione, Chief, Wireline Competition Bureau, FCC, CC Docket No. 02-6 (Apr. 6, 2026), <https://www.fcc.gov/ecfs/search/search-filings/filing/10406235945877>.

<sup>3</sup> *Id.* The demand estimate for funding year 2026 was reflected as \$3.265 billion in the Third Quarter USF Size Projections. See USAC, Federal Universal Service Support Mechanisms Fund Size Projections for Third Quarter 2026, at 61 (May 1, 2026), <https://www.fcc.gov/ecfs/document/105012565305465/2> (USAC Third Quarter 2026 USF Size Projections).

<sup>4</sup> See *Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2026*, CC Docket Nos. 02-6, 02-60, Public Notice, DA 26-291 (WCB Mar. 25, 2026), <https://docs.fcc.gov/public/attachments/DA-26-291A1.pdf>; 47 CFR § 54.507(a)(3).

<sup>5</sup> As of March 31, 2026, USAC projects that \$600 million will be available as carry forward funds for funding year 2026. See USAC Third Quarter 2026 USF Size Projections at 61.

<sup>6</sup> 47 CFR § 54.507(a)(5).

<sup>7</sup> See *supra* notes 3 and 4.

funding year 2026. We therefore direct USAC to fully fund eligible category one and category two requests submitted for funding year 2026. We also direct USAC to use \$600 million in E-Rate funds unused from prior years to offset the collection requirements needed to fully meet demand for such services.<sup>8</sup>

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

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<sup>8</sup> 47 CFR § 54.709(b) (explaining that any excessive contributions should be carried over into the following quarter and considered 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.*