

Federal Communications Commission.
Magalie Roman Salas,
Secretary.
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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 54

[CC Docket No. 96-45; FCC 98-120]

Federal-State Joint Board on Universal Service

AGENCY: Federal Communications Commission.

ACTION: Final rule; correction.

SUMMARY: This document corrects portions of the Commission's rules that were published in the **Federal Register** of August 12, 1998 (63 FR 43088).

EFFECTIVE DATE: August 28, 1998.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: The Federal Communications Commission published a document amending part 54 of the Commission's rules in the **Federal Register** of August 12, 1998 (63 FR 43088). In rule FR Doc. 98-21588, published on August 12, 1998, (63 FR 43088) make the following correction:

1. On page 43097, in the first column, instruction number 2 and related regulatory text in § 54.507 are corrected to read as follows:

2. Section 54.507 is amended by revising paragraphs (a) and (b), by redesignating introductory paragraph (g) as (g)(2), redesignating paragraphs (g)(1) through (g)(4) as (g)(2)(i) through (g)(2)(i)(iv), adding new introductory paragraph (g) and adding new paragraph (g)(1) to read as follows:

§ 54.507 Cap.

(a) *Amount of the annual cap.* The annual cap on federal universal service support for schools and libraries shall be \$2.25 billion per funding year, and all funding authority for a given funding year that is unused in that funding year shall be carried forward into subsequent funding years for use in accordance with demand, with the following exceptions:

(1) No more than \$625 million shall be collected or spent for the funding period from January 1, 1998 through June 30, 1998. No more than \$325 million shall be collected for the

funding period from July 1, 1998 through September 30, 1998. No more than \$325 million shall be collected for the funding period from October 1, 1998 through December 31, 1998. No more than \$325 million shall be collected for the funding period from January 1, 1999 through March 31, 1999. No more than \$325 million shall be collected for the funding period from April 1, 1999 through June 30, 1999. No more than \$1.925 billion shall be collected or disbursed during the eighteen month period from January 1, 1998 through June 30, 1999.

(2) The carryover of unused funding authority will not apply for the funding period January 1, 1998 through June 30, 1999. To the extent that the amounts collected in the funding period January 1, 1998 through June 30, 1999 are less than \$2.25 billion, the difference will not be carried over to subsequent funding years. Carryover of funds will occur only to the extent that funds are collected but not disbursed in the funding period January 1, 1998 through June 30, 1999.

(b) *Funding year.* A funding year for purposes of the schools and libraries cap shall be the period July 1 through June 30. For the initiation of the mechanism only, the eighteen month period from January 1, 1998 to June 30, 1999 shall be considered a funding year. Schools and libraries filing applications within the initial 75-day filing window shall receive funding for requested services through June 30, 1999.

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(g) *Rules of priority.* Schools and Libraries Corporation shall act in accordance with paragraph (g)(1) of this section with respect to applicants that file a Form 471, as described in § 54.504(c) of this part, when a filing period described in paragraph (c) of this section is in effect. Schools and Libraries Corporation shall act in accordance with paragraph (g)(2) of this section with respect to applicants that file a Form 471, as described in § 54.504(c) of this part, at all times other than within a filing period described in paragraph (c) of this section.

(1) When the filing period described in paragraph (c) of this section closes, Schools and Libraries Corporation shall calculate the total demand for support submitted by applicants during the filing period. If total demand exceeds the total support available for that funding year, Schools and Libraries Corporation shall take the following steps:

(i) Schools and Libraries Corporation shall first calculate the demand for

telecommunications services and Internet access for all discount categories, as determined by the schools and libraries discount matrix in § 54.505(c) of this part. These services shall receive first priority for the available funding.

(ii) Schools and Libraries Corporation shall then calculate the amount of available funding remaining after providing support for all telecommunications services and Internet access for all discount categories. Schools and Libraries Corporation shall allocate the remaining funds to the requests for support for internal connections, beginning with the most economically disadvantaged schools and libraries, as determined by the schools and libraries discount matrix in § 54.505(c) of this part. Schools and libraries eligible for a 90 percent discount shall receive first priority for the remaining funds, and those funds will be applied to their requests for internal connections.

(iii) To the extent that funds remain after the allocation described in §§ 54.507(g)(1) (i) and (ii), Schools and Libraries Corporation shall next allocate funds toward the requests for internal connections submitted by schools and libraries eligible for an 80 percent discount, then for a 70 percent discount, and shall continue committing funds for internal connections in the same manner to the applicants at each descending discount level until there are no funds remaining.

(iv) If the remaining funds are not sufficient to support all of the funding requests within a particular discount level, Schools and Libraries Corporation shall divide the total amount of remaining support available by the amount of support requested within the particular discount level to produce a pro-rata factor. Schools and Libraries Corporation shall reduce the support level for each applicant within the particular discount level, by multiplying each applicant's requested amount of support by the pro-rata factor.

(v) Schools and Libraries Corporation shall commit funds to all applicants consistent with the calculations described herein.

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Federal Communications Commission.

Magalie Roman Salas,

Secretary.

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