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Universal Service Administrative Company  
Schools & Libraries Division

Kate L. Moore  
President

February 28, 2001

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**FEB 28 2001**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

Ms. Dorothy Attwood  
Chief, Common Carrier Bureau  
Federal Communications Commission  
Room 5-C450  
445 12<sup>th</sup> St., SW  
Washington, DC 20554

RE: Federal-State Joint Board on Universal Service, CC Docket No. 96-45/Estimate of Demand

Dear Ms. Attwood:

USAC's Estimate of Demand for the Schools and Libraries Universal Service Support Mechanism discounts for Funding Year 4 (July 1, 2001 to June 30, 2002) is \$5.787 billion. This estimate is based on our counting the dollars requested in 37,188 applications received or postmarked by January 18, 2001, the close of the Form 471 filing window.

This estimate updates our interim estimate presented in the February 6, 2001 USAC filing for the second quarter and will be included in our third quarter filing on May 2, 2001.

Estimated demand for Priority One funds (telecommunications services and Internet access) totals \$1.824 billion, or 81% of the funding cap of \$2.25 billion. Estimated demand for internal connections at the 90% level is \$1.708 billion. Depending on the outcome of the factors noted below, USAC may for the first time be unable to fund fully these 90% discount requests, and may be unable to reach any of the requests below the 90% internal connections threshold.

There are however, several factors that will reduce ultimately the funds request from the estimated level. First, because this year all forms needed to have both their attachments and certifications filed within the application window, the number of applications deemed to be inside the window is likely to decline, reducing the estimated \$5.787 billion of demand as SLD processes these materials.

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Second, while efforts have been made to eliminate duplicate requests, inevitably we will discover more duplication as we process these applications.

Third, SLD's efforts to assure that applications are substantially complete and that funds are committed only for eligible services, for use by eligible entities with the appropriate discount rate and are otherwise consistent with program rules, will further reduce the demand.

If you or your colleagues have any questions, I would be happy to answer them. Thank you for your consideration as we prepare to launch the Year 4 commitment process.

Sincerely,



Kate L. Moore  
President, Schools and Libraries Division of USAC

Enclosure

cc: ✓ Magalie Roman-Salas, Secretary, FCC  
Kyle Dixon, Legal Advisor to Chairman Powell  
Jordan Goldstein, Legal Advisor to Commissioner Ness  
Rebecca Beynon, Legal Advisor to Commissioner Furchtgott-Roth  
Deena Shetler, Legal Advisor to Commissioner Tristani  
Members, Schools and Libraries Committee



UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
 SCHOOLS AND LIBRARIES SUPPORT MECHANISM  
 YEAR 4 DEMAND (POST-DISCOUNT)  
 February 28, 2001

Discount	Internal Connections	Internet Access	Telcomm Services	TOTAL	% of Total
20:29	\$2,921,907	\$566,659	\$2,203,922	\$5,692,488	0.1%
30:39	3,823,332	2,042,277	9,865,496	15,731,104	0.3%
40:49	158,485,101	35,171,499	123,836,702	317,493,302	5.5%
50:59	129,430,820	45,076,971	143,033,258	317,541,049	5.5%
60:69	219,079,369	89,748,305	181,274,508	490,102,182	8.5%
70:79	163,257,458	93,057,612	241,928,361	498,243,430	8.6%
80:89	1,578,265,195	89,072,248	321,350,961	1,988,688,403	34.4%
90:90	1,707,888,807	121,865,973	323,823,536	2,153,578,316	37.2%
<b>TOTAL</b>	<b>\$3,963,151,988</b>	<b>\$476,601,544</b>	<b>\$1,347,316,742</b>	<b>\$5,787,070,275</b>	100.0%
<b>% of Total</b>	68.5%	8.2%	23.3%	100.0%	

These figures represent the total universe of Year 4 requests received inside the filing window: a total of 37,188 applications (31,565 electronically filed and 5,623 paper applications) as of 1/18/00, the deadline for online filing and postmark date for paper application materials. These figures may include some applications for which signed certifications or item 21 attachments were not postmarked by 1/18/001 in which case the applications would be considered as having been received outside the window. The totals above may reflect some duplicate applications. These requests are raw data, not yet reviewed for compliance with program rules.

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