



Universal Service Administrative Company

George McDonald
USAC Vice President, SLD

April 7, 2004

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FCC - MAILROOM

Mr. William Maher
Chief, Wireline Competition Bureau
Federal Communications Commission
Room 5-C450
445 12th St., SW
Washington, DC 20554

RE: In the Matter of Schools and Libraries Universal Service Support Mechanism, CC
Docket No. 02-6
Estimate of Demand

Dear Mr. Maher:

USAC's Estimate of Demand for Schools and Libraries Universal Support Mechanism discounts for Funding Year 2004 (July 1, 2004 to June 30, 2004) is \$4.278 billion. This estimate is based on our counting the dollars requested in 39,785 applications received or postmarked by February 4, 2004, the close of the Form 471 filing window. A table showing demand by service type and discount band is enclosed.

The estimated demand has declined about \$440 million (about 9 percent) from the estimated demand for Funding Year 2003, with decreases in each category of services (by \$295 million or 10 percent in internal connections, \$112 million or 25 percent in Internet access, and \$33 million or 3 percent in telecommunications services). Demand for internal connections funding at 90% discount has declined by \$787 million (37 percent) from Year 2003, after a decline from 2002 to 2003 of 19 percent. Demand for internal connections at discount percentages of 80 to 89% has increased significantly from 2003. Demand at the 90% discount level has decreased from 2003 for all service categories, for a total reduction of \$909 million, or 37 percent.

For Funding Year 2004, 94.5 percent of timely applications were filed online – up from 92.2 percent in Funding Year 2003. Further, 85.7 percent of the total post-discount demand was included in online-filed applications. That is a decline from the 95.2 percent of post-discount demand filed online for Funding Year 2003 and is attributable to one large applicant that filed on paper for 2004 after filing online for 2003.

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Estimated demand for Priority One funds (telecommunications services and Internet access) totals \$1.601 billion. Estimated demand for internal connections at the 90 percent level is \$1.33 billion. There are, however, several factors that will reduce ultimately the funds requested from the estimated level. First, while efforts have been made to eliminate duplicate requests, inevitably we will discover more duplication as we process these applications. Second, SLD's efforts to assure 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 for your consideration as we prepare to launch the Year 2004 commitment process.

Sincerely,



George McDonald
USAC Vice President, Schools and Libraries Division

Enclosure

cc: Ms. Mariene H. Dortch, Secretary, FCC



UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
SCHOOLS AND LIBRARIES SUPPORT MECHANISM
ESTIMATE OF YEAR 2004 DEMAND (POST-DISCOUNT)

April 7, 2004

Discount	Internal Connections	Internet Access	Telcomm Services	TOTAL	% of Total
20:29	\$312,641	\$407,920	\$2,562,471	\$3,283,032	0.1%
30:39	253,259	1,430,869	7,202,316	8,886,444	0.2%
40:49	42,349,106	25,753,166	128,128,445	196,230,717	4.6%
50:59	65,024,365	32,803,107	143,896,567	241,724,040	5.6%
60:69	78,562,986	47,331,860	205,533,428	331,428,274	7.7%
70:79	100,965,238	83,724,870	292,837,704	477,527,812	11.2%
80:89	1,060,708,212	89,500,438	321,947,954	1,472,156,605	34.4%
90:90	1,329,641,156	45,750,790	171,731,958	1,547,123,904	36.2%
TOTAL	\$2,677,816,964	\$326,703,020	\$1,273,840,843	\$4,278,360,828	100.0%
% of Total	62.6%	7.6%	29.8%	100.0%	

These figures represent the total universe of Year 2004 requests received inside the filing window: a total of 39,785 applications as of February 4, 2004. This estimate includes only those requests for which the certifications were received and postmarked by the deadline of February 4, 2004. The totals above may reflect some duplicate applications. These requests are as submitted by the applicants and not yet reviewed for compliance with program rules.

FCC Federal Communications Commission**The FCC Acknowledges Receipt of Comments From ...
Universal Service Administrative Company
...and Thank You for Your Comments****Your Confirmation Number is: '200447947849 '****Date Received: Apr 7 2004****Docket: 02-6****Number of Files Transmitted: 1****DISCLOSURE**

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