

Federal Communications Commission

§ 54.507

(c) *Matrix.* The Administrator shall use the following matrix to set a discount rate to be applied to eligible interstate services purchased by eligi-

ble schools, school districts, libraries, or library consortia based on the institution's level of poverty and location in an "urban" or "rural" area.

Schools and Libraries discount matrix How disadvantaged? % of students eligible for national school lunch program	Discount level	
	Urban discount	Rural discount
<1	20	25
1-19	40	50
20-34	50	60
35-49	60	70
50-74	80	80
75-100	90	90

(d) [Reserved]

(e) *Interstate and intrastate services.* Federal universal service support for schools and libraries shall be provided for both interstate and intrastate services.

(1) Federal universal service support under this subpart for eligible schools and libraries in a state is contingent upon the establishment of intrastate discounts no less than the discounts applicable for interstate services.

(2) A state may, however, secure a temporary waiver of this latter requirement based on unusually compelling conditions.

(f) *State support.* Federal universal service discounts shall be based on the price of a service prior to the application of any state provided support for schools or libraries.

[62 FR 32948, June 17, 1997, as amended at 62 FR 41304, Aug. 1, 1997; 63 FR 2130, Jan. 13, 1998; 63 FR 70572, Dec. 21, 1998]

§ 54.506 Internal connections.

A service is eligible for support as a component of an institution's internal connections if such service is necessary to transport information within one or more instructional buildings of a single school campus or within one or more non-administrative buildings that comprise a single library branch. Discounts are not available for internal connections in non-instructional buildings of a school or school district, or in administrative buildings of a library, to the extent that a library system has separate administrative buildings, unless those internal connections are essential for the effective transport of information to an instructional building of

a school or to a non-administrative building of a library. Internal connections do not include connections that extend beyond a single school campus or single library branch. There is a rebuttable presumption that a connection does not constitute an internal connection if it crosses a public right-of-way.

[63 FR 2130, Jan. 13, 1998]

§ 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 \$562.5 million shall be collected or spent per quarter for the third and fourth quarters of 1999 and the first and second quarters of 2000 to support the schools and libraries universal service support mechanism. No more than \$2.25 billion shall be collected or disbursed during the twelve month period from July 1, 1999 through June 30, 2000.

(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