

the previous or current funding years shall have the next highest priority, if additional funds are available at the end of the 30-day period or the funding year, whichever is shorter.

(iv) After all requests submitted by schools and libraries described in paragraphs (g)(2) and (g)(3) of this section during the 30-day period have been met, the Administrator shall allocate the remaining available funds to all other eligible schools and libraries in the order in which their requests have been received by the Administrator, until the \$250 million is exhausted or the funding year ends.

[62 FR 32948, June 17, 1997, as amended at 62 FR 40748, July 30, 1997; 62 FR 41304, Aug. 1, 1997; 62 FR 56120, Oct. 29, 1997; 63 FR 2130, Jan. 13, 1998; 63 FR 3832, Jan. 27, 1998; 63 FR 45958, Aug. 28, 1998; 63 FR 70572, Dec. 21, 1998; 64 FR 22810, Apr. 28, 1999; 64 FR 30442, June 8, 1999; 64 FR 33788, June 24, 1999; 66 FR 38378, July 24, 2001; 67 FR 41866, June 20, 2002]

EFFECTIVE DATE NOTE: At 68 FR 36942, June 20, 2003, §54.507 was amended by revising the first sentences of paragraphs (g)(1)(i) and (g)(1)(ii), effective July 1, 2004. For the convenience of the user, the revised text is set forth as follows:

§ 54.507 Cap.

* * * * *

(g) * * *

(1) * * *

(i) Schools and Libraries Corporation shall first calculate the demand for telecommunications services, voice mail, and Internet access for all discount categories, as determined by the schools and libraries discount matrix in §54.505(c). * * *

(ii) Schools and Libraries Corporation shall then calculate the amount of available funding remaining after providing support for all telecommunications services, voice mail, and Internet access for all discount categories. * * *

* * * * *

§ 54.509 Adjustments to the discount matrix.

(a) *Estimating future spending requests.* When submitting their requests for specific amounts of funding for a funding year, schools, libraries, library consortia, and consortia including such entities shall also estimate their funding requests for the following funding year to enable the Administrator, to esti-

mate funding demand for the following year.

(b) *Reduction in percentage discounts.* If the estimates schools and libraries make of their future funding needs lead the Administrator to predict that total funding requests for a funding year will exceed the available funding, the Administrator shall calculate the percentage reduction to all schools and libraries, except those in the two most disadvantaged categories, necessary to permit all requests in the next funding year to be fully funded.

(c) *Remaining funds.* If funds remain under the cap at the end of the funding year in which discounts have been reduced below those set in the matrices, the Administrator shall consult with the Commission to establish the best way to distribute those funds.

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

§ 54.511 Ordering services.

(a) *Selecting a provider of eligible services.* In selecting a provider of eligible services, schools, libraries, library consortia, and consortia including any of those entities shall carefully consider all bids submitted and must select the most cost-effective service offering. In determining which service offering is the most cost-effective, entities may consider relevant factors other than the pre-discount prices submitted by providers but price should be the primary factor considered.

(b) *Lowest corresponding price.* Providers of eligible services shall not charge schools, school districts, libraries, library consortia, or consortia including any of these entities a price above the lowest corresponding price for supported services, unless the Commission, with respect to interstate services or the state commission with respect to intrastate services, finds that the lowest corresponding price is not compensatory. Promotional rates offered by a service provider for a period of more than 90 days must be included among the comparable rates upon which the lowest corresponding price is determined.

(c) *Existing contracts.* (1) A signed contract for services eligible for discounts