

If you receive funding in FY2015 and/or FY2016, the Two-in-Five rule will not apply. Rather, you can continue to use your Category Two budget for the five-year period that started with FY2015 (or FY2016, if you did not receive a commitment for FY2015). If the FCC does not act, each eligible library or school that either (1) did not receive funding for Category Two services in FY2015 through FY2019, or (2) has completed its five-year Category Two funding cycle may become subject to the Two-in-Five rule.

TWO-IN-FIVE RULE GUIDANCE FOR FUNDING YEARS (FY) 2005 THROUGH 2014

From FY2005 through FY2014, eligible entities were only able to receive support for internal connections in two of every five funding years. This applied to individual recipients (individual schools, libraries, or non-instructional facilities).

For each eligible entity, the five-year period began in any year in which that entity received support for internal connections. Entities were able to use two years within any five-year period, looking back and looking forward from that year. FY2007 was the first year that entities were ineligible for internal connections funding based on this rule (for entities that received funding for both FY2005 and FY2006 internal connections requests).

This rule did not apply to Telecommunications and Internet Access services, or to Basic Maintenance of Internal Connections services categorized as Priority 2. Basic Maintenance services were eligible for support each year if they were necessary to the operation of the internal connections network.

An entity was considered to have used a year under the Two-in-Five Rule if that entity was specified in the FCC Form 471 Block 4 worksheet cited on one or more approved internal connections funding requests in that year.

THE RULE

- Applied at the individual school, library or non-instructional facility level
- Applied regardless of the billed entity on the application
- Considered funding years used based on commitments rather than whether or not USAC was invoiced
- Applied regardless of the type of internal connections services (for example, applicants did not have two years to get routers and two different years to get PBXs)

If all requested internal connections funding requests were denied, then no internal connections support was received for that funding year. Furthermore, if an FCC Form 500 (Funding Commitment Adjustment Request Form) is submitted that cancels all approved internal connections funding requests prior to the receipt of any of the specified products and services and prior to any payment by USAC, then no internal connections support was received for that funding year.

However, if USAC has disbursed funds on a Funding Request Number (FRN), the entities listed in the FCC Form 471 Block 4 worksheet cannot return the funds and regain a year.