Category Two (C2) Budgets

E-rate Program Participant Webinar

January 21, 2020
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HOUSEKEEPING – WEBINAR PANEL

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- **Slide deck and other resources** are available when you click the arrow to expand the “Handouts” tab.
- This recording will be available after the event via the registration link.
HOUSEKEEPING – Q&A

• There will be live Q&A sessions during the presentation.

• Tips for submitting questions:
  • Use the “Questions” box in your webinar control panel anytime during the presentation.
  • Click the box with the arrow above the questions box to expand it and see all written answers.
  • Write in full sentences.
  • Ask one question at a time.
  • Ask questions related to webinar content.
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MEET OUR WEBINAR STAFF

Nkeshi Free
Moderator
Communications Specialist

John Noran
Presenter
Senior Manager
AGENDA

1. C2 Budget Overview – Test Period*
2. C2 Budgets for Funding Year (FY) 2020*
3. C2 Budget Changes in FY2021*

*There will be Q&A sessions after each topic.
Category Two (C2) Budget Overview – Test Period
Category Two (C2) Budget Overview (FY2015-FY2019)

• What are C2 budgets?
• When did C2 budgets start?
• How are C2 services different from Category One (C1) services?
• How do schools and libraries determine their C2 budgets?
• Could a C2 budget ever change?
• What is the cycle of a C2 budget?
This video will provide an overview of the history of C2 budgets.
Category 2 Budget Video (FY2015-FY2019)

• What are C2 budgets?
• When did C2 budgets start?
• How are C2 services different from Category One (C1) services?
• How do schools and libraries determine their C2 budgets?
• Could a C2 budget ever change?
• What is the cycle of a C2 budget?
HOUSEKEEPING – Q&A

• Use the “Questions” box in your webinar control panel to submit your question in writing.
  • Click the box with the arrow above the questions box to expand it.
  • Ask questions related to webinar content.
Q&A SESSION: C2 Budget Overview – Test Period

SUBMIT YOUR QUESTIONS DURING THE LIVE WEBINAR
C2 Budgets for Funding Year (FY) 2020
The C2 Budget Report and Order (FCC 19-117) was released on December 3, 2019.

- The order extends five-year test period for an additional year with FY2020 as a transition year.
- C2 funding is prorated for FY2020.
- Unused funding from the first five years (FY2015-FY2019) can be carried over to FY2020.
Eligible Services List

The Eligible Services list (ESL) for FY2020 (DA 19-1249) was released December 9, 2019.

- The FCC waived the requirement that the FY2020 ESL be released at least 60 days prior to the opening of the FY2020 application filing window.
- The window opened at noon EST on January 15, 2020.
FY2020 is a Transition Year

- Original C2 budget test period extended through FY2020
- FY2020 will act as a transition year between the original C2 budget test period and permanent changes starting in FY2021.
C2 Funding for FY2020

• C2 budgets are still calculated on an individual school or library basis.

• For new school construction, schools can continue to estimate the number of students that will attend the school.

• To determine your remaining C2 budget for FY2020:
  • Calculate the total budget using the FY2020 multipliers.
  • Then subtract the costs of approved commitments from FY2015 through FY2019.
C2 Funding for FY2020 (Continued)

- Remember that non-instructional facilities (NIFs) do not have C2 budgets.
  - The cost of equipment at a NIF must be allocated among the schools and/or libraries sharing it.
- Managed internal broadband services (managed Wi-Fi), caching, and basic maintenance of internal connections continue to be eligible as C2 services.
C2 Funding Prorated for FY2020

The multipliers and the funding floor for FY2020 C2 budgets will be calculated by:

- increasing the FY2019 multipliers and funding floor by 20%,
- adjusting for inflation, and
- rounding to the nearest cent.

Additional information about the C2 budget multipliers and funding floor amounts for Funding Year 2020 can be found in the Wireline Competition Bureau’s Public Notice (DA-19-1301) released on December 19, 2019.
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<td>Schools</td>
<td>(Total number of students) x $150.00</td>
<td>(Total number of students) x $151.50</td>
<td>(Total number of students) x $153.4695</td>
<td>(Total number of students) x $156.231951</td>
<td>(Total number of students) x $159.669053922</td>
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<td>Libraries with IMLS Locale Codes 11, 12, or 21</td>
<td>(Total square feet) x $5.00</td>
<td>(Total square feet) x $5.05</td>
<td>(Total square feet) x $5.11565</td>
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<td>All Other Libraries</td>
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<td>Budget Floor</td>
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<td>$9,412.80</td>
<td>$9,582.23</td>
<td>$9,793.04</td>
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Preparing for FY2021

• C2 budgets for all applicants will be reset in FY2021.
• Plan accordingly when submitting your funding requests for FY2020.
HOUSEKEEPING – Q&A

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Q&A SESSION: C2 Budgets for FY2020

SUBMIT YOUR QUESTIONS DURING THE LIVE WEBINAR
C2 Budget Changes Beginning in FY2021
C2 Budget Changes for FY2021

- Fixed, five-year cycle
- New C2 multipliers and budget floors
- C2 budgets set in first year with option to adjust
- School district and library system calculations
- Only full-time students counted
- Student counts for buildings under construction
- Equipment transfers
Fixed, Five-Year Cycle

- Any unused funding from the extended test period (FY2015 through FY2020) will not carry forward.
- All applicant budgets will be reset for FY2021.
- The first five-year C2 budget cycle will begin in FY2021 and go through FY2025, regardless of the first year in the cycle when you receive funding.
New C2 Multipliers and Budget Floors

• C2 multipliers for each five-year budget cycle:
  • Will be set once at the beginning of the cycle.
  • Will apply to the entire cycle.
  • Will always be rounded to two digits (dollars and cents).
  • Will be adjusted for inflation at the beginning of the cycle.
New C2 Multipliers and Budget Floors (Continued)

• For the FY2021-FY2025 cycle:
  • The school multiplier will be $167.00 per student.
  • The library multiplier will be $4.50 per square foot for all libraries regardless of Institute of Museum and Library Services (IMLS) locale code.
  • The funding floor will be $25,000.00.
C2 Budgets Set in First Year with Option to Adjust

• The multipliers, the inflation rate, etc. will be released by the FCC in advance of the start of each five-year cycle.

• Applicants must validate their student counts or library square footage in the first year they apply for funding in the relevant five-year budget cycle.

• Applicants have the option to request a C2 budget recalculation in any year after the first year of the five-year cycle, for example:
  • If a school experiences an increase in student enrollment.
  • If a library expands its square footage.
School District and Library System Calculations

• C2 budgets for school districts and library systems will be calculated at the district or system level.
• Individual schools and libraries will no longer have individual C2 budgets.
• School districts and library systems can allocate funding as they see fit.
School District Calculations

• To calculate their C2 budgets, most school districts:
  • Will total the number of full-time students in each of their individual schools and then multiply this total by the school multiplier.
  • However, if the number of individual schools multiplied by $25,000 results in a larger C2 budget, that calculation becomes the C2 budget.
  • School districts with 10 or fewer sites may instead calculate their budgets on a per-site basis by adding together the budgets of each eligible site.
Library System Calculations

To calculate their C2 budgets, most library systems:

- Will total the square footage of each of their library branches and multiply this total by the library multiplier.
- However, if the number of library branches multiplied by $25,000 results in a larger C2 budget, that calculation becomes the C2 budget.
- Library systems with 10 or fewer sites may instead calculate their budgets on a per-site basis by adding together the budgets of each eligible site.
Only Full-Time Students Counted

- During the test period (FY2015-FY2020), school districts added full-time and peak part-time students to calculate their budgets.
- Starting in FY2021, part-time students will not be included in the C2 budget calculation.
Student Counts for Buildings Under Construction

- School districts cannot estimate the number of students for buildings under construction.
- However, independent schools with their own budgets can estimate student counts for a new school while construction is underway.
- If the school overestimates its student count, it must return any excess funding by the end of the next funding year.
Equipment Transfers

• School districts and library systems can transfer equipment between schools within a district and libraries within a system.

• Starting in FY2021, applicants will no longer be required to notify USAC of the equipment transfers.

• Both parties, however, must maintain detailed records documenting the transfer and the reason for the transfer for five years.

• You are still required to maintain asset and inventory records of equipment purchased and the actual locations of such equipment for 10 years after purchase.
HOUSEKEEPING – Q&A

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Q&A SESSION:
C2 Budget Changes Beginning in FY2021

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UPCOMING WEBINARS

January 29 at 1:00 p.m. ET.

E-rate Office Hour: FCC Form 470 and Competitive Bidding

Recommended for: Applicants
E-rate Experience Level: Beginner

Prerequisites (one or both):
• Starting FY2020
  (10 minute training module)
• FCC Form 470 Video Series
  (six videos: 2-12 minutes each)

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