

Category Two Budgets

2020 Applicant and Service Provider Training

November 5, 2020



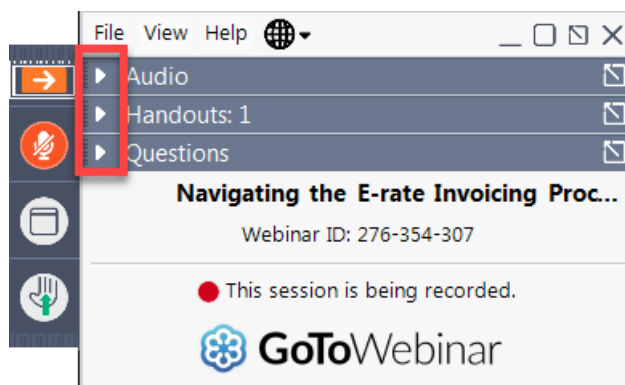
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- Use the white arrows to open the sections in the panel.

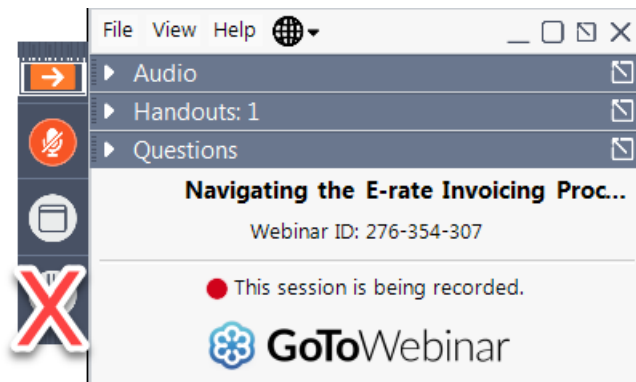


HOUSEKEEPING – WEBINAR PANEL

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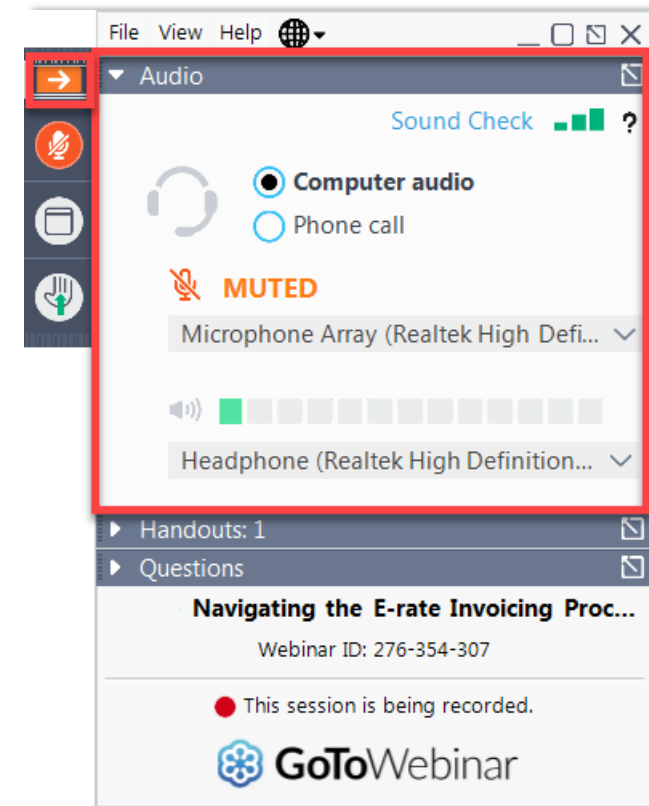


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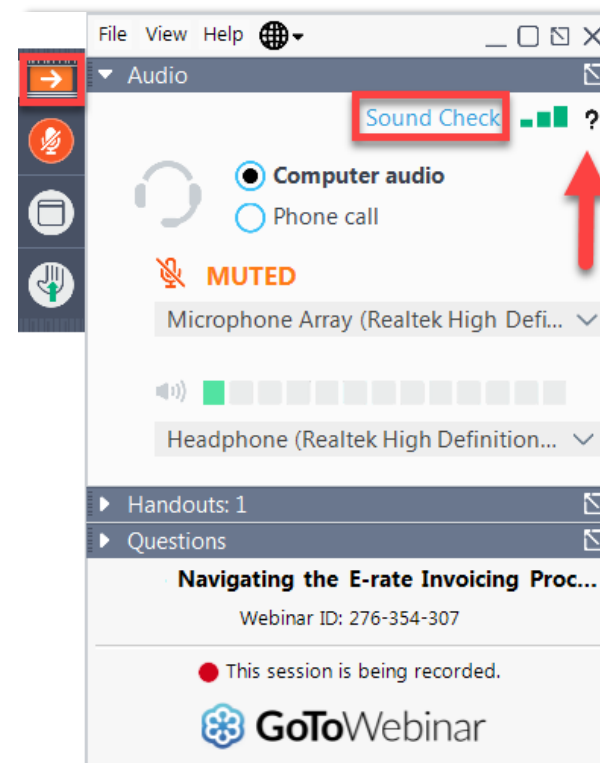
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- Use the “Audio” section of your control panel to select an audio source.
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- The audience will remain on mute.

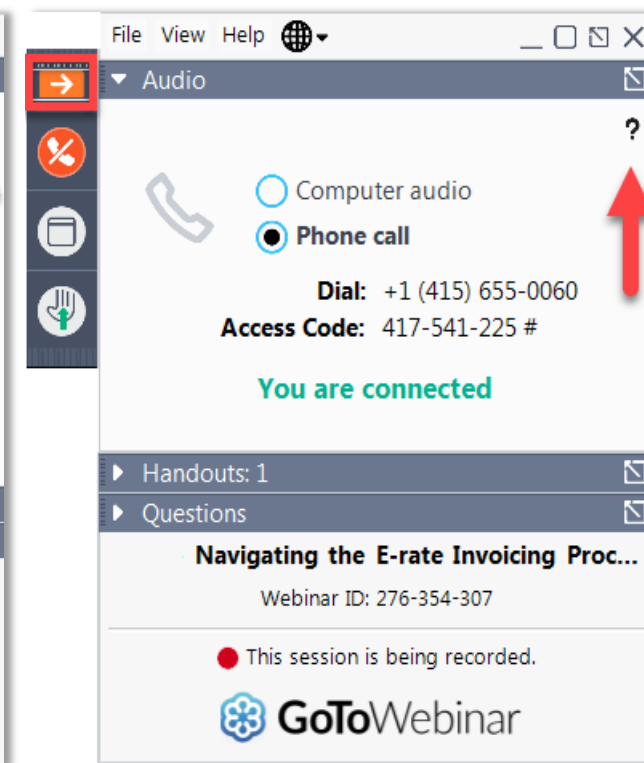


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- Use the “Sound Check” link and click question mark icon for audio help.
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- If issues persist, call 833-851-8340 to [troubleshoot with GoToWebinar](#).



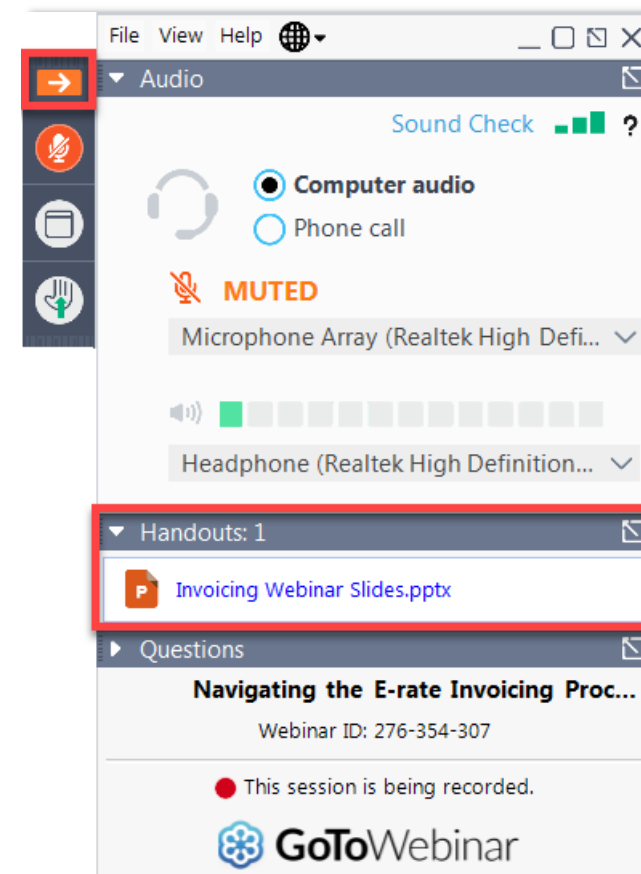
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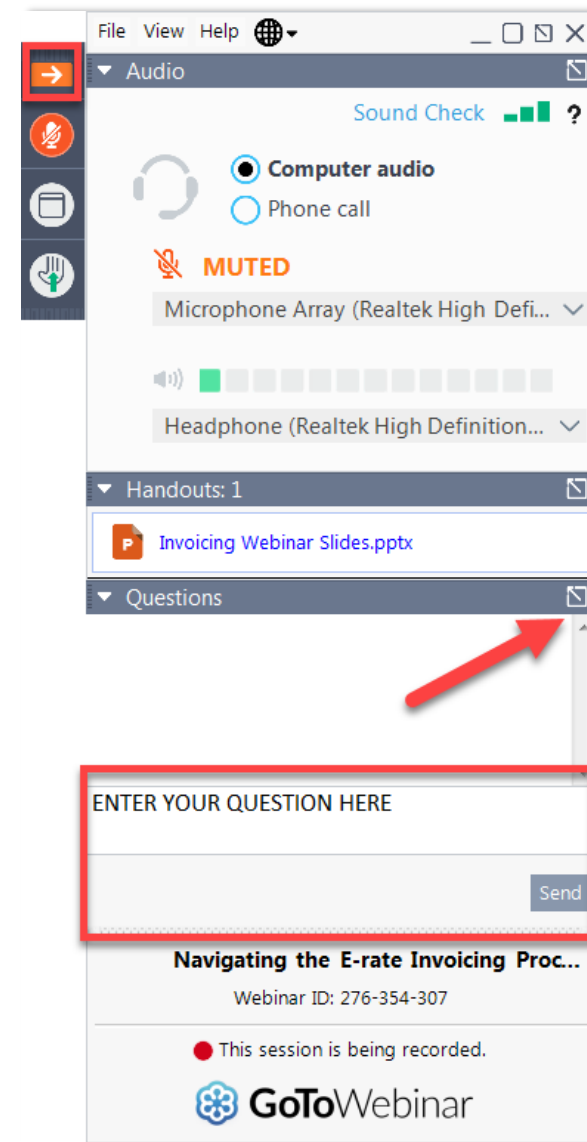
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- The **slide deck** is available when you click the arrow to expand the “**Handouts**” tab.
- A recording of this webinar will be available after the event via the registration link.



HOUSEKEEPING – Q&A

- **There will be a live Q&A session focused on today's topics.**
- 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.



The screenshot displays the GoToWebinar control panel. At the top, there is a menu with 'File', 'View', 'Help', and a globe icon. Below this is the 'Audio' section, which includes a 'Sound Check' indicator and two options: 'Computer audio' (selected) and 'Phone call'. A 'MUTED' status is shown with a microphone icon. The audio output is set to 'Headphone (Realtek High Definition...)' and the input is 'Microphone Array (Realtek High Defi...'. Below the audio section is the 'Handouts: 1' section, which lists 'Invoicing Webinar Slides.pptx'. The 'Questions' section is highlighted with a red box and a red arrow pointing to it. Below the 'Questions' section is a text input field with the placeholder text 'ENTER YOUR QUESTION HERE' and a 'Send' button. At the bottom of the control panel, there is a title 'Navigating the E-rate Invoicing Proc...' and 'Webinar ID: 276-354-307'. A red dot icon indicates 'This session is being recorded.' and the GoToWebinar logo is at the bottom.

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1. Log in to EPC.
2. Select the **Contact Us** link from the upper right menu on your landing page.



MEET OUR TEAM



John Noran
Senior Manager

E-rate Program



Nkeshi Free
Communications Specialist

E-rate Program

AGENDA

1. Overview of Category Two budgets
 - Test period – Funding Year (FY) 2015-FY2019
 - Transition year - FY2020
2. First full cycle - FY2021-2025
3. New Terminology
4. Q&A

Overview of Category Two Budgets: Test Period and Transition Year



Category Two Budget Test Period (FY2015-FY2019)

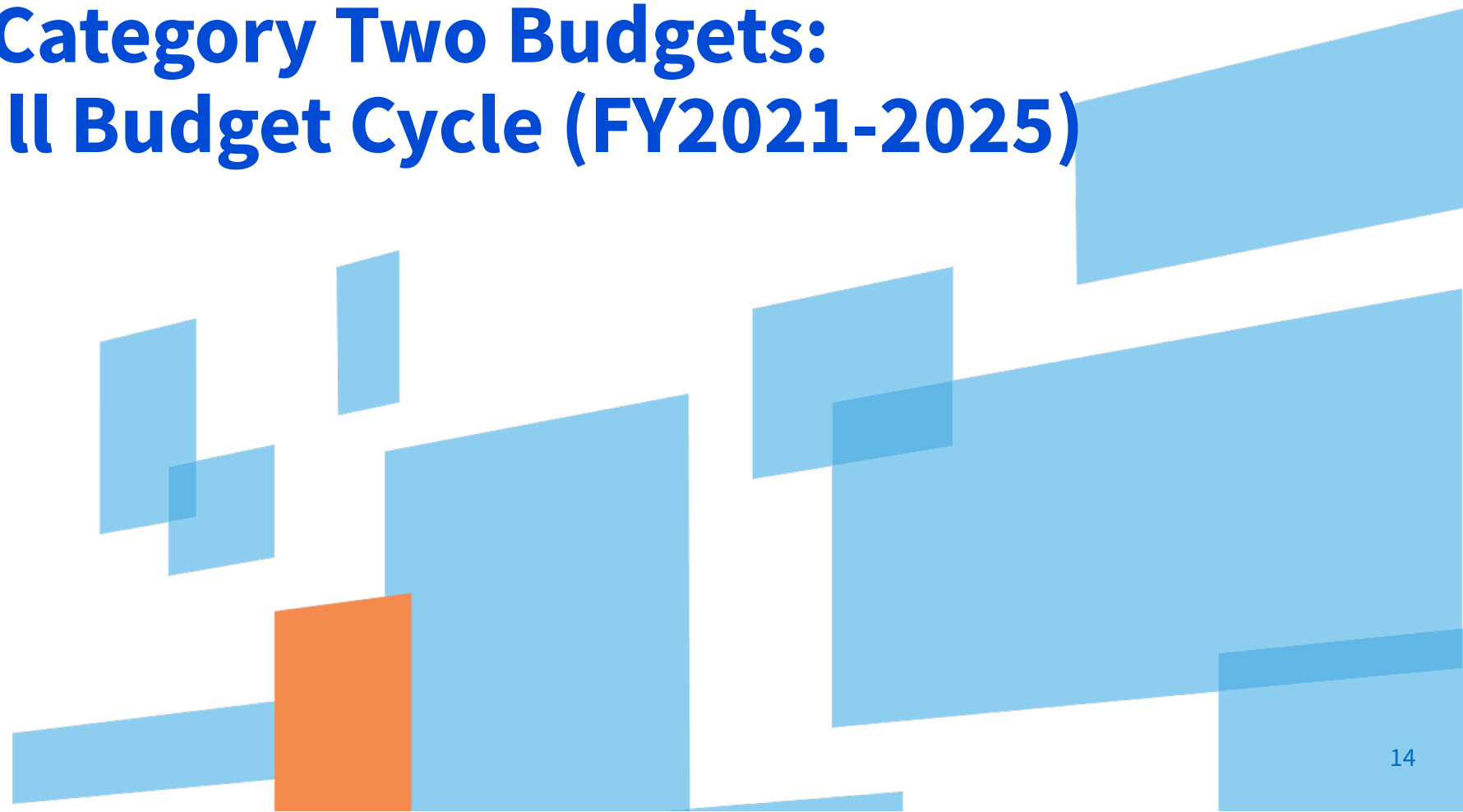
- C2 budgets were calculated for each individual school or library branch
- School calculation: Number of full-time students plus peak part-time students multiplied by the school multiplier
- Library calculation: Square footage encompassed by the library's exterior walls multiplied by one of two library multipliers depending on IMLS locale code
- Funding floor applied for smaller schools and libraries
- Multipliers and funding floor indexed to inflation each year
- C2 budgets covered the five-year test period, but could go up or down from one funding year to the next depending on changes in school student count or library square footage

Category Two Budget Transition Year (FY2020)

In general, C2 budget guidance did not change, EXCEPT:

- FY2020 was included in the test period as a transition (sixth) year.
- A prorated amount of 20% was added to the C2 budget calculation for FY2020.
- Applicants cannot carry over unused funding to FY2021.

Category Two Budgets: First Full Budget Cycle (FY2021-2025)



Category Two Budgets- First Full Budget Cycle (FY2021-2025)

C2 budgets changed to a fixed, five-year cycle.

- The first five-year C2 budget cycle will begin in FY2021 and go through FY2025.
- The second cycle will begin in FY2026 and go through FY2030, and so on.
- C2 budgets will be reset for FY2021.

Category Two Budgets- First Full Budget Cycle (FY2021-2025)

C2 budget multipliers and funding floor

- C2 multipliers and funding floor are set once at the beginning of the cycle.
- They apply to the entire cycle.
- They will be:
 - announced in advance of the cycle,
 - adjusted for inflation once, before the cycle starts, and
 - rounded to two digits (dollars and cents).

Category Two Budgets- First Full Budget Cycle (FY2021-2025)

C2 budget multipliers and funding floor (continued)

For the FY2021-FY2025 cycle:

- The school multiplier is \$167.00 per student.
- The library multiplier is \$4.50 per square foot for all libraries.
- The funding floor is \$25,000.00.

Category Two Budgets- First Full Budget Cycle (FY2021-2025)

Adjusting the C2 budget during the cycle

- Your C2 budget is determined when the first C2 FCC Form 471 in the budget cycle is certified. This includes a certified consortium FCC Form 471 that includes your organization.
- You may request a C2 budget recalculation in any subsequent year of the budget cycle, but are not required to do so.
 - The request mechanism will be available before the FY2022 administrative window opens.

Category Two Budgets- First Full Budget Cycle (FY2021-2025)

Adjusting the C2 budget during the cycle (continued)

- If you do not request a recalculation, the C2 budget will not change during the cycle.
- The new C2 budget will apply for the year it was requested and forward, but does not apply retroactively.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

C2 budgets calculated at the school district or library system level, not at the site level.

- The “budgeted entity” is the entity with the C2 budget.
- Budgeted entities are:
 - Independent schools
 - Independent libraries
 - School districts
 - Library systems
- School districts and library systems can allocate funding among eligible sites as they see fit.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Calculating a C2 budget – independent schools and school districts

The C2 budget for most school districts is the greater of the following:

- Add the number of full-time student counts of each of the individual schools and then multiply this total by the school multiplier, or
- Multiply the number of individual schools by the \$25,000 funding floor (the "aggregate funding floor").

An independent school's C2 budget is the greater of: multiplying its student count by the school multiplier or the funding floor.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Calculating a C2 budget – school districts with 10 or fewer sites

The C2 budget for school districts with 10 or fewer sites has a third possible calculation that allows districts with a number of schools with fewer than 150 students to take advantage of the funding floor. EPC will select the calculation that optimizes the budget if student counts are provided for each school:

- Calculate a C2 budget for each individual school, using the higher of (1) the number of students multiplied by the school multiplier or (2) the \$25,000 funding floor.
 - The \$25,000 funding floor applies if an individual school has fewer than 150 students ($150 \text{ students} \times \$167/\text{student} = \$25,050$).

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Calculating a C2 budget – school districts with 10 or fewer sites (continued)

- Add the individual calculations together.

The school district can still allocate this calculated C2 budget among its individual schools as it sees fit.

However, if your school district profile in the E-rate Productivity Center (EPC) has 11 or more individual schools, this third option does not apply.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Calculating a C2 budget – independent libraries and library systems

The C2 budget for most library systems is the greater of the following:

- Add the square footage of each of the library branches and then multiply this total by the library multiplier, or
- Multiply the number of library branches by the \$25,000 funding floor (the "aggregate funding floor").

An independent library's C2 budget is the greater of: multiplying its square footage by the library multiplier or the funding floor.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Calculating a C2 budget –library systems with 10 or fewer sites

The C2 budget for library systems with 10 or fewer sites has a third possible calculation. EPC will select the calculation that optimizes the budget:

- Calculate a C2 budget for each library branch, using the higher of (1) the square footage multiplied by the library multiplier or (2) the \$25,000 funding floor.
 - The \$25,000 funding floor applies if library branch has less than 5,556 square feet (5,555 square feet x \$4.50/square foot = \$24,997.50).

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Calculating a C2 budget –library systems with 10 or fewer sites (continued)

- Add the individual calculations together.

The library system can still allocate this calculated C2 budget among its individual library branches as it sees fit.

However, if your library system profile in EPC has 11 or more library branches, this third option does not apply.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Additional differences from the test period

- Schools only count full-time students for their C2 budget calculations.
- Large school districts (those with more than 10 schools) cannot estimate the number of students for buildings under construction.
- Independent schools can still estimate student counts for a new school while construction is underway.
 - If the independent school overestimates, it must return to USAC any funding in excess of that it was entitled to based on the actual enrollment by the end of the next funding year.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Additional differences from the test period (continued)

- School districts and library systems can transfer equipment between schools within a school district and libraries within a library system.
 - No longer required to notify USAC of these equipment transfers.
 - Transferor and recipient must maintain detailed records documenting the transfer and the reason for the transfer for at least five years.
 - Schools, libraries, and consortia must maintain asset and inventory records of equipment purchased and the actual locations of such equipment for at least 10 years after purchase.
- School districts and library systems must wait until July 1, 2021 to transfer equipment that is less than three years old if they do not want to be subject to the requirement to notify USAC of the transfer.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Additional differences from the test period (continued) – entities that have C2 budgets

- A **budgeted entity** is an entity with a C2 budget – an independent school, an independent library, a school district, or a library system.
- A budgeted entity does not need to provide USAC with a cost allocation of its C2 budget among its child entities that are receiving C2 services.
- A consortium must still allocate the costs of C2 funding requests among its budgeted entity members – but not to those members' individual child entities – when completing the FCC Form 471 for FY2021.
- The consortium members' C2 budgets will be visible to the consortium during the FCC Form 471 filing process.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Additional differences from the test period (continued) – counting child entities

- The **child entity count** is the number of the individual schools in a school district or the number of library branches in a library system.
- The number of child entities in the EPC profile can affect the C2 budget calculation.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Additional differences from the test period (continued) – counting child entities

- Keep the following in mind:
 - With a few exceptions, an individual school must have a student count greater than zero in the entity profile to be included in the child entity count.
 - If a library branch's square footage entry is zero or blank, it will not be included in the child entity count. Bookmobiles and kiosks with a square footage entry of zero or blank will not be included.
 - Non-instructional facilities (NIFs) and annexes are not considered child entities.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Additional differences from the test period (continued) – counting students

School districts will report student counts separately for the purposes of calculating discounts and for calculating C2 budgets. You have two options:

- Report both student counts in each individual school profile.
- Report the student count for discount purposes in the individual school profile, and report a total student count for the school district in the school district profile.

Category Two Budgets - First Full Budget Cycle (FY2021-FY2025)

Here is a screenshot of a school district's organization profile page, where the school district chose **Manage Organization** to change its status to reporting one number for the school district:

Category Two (C2) Budget Information

We calculate your Category Two budget and your discount rate separately, and so we collect separate numbers for each. You are allowed to re-use your Category Two student count from year to year within a Category Two budget cycle, so this number needs to be updated less frequently than the student count for your discount rate.

How does the district report its student count for Category Two budget? ? *

One number for my whole district

A number for each school in the district

District Student Count *

In the event an applicant chooses to enter one number for the whole school district, their C2 budget is calculated by multiplying that number by \$167 per student (or the funding floor if that is greater).

New Guidance

Category Two Budgets – New Guidance on Counting Students

Charter schools

Beginning in FY2021 if a state law considers a charter school to be part of a school district, the charter school will be presumed to be part of the school district unless it demonstrates financial and administrative independence from the district, in which case it will have its own C2 budget and discount rate.

Category Two Budgets – New Guidance on Counting Students

Independent schools with part-time students only

Beginning in FY2021, school districts must count each full-time student one time when calculating their district-wide C2 budget. Independent schools that are attended by students from multiple districts on a part-time basis only can continue to count these students as full-time students.

Category Two Budgets – New Guidance on Counting Students

School buildings that are fully or partially closed due to COVID-19

Students enrolled at brick-and-mortar schools can be counted as full-time students regardless of whether they receive some or all instruction via remote learning during the impact of the COVID-19 pandemic.

Applicants can provide their full-time enrollment numbers from their FY2020 FCC Form 471 applications for FY2021. They are required to validate their enrollment numbers once during the five-year funding cycle, and they may update the enrollment numbers in future funding years during the five-year cycle if they choose to do so.

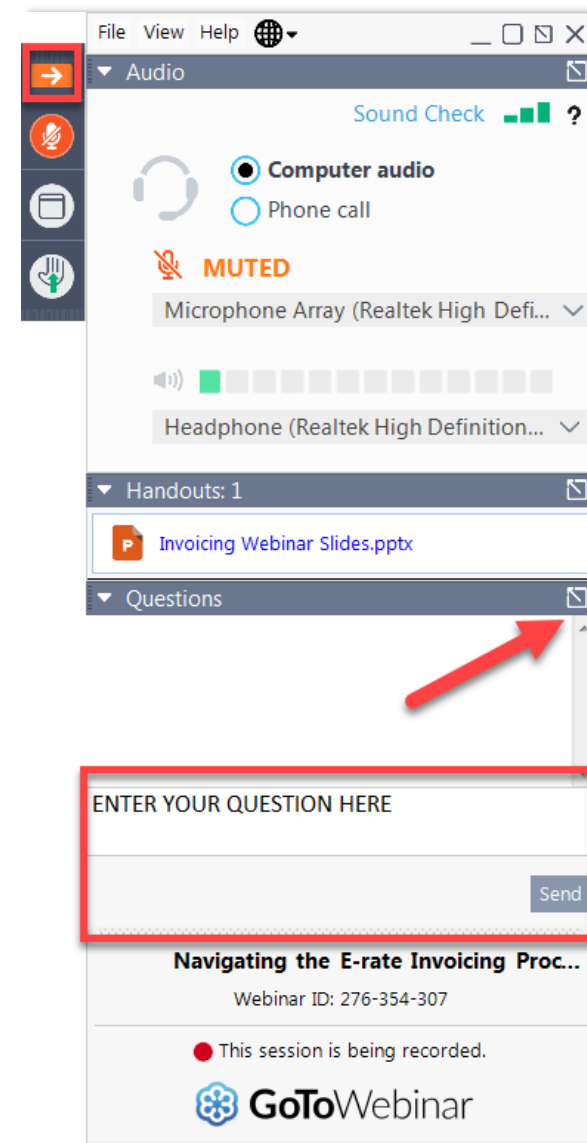
Category Two Budgets – Reminder

This detailed guidance applies to C2 budgets and funding commitments starting with FY2021 – that is, starting with July 1, 2021.

The test period transition year (FY2020) guidance continues to apply from now until June 30, 2021.

HOUSEKEEPING – Q&A

- **Review for the Q&A session**
- Tips for submitting questions:
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- Handouts:** Shows a list with one item: "Invoicing Webinar Slides.pptx".
- Questions:** A section with a red arrow pointing to a box containing the text "ENTER YOUR QUESTION HERE" and a "Send" button.
- Webinar Information:** Displays the title "Navigating the E-rate Invoicing Proc...", the ID "Webinar ID: 276-354-307", and a recording status "This session is being recorded." with a red dot icon.
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Q&A SESSION

SUBMIT YOUR QUESTIONS DURING THE LIVE WEBINAR

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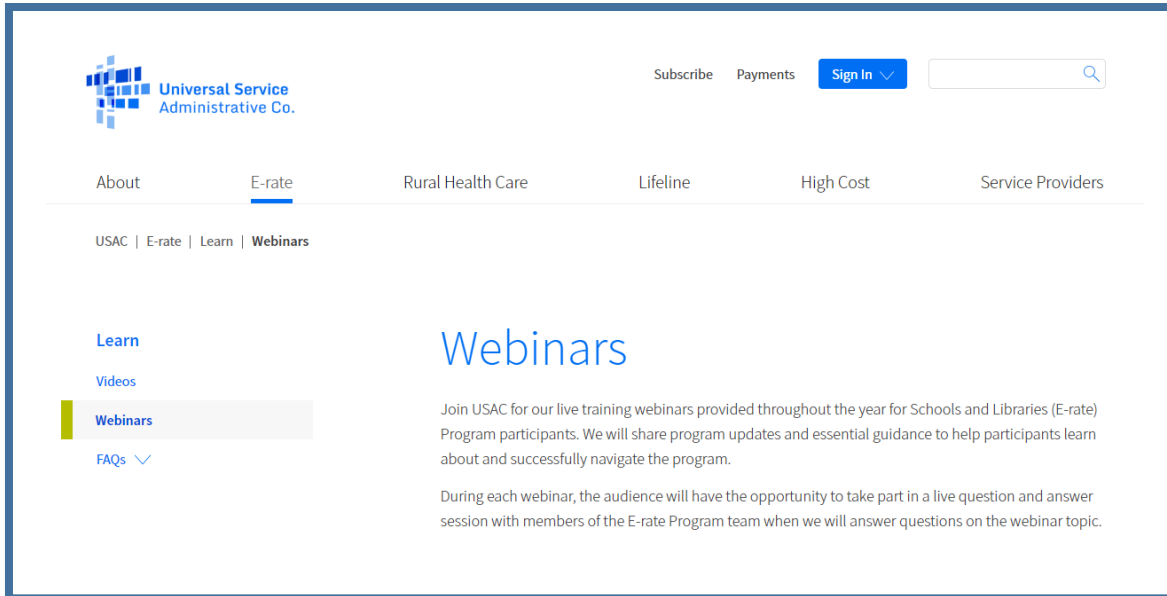
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Our next webinar is:
November 5 at 3:00 p.m. EST

**E-rate Office Hour and Demo:
FY2021+ Category Two Budget**

Recommended for: Applicants and
service providers
E-rate Experience Level: All levels

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1. Are you an applicant, a service provider, or a consultant?

- Applicant
- Service provider
- Consultant
- Other

2. Please rate your overall webinar experience.

- Excellent
- Good
- Fair
- Poor

3. The content of the webinar was (select all that apply):

- What I expected when I signed up
- Relevant and useful to my work
- New information for me
- Easy to understand
- Other

Thank You!



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