FY2021-2025 Category Two (C2) Budget Management Guide

The C2 budget mechanism provides a maximum amount of funding for category two equipment and services (e.g., internal connections) over a five-year budget cycle for schools and libraries. Most schools and libraries have used some or all their available funding but if you aren’t sure, you can use the tools below to see your available budget (i.e., funds available but you haven’t requested), or what you can do for already committed C2 funding requests whose invoice filing deadline has passed.

The current C2 budget cycle is from FY2021 to FY2025, after which the C2 budgets will reset for FY2026 to FY2030. Current C2 available budget amounts that go unused will not roll over into the next budget cycle.

**View Available C2 Funding:** Applicants can view available funding for the current C2 budget cycle (FY2021 to FY2025) using the Category Two (C2) budget tool (view a video on how to use the tool). To view your C2 budget amounts, enter your entity name or entity number in the corresponding filter and click **Apply**. If you hover over the resulting bar graph, you can see the total, funded, pending, and available C2 budget amounts. Below, this entity has a total C2 budget of $184,869 of which $100,869 is still available for FY2025.

**Expired Funding Commitments in Current C2 Budget Cycle:** You can use the E-Rate FRN Invoice Deadline Tool to identify committed funds for the current C2 budget cycle that weren’t disbursed and are beyond their Invoicing Deadline Date (IDD).

If you have “expired” commitments (i.e., funding requests not invoiced before the IDD) for a Funding Request Number (FRN), you can file an FCC Form 500 to reduce those commitments and have them available for commitment in the final funding year of the current C2 budget cycle (i.e., FY2025). The invoice deadline tool is updated with FY2024 data as commitments and disbursements are issued throughout the year. Please note that it will not capture if a funding request has a pending appeal or waiver request.
To check for expired C2 FRNs, set the data filters on the Invoice Deadline Tool as follows:

- Funding Year: **2021, 2022**
- Billed Entity Number – Enter your BEN (does not include Consortium BENs)
- FRN Remaining Amount is greater than $1 (or any value you want, e.g., > $100)
- Expired FRN: **True** (IDD has expired)
- Categories of Service – **Category 2**

Below is a screenshot of the results for entity 111111, with annotations (in red text) for committed, disbursed, and expired funding.

Subtracting the disbursed amount from the committed amount, this applicant has $73,740 (post discount $) in prior-year commitments that could be returned to their C2 budget. Note that the post-discount amount must be multiplied by the applicant’s discount percentage to derive the exact amount that can be returned to the C2 budget. Expired funding can be made available for FY2025 by submitting an FCC Form 500 to reduce those FRNs’ commitment amounts.

**Submitting an FCC Form 500 to Reduce Expired or Unused Commitments**
The [FCC Form 500](https://www.usac.gov) (Funding Commitment Adjustment Request Form) is used to request changes to funding requests after USAC has issued commitments for those FRNs. There are multiple changes that can be made using the FCC Form 500, including service substitutions and SPIN changes. If an applicant wants to return funding to its [Category Two budget](https://www.usac.gov), and make the funding available to request in FY2025, the applicant...
must file the FCC Form 500 to cancel or reduce the FRN’s commitment amount. Applicants may do this for the expired commitments described above, or even for commitments that they know they will not be using where the invoice filing deadline has not yet passed.

Below are the steps on how to submit an FCC Form 500 and reduce the funding commitment for one or more FRNs.

1) On the **My Applicant Landing Page** select the **FCC Form 500** link.

2) Answer **No** to the first question, then select the **Funding Year** from the dropdown, provide a form Nickname, add the Contact Person, and search for and select the FCC Form 471 Application Number(s) to include in your request.

3) Select **YES** for “I want to partially reduce the funding in one or more of the FRNs” and Select **NO** for all the other change types. Be careful **not to select** YES for “I want to cancel one or more of the FRNs” unless you want to cancel the entire FRN(s). This will cause issues if you have any disbursed funding. Click **Continue** when you are done.
4) Select the FRN(s) you would like to reduce funding from and click the Add (#) FRNs button.

5) Click on the blue FRN hyperlink to edit the funding. The yellow exclamation point under Status will change to green after you make the requested FRN modifications.
6) You will now see the “From” and “To” sections of the modification screen. The From section shows the original amounts for the FRN and the To section will display the updated amounts that you are requesting after you edit the line item(s) for the FRN. Click on the FRN line item hyperlink(s) under Revised Line Items to make the modifications to the selected FRN.
7) Modify the FRN line item amounts as needed. In our example below, we changed the quantity from 46 to 26. Then you click **Save** and the Recipients of Service entries will update. Then click the **Save FRN Line Item Details** button. The funding commitment cannot exceed what was approved in the PIA review.

8) You will return to the Selected FRNs page and the modified FRNs will show a green checkmark under **Status**. Provide an explanation of why you are requesting the change and upload any supporting documentation, if needed. Next, click **Continue** to answer the form certification questions on the next screen.
9) Check the box next to each certification and click **Certify** if you are authorized to submit the form or click **Send for Certification** if you are not.

![Certification Form](image)

10) You will receive a message that the form was created with a hyperlink to view the FCC Form 500 record that was created.

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Click here to view FCC Form 500 record dashboard
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Once this FCC Form 500 record is processed and approved by USAC, the additional funding will be available in your C2 budget for the current budget cycle.