**April 8, 2016**

## Commitments for Funding Years 2015 and 2014

**Funding Year 2015.** USAC will release Funding Year (FY) 2015 Wave 45 Funding Commitment Decision Letters (FCDLs) on April 14. This wave includes commitments for approved requests for all service types and at all discount levels. As of April 8, FY2015 commitments total just under $3.21 billion.

**Funding Year 2014.** USAC will release FY2014 Wave 79 FCDLs on April 13. This wave includes commitments for approved Priority 1 (Telecommunications Services and Internet Access) requests at all discount levels. As of April 8, FY2014 commitments total over $2.28 billion.

On the day the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

## Category Two Budgets for FY2016

FY2015 was the first year that Category Two (C2) budgets were in effect. We are providing reminders for applicants who applied for C2 services in FY2015 and additional tips for applicants who are considering applying for C2 services starting in FY2016.

**Q. How do C2 budgets work?**

**A.** Starting with FY2015, requests for C2 funding – that is, internal connections (IC), managed internal broadband services (MIBS), and basic maintenance of internal connections (BMIC) – are limited to a five-year budget that is calculated based on the number of students in a school or the number of square feet of a library.

A school or library can decide if it wants to spend all of its budget in one year or if it wants to spread it out over all or some of the five years. Additionally, the school or library can decide if it wants to use all of its C2 funding on one of the three service types, or a combination of all three. For example, you could have requested all of your C2 five-year budget in FY2015 for just internal connections products, or you could divide up your request over multiple years and request support for IC, MIBS, and BMIC products and services.

Note that school districts and library systems do not have C2 budgets. Each school or library has a C2 budget, whether the school or library is independent or part of a school district or library system.

**Q. How do you calculate the C2 budget for a school?**

**A.** Individual schools are eligible for E-rate discounts on pre-discount purchases of $150 per student over a five-year period. If the C2 budget calculation results in a figure lower than $9,200, the school's C2 budget is $9,200.

The student count for a school's C2 budget is calculated based on the maximum number of students that will be using the C2 services at any one time. USAC calculates this maximum number by adding the number of full-time students at the school to the number of peak part-time students at the school.

For example, say a school has 100 full-time students and 100 part-time students. Forty of the part-time students attend the school in the morning, and the remaining 60 attend the school in the afternoon. Since the greatest number of part-time students using the services during a school day is 60, the calculation for the school's C2 budget is (100+60) x $150, or $24,000.

For a detailed discussion of part-time students, see the March 23 SL News Brief.

**Q. How do you calculate the C2 budget for a library?**

**A.** Depending on their IMLS locale codes, libraries qualify for one of two different budget rates. Libraries that are located in the IMLS locale code of 11 (City, Large), 12 (City, Midsize), or 21 (Suburb, Large) are eligible for a pre-discount budget of $5.00 per square foot over five years. All other libraries are eligible for a pre-discount budget of $2.30 per square foot over five years.

If the C2 budget calculation for a library results in a figure lower than $9,200, the library's C2 budget is $9,200

**Q. Are C2 budgets pre-discount or post-discount?**

**A.** C2 budgets are pre-discount. Take the example of two schools, each with 120 students. Both schools would have C2 budgets of $18,000.

- Red School is at an 80% discount level. It would be eligible for E-rate support of up to $14,400.
- Blue School is at a 40% discount level. It would be eligible for E-rate support of up to $7,200.

Even though the levels of E-rate support are different, the C2 budgets for the schools are the same.

**Q. How do I determine my available C2 budget for FY2016?**

**A.** Your available C2 budget for FY2016 is calculated as follows:

- Determine your starting C2 budget for FY2016 as described above, based on your student count for FY2016 (schools) or your square footage and IMLS locale code (libraries).
- Subtract the pre-discount cost of any commitments allocated to your school or library from C2 funding requests for FY2015.

We are working on a way to include both FY2015 and FY2016 information together in one location. For now, find your FY2016 C2 budget in your portal and in the FCC Form 471 when you apply, and find the total of the amounts charged against your budget for FY2015 in the Category Two Budget Tool on the

USAC website. Subtract the second number from the first and you have your available C2 budget for FY2016.

**Q. Can I apply for C2 funding for FY2016 if I didn't apply (or I applied but was not funded) for FY2015?**

**A.** You did not have to apply for C2 funding in FY2015 in order to be able to apply for C2 funding in FY2016.

**Q. What if my FY2015 C2 funding request is still pending a decision from USAC?**

**A.** Some applicants might receive a funding decision from USAC on their C2 requests for FY2016 even though their funding decision for FY2015 is still pending. If this is the case, USAC would look at how much of the C2 budget for FY2016 was left after the FY2016 C2 funding commitments were made before making a funding decision on the pending FY2015 C2 funding requests.

**Q. Does E-rate funding received prior to FY2015 count against the five-year budget for C2 purchases?**

**A**. No.

**Q. I need to spend more than my C2 budget to upgrade my network. If I spend more than my C2 budget, will that affect my E-rate request?**

**A.** No. Although the C2 budget limits what E-rate will pay for, you can spend more than your C2 budget as long as you pay for those additional products and services out of your own pocket.

If this is the case, we would prefer that you include the costs that are in excess of your C2 budget in the "ineligible monthly costs" and/or the "ineligible one-time costs" in your funding request(s). This will help us understand the actual cost of the E-rate eligible products and services that you need.

**Q. What happens if my plans change and I can't use all of the C2 funding committed in a year? Can I reduce or cancel funding that USAC has already approved for the current funding year to "free up" money in its budget for the next funding year's requests?**

**A.** Yes. If you find that you will not spend the entire amount of C2 funding that USAC has committed in a particular funding year, you can file an FCC Form 500 to return unused funds. Schools and libraries may need to provide additional information to help USAC understand exactly which budgets should be increased and by how much due to the amount of funding returned.

**Q. When I complete the FCC Form 471, how do I indicate which products or services should be counted against which budgets?**

**A.** In the FCC Form 471, you allocate the costs of each eligible service among the entities receiving the service as appropriate. The allocation you provide informs USAC how to count the funding against the budgets of each of the recipients of service on your form. Note that a school district may apply for some C2 services on its own for its individual schools and also be a member of a consortium that files C2 funding requests. The C2 budgets of the individual schools would be affected by the allocations submitted by both the school district and the consortium. The same goes for library systems that are members of consortia

**Q. Can school districts and library systems shift funds or average costs among their schools and libraries?**

**A.** No. C2 funding must be spent for the specific school or library for which the funds are allotted. These funds cannot be shifted or averaged across schools in a school district or libraries in a library system.

**Q. If a school or library receives C2 items that were purchased with E-rate support from another school or library that is closing, would that have any effect on the school's five-year C2 budget?**

**A.** No.

Again, if you need additional assistance, you can contact CSB.

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- Starting an FCC Form 471, and background about funding requests. Read More
- FCC Form 471: Enter Basic Information Read More
- FCC Form 471: Review Entity and Discount Information. Read More

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