October 28, 2016

TIP OF THE WEEK: Monday, October 31, 2016 is the last day to request an invoice deadline extension for FY2015 recurring services. If you will not be able to complete your invoices by the deadline, request an invoice deadline extension.

Commitments for Funding Years 2016 and 2015

Funding Year 2016. USAC is scheduled to release Funding Year (FY) 2016 Wave 19 Funding Commitment Decision Letters (FCDLs) on October 31. This wave includes commitments for approved applications for all service types and at all discount levels. As of October 28, FY2016 commitments total over $832.8 million.

On the date the FCDLs are issued, you can access your FCDL notification from the **Notifications** section of your landing page in the E-rate Productivity Center (EPC).

Funding Year 2015. USAC will release FY2015 Wave 68 FCDLs on November 3. This wave includes commitments for approved requests for all service types and at all discount levels. As of October 28, FY2015 commitments total over $3.31 billion.

The day after the wave runs, you can check to see if you have a commitment by using USAC's Automated Search of Commitments tool. FCDLs for FY2015 will continue to be printed and mailed to applicants and service providers, and emailed to service providers who have signed up to receive electronic notifications.

FCC Extends Deadline for E-rate Participants to Request Invoice Deadline Extensions

Today, the FCC released a Public Notice (DA 16-1234) extending the deadline for E-rate participants with an October 28, 2016 invoice deadline for Funding Year 2015 to request an extension of the invoice deadline due to technical problems that might have prevented parties from filing. You should submit your Funding Year 2015 extension request using the Invoice Extension Deadline Tool or the Submit a Question feature no later than Monday, October 31, 2016 at 11:59 PM ET.

Category Two Budget Reminders

In this issue, we are providing reminders and other guidance on Category Two budgets to help applicants in planning for the FY2017 application cycle.

Category Two budgets

Starting in FY2015, requests for Category Two (C2) products and services – that is, internal connections, managed internal broadband services, and basic maintenance of internal connections – are limited to a

pre-discount five-year budget based on the number of students in a school or the number of square feet of a library.

A school or library can spend all of its C2 budget in one year or spread it out over any or all of the five years. Also, the school or library can use its C2 budget for products and/or services under one, two, or all three C2 service types.

C2 budgets are pre-discount. That is, the pre-discount cost of the products and/or services approved for E-rate discounts is charged against the C2 budget. For planning purposes, USAC also provides the "post-discount" budget amount – the cost to the applicant of the C2 products and services after the E-rate discount is applied. You can locate both the pre-discount and post-discount amounts in your profile in the E-rate Productivity Center (EPC).

The following do not affect C2 budgets:

- C2 products and services from funding years before FY2015. (In these funding years, C2 services were referred to as "Priority 2 services.")
- Equipment transferred from a closed facility (see Equipment Transfers).
- C2 products and services ordered in excess of your entity's C2 budget. Although your C2 budget limits what E-rate will pay for, you can spend more than your C2 budget as long as you pay for the additional C2 products and services out of your own pocket.

C2 budgets can change from funding year to funding year, as student counts go up or down or libraries expand or downsize. When reviewing applications, USAC compares the C2 budget for the current funding year against commitments made for other funding years in the five-year budget period.

- USAC can commit C2 funding for a funding year up to the difference between the C2 budget for that funding year and the amounts already committed for all funding years in the five-year period.
- If the amounts already committed for the other funding years in the five-year period equal or exceed the C2 budget for that funding year, USAC cannot make additional C2 commitments for that funding year.

Determining the first year of the five-year budget

For an **independent school** or **independent library**, the first year of the C2 budget is the first year, starting with FY2015, in which the school or library receives a positive commitment from USAC on a C2 funding request.

For a **school district**, the first year of the C2 budget for all of the individual schools in the school district is the first year, starting with FY2015, in which ANY individual school in the school district receives a positive commitment from USAC on a C2 funding request.

For a **library system**, the first year of the C2 budget for all of the individual library branches in the library system is the first year, starting with FY2015, in which ANY library branch in the library system receives a positive commitment from USAC on a C2 funding request.

Consortia do not have C2 budgets. The five-year C2 budgets for consortium members may start in the same or in different funding years.

Calculating the C2 budget for a school

The C2 budget for an individual school is calculated by multiplying the total number of students by $150. If this calculation would result in a C2 budget of less than $9,200, the five-year budget for that school is set at $9,200.

The total number of students is the total of the following two numbers that are entered in the school's profile:

- The number of full-time students.
- The maximum number of part-time students at the same time during the school day.

Schools include part-time students in their student count only when those students regularly increase the maximum number of students on the school premises at the same time during the school day.

- Example 1: A high school has 100 full-time students, 50 part-time students that attend classes in the morning, and 25 part-time students that attend classes in the afternoon. The school should report a maximum of 50 part-time students. This would result in a C2 budget calculation of $22,500, or (100+50) full- and part-time students x $150 per student.
- • Example 2: A vocational school has no full-time students, 100 students in the morning and 100 different students in the afternoon. The school should report a maximum of 100 part-time students. This would result in a C2 budget calculation of $15,000, or (0+100) full- and part-time students x $150 per student.

The following students cannot be counted when calculating a school's C2 budget:

- Students attending after-school activities or after-school events.
- Students who attend a virtual class that originates at a school but who are not on the school premises.

Calculating the C2 budget for a library

First, determine the square footage of the library by totaling the square footage for all floors occupied by the library and enclosed by the outer walls of the library, including those areas off-limits to the public. Do not include patios or other outdoor spaces such as parking lots unless they are enclosed by the outer walls of the library.

Second, determine the library's Institute of Museum and Library Services (IMLS) locale code. Urban 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. (We suggest that you use the data files (CSV format) from the FY 2014 Public Library Survey available from the PLS Data and Reports page of the IMLS website to locate your code.)

- The C2 budget for an urban library (IMLS codes of 11, 12, or 21) is calculated by multiplying the total square footage of the library by $5.00.
- The C2 budget for all other libraries (all other IMLS codes) is calculated by multiplying the total square footage of the library by $2.30.
- If the calculation for the library would result in a C2 budget of less than $9,200, the budget for that library is set at $9,200.

The square footage of bookmobiles should be counted like any other library branch – calculate the area enclosed by the outer walls of the bookmobile. Bookmobiles would qualify for a C2 budget of $9,200.

Non-instructional facilities

Non-instructional facilities (NIFs) – including NIFs with classrooms – do not get their own C2 budgets.

If a NIF houses a piece of shared equipment that is essential to connecting a school or library network to the Internet, the cost of that equipment can be allocated among the budgets of the individual schools or libraries that are sharing that piece of equipment

If the equipment is also used by the NIF itself, then an appropriate portion of the cost must be allocated to the ineligible NIF and removed from the funding request.

Similarly, residential facilities are not eligible for a separate C2 budget. However, if the residential facility is eligible for E-rate funding because it serves unique populations as set out in the Sixth Report and Order, the cost of the C2 products and/or services for the residential facility can come from the associated school's C2 budget.

Allocating C2 budget amounts for shared products and services

When you complete an FCC Form 471, you will indicate which schools and/or libraries are getting the products and services in an FRN. For C2 FRNs, you also indicate how much of the FRN line item costs should be allocated to each school or library. A single FRN line item for the same product or service can include multiple schools or libraries, each with its own cost allocation amount.

C2 funds must be spent for the specific school or library for which they are allotted. These funds cannot be shifted or averaged across a school district or library system.

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. Until the FCC Form 500 is available online, schools and libraries returning C2 funding should provide a specific list of FRN line items and cost allocations so that USAC can adjust the C2 budgets of the affected entities appropriately.

Last Week in "File Along with Me":

- FCC Form 498 and the BEAR Method (Part 1). Read More

"File Along with Me" is a blog that covers the E-rate Program application process step-by-step, and serves as a schedule you can follow to manage your application. Ready to join us? Read the Blog

Back