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Universal Service
Administrative Co.

Schools and Libraries Program News Brief

December 20, 2019

TIP OF THE WEEK: Please make a note of the reduced hours for the Client Service Bureau (CSB) during the next two weeks and plan accordingly:

- ◆ Tuesday, December 24, 2019 – CLOSED
- ◆ Wednesday, December 25, 2019 – CLOSED
- ◆ Tuesday, December 31, 2019 – OPEN 9:00 a.m. – 6:00 p.m. EST
- ◆ Wednesday, January 1, 2020 – CLOSED

CSB will be open on Monday, Thursday, and Friday both weeks from 8:00 a.m. to 8:00 p.m. EST.

NOTE: USAC will not issue an SL News Brief next Friday, December 27, 2019.

Commitments for Funding Years 2019 and 2018

Funding Year 2019. USAC released Funding Year (FY) 2019 Wave 38 Funding Commitment Decision Letters (FCDLs) on December 19. As of December 20, FY2019 commitments total over \$2.07 billion.

Funding Year 2018. USAC released FY2018 Wave 74 FCDLs on December 16. As of December 20, FY2018 commitments total over \$2.26 billion.

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

FY2020 Application Filing Window to Open on January 15, 2020

The FY2020 application filing window will open at noon EST on Wednesday, January 15, 2020 and close at 11:59 p.m. EDT on Wednesday, March 25, 2020.

The [administrative window](#) will close shortly before the filing window opens. We will provide the exact date and time in the near future. However, we strongly encourage applicants to update their profile information in EPC as soon as possible.

Service Providers: FCC Form 473 for FY2020 Now Available

FY2020 is now included on the drop-down menu for the FCC Form 473, the Service Provider Annual Certification (SPAC) Form. As a reminder, service providers that participate in the E-rate Program are required to file this form annually; service providers with more than one Service Provider Identification

Number (SPIN) must file a separate SPAC Form for each SPIN. To file the SPAC Form, service providers must log in to the [E-File System](#), navigate to the SPAC Form, and choose "2020" from the drop-down menu.

Applicants and service providers can verify that this form has been successfully processed using the [SPIN Search Tool](#) on the USAC website:

- Enter the first few characters of the service provider's name followed by a percent sign (%), or enter the service provider's nine-digit SPIN.
- Enter the number of search results you want (default is 10, maximum is 99).
- Click the **Next** button. Your results will appear on the following page.
- Locate your service provider's name and SPIN. In the right-hand column labeled "SPAC Filed," you will find listed all of the funding years with a SPAC Form on file for that SPIN.

Category Two Budget Multipliers and Funding Floor for FY2020

In [last week's SL News Brief](#), we discussed how C2 budgets will work for FY2020. In a Public Notice ([DA 19-1301](#), released December 19, 2019) the FCC released the budget multipliers and funding floor for FY2020, which will be the sixth and final year of the C2 budget test period.

The multipliers and funding floor for the FY2020 transition year are as follows:

- Schools – \$195.63 per student
- Libraries with Institute of Museum and Library Services (IMLS) locale codes 11, 12, or 21 –\$6.52 per square foot
- Libraries with all other IMLS locale codes – \$3.00 per square foot
- Entities at the funding floor – \$11,998.43.

Category Two Budgets for FY2021

On December 3, 2019, the FCC issued the Category Two Report and Order, [FCC 19-117](#), which permanently extended the Category Two (C2) budget approach with some modifications.

This week we are providing information regarding the C2 budget changes for FY2021.

Here are some important things to keep in mind as you plan ahead for FY2021.

C2 budgets will change to a fixed, five-year cycle.

After the FY2020 transition year, the first five-year C2 budget cycle will begin in FY2021 and go through FY2025. All applicant budgets will be reset for FY2021. Any unused C2 budget funding from the six-year test period (FY2015 through FY2020) will not carry forward.

The C2 multipliers and the budget floor are changing.

C2 multipliers for each five-year budget cycle will be set once at the beginning of the cycle and apply to the entire cycle. They will always be rounded to two digits (dollars and cents) and adjusted for inflation.

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 IMLS locale code.
- The funding floor will be \$25,000.00.

C2 budgets are set at the beginning of the cycle, but applicants have the option to adjust them during the cycle.

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, but are not required to do so. If an applicant does not request a recalculation, the student count for the school district or the library square footage will not change during the cycle. We expect that school applicants that experience increased student enrollment or library applicants that expand their square footage during the budget cycle might choose to exercise this option.

C2 budgets are calculated at the school district or library system level.

C2 budgets for school districts and library systems will be calculated at the district or system level, not at the site level. School districts and library systems will no longer be required to maintain separate budgets for each school or library and can allocate funding among eligible sites as they see fit.

To calculate the C2 budgets at the school district or library system level:

- Most school districts will calculate their C2 budgets by adding the number of full-time student counts of each of their individual schools and then multiplying this total by the school multiplier. However, if the number of individual schools multiplied by the \$25,000 funding floor results in a larger C2 budget (the "aggregate funding floor"), that aggregate funding floor becomes the C2 budget.
- Most library systems will calculate their C2 budgets by adding the square footage of each of their library branches and then multiplying this total by the library multiplier. However, if the number of library branches multiplied by \$25,000 results in a larger C2 budget, that aggregate funding floor becomes the C2 budget.

An independent school or independent library will calculate its C2 budget for itself using its student count or square footage, respectively.

School districts and library systems with 10 or fewer sites can calculate their C2 budgets on a per-site basis and combine the results.

School districts with 10 or fewer schools and library systems with 10 or fewer library branches have the option to calculate their C2 budgets on a per-site basis and then combine the results.

For the examples below, note that the following entities would be eligible for the \$25,000 funding floor:

- An individual school with fewer than 150 students ($\$167/\text{student} * 149 \text{ students} = \$24,883$)
- A library branch with less than 5,556 square feet ($\$4.50 / \text{square foot} * 5,555 \text{ square feet} = \$24,997.50$).

Small school district example: A school district consists of three schools – one school with 50 students, one school with 100 students, and one school with 200 students. This school district can

calculate its C2 budget as $\$25,000 + \$25,000 + \$33,400 = \$83,400$, because the first and second schools would be eligible for the funding floor.

Small library system example: A library system consists of a bookmobile, a library branch with 4,000 square feet, and a library branch with 7,500 square feet. This library system could calculate its C2 budget as $\$25,000 + \$25,000 + \$33,750 = \$83,750$, because the bookmobile and the smaller library branch would be eligible for the funding floor.

Schools will only count full-time students for their C2 budget calculations.

Part-time students no longer need to be reported to USAC or included in a C2 budget calculation.

School districts cannot estimate the number of students for buildings under construction.

However, independent schools with their own entity-level budgets can estimate student counts for a new school while construction is underway. As in the C2 budget test period, if the school overestimates, it must return to USAC any funding in excess of that which it was entitled based on the actual enrollment by the end of the next funding year.

School districts and library systems will be allowed to 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, but both the transferor and recipient must maintain detailed records documenting the transfer and the reason for the transfer for five years. Schools, libraries, and consortia are still required to maintain asset and inventory records of equipment purchased and the actual locations of such equipment for 10 years after purchase.

REMINDER: The above information applies to the five-year C2 budget cycle that starts with FY2021. For information on FY2020, you can refer to [last week's SL News Brief](#).

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