

# Category Two Budgets

October 17, 2024

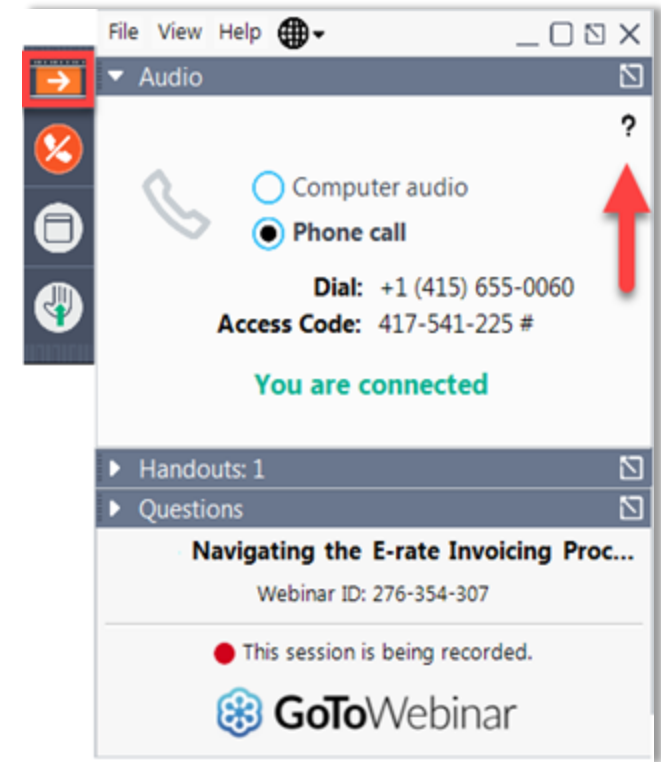
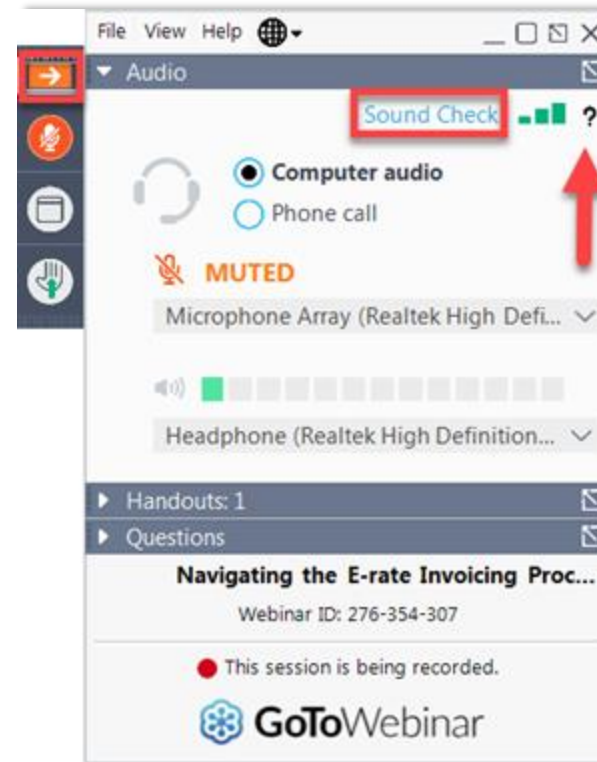
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- Audio is available through your computer's speakers.
- The audience will remain on mute.
- Enter questions at any time using the “Questions” box.
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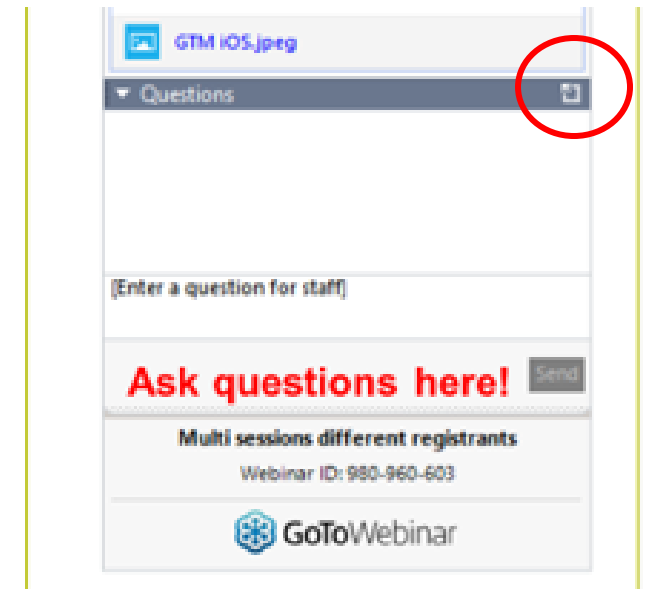
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# Housekeeping: Q&A

- 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.
  - Write in full sentences.
  - Ask one question at a time.
  - Ask questions related to today's webinar content.
- To view answers:
  - Click the box with the arrow icon in the top right corner of the **Questions** box to expand it and reveal all written answers.



# E-Rate Customer Service Center (CSC)



**Call us at (888) 203-8100**

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**Create a customer service case in the  
E-Rate Productivity Center (EPC):**

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

# Suggested Prerequisites

- E-Rate Fall Training: Eligible Services
  - E-Rate Eligible Entities, Equipment and Services
- E-Rate Program Overview
  - E-Rate Eligible Entities, Services, and Application Process Overview



Available for Public Use

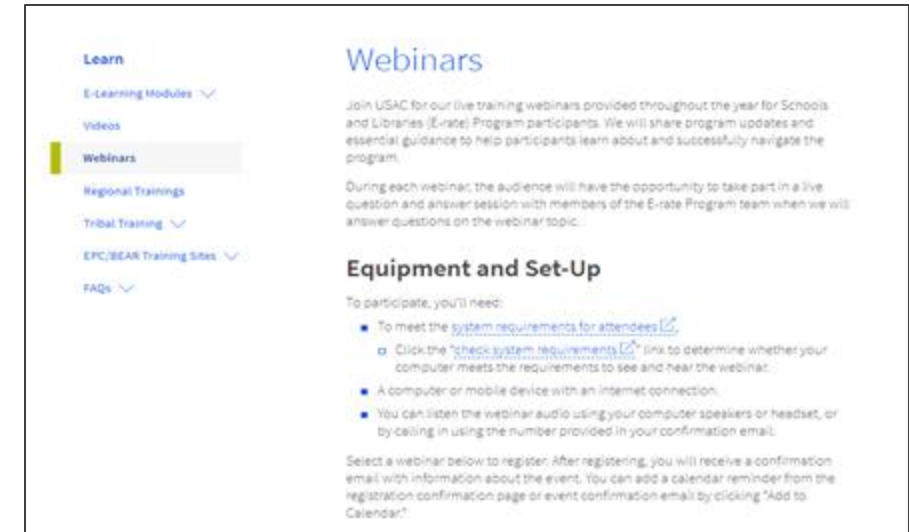
**E-Rate Fall Training: Eligible Services**  
2024 Program Participant Webinar  
September 24, 2024





# E-Rate Fall Training Series 2024

- ✓ **E-Rate Program Overview: September 16, 2024**
- ✓ **Pre-Commitment: September 19, 2024**
- ✓ **Eligible Services: September 24, 2024**
- ✓ **Category Two Budgets: October 17, 2024**
- ☐ EPC Admin Window: October 24, 2024
- ☐ Post-Commitment: October 31, 2024
- ☐ Invoicing: November 7, 2024



- These webinars are suitable for all E-Rate experience levels. However, we recommend that those new to the program, view these webinars in the order they are presented for the best learning experience.
- These webinars are recommended for both applicants and service providers, especially those new to E-Rate. A webinar tailored towards Service Providers was held in August 2024. Handouts and a recording of this webinar is available on the E-Rate [Webinars](#) page.
- Please visit the E-Rate [Webinars](#) page for additional information including course descriptions, registration links for future webinars, and access to recordings and handouts from previous webinars.

# MEET THE TEAM



**Jessie Stern**

Communication Specialist | E-Rate



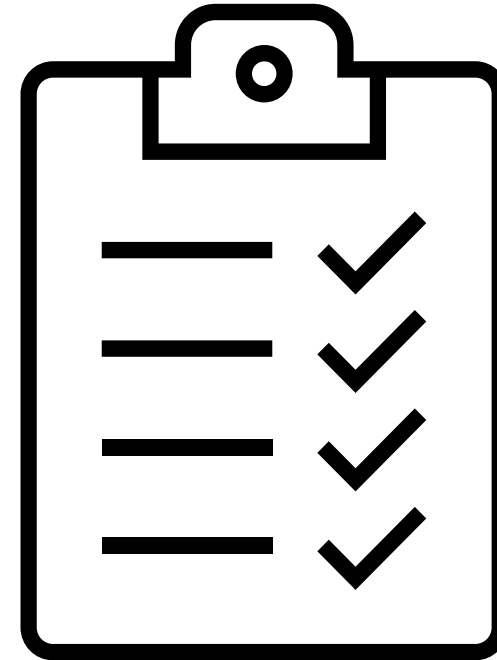
**Lisette LaForge**

Program Manager | E-Rate



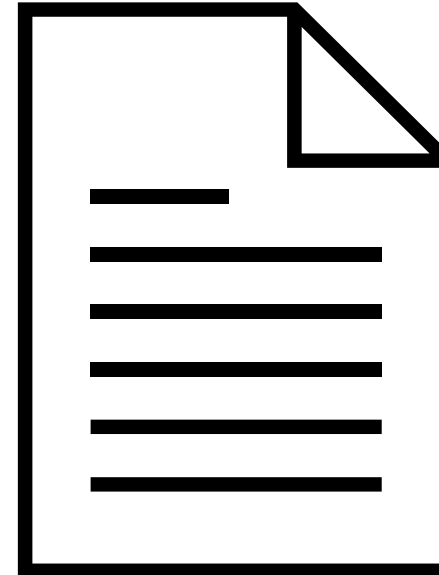
# AGENDA

- Service Category Refresher
- Category Two Budgets
- Calculating Category Two Budgets with 10 or Fewer Sites
- Equipment Transfers and Budget Resets
- Q&A



# Updates for Funding Year 2025

- Ability to add a Request For Proposals to an FCC Form 470 – even if there was not one added before.
- The Wireline Competition Bureau released a Public Notice with a draft [FY 2025 E-Rate Program Eligible Services List](#) for public comment.

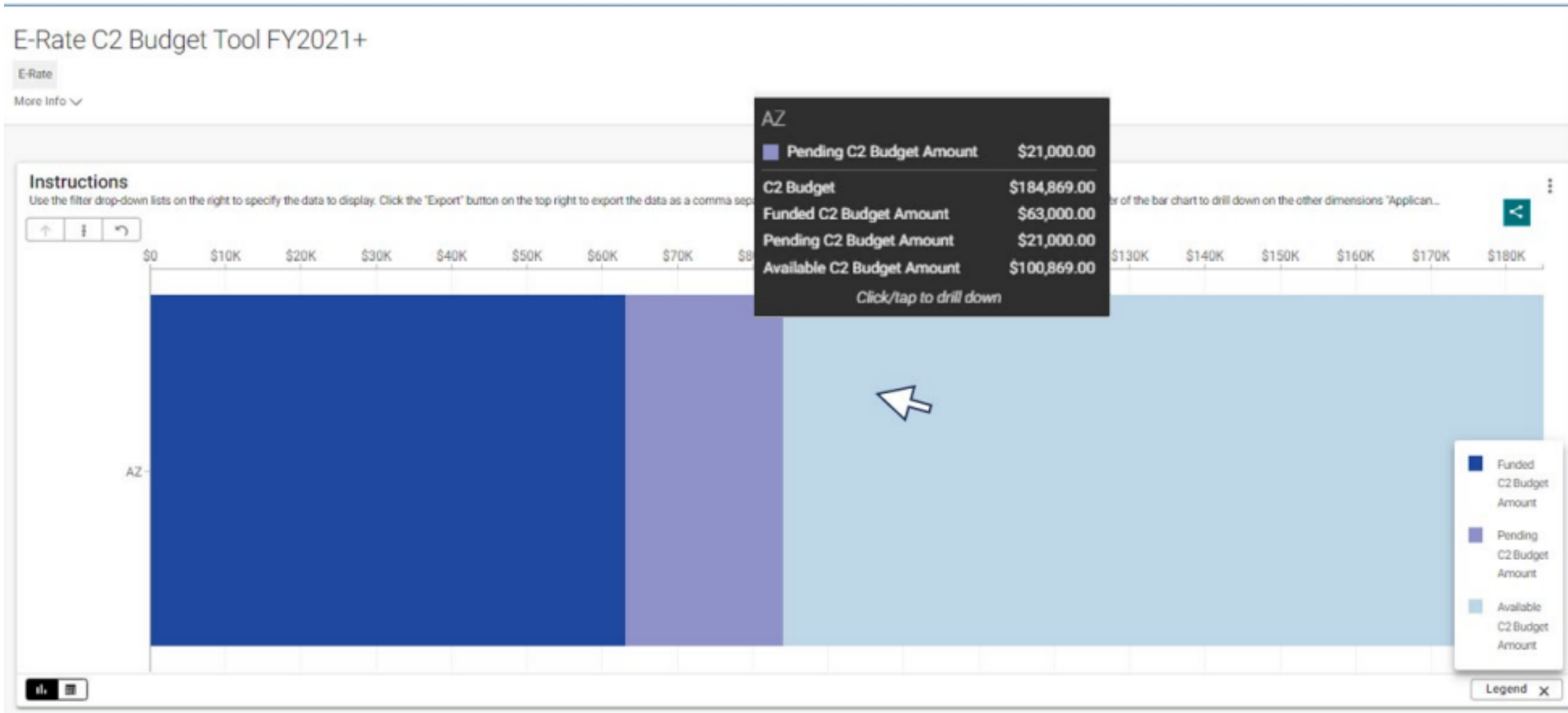


# FY 2021 –2025 Category Two (C2) Budget Management

FY 2025 is the last year of the FY 2021-2025 Funding cycle.

- Unused funds from the FY 2021 – 2025 Category Two (C2) budget will not roll over to the next budget cycle.
- You may recapture your FY 2021- FY2024 unused funds by March 31, 2025 (i.e., end of first quarter 2025) to make them available for your FY 2025 Funding Requests (FRNs).
- Review the [FY 2021-2025 Category Two \(C2\) Budget Management Guide](#) to learn how to:
  - View available FY 2021-2025 C2 Funding using the [Category Two \(C2\) budget tool](#).
  - Identify unused funds, i.e., committed but not disbursed and are beyond their Invoicing Deadline Date (IDD) using the [E-Rate FRN Invoice Deadline Tool](#).
  - Submit an FCC Form 500 to reduce commitments of unused funds by March 31, 2025 making unused funds available for FY 2025 FRNs.

# Checking C2 Budget Tool



# Checking the Invoice Filing Deadline Tool

**Instructions**  
Use the filter drop-down lists on the right to specify the data to display. Click the "Export" button on the top right to export the data as a comma separated value file (.csv). Click the "Hierarchy" button on the top-left corner of the ba...

2021

Committed = \$148,405

Disbursed = \$74,698

Expired Funding = \$73,706

Clear All

Funding Year: 2021

Billed Entity State: Select...

Last Date to Invoice: Select...

Billed Entity Number: 11111

Applicant's Organization Name: Select...

Service Provider Number: Select...

Service Provider Name: Select...

Application Number: Select...

Funding Request Number: Select...

Invoicing Mode: Select...

FRN Remaining Amount: Select...

Expired FRN: Select...

Appli... | Cate... | Fundi... | Billed... | Billed... | Appli... | Fundi... | Fundi... | Servi... | Servi... | SPAC... | Servi... | Invol... | Last... | Invol... | FCC... | Prici... | Fundi...

Detailed FRN data appears here and can be exported

C2 Expired Pre-Discount \$ FY2021+  
Is greater than  
0  
 Include missing or null values  
Reset Apply  
above \$0.00


# Canceling or Reducing C2 Commitments for FY25

- If an applicant has need for additional C2 funding in FY2025, they can use the C2 Budget Tool and the Invoice Deadline Tool to see if there are funds that can be canceled or reduced.
- If there are unused funds, applicants can submit an FCC Form 500 to reduce commitments by Q1 of 2025 making the funds available for FY2025 FRNs.

[FY2021+ Category Two Budget Tool](#) 

This tool is designed to assist applicants in determining their Category Two budgets for each five-year cycle beginning with the first budget cycle, which starts in FY2021 and ends in FY2025.

[FY2021+ Category Two Budget Tool Dataset Glossary](#)   
[FY2021+ Category Two Budget Tool video tutorial](#)

[E-Rate FRN Invoicing Deadline Tool](#) 

The E-Rate FRN Invoice Deadline Tool provides users with the ability to search, view, and download funding request number (FRN) data related to invoicing including the invoice deadline date, funds remaining for invoicing, and the invoicing mode (BEAR vs SPI). The underlying data set has FRNs for FY2016+ and is sunset off the FCC Form 471 FRN Status data set.

[E-Rate FRN Invoicing Deadline Tool Video Walkthrough](#)

# Service Category Refresher



# Services and Equipment Category Refresher

- Category One (C1) Services and Equipment
  - Provide data transmission and/or internet service **to the building.**
- Category Two (C2) Services and Equipment
  - Specific services and equipment that provide connectivity **inside the building (e.g., Wi-Fi networks).**
  - Funding for Category Two services and equipment is limited by the **Category Two Budget.**

For more information on Service and Equipment Categories, visit the [Eligible Services Overview](#) page on the E-Rate website.

# Services and Equipment Category Refresher (cont.)

- Category Two includes services and equipment necessary to transport information to school classrooms or publicly accessible areas of a library.
- Category Two services are subdivided into three groups:
  - **Internal Connections (IC)** – Equipment needed to utilize a broadband connection within a school or library. This includes, for example, routers, switches, and cabling.
  - **Basic Maintenance of Eligible Broadband Internal Connections (BMIC)** – Covers the repair and upkeep of the eligible equipment needed to use a broadband connection within a school or library.
  - **Managed Internal Broadband Services (MIBS)** – Services provided by a vendor related to the operation, management, and monitoring of eligible internal connections (owned or leased equipment) necessary for the broadband connectivity within schools and libraries.

End-user equipment, such as laptops, computers, headsets, speakers, are **not eligible** for E-Rate funding.

# Services and Equipment Category Refresher (cont.)

Category Two services and equipment examples:

- **Internal Connections**
  - For example, cabling, routers, switches, modems, and wireless access points.
  - Necessary software or licenses to use the equipment.
- **Basic Maintenance of Internal Connections (BMIC)**
  - The repair and upkeep of eligible internal connections (bug fixes or patches).
  - Multi-year maintenance service subscriptions (software updates).
  - Must divide multi-year requests by each funding year (i.e., a three-year subscription should be requested annually for one third of the price over three years).
- **Managed Internal Broadband Services (MIBS)**
  - Managed Wi-Fi Agreement.

# Category Two Budgets

# Category Two Budgets - A Fixed, Five-Year Cycle

- E-Rate funding for Category Two equipment and services is calculated on a **fixed, five-year cycle**.
  - The first five-year cycle began in FY 2021 and continues through FY 2025.
- The Category Two budget is the maximum amount of pre-discount E-Rate funding available for Category Two equipment and services over the five-year period.
- **Funding floor** - The minimum Category Two budget for each child entity is:
  - \$55,000 for Tribal libraries, and,
  - \$25,000 for all other child entities, independent schools, and non-Tribal library entities.

# Child Entity Counts

- 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.
  - School District or Library System = parent entity within EPC.
  - Individual School or Library = child entity within EPC.
- The number of child entities in the entity's E-Rate Productivity Center (EPC) profile affects how you calculate the C2 budget.

# Category Two Cost Allocations

- **Budgeted entity:** An entity with a C2 budget (i.e., school district, library system, independent school or independent library).
- A budgeted entity **does not** need to provide USAC with a cost allocation of its C2 budget among its child entities.
- A consortium must allocate the costs of C2 funding requests among its budgeted entity members (parent entities) – but not to those members' **individual child entities**.
- The consortium members' C2 budgets will be visible during the FCC Form 471 filing process.
- Cost allocation to remove the costs associated with a non-instructional facility's (NIF's) use of the shared equipment in NIFs and related-library administrative buildings is no longer required.



# Category Two Student Count in EPC

Here is a screenshot from a school district's EPC profile page. The school district chose "**Manage Organization**" in the top right corner to get to this screen with the ability to edit or modify. When asked about reporting the student count, they selected one number for the whole 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). This can be decided on a per-child-entity basis.

# Calculated at School District or Library System Level

- School districts and library systems **allocate funding among their sites (or child entities)** as they see fit. USAC does not dictate how the budgeted entity allocates funding.
- Category Two (C2) calculations are pre-discounted, meaning the full price of a C2 equipment or service is subtracted from your budget when you purchase it.
- C2 budgets are set at the beginning of the five-year cycle and apply to the entire five-year cycle.
  - A district that joined E-Rate **in 2024** receives the same five-year budget amount (FYs 2021-2025) as a district that joined in 2021.

# Methods of Calculating Category Two Budgets

## 1. Category Two Multiplier Method:

- A **school district** multiplies the number of students at each site by the **school multiplier** provided by USAC (**\$167 per student**).
- A **library system** multiplies the square feet at each site by the **library multiplier** (**\$4.50 per square foot**).

## 2. Category Two Funding Floor Method:

- A flat **\$25,000 per site** is allocated to the school district or library system (\$55,000 for Tribal library sites).
- If your C2 Multiplier calculation is less than the C2 Funding Floor, **USAC provides the higher method amount** as your budget.

## 3. Hybrid Method: Only available if your school district or library system has 10 or fewer child entities.

- Combines both methods of C2 Multiplier and C2 Funding Floor to maximize the overall budget.
- Applicant provides an individual C2 enrollment/Sq. Ft. for each child entity to enable best budget.

# Calculate a Category Two Budget for a School District

- Each system or district receives an aggregated Category Two budget.
- The Category Two budget is the **greater** of the following:
  - Method 1: The district total **full-time student count** multiplied by the **school multiplier**.
  - Method 2: The **number of individual schools** multiplied by the **\$25,000 funding floor** (aggregate funding floor).
- Calculating an independent school's budget works the same way, using only their site for the calculation.

# Calculate a Category Two Budget for a Library System

The Category Two budget 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** in the system by the **\$25,000 funding floor** (aggregate funding floor). Multiply by \$55,000 for Tribal Library Systems.

Calculating an independent library's budget works the same way, using only their site for the calculation.

For more information, see our [Library FAQs](#).

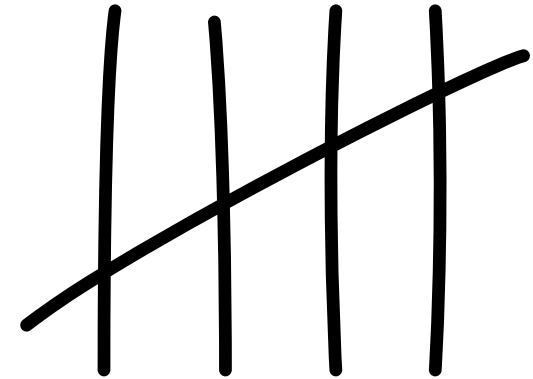
# Schools - How To Report Student Counts

School districts report student counts separately for the purposes of calculating Category One discounts and Category Two budgets.

- Category One Discounts – Applicant Information: Number of Full Time Students
- Category Two (C2) Budgets – Budget Information: Total Students for C2 Budget

Two options for reporting Category Two counts:

1. Individual entity profile - Report student counts under C2 Budget Information.
2. Parent entity profile - Report the total student count for the school district under C2 Budget Information or use C2 grid listing individual children to update C2 enrollment per individual child entity.



# Reporting Student Counts in EPC

## Applicant Information

Latitude 42.8712  
 Longitude -78.8598  
**Urban/Rural Status** Urban  
**School Sub-Type**  Public School  
 Private School  
 Pre-K  
 Head Start  
 Adult Education  
 Juvenile Justice  
 Dormitory  
 Charter School  
 Tribel School  
 New Construction School  
 Swing Space  
 Detention Center  
 General-Use School  
 ESA School  
 BIE  
 ESA School District with no Schools

**Is this school part of a school district?** No

State School Code  
 State LEA Code  
 NCES Public State Code  
 NCES Public District Code  
 NCES Public Building Code

User-Entered Latitude 42.8712  
 User-Entered Longitude -78.8598  
 User-Entered Urban/Rural Status Urban  
 Community Eligibility Program (CEP)? No  
 Alternative Discount Method None  
 Does this organization have an endowment? No

**Number of Full Time Students** 224  
**Total Number of Students Eligible for National School Lunch Program (NSLP)** 224

## 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.

**Total Students for C2 Budget** 224

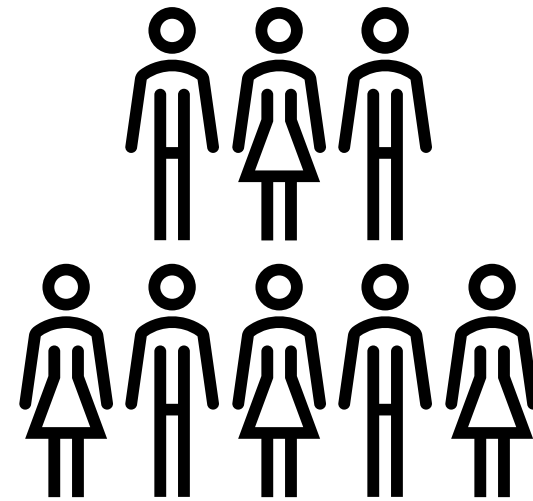


# Schools - How to Count Students

- Schools can only count **full-time students** for their Category Two budget calculations.
- Large school districts (those with more than 10 schools) **may not estimate** the number of students for buildings **under construction**.
- Independent schools and small school districts **can** estimate student counts for a new school while construction is underway.
  - If the school overestimates, it must return the excess funding that they were entitled to by the end of the next funding year. The school must file an FCC Form 500, and the funding will be returned to USAC.

# Independent, Part-Time Only Schools

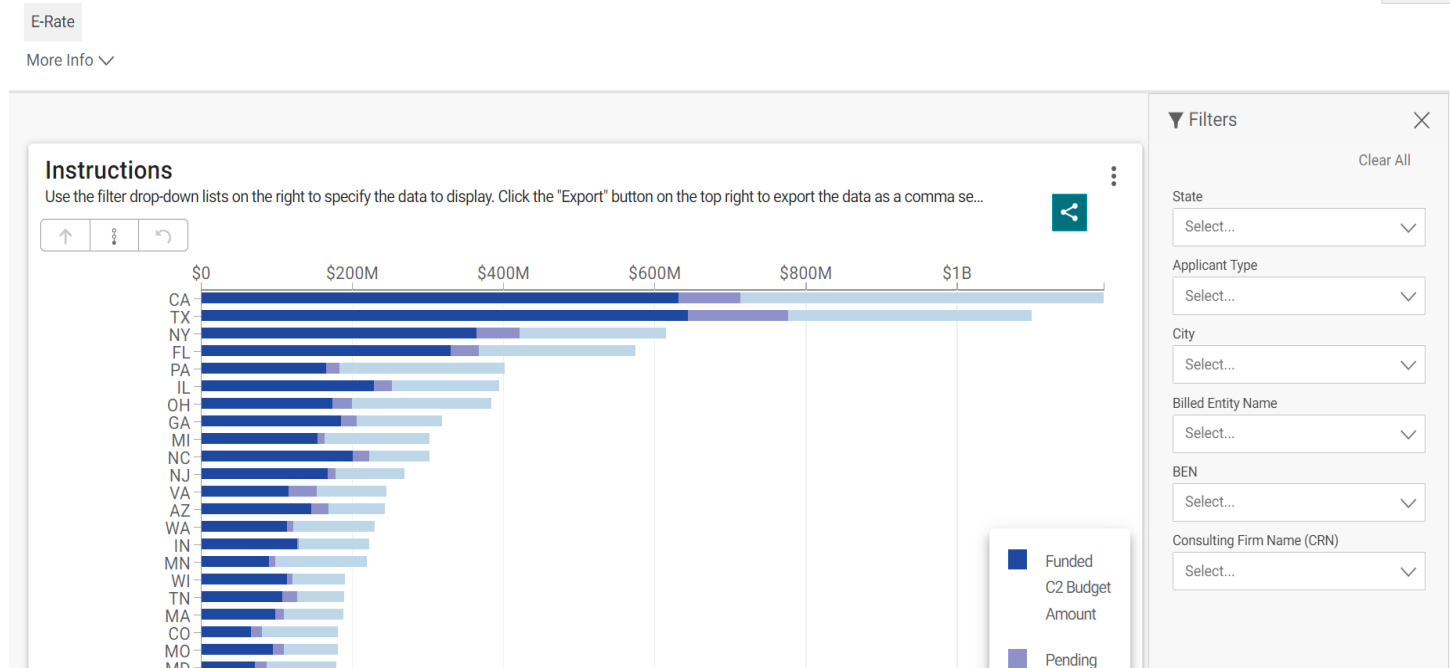
- School districts must count each full-time student **one time** when calculating their district-wide C2 budget.
  - **Only independent schools** that are attended by students from **multiple districts** on a part-time basis **can** count these students as full-time students.



# FY 2021+ Category Two Budget Tool

- The [FY2021+ Category Two Budget Tool](#) is designed to assist applicants in determining their Category Two budgets for each five-year cycle beginning with the first budget cycle, which starts in FY 2021 and ends in FY 2025.
- View the [FY2021+ Category Two Budget Tool Dataset Glossary](#) to help you better understand and navigate the tool.
- For more information, watch the [FY2021+ Category Two Budget Tool video tutorial](#) and view the [FY2021-2025 Category Two \(C2\) Budget Management Guide](#).

## E-Rate C2 Budget Tool FY2021+



## After Your Budget Calculation

Student counts and library square footage are validated during the **Program Integrity Assurance** (PIA) Review phase.

- Please retain all Category Two budget calculation records, including information on your school student counts and library square footage.
- For more information, see E-Rate's [document retention](#) policy.

# Calculating Category Two Budgets with 10 or Fewer Sites

## School Districts With 10 Or Fewer Sites

- **School districts with 10 or fewer sites** have the option to calculate their C2 budgets on a per-site basis and then combine the results to optimize their total funding.
  - **Schools with fewer than 150 students** receive more funding using the funding floor method. The \$25,000 funding floor applies if an individual school has fewer than 150 students (149 students x \$167/student = \$24,883).
  - **Schools with 150 or more students** benefit from using the multiplier method.
- The school district allocates this calculated C2 budget among its individual schools (or child entities) as it deems appropriate.

# Hybrid Calculation – School System

	# Students	Multiplier	Total	Funding Floor
School 1	200	\$167	\$33,400	\$25,000
School 2	300	\$167	\$50,100	\$25,000
School 3	140	\$167	\$23,380	\$25,000
School 4	125	\$167	\$20,875	\$25,000
School 5	130	\$167	\$21,710	\$25,000
			\$149,465	\$125,000

**Hybrid Budget Total = \$158,500**

## Library Systems With 10 Or Fewer Branches

- **Library systems with 10 or fewer sites** have the option to calculate their C2 budgets on a per-site basis and then combine the results to optimize their total funding.
  - **Library branches with less than 5,556 square feet (or 12,223 feet for Tribal libraries)** can use the funding floor method. 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).
    - NOTE: Tribal libraries have a \$55,000 funding floor.
  - **Non-Tribal Library branches with 5,556 square feet or more and Tribal Library branches with 12,223 square feet or more** should use the multiplier method.
  - The library system allocates this calculated C2 budget among its libraries (child entities) as it deems appropriate.



## Hybrid Calculation – Library System

	Sq Footage	Multiplier	Total	Funding Floor
Library 1	7,000	\$4.50	\$31,500	\$25,000
Library 2 (Tribal)	2,000	\$4.50	\$9,000	\$55,000
Library 3	9,500	\$4.50	\$42,750	\$25,000
Library 4	13,400	\$4.50	\$60,300	\$25,000
Library 5	10,840	\$4.50	\$48,780	\$25,000
			\$192,330	\$155,000

**Hybrid Budget Total = \$238,330**

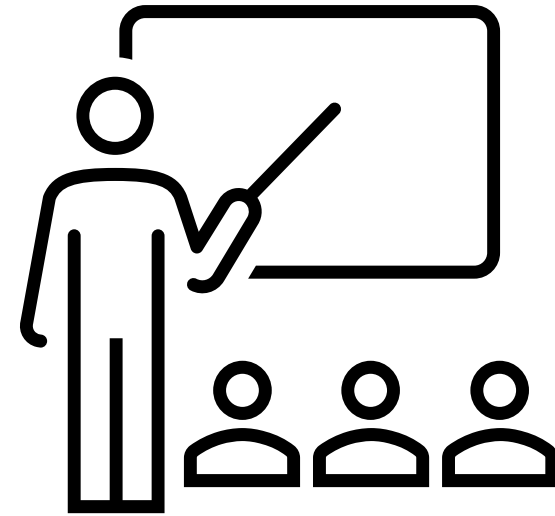
# Equipment Transfers & Budget Resets

# Category Two Equipment Transfers

- School districts and library systems can transfer equipment between their associated child entities.
  - They are not 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.

# Charter Schools

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 Equipment Transfers – Recent Scenarios

- Recently, budgeting entities have been experiencing increased site closures and cancellations of expected new site openings after the receipt of a funding commitment.
  - A closure/cancellation may happen **before ordering and installing equipment.**
  - A closure/cancellation may happen **after equipment is ordered but prior to installation.**
- If the equipment has not been installed, it needs to be returned. Alternatively, you may file an appeal (if within 60 days of the Funding Commitment Decision Letter) or an FCC Waiver (more 60 days after the Funding Commitment Decision Letter).
  - A closure/cancellation happens **after equipment is ordered and installed.**
    - [Equipment Transfer](#) rules apply. The equipment may be transferred with no need to file an FCC Form 500.
    - The applicant and the entity must maintain detailed records documenting the transfer (and the reason) for five years.

# Information Changes During the Cycle

- A district's or system's C2 budget is determined when the **first C2 FCC Form 471 in the five-year budget cycle is certified**.
  - This also applies to a certified consortium FCC Form 471 that includes your organization.
  - Use the [Category Two Budget Tool](#) within Open Data to see associated consortia and other vital information.
- You may request a C2 budget **recalculation** to increase your C2 budget in any subsequent year of the budget cycle if your total enrollment numbers increase. This is referred to as a “**replacement C2 budget**” request.
- A replacement C2 budget applies to the year it was requested and for future years within the five-year cycle but does not apply retroactively.

## Information Changes During the Cycle (cont.)

- Replacement C2 budgets can be requested during the **EPC administrative window** and during the **FCC Form 471 application filing window**.
  - The EPC Administrative Window occurs each year from October to December (The current EPC Administrative Window will likely open in mid-October).
  - The FCC Form 471 Application Filing Window occurs each year from January to March (actual dates TBA).
- Once the budgeted entity's first FCC Form 471 containing a C2 funding request for a funding year is committed, **no more adjustments** can be requested for that year.
  - If your information changes during the funding year, you may request a replacement C2 budget during the next EPC administrative window.
    - The updated budget applies to the funding years remaining in the five-year cycle.
- Watch the [Request a C2 Replacement Budget video](#) for more information.

## Additional Notes

- 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 and do not directly contribute to the Category Two budget.
- The FCC adopted FCC 23-56, clarifying that applicants do not need to remove or “cost allocate” the cost of the NIF's use of shared equipment.



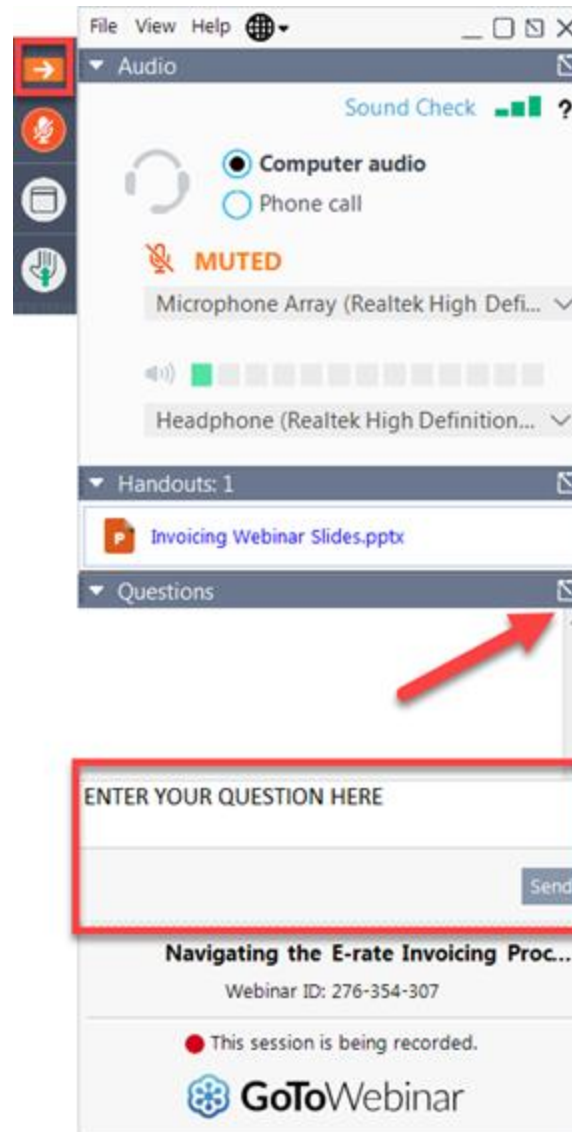
# Resources

- [Category 2 Budgets page](#)
- [FY2021-2025 Category Two \(C2\) Budget Management Guide](#)
- [Category Two Budget Tools](#)
- [Eligible Services Overview](#)
- [Document Retention](#)
- C2 Replacement Budgets:
  - [Request a C2 Replacement Budget](#) video
  - Upcoming Administrative Window Fall 2024 Webinar: October 24, 2024



# Live Q&A

- Submit your questions about today's topics:
  - Service Category Refresher
  - Category Two Budgets
  - Calculating Category Two Budgets with 10 or Fewer Sites
  - Equipment Transfers and Budget Resets



## Q&A Tips

- ✓ Type your queries into the “Questions” box in your webinar control panel.
- ✓ Write in full sentences.
- ✓ Ask one question at a time.

**Questions?**

# E-Rate Customer Service Center (CSC)



**Call us at (888) 203-8100**

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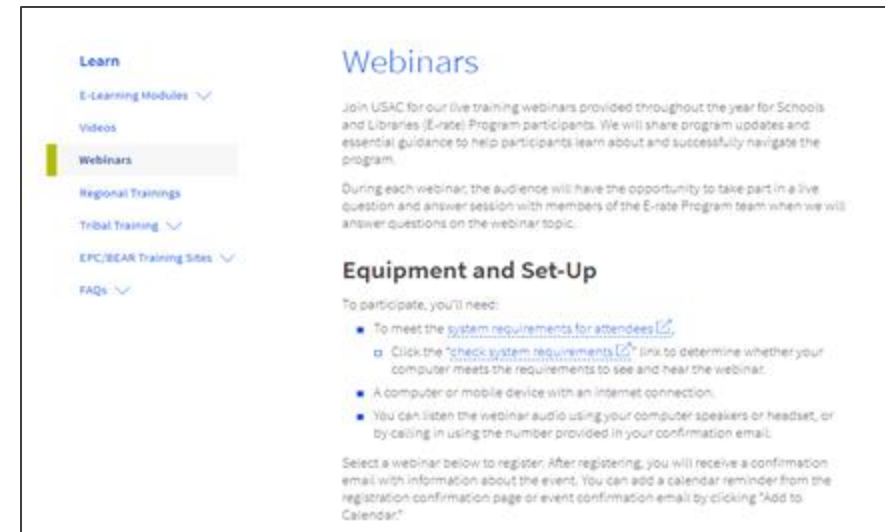
# Upcoming Webinars

**Our next webinar is on:  
October 24, 2024 at 2 p.m. ET**

## Fall Training – EPC Admin Window

**Recommended for:** Applicants and service providers

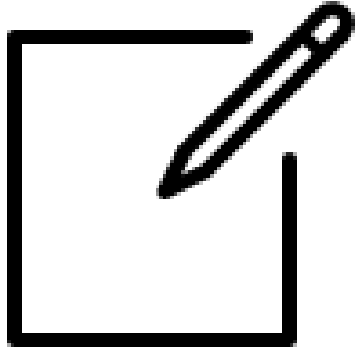
**E-Rate Experience Level:** All



The screenshot shows a webpage with a navigation menu on the left and a main content area on the right. The navigation menu includes: Learn, E-Learning Modules, Videos, Webinars (highlighted with a yellow bar), Regional Trainings, Tribal Training, EPC/SEAR Training Sites, and FAQs. The main content area is titled "Webinars" and contains the following text: "Join USAC for our live training webinars provided throughout the year for Schools and Libraries (E-rate) Program participants. We will share program updates and essential guidance to help participants learn about and successfully navigate the program." Below this, it states: "During each webinar, the audience will have the opportunity to take part in a live question and answer session with members of the E-rate Program team when we will answer questions on the webinar topic." The section "Equipment and Set-Up" lists requirements: "To participate, you'll need:" followed by a bulleted list: "To meet the system requirements for attendees", "Click the 'check system requirements' link to determine whether your computer meets the requirements to see and hear the webinar.", "A computer or mobile device with an internet connection.", and "You can listen the webinar audio using your computer speakers or headset, or by calling in using the number provided in your confirmation email." At the bottom, it says: "Select a webinar below to register. After registering, you will receive a confirmation email with information about the event. You can add a calendar reminder from the registration confirmation page or event confirmation email by clicking 'Add to Calendar'."

Go to the E-Rate [Webinars](#) page for additional information.

# Take Our Survey



- We want to hear about your webinar experience.
- A survey will appear on your screen at the end of the webinar.
- If you are not able to complete the survey today, one will be emailed to you within one to two business days.
- We appreciate your feedback!

**Thank You!**





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