

Category 2 Changes Overview



Presented by Julie Tritt Schell
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for the Pennsylvania Department of Education
December 2019

Agenda

- Quick Recap of Category 2
- FY 2020
 - Changes for FY 2020
 - Calculating Remaining C2 Budgets
 - Admin Window & Form 471 Window
 - What You Should Be Doing Now
- FY 2021-2025
 - Changes for FY 2021 and beyond
 - Options for Calculating FY 2021 – FY 2025 C2 Budgets
- Resources
 - Upcoming webinars

Category 2 Recap

- C2 pays for equipment inside the building
 - Internal connections (switches, routers, cabling, WAPs/controllers, UPSs, firewalls, caching servers, installation, licenses)
 - Basic maintenance of eligible equipment
 - Managed Internal Broadband Services (MIBS)
- FCC created C2 “pilot” from FY 2015 – FY 2019
 - All schools/libraries eligible (no admin buildings)
 - Subject to building pre-discount “caps” based on enrollment or sq footage
 - \$150/pp/school or \$2.30 or \$5/library, increased annually for inflation
 - Minimum building amount = \$9200
 - Cannot transfer equipment or share budgets
 - Applicants must still pay the non-discounted amount
- FCC sought comments in summer 2019 on future of C2
 - Should “pilot” become permanent?
 - Should available funding or budget calculations be modified?
 - Changes to eligible services?
 - How to decrease administrative burden of applying for C2?
- FCC released “Category 2 Reform Order” on December 3, 2019 setting C2 rules for FY 2020 and beyond



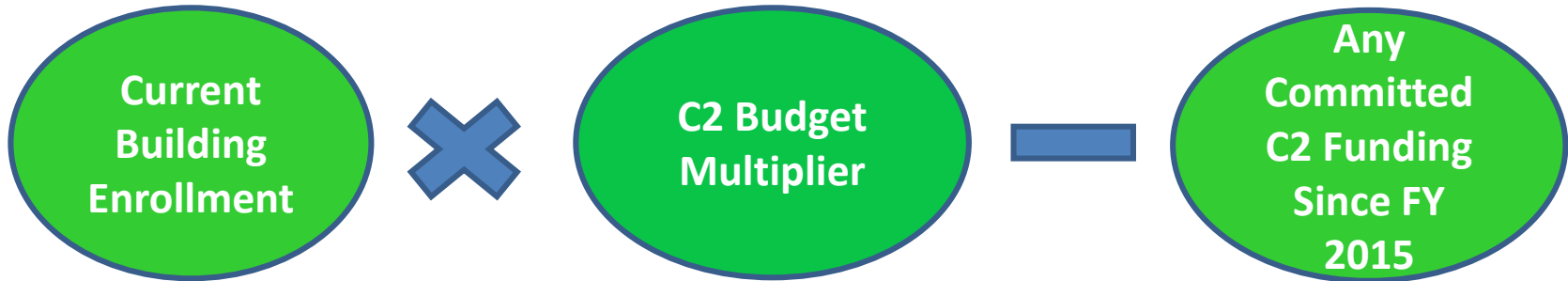
Funding Year 2020: A Transition Year

- Extensive changes delayed until FY 2021
- FY 2020 has become 6th year of initial 5-year C2 pilot
 - Cycle 1 = FY 2015 – FY 2020
 - Cycle 2 = FY 2021 – FY 2025
- Available funding for FY 2020
 - Unused C2 budgets that weren't used during first 5 years
 - **One-time 20% C2 additive (!!!)**
 - Projected C2 multipliers:
 - Schools: **\$195.63/pp/school** ¹
 - Urban libraries: **\$6.52** (locale codes 11, 12, 21)
 - All other libraries: **\$2.99**
 - Minimum budget/building: \$11,998.43
 - Will not be further adjusted for inflation
 - No funding will be rolled over into next C2 cycle (FY 2021)
- All other rules remain the same
 - Budgets are school/library building based
 - Must deduct C2 amounts previously used since FY 2015
 - C2 budgets are PRE-DISCOUNT; E-rate discounts apply on top these amounts
 - No changes to Eligible Services List



¹ Calculated based on C2 Order language, 2.1% inflation adjustment + 20% additive.

FY 2020 Category 2 Budget Formula



EXAMPLES:

School	Enrollment	FY 2020 Budget Multiplier	FY 2020 Base Budget	Used Since FY 2015	FY 2020 E-rate C2 Funding Cap
Red School	625	\$195.63	\$122,268	\$50,000	\$72,268
Green School	300	\$195.63	\$58,689	\$20,000	\$38,689
Yellow School	50	\$195.63	\$11,998.43	\$2,500	\$9,498.43
Blue School	120	\$195.63	\$23,475	\$25,000	\$0

Because $(50 * \$195.63) < \text{floor amount}$

Because enrollment decreased significantly

Where to Find How Much Has Been Used Since FY 2015?

2 Ways:

1) USAC's Category 2 Budget Tool

<https://sltools.universalservice.org/portal-external/budgetLookup/>

- Caution: ONLY use this tool to obtain the previously-used funding data
- Don't look at what it shows for the remaining balance because the tool has not been updated to reflect the FY 2020 multipliers

Easy Nav: www.usac.org/e-rate

Resources

[Eligible Services List](#)

[Tools](#)

[Weekly SL News Brief](#)

[Training](#)

[Announcements](#)

FCC Form 471 Tools

[Category Two Budget Tool](#)

Schools and Libraries (E-rate)

Category 2 Budget Lookup Tool

Note that C2 budgets are pre-discount. Only approved pre-discount amounts are charged against an entity's C2 budget. Individual schools and libraries have C2 budgets.

School districts, library systems, consortia, and non-instructional facilities (NIFs) do not. [\(more...\)](#)

Entity Number

Enter up to 100 entity numbers separated by commas.

Enter Entity Number or paste from your clipboard

Lookup C2 Budget Status

Using USAC's C2 Budget Tool

STEP 1: Enter building entity numbers into tool

Entity Number

Enter up to 100 entity numbers separated by commas.

20832
20831
234602

List School/Library Entity Numbers Here

Lookup C2 Budget Status Clear

STEP 2: Expand each “+”

Category 2 Budget Status

Understanding the search results [\(more...\)](#)

	Entity # 20832	Entity Name ENGLE MIDDLE SCHOOL
	Entity # 20831	Entity Name PENN LONDON ELEMENTARY SCHOOL
	Entity # 234602	Entity Name AVON GROVE INTERMEDIATE SCHOOL

STEP 3: Copy “Approved Pre-Discount” Amount

	Entity # 20832	Entity Name ENGLE MIDDLE SCHOOL			
	FY2019	<table><tbody><tr><td>C2 Budget \$134,760.68</td><td>Approved Pre-Discount \$8,025.80</td><td>Remaining Balance \$126,734.88</td></tr></tbody></table>	C2 Budget \$134,760.68	Approved Pre-Discount \$8,025.80	Remaining Balance \$126,734.88
C2 Budget \$134,760.68	Approved Pre-Discount \$8,025.80	Remaining Balance \$126,734.88			

ONLY use this data point. This amount includes the approved, pre-discount amounts of all FRNs in FY 2015 – FY 2019. It also includes all processed (not pending) Form 500's that were submitted to reduce or cancel funding.

Where to Find How Much Has Been Used Since FY 2015?

2) Cool New C2 Budget Tool from Funds for Learning

<https://www.fundsforlearning.com/FFLServices/c2budgetcalculator.php>

Category Two Budget Calculator

The Category Two budget amount is based on student population and the discount rate is based on prior-year application data. Both are actual figures based on user data input.

Step 1: Enter a billed entity number, a zip code, all or part of the entity's name, or the entity's city in the box below.

Search Term: ←

Step 2: Select a state if you wish to narrow your search.

State:

Step 3: Select an entity type if you wish to narrow your search.

Entity Type: School Districts
 Library Systems

Only need BEN, zip, name, etc., unlike USAC's tool that requires building entity numbers.

Caveat: This tool will not show results for schools that have not used any C2 budgets, and does not include C2 "used" commitments where an entity was listed on a consortium C2 application.

FFL C2 Budget Tool - Results

Search Results

Name	Billed Entity Number	NCES Number	Street	City	State	Zip	Category	Type	Urban/Rural
AVON GROVE SCHOOL DISTRICT	126215		375 S. JENNERVILLE RD	WEST GROVE	PA	19390	DISTRICT	PUBLIC	Not Found

Available Pre-Discount C2 Budget for FY 2020

↓

Category 2 Budget Per Site

New C2 Budget Table Options ▾

Site Name	BEN	FY2020 Budget	FY2015-2019 Budget Util.	FY2020 Avail. Budget	FY2020 Avail. Discount
AVON GROVE HIGH SCHOOL	20833	\$343,917.54	\$50,407.51	\$293,510	x 60% \$146,755
AVON GROVE INTERMEDIATE SCHOOL	234602	\$294,814.41	\$14,330.42	\$280,484	x 60% \$140,242
ENGLE MIDDLE SCHOOL	20832	\$165,111.72	\$8,025.80	\$157,086	x 60% \$78,543
PENN LONDON ELEMENTARY SCHOOL	20831	\$180,762.12	\$47,097.81	\$133,664	x 60% \$66,832
		\$984,605.79	\$119,861.54	\$864,744	\$432,372

What E-rate Will Pay

↑
\$195.63 x Current Enrollment in EPC

↑
Amount Used Since FY 2015 - From USAC C2 Budget Tool

FY 2020 Form 471 Window Dates

- Haven't been announced yet
 - Expect to be similar to FY 2019
 - Mid-January – mid-late March
- 'Admin Window' will close a few days before 471 Window opens
 - Update enrollment/NSLP data in EPC
 - PDE data will be available by Thursday morning!

Next Steps:

- ✓ **Calculate remaining C2 budgets**
- ✓ **Decide what equipment is needed for each building**
- ✓ **Decide if you're bidding using PEPPM mini-bid or Form 470**
 - ✓ PEPPM documents are at www.e-ratepa.org under PEPPM Contract
- ✓ **Begin bidding now!**
 - Evaluate bids in January
 - Seek board approval/sign contracts in late January or February
 - Create contract records in EPC
 - File Form 471s in February/early March



Additional Trainings – This Week!

Category 2 Eligibility/Bidding – Nonpublic Schools and Libraries

Wednesday, December 11

10:00 a.m. – 11:00 a.m.

Category 2 Eligibility/Bidding – Public Schools

Thursday, December 12

10:00 a.m. – 11:30 a.m.

AGENDA for both Webinars:

- ✓ What's Eligible
- ✓ C2 Building Budget Caps for FY 2020 (quick recap)
- ✓ Procurement Options and Bidding Requirements for PA Applicants
- ✓ Category 2 Purchasing Timeline
- ✓ Post-Funding Commitment To-Do List

Register at: http://e-ratepa.org/?page_id=745

Questions Related to FY 2020?



Changes Effective Beginning in FY 2021

Overview of Biggest Changes, Effective FY 2021

- All applicants will be on the **same 5-year budget**
 - Doesn't matter which year an applicant applies
 - FY 2021 – FY 2025

- All C2 **budgets will be reset** at beginning of each C2 cycle
 - Unused funding will NOT carry over from previous C2 cycle

- Budget calculations will be **district-wide** or **library system-wide** instead of at building-level
 - Nice hybrid option for districts/library systems with 10 or less buildings

- Budget **multipliers will remain constant** for entire C2 cycle
 - Will only be adjusted for inflation before NEXT C2 cycle (FY 2026)
 - FY 2021 – FY 2025 set multipliers:
 - Schools: **\$167/pp**
 - Libraries: **\$4.50/sq ft**
 - NOTE: All libraries will have identical multiplier
 - By comparison, FY 2020 Urban libraries multiplier will be \$6.52
 - Minimum/building: **\$25,000**

Equipment Transfer Rules Changing

- **Equipment may be transferred between buildings beginning in FY 2021**
 - If equipment is transferred between buildings within 5 years from date of purchase, must record reason and date of transfer and update asset inventory
 - No notice to USAC is required
 - Asset inventory must be updated and retained for 10 years from date of purchase
 - No change to the rule which allows equipment to be disposed of, sold, transferred, etc. from 5 years from the date of installation
 - No notice to USAC required but asset inventory must be updated

Open Questions:

- ✓ Can equipment purchased before FY 2021 also be transferred?
- ✓ Will the FY 2021 Form 471 still require building-level details?

Changes to Enrollment Validations

- No requirement to list part-time enrollment students
 - CTCs: Expect that students may be counted as full-time in both “home” district and CTC but need clarification from FCC
- Enrollments **only required to be updated and validated the first time a 471 is submitted during new budget cycle**
 - If enrollment increases, **enrollments figures can be updated**
 - If enrollment decreases, **not require to downward adjust enrollment**
- Districts will no longer estimate enrollment of schools under construction
 - Students will be accounted for in district-wide budget
 - Charter and private schools will still be allowed to estimate their enrollment numbers in order to be able to request C2 support while construction is underway

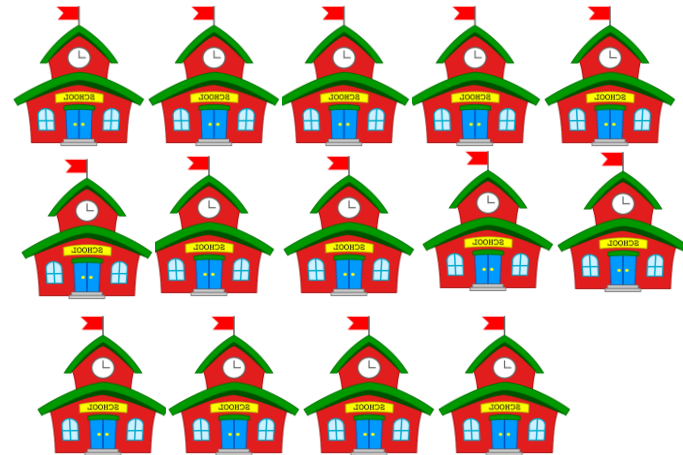
What's NOT Changing

- No changes to eligible services but upcoming Eligible Services List (ESL) may contain clarifications
- Non-instructional facilities (NIFs) continue to be ineligible for C2 funding
 - Must deduct proportional share of NIFs use of any shared equipment
- Don't *think* there will be any Form 471 changes for FY 2020, but form will be updated for FY 2021
- No changes to discount matrix
- No changes to expanded funding year to purchase/installation equipment
 - FY 2020 = April 1, 2020 – September 30, 2021
 - But BEARs/SPIs can't be submitted before July 1, 2020

Calculating 5-Year C2 Budgets – Larger Applicants

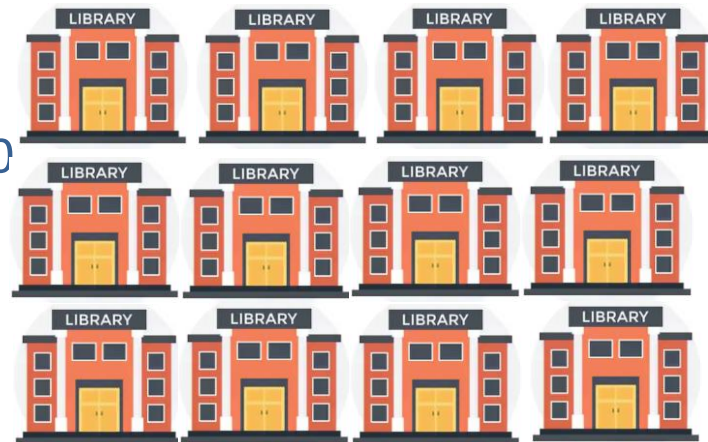
Districts with **11 or more** schools – 2 options:

- Calculate by total number of students x \$167
or
- Calculate by total number of schools x \$25,000
 - Use whichever budget is higher



Library Systems with **11 or more** libraries – 2 options:

- Calculate by total square footage x \$4.50
or
- Calculate by total number of libraries x \$25,000
 - Use whichever budget is higher



Calculating 5-Year C2 Budgets – Smaller Applicants

Districts with **10 or fewer** schools – 3 options:

a) Calculate district-wide by total number of students x \$167

or

b) Calculate district-wide by total number of schools x \$25,000

or

c) Calculate by school and take the higher amount from each school and add together

➤ Use whichever budget is higher



Library Systems with **10 or fewer** libraries – 3 options:

a) Calculate by total square footage x \$4.50

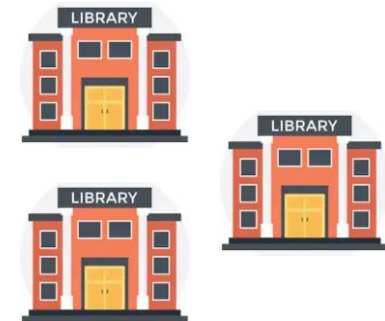
or

b) Calculate by total number of libraries x \$25,000

or

c) Calculate by library and take the higher amount from each library and add together

➤ Use whichever budget is higher



Budget Calculation Examples - Schools

11 or more schools
have 2 choices:

School	Enrollment	FY 2021 - 2025 Budget (\$167/student)
Red School	625	\$104,375
Green School	300	\$50,100
Yellow School	50	\$8,350
Blue School	120	\$20,049
	1095	x \$167 = \$182,865

School	Enrollment	FY 2021 - 2025 Budget (\$25,000/building)
Red School	625	\$25,000
Green School	300	\$25,000
Yellow School	50	\$25,000
Blue School	120	\$25,000
	4 schools	x \$25,000 = \$100,000

10 or fewer schools
have 3rd “hybrid”
option to consider:

School	Enrollment	FY 2021 - 2025 Budget (hybrid)
Red School	625	x \$167 = \$104,375
Green School	300	x \$167 = \$50,100
Yellow School	50	Minimum = \$25,000
Blue School	120	Minimum = \$25,000
Total of all buildings' max. budgets:		\$204,475



Budget Calculation Examples – Libraries

11 or more libraries
have 2 choices:

Library	Sq Feet	FY 2021 - 2025 Budget (\$4.50/sq ft)
Red Library	15000	\$67,500
Green Library	10000	\$45,000
Yellow Library	5000	\$22,500
Blue Library	1500	\$6,750
	31,500	x \$4.50 = \$141,750

Library	Sq Feet	FY 2021 - 2025 Budget (\$25,000/building)
Red Library	15000	\$25,000
Green Library	10000	\$25,000
Yellow Library	5000	\$25,000
Blue Library	1500	\$25,000
	4 libraries	x \$25,000 = \$100,000

10 or fewer libraries
have 3rd “hybrid”
option to consider:

Library	Sq Feet	FY 2021 - 2025 Budget (hybrid)
Red Library	15000	x \$4.50 = \$67,500
Green Library	10000	x \$4.50 = \$45,000
Yellow Library	5000	Minimum = \$25,000
Blue Library	1500	Minimum = \$25,000
		Total of all buildings' max. budgets: \$162,500



Additional Trainings

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