



## *Tips from Learningtech.org* **Category 2 Updates for FY2021**

On December 3, 2019, the Federal Communications Commission [FCC] issued **FCC 19-117 Report and Order**,<sup>1</sup> making the **Category 2 Pre-discount 5-year Budget** approach permanent, with some modifications.

### **The key points impacting applicants for FY2021 include:**

- New 5-year budget cycles will be 2021 – 2025, 2026 – 2030, etc.
- Category 2 Pre-discount 5-year budgets are refreshed with each new 5-year budget cycle
- Budget is for the entire school district<sup>2</sup> or library system
- Funding floor is increased to \$25,000 per school or library
- Budget multiplier is set at \$167.00 per *full-time* student for schools and \$4.50 per square foot for libraries, and will be increased based on inflation as each new 5-year budget cycle starts
- Non-instructional/administrative buildings remain ineligible for Category 2 support, *unless those category two services are essential for the effective transport of information to or within one or more instructional/non-administrative buildings, or the Commission has found that the use of those services meets the definition of educational purpose*
- School districts and library systems with 10 or fewer sites have the option to calculate their budgets on a per-site basis and add together the budgets of each eligible site within the district or library system, thereby leveraging the per site funding floor (for sites where student count is less than 150, or library space is less than 5556 square feet)<sup>3</sup>
- Eligibility of Managed Internal Broadband Services [MIBS], Caching, and Basic Maintenance of Internal Connections [BMIC] is made permanent
- Network security features remain *ineligible* for E-Rate support

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<sup>1</sup> FCC 19-117 Report and Order issued 12/3/2019 (<https://docs.fcc.gov/public/attachments/FCC-19-117A1.pdf>)

<sup>2</sup> For the purpose of calculating a shared, district-wide budget, all schools that fall under the control of a central administrative agency are a “district.”

<sup>3</sup> Paragraph 41 of FCC 19-117 Report and Order shares: “To illustrate how the calculation would work, we consider a school district with five schools, three of which have 200 students each and two of which have 100 students each. Using the \$167 budget multiplier for schools and the \$25,000 funding floor for funding year 2021, the school district would have a total pre-discount budget of \$150,200, to spend across the five schools over the five-year period.”<sup>105</sup>

Footnote 105 further explains: “Each school with 100 students would be eligible for a \$16,700 budget (which is less than what they would receive under the funding floor) and each school with 200 students would be eligible for a \$33,400 budget. Hence the aggregate budget here is  $2 \times \$25,000 + 3 \times \$33,400 = \$150,200$ . Without this exception, the school district’s aggregate budget would be determined by multiplying the aggregate number of students in the district ( $(3 \times 200) + (2 \times 100) = 800$ ) by the school multiplier (\$167). Hence, the aggregate budget would be  $800 \times \$167 = \$133,600$ , which is less than what the district’s budget would be under the exception.”