

**To: All E-rate Stakeholders**

**Date: December 4, 2019**

**Re: New E-rate Category Two Regulations**

On December 3, 2019, the FCC released new regulations which makes the Category Two E-rate budget system a permanent part of the E-rate program going forward.

Most of the new rules will take effect for Funding Year 2021, however, there are a few regulations that take effect immediately for Funding Year 2020. The FCC Order can be seen [here](#).

Aruba will be hosting an E-rate Webinar with Funds For Learning and eSchool News on December 11, 2019 at 11am (PST). We will be reviewing the new FCC Order in more detail during this webinar. You can attend by registering [here](#).

**Effective FY 2020**

- The FCC will continue to fund caching equipment and services, Basic Maintenance of Internal Connections, and Managed Internal Broadband Services on a permanent basis going forward;
- Districts will continue to calculate the Category Two budget per-site;
- Category Two budgets will be increased by 20% minus what was already spent since FY 2015;
- Districts will lose any Category Two budgets not used by FY 2020

**Effective FY 2021**

- The FCC will reset all applicant Category Two budgets and begin a five-year fixed budget cycle which will end in FY 2025;
- The FCC will adopt a district-wide and library system-wide budget calculations;
- For small and rural schools, the budget floor will increase from \$9500 to \$25,000;
- Districts will calculate their Category Two budgets at \$167 (inflation-adjusted) per student from FY 2021-2025;
- Libraries will calculate their Category Two budget at \$4.50 per square foot for both urban and rural libraries;
- FCC will base student counts on full-time enrollment only;

- Applicants should consider all schools that fall under the control of a central administrative agency as a district for the purpose of calculating a shared, district-wide budget;
- Private schools and charter schools that operate independently of a public school district or a central administrative agency, and are individually responsible for their finances and administration, should separately calculate their category two budgets and apply for funding;
- FCC will no longer permit school districts to estimate the number of students for buildings under construction because those students will otherwise be accounted for by the district enrollment numbers;
- Districts no longer need to notify USAC when transferring equipment, but must still maintain records of the reason for a five-year period

The FCC will release the final FY 2020 E-rate Eligible Services List and will announce the FY 2020 Form 471 Window dates shortly.

**Reach out to the Aruba E-rate helpdesk for questions at [erate@hpe.com](mailto:erate@hpe.com).**