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WIRELINE COMPETITION BUREAU ANNOUNCES E-RATE PROGRAM CATEGORY TWO BUDGET MULTIPLIERS AND FUNDING FLOOR AMOUNTS FOR FUNDING YEAR 2020

WC Docket No. 13-184

Pursuant to the *Category Two Report and Order*, the Wireline Competition Bureau (Bureau) announces the E-Rate program¹ category two budget multipliers and funding floor amounts for funding year 2020.²

In the recently adopted *Category Two Report and Order*, the Commission extended the test period for the category two budget approach from five years to six years and provided a pro-rated portion of category two funding for all applicants for funding year 2020, the sixth and final year of the test period.³ The Commission then directed the Bureau to release the updated category two budget multipliers and funding floor, adjusted for inflation and pro-ration and rounded to the nearest cent, for funding year 2020.⁴ The Commission determined that this action will ensure that all applicants, including those who have exhausted their category two budgets or completed their five-year budget cycles, can request category two support in funding year 2020.⁵

¹ The E-Rate program is more formally known as the schools and libraries universal service support mechanism.

² *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order, FCC 19-117, para. 58 (rel. Dec. 3, 2019) (*Category Two Report and Order*) (directing the Bureau to release updated category two budget multipliers and funding floor for funding year 2020).

³ *Id.* at paras. 52, 58.

⁴ *Id.* at para. 58.

⁵ *Id.* at para. 59.

As shown in Table 1, for funding year 2020, the category two budget multiplier for schools will be \$195.63 per student, the category two budget multiplier for libraries will be \$3.00 or \$6.52 per square foot depending on location, and the funding floor will be \$11,998.43.⁶ The budget multipliers and funding floor are calculated by first adding 20% to the funding year 2019 budget multipliers and funding floor to reflect the sixth, additional year, then multiplying each figure by the 2.1% inflation adjustment for funding year 2020.⁷

Funding Year 2020 Budget Multipliers and Funding Floor	
Schools	\$195.63 per student⁸
Libraries with IMLS Locale Codes 11, 12, 21	\$6.52 per square foot⁹
Libraries with all other IMLS Locale Codes	\$3.00 per square foot¹⁰
Entities at the Funding Floor	\$11,998.43 per site¹¹

Accordingly, a school will calculate its funding year 2020 category two budget by multiplying its funding year 2020 student count by \$195.63 (the funding year 2020 school multiplier), and subtracting the pre-discount amount of category two funding it received in funding years 2015 through 2019.¹² Likewise, a library will calculate its funding year 2020 category two budget by multiplying its funding year 2020 square footage by the applicable budget multiplier depending on the location of the library (i.e., \$6.52 for libraries with IMLS Locale Codes 11, 12, and 21, or \$3.00 for all other libraries), and subtracting the pre-discount amount of category two funding it received in funding years 2015 through 2019.¹³ Lastly, an entity at the funding floor will calculate its funding year 2020 category two budget by subtracting the pre-discount amount of category two funding it has received in funding years 2015

⁶ We note that the multipliers and funding floor for funding year 2020 announced today are effective upon publication of the *Category Two Report and Order* in the Federal Register. *Category Two Report and Order*, para. 61.

⁷ Pursuant to section 54.502(b), the Bureau calculates category two annual inflation adjustments to the multipliers using the calculation explained in section 54.507(a). 47 CFR §§ 54.502(b)(1); 54.507(a). Thus, the Bureau calculates annual inflation after all four quarters of data have been released by the Bureau of Economic Analysis (BEA), which generally occurs in late January. See *Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2019*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice, 34 FCC Rcd 1138, 1138, para. 1 n.3 (calculating a 2.2% increase for funding year 2019 based on a gross domestic product of 107.932 in 2017 and 110.337 in 2018 using Table 1.1.4 of the National Income and Product Accounts Table from the BEA). Under the E-Rate program rules for funding year 2020, the Bureau calculates the category two inflation adjustment using the last four quarters of data available (111.41) as compared to the prior four quarters (109.074), or a 2.1% increase. See National Income and Product Accounts Table, Bureau of Economic Analysis (BEA), Table 1.1.4 (Sept. 26, 2019), <https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=3&isuri=1&1910=x&0=-99&1921=survey&1903=4&1904=2015&1905=2017&1906=a&1911=0>; see also *Category Two Report and Order*, para. 42 & n.110.

⁸ For schools, the calculation for the multiplier is as follows: \$159.669053922 (funding year 2019 multiplier) x 1.2 (the pro-rated 20% of the annual amount for the extension of the test period into a sixth year) x 1.021 (the calculated 2.1% inflation adjustment for funding year 2020 based on the last four quarters of inflation information from the BEA) = \$195.63. See USAC, Category Two Budget, <https://www.usac.org/e-rate/applicant-process/applying-for-discounts/category-two-budget/> (last visited Dec. 16, 2019) (USAC Category Two Webpage).

⁹ For libraries with Institute of Museum and Library Studies (IMLS) locale codes of 11, 12, 21, the calculation for the multiplier is as follows: \$5.3223017974 (funding year 2019 multiplier) x 1.2 (the pro-rated 20% of the annual amount for the extension of the test period into a sixth year) x 1.021 (the calculated 2.1% inflation adjustment for

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through 2019 from \$11,998.43.¹⁴

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funding year 2020 based on the last four quarters of inflation information from the BEA) = \$6.52. *See* USAC Category Two Webpage.

¹⁰ For libraries with all other IMLS locale codes, the calculation for the multiplier is as follows: \$2.448258826804 (funding year 2019 multiplier) x 1.2 (the pro-rated 20% of the annual amount for the extension of the test period into a sixth year) x 1.021 (the calculated 2.1% inflation adjustment for funding year 2020 based on the last four quarters of inflation information from the BEA) = \$3.00. *See* USAC Category Two Webpage.

¹¹ For small schools and libraries, the calculation for the funding floor is as follows: \$9,793.04 (funding year 2019 multiplier) x 1.2 (the pro-rated 20% of the annual amount for the extension of the test period into a sixth year) x 1.021 (the calculated 2.1% inflation adjustment for funding year 2020 based on the last four quarters of inflation information from the BEA) = \$11,998.43. *See* USAC Category Two Budget Webpage.

¹² *See Category Two Report and Order*, para. 58. Student counts for funding year 2020 should be calculated at the entity level and calculated at the time that the discount is calculated each funding year consistent with how applicants have determined their student counts during the previous five years of the category two budget approach test period. *See id.* at paras. 7-8, 56, Appendix A; *see also* 47 CFR §§ 54.502(b)(2), (5).

¹³ *See Category Two Report and Order*, para. 58. Library square footage for funding year 2020 should be calculated at the entity level consistent with how applicants have determined their square footage during the previous five years of the category two budget approach test period. *See id.* at paras. 7-8, 56, Appendix A; *see also* 47 CFR §§ 54.502(b)(3), (5).

¹⁴ *See Category Two Report and Order*, paras. 6-8, 56, Appendix A; *see also* 47 CFR §§ 54.502(b)(4), (5).