Applicant Process

Before You Begin

Step 1: Create an EPC Account

Step 2: Competitive Bidding

Step 3: Select Service Providers

Step 4: Apply for Discounts

FCC Form 471 Filing

Funding Requests

Calculating Discounts

Alternative Discount Mechanisms

Urban or Rural Status

NCES and FSCS Codes

Category Two Budgets

Step 5: Application Review

Step 6: Start Services

Step 7: Invoice USAC

Before You're Done

‹ Step 2 Step 4 ›

Category Two Budgets

Equipment and services eligible for E-Rate program discounts are divided into Category One (C1) and Category Two (C2). Each independent school, school district, library, or library system receiving C2 funding has a five-year, pre-discount budget for those equipment and services based on the number of students in the school district or the number of square feet in the library system. There is no budget for C1 services. The initial five-year C2 Budget cycle ran from FY2021-2025. The next five-year C2 Budget cycle is FY2026 through FY2030.

Additional Resources

Category Two (C2) Budget Management Guide

EPC Administrative Window Module 6: How to File a C2 Budget Replacement Request

E-Rate C2 Budget Tool Fy2021+

Fixed, Five-Year C2 Funding Cycle

The FCC's Category Two Report and Order (FCC 19-117) established the rules, C2 budget multipliers, and the funding floor for the fixed, five-year funding cycles. The FCC's 2023 Tribal Order (FCC 23-56) provided a new C2 funding floor for Tribal libraries only.

The C2 budget multipliers and the funding floor are adjusted for inflation and released by the FCC in advance of the start of each five-year cycle. Applicants must validate their student counts or library square footage in the first year they apply for C2 funding in the relevant five-year funding cycle.

C2 Budget Multipliers and the Funding Floor

The C2 budget multipliers and the funding floor for each five-year funding cycle are set once at the beginning of the cycle and apply to the entire cycle. In June 2025, the FCC Wireline Competition Bureau (WCB) announced C2 budget funding floors and multipliers for the FY2026-2030 funding cycle (see DA 25-471).

For the FY2026-2030 cycle:

- The **school multiplier** is $201.57 per student.
- The **library multiplier** is $5.43 per square foot for all libraries.
- The **funding floor** is $30,175 for all schools and libraries, with the exception of Tribal libraries, which have a $66,385 funding floor.

Applicants will be required to validate their student counts or library square footage in the first year they apply for category two support during the FY2026-2030 cycle. Their category two budget will be set for the five-year period.

Applicants calculate their C2 budget using their student counts (in the case of a school or district) or library square footage (in the case of a library or system) and the respective multiplier. They receive the funding floor when the C2 budget calculation for an entity results in a figure below their respective funding floor. Examples of entities eligible for the FY2026-2030 funding floor include:

- A school with fewer than 150 students ($201.57/student * 149 students = $30,033.93)
  - This school receives the funding floor: $30,175
- A library with less than 5,558 square feet ($5.43/square foot * 5,557 square feet = $30,174.51)
  - This library receives the funding floor: $30,175
- A Tribal library with less than 12,226 square feet ($5.43/square foot * 12,225 square feet = $66,381.75)
  - This library receives the Tribal library funding floor: $66,385

For the FY2021-2025 cycle: The first five-year C2 budget funding cycle began in FY2021 and ran through FY2025. The school multiplier was $167.00 per student, the library multiplier was $4.50 per square foot for all libraries, and the funding floor was $25,000 for all schools and libraries, with the exception of Tribal libraries, which had a $55,000 funding floor.

Calculating Your C2 Budget

School districts and library systems calculate their five-year, pre-discount C2 budgets at the district or system level, not at the site level. School districts and library systems are no longer required to maintain separate budgets for each school or library and can allocate funding among their eligible sites as they see fit.

An independent school or independent library calculates its five-year, pre-discount C2 budget for itself using its student count or square footage, respectively.

Libraries shall provide the total area for all floors, in square feet, of each library outlet separately, including all areas enclosed by the outer walls of the library outlet and occupied by the library, including those areas off-limits to the public. Outdoor space used for programming cannot be included in this C2 calculation. Bookmobiles calculate the square footage of the area enclosed by the outer walls of the bookmobile.

Schools only count full-time students for their C2 budget calculations. Schools do not report part-time students to USAC or include them in their C2 budget calculation.

School District and Library System Calculations

Most school districts with over 10 schools will add the number of full-time students of each of their individual schools and then multiply this total by the C2 budget cycle school multiplier.

- For example, a district with 12 schools and 2,000 students would have a budget of $403,140 ($201.57 * 2,000).

However, if the number of individual schools in the school district multiplied by the funding floor ($30,175 for FY2026-2030) results in a larger C2 budget (the "aggregate funding floor"), that aggregate funding floor becomes the school district's C2 budget.

- For example, a district with 11 schools and fewer than 1647 students ($201.57/student * 1646 students = $331,784.22) would get the aggregate funding floor C2 budget of $331,925 (11 schools * $30,175 funding floor) over the five-year FY2026-2030 cycle.

Most library systems with over 10 branches will add the square footage of each of their library branches and then multiply the total by the C2 budget cycle library multiplier.

- For example, a 12-branch system with 70,000 square feet would have a budget of $380,100 ($5.43 * 70,000).

However, if the number of library branches multiplied by the funding floor ($30,175 for FY2026-2030) results in a larger C2 budget, that aggregate funding floor becomes the library system's C2 budget.

- For example, a library system with 11 library branches with less than a total 61,128 square feet would get the aggregate funding floor C2 budget of $331,925 (11 library branches * $30,175 funding floor) over the five-year FY2026-2030 cycle.

Calculating C2 Budgets With 10 or Fewer Sites

School districts with 10 or fewer schools and library systems with 10 or fewer library branches have the option to calculate their C2 budgets on a per-site basis and then combine the results.

Small school district example: A school district consists of three schools – one school with 50 students, one school with 100 students, and one school with 200 students. This school district can calculate its FY2026-2030 cycle C2 budget as $30,175 + $30,175 + $40,314 = $100,664, because the first and second schools would be eligible for the funding floor.

Small library system example: A library system consists of a bookmobile, a library branch with 4,000 square feet, and a library branch with 7,500 square feet. This library system could calculate its FY2026-2030 C2 budget as follows:

$30,175 + $30,175 + $40,725 = $101,075, because the bookmobile and the smaller library branch would be eligible for the funding floor. If a library in that system is a

Tribal library, the funding floor calculation would include $66,385 for each Tribal library and $30,175 for each non-Tribal library.

Aggregating C2 Budget Funding Floors With Two or More Tribal Libraries

A library system containing **two or more Tribal libraries** that is aggregating funding floor amounts can include $66,385 for each Tribal library for the FY2026-2030 cycle.

- For example, in the FY2026-2030 cycle, a library system with five small library branches (three Tribal and two non-Tribal) with 1000 square feet each ($5.43/square foot * 5000 square feet = $27,150) would get the aggregate funding floor C2 budget of $259,505 [(two library branches * $30,175) + (three library branches * $66,385)] over the five-year cycle.

Estimates for Buildings Under Construction

Schools

Large school districts cannot estimate the number of students for buildings under construction; however, independent schools with their own entity-level budgets and small school districts (10 child entities or less who report C2 enrollment at a school level) can estimate student counts for a new school while construction is underway. If the school overestimates, it must return to USAC any funding received in excess of the amount it was entitled to, based on the actual enrollment by the end of the next funding year.

Libraries

Library systems can provide planned square footage for buildings under construction that will open during the funding year.

Option to Adjust C2 Budget

If the total student count or square footage changes during the five-year funding cycle, applicants may request a C2 budget recalculation, but are not required to do so. This is referred to as a "replacement C2 budget" request. However, if an applicant does not request a recalculation, the C2 budget student count for the school district or the C2 budget library square footage for the library system remains fixed throughout the five-year cycle. Replacement C2 budgets can be requested during the EPC administrative window and during the FCC Form 471 filing window (up until the budgeted entity's first C2 FCC Form 471 for that funding year is certified).

To learn how to request a C2 Replacement Budget, watch **Module 6: How to File a C2 Budget Replacement Request** in the EPC Administrative Window learning module. Since the C2 budget cycle for FY2021-2025 has passed, and the new cycle starts with FY2026, FY2027 is the earliest funding year if you choose to request a replacement budget due to student count (schools) or square footage (libraries) changes.

C2 Budget Tool for FY2021+

The E-Rate C2 Budget Tool FY2021+ provides data on the FY2021-FY2025 C2 budget cycle. It is available on the Tools page along with a video on how to use the tool and a glossary of terms. The tool will be updated to show C2 budget forecast data for the FY2026-FY2030 C2 budget cycle based on the most recent student count and library square footage data in the applicant organization's profile in the E-Rate Productivity Center (EPC).

The following terms are used in the tool:

Budgeted Entities and Child Entity Count

- Each entity that has a C2 budget is called a **budgeted entity**. A budgeted entity must be an independent school, independent library, school district, or library system.
- For the purpose of calculating a C2 budget, the **child entity count** is the number of the individual schools in a school district or the library branches in a library system.
  - 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.
  - A library branch must have a square footage greater than zero in the entity profile to be included in the child entity count. Note that bookmobiles and kiosks will not be counted if their square footage is zero.
  - Non-instructional facilities (NIFs) and annexes are not considered child entities.

C2 Budget Algorithms

There are eight different possible C2 budget calculations for budgeted entities, depending on the entity type and size (independent school or library, large or small school district, large or small library system). In the tool, these are referred to as **C2 budget algorithms**.

For some budgeted entities, only one C2 budget algorithm applies. For others, two or three may apply.
The C2 budget displayed is the entity's highest C2 budget pursuant to FCC rules.

Forecast, Preliminary, and Confirmed Versions

There are three different versions of C2 budgets in the tool: forecast, preliminary, and confirmed.

- The **forecast** version of an entity's C2 budget is based on the current student count or square footage in the applicant organization's profile. If you change a student count or a square footage entry related to the C2 budget in the entity profile, the forecast version of the C2 budget will show the result of the change the following day.
- The **preliminary** version of an entity's C2 budget is based on the information on the first certified FCC Form 471. Note, an independent school designated as

new construction that provides an estimated student count will also show a preliminary budget until the actual student count is verified.

- The **confirmed** version of an entity's C2 budget is based on the information in an FCC Form 471 for which USAC has issued a funding decision for a C2 funding request, unless all funding requests have been canceled. Note, you will not see confirmed C2 budgets until after the first commitment wave.

Source: https://www.usac.org/e-rate/applicant-process/applying-for-discounts/category-two-budget/ · page last modified Sep 30, 2025 · captured Nov 1, 2026

Category Two (C2) Budget Management Guide

Contents

Category Two (C2) Budget Management 2
View Available C2 Funding 2
View C2 Budget in the E-Rate Productivity Center (EPC) 2
View C2 Budget Information in USAC Open Data 5
Expired Funding Commitments in FY2021-2025 C2 Budget Cycle 6
Submitting an FCC Form 500 to Reduce Expired or Unused Commitments 7

Category Two (C2) Budget Management

Each independent school, school district, library, or library system receiving C2 funding has a five-year, pre-discount budget for C2 equipment and services (e.g., internal connections) based on the number of students in the school district or the number of square feet in the library system. As the applicant requests C2 funding, gets funding commitments, and gets funding disbursed, USAC has tools to see the available budget (i.e., budget available that hasn't been requested).

The initial five-year C2 Budget cycle ran from FY2021-2025. The next five-year C2 Budget cycle is FY2026 through FY2030. FY2021-2025 available budget amounts that go unused will not roll over into the FY2026-2030 budget cycle.

View Available C2 Funding

There are three different versions of C2 budgets in the tool: forecast, preliminary, and confirmed.

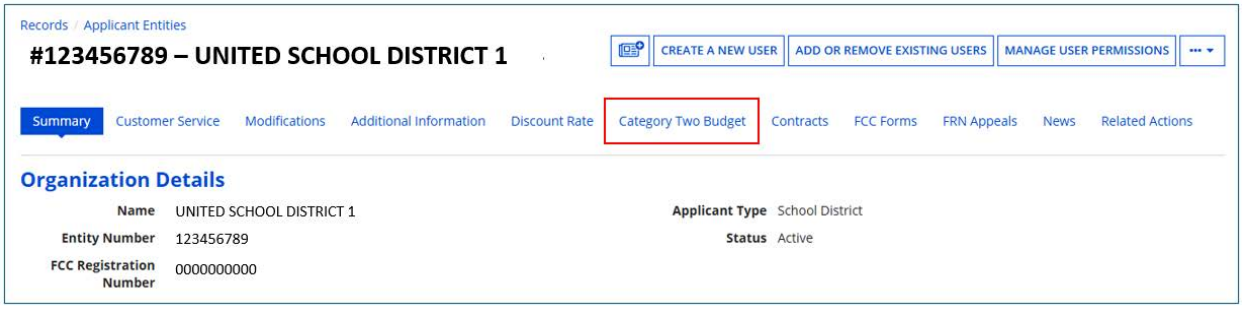
- The **forecast** version of an entity's C2 budget is based on the current student count or square footage in the applicant organization's profile. If you change a student count or a square footage entry related to the C2 budget in the entity profile, the forecast version of the C2 budget will show the result of the change the following day. You can update your entity profile during the EPC Administrative Window.

- The **preliminary** version of an entity's C2 budget is based on the information on the first certified FCC Form 471. Note, an independent school designated as new construction that provides an estimated student count will also show a preliminary budget until the actual student count is verified.

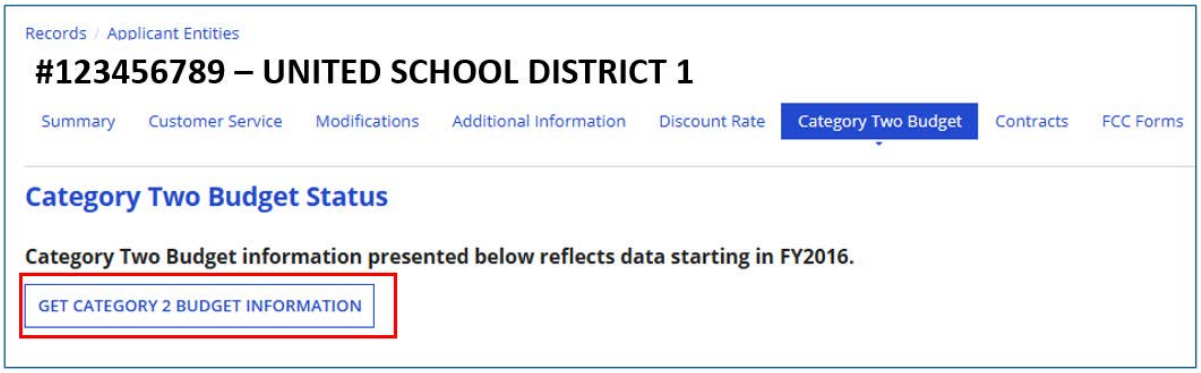
- The **confirmed** version of an entity's C2 budget is based on the information in an FCC Form 471 for which USAC has issued a funding decision for a C2 funding request, unless all funding requests have been canceled. Note, you will not see confirmed C2 budgets until after the first commitment wave.

View C2 Budget in the E-Rate Productivity Center (EPC)

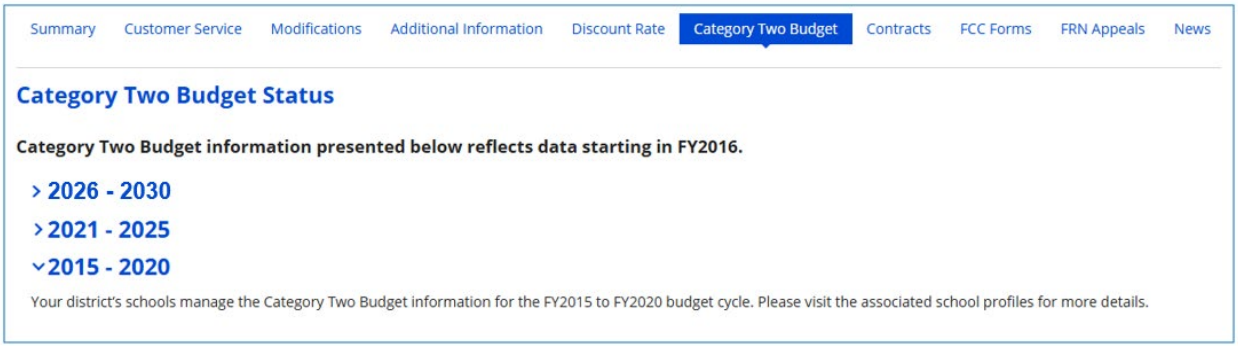
You can view the C2 budget amount for the five-year budget cycles in EPC, which is based on data in your EPC Organization profile (e.g., student counts for schools or square footage for libraries). On the **My Applicant Landing Page**, click on the blue hyperlink for your entity next to **Welcome** at the top of the page. Then click the **Category Two Budget** link.



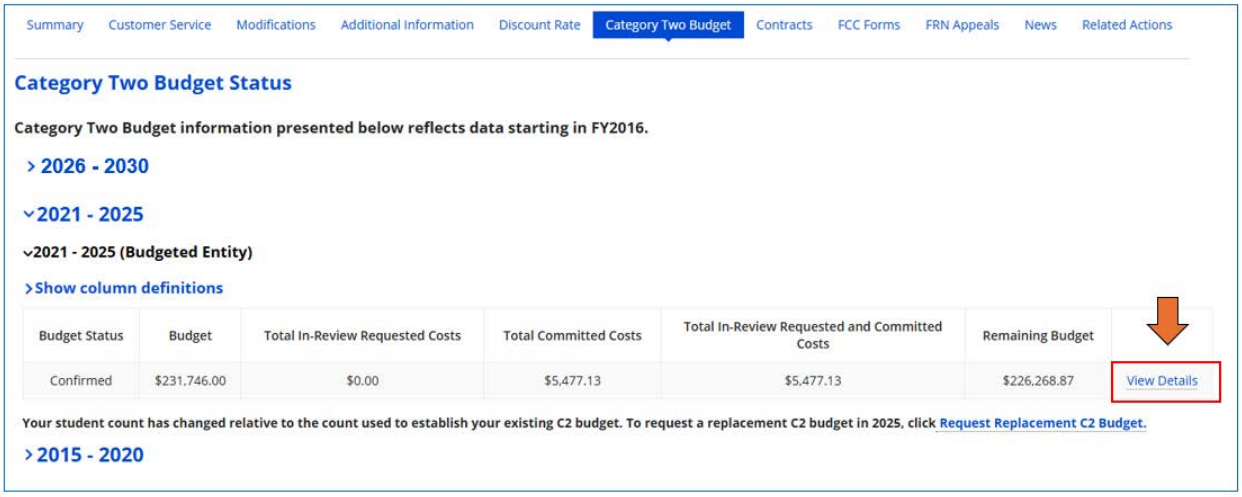
Next click the **Get Category 2 Budget Information** button.



You will now see links for the different five-year budget cycles.



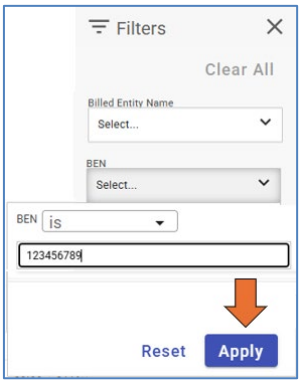
You can expand the data to see details for a five-year budget cycle such as budget status, budgeted amount, committed and in-review amounts, and remaining budget.



Click **View Details** to see more granular information for each funding year of the cycle. You can also click **Show Allocation Breakdown** to see which applications and funding request number line items were associated with your requested C2 funding.



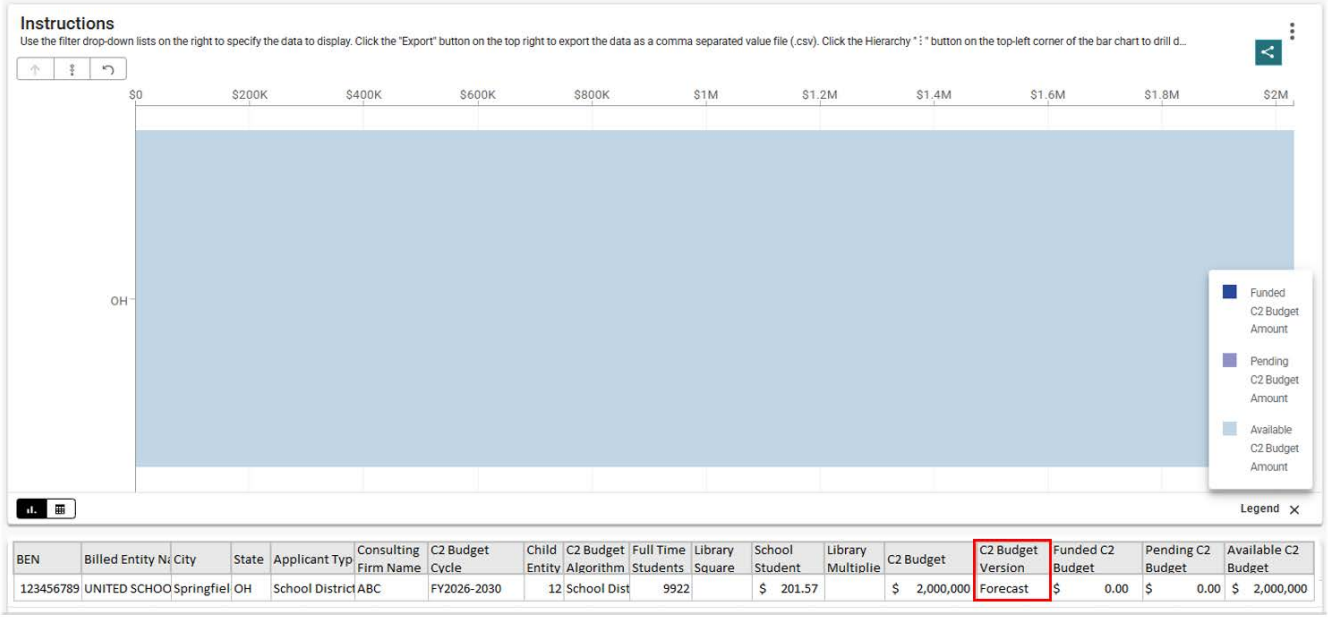
View C2 Budget Information in USAC Open Data



Applicants can also view available funding for any C2 budget cycle (FY2021-2025 or FY2026-2030) using the Category Two (C2) Budget Tool FY2021+ (view a video on how to use the tool). To view your C2 budget amounts, enter your entity name or entity number in the corresponding filter and click **Apply**.

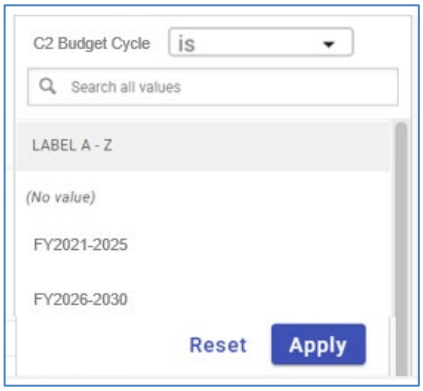
The tool defaults to the FY2026-2030 budget cycle and you can see that this entity has a **forecast** budget of $2 million based on the number of students.

Go to the Category Two Budgets page to learn how budgets are calculated.



BEN	Billed Entity Na	City	State	Applicant Typ	Consulting Firm Name	C2 Budget Cycle	Child Entity	C2 Budget Algorithm	Full Time Students	Library Square	School Student	Library Multiplie	C2 Budget	C2 Budget Version	Funded C2 Budget	Pending C2 Budget	Available C2 Budget
123456789	UNITED SCHOO	Springfiel	OH	School District	ABC	FY2026-2030	12	School Dist	9922		$ 201.57		$ 2,000,000	Forecast	$ 0.00	$ 0.00	$ 2,000,000

You can display the data for either cycle by selecting “FY2021-2025” or “FY2026-2030” from the **C2 Budget Cycle** filter and clicking **Apply**. You can also export your data in various formats.



Expired Funding Commitments in FY2021-2025 C2 Budget Cycle

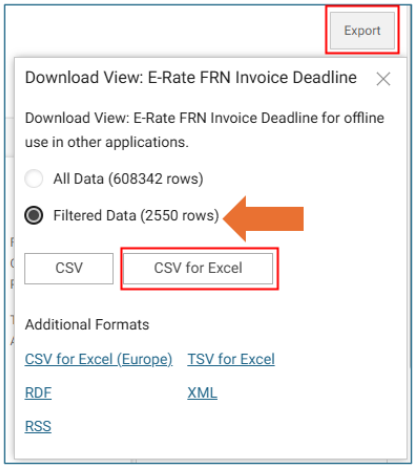
If an applicant is still working on C2 funding requests or appeals from the FY2021-2025 budget cycle and needs to cancel funding commitments to make funding available for other FY2025 requests, you can use the E-Rate FRN Invoice Deadline Tool to identify committed funds for the C2 budget cycle that weren't disbursed and are beyond their Invoicing Deadline Date (IDD).

> Note: For the FY2026-2030 budget cycle, FY2027 is the earliest funding year that you will need to cancel expired commitments for a future funding year FY2021-2025 available budget amounts that go unused will not roll over into the FY2026-2030 budget cycle.

If you have "expired" commitments (i.e., funding requests not invoiced before the IDD) for a Funding Request Number (FRN) for a C2 five-year cycle (e.g., FY2021-2025), you can file an FCC Form 500 to reduce those commitments and have them available for commitment in a future funding year. The invoice deadline tool is updated with funding year data as commitments and disbursements are issued throughout the year. Please note that it will not capture if a funding request has a **pending** appeal or waiver request or invoice.

To check for expired C2 FRNs, set the data filters on the Invoice Deadline Tool as follows:

- **Billed Entity Number**: Enter the **BEN** for the C2 budgeted entity.
- **C2 Expired Pre-Discount $ FY2021+**: Is greater than 0 and remove the checkmark from "Include missing or null values".

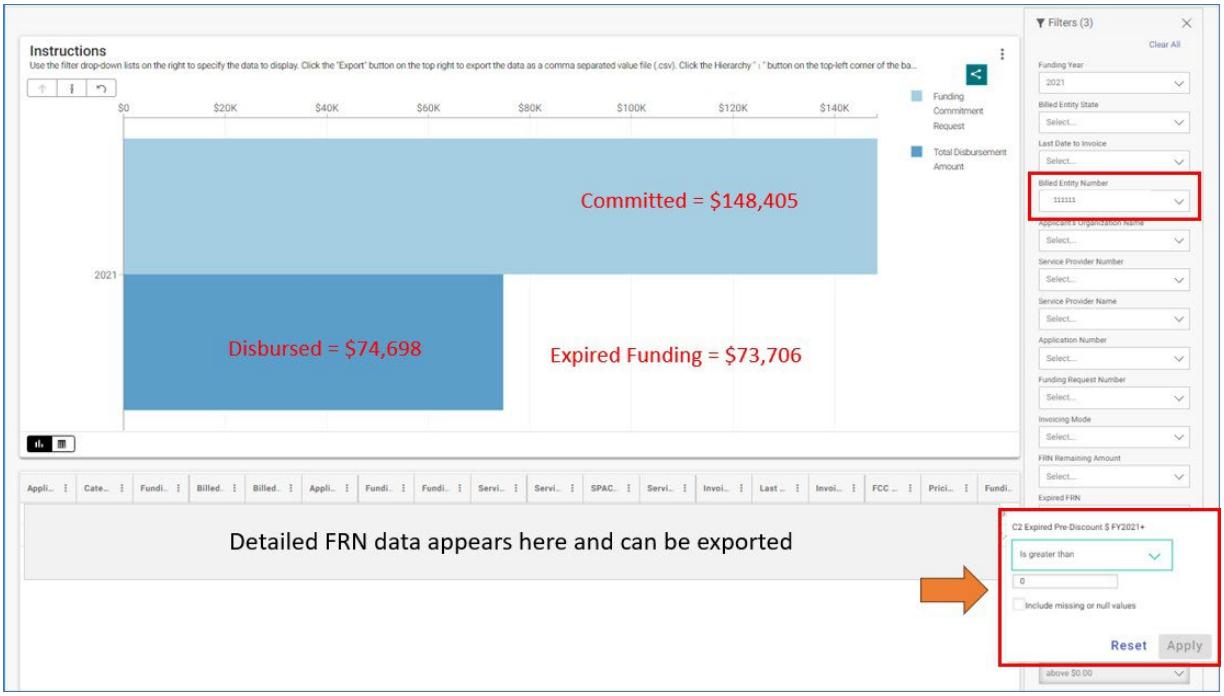


You can export the results by clicking **Export** in the top right corner, selecting the **Filtered Data** radio button, and clicking **CSV for Excel**.

Below is a screenshot of the results for entity 111111 for the FY2021-2025 C2 budget cycle, with annotations (in red text) for committed, disbursed, and expired funding.

Subtracting the disbursed amount from the committed amount, this applicant has $73,706 (**post-discount $**) in prior-year commitments that could be returned to their C2 budget. You can export the results to Excel and find the **pre-discount** amount that can be returned to your C2 budget. The pre-discount total that can be returned is the amount in the **C2 Expired Pre-Discount $ FY2021+** column (Column V on the export) for the FRN. In our example, this applicant has $117,931 in **pre-discount** funding that could be returned (their C2 discount rate is 60%).

When calculating your expired funding, the data in this tool does **not reflect any pending invoice amounts**. Be sure to account for these before submitting the FCC Form 500 to reduce an FRN.



Submitting an FCC Form 500 to Reduce Expired or Unused Commitments

The FCC Form 500 (Funding Commitment Adjustment Request Form) is used to request changes to funding requests after USAC has issued commitments for those FRNs. There are multiple changes that can be made using the FCC Form 500, including service substitutions and SPIN changes. If an applicant wants to return funding to its Category Two budget, and make the funding available for a future funding year, the applicant must file the FCC Form 500 to cancel or reduce the FRN's commitment amount. Applicants may do this for the expired commitments described above, or even for commitments that they know they will not be using where the invoice filing deadline has not yet passed.

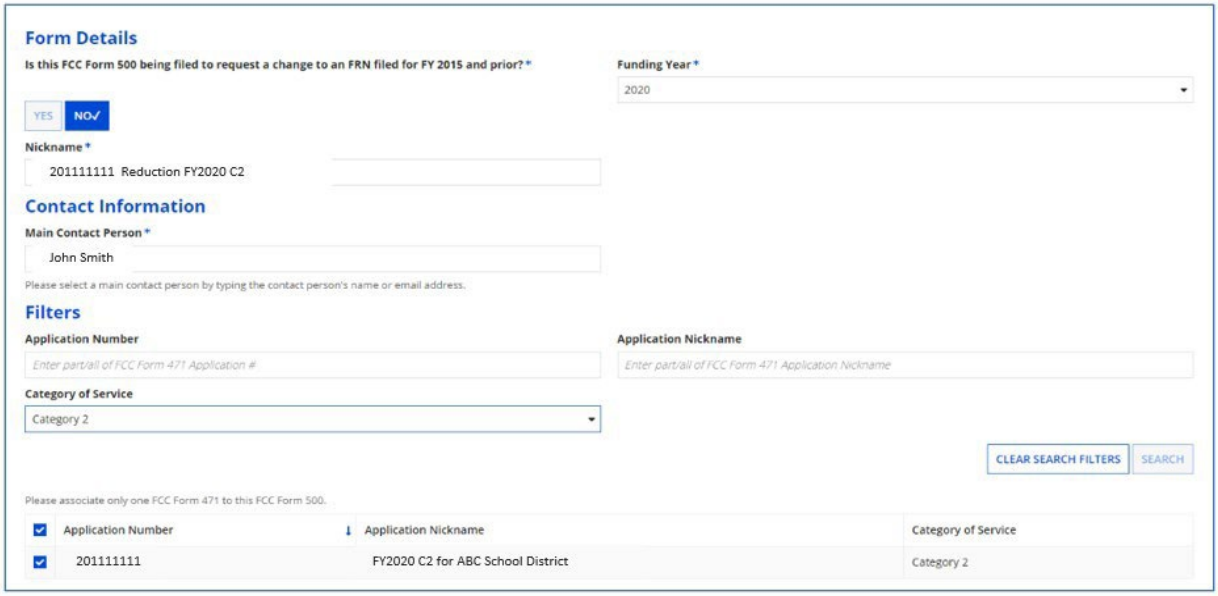
Below are the steps on how to submit an FCC Form 500 and reduce the funding commitment for one or more FRNs.

1) On the **My Applicant Landing Page** select the **FCC Form 500** link.

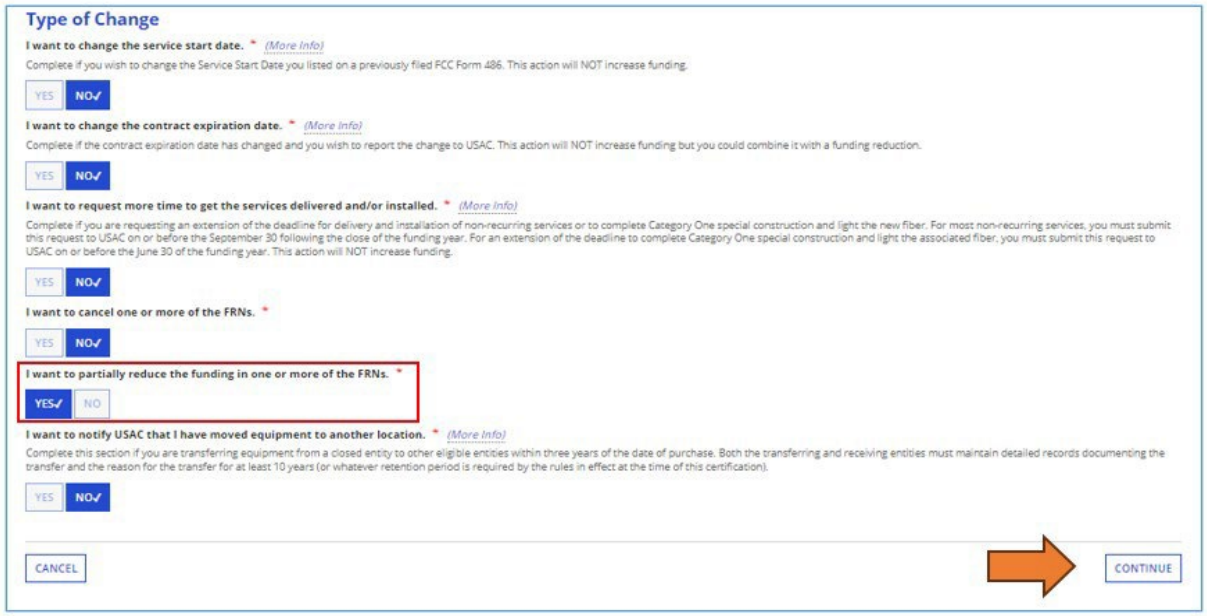


2) Answer **No** to the first question, then select the **Funding Year** from the dropdown, provide a form

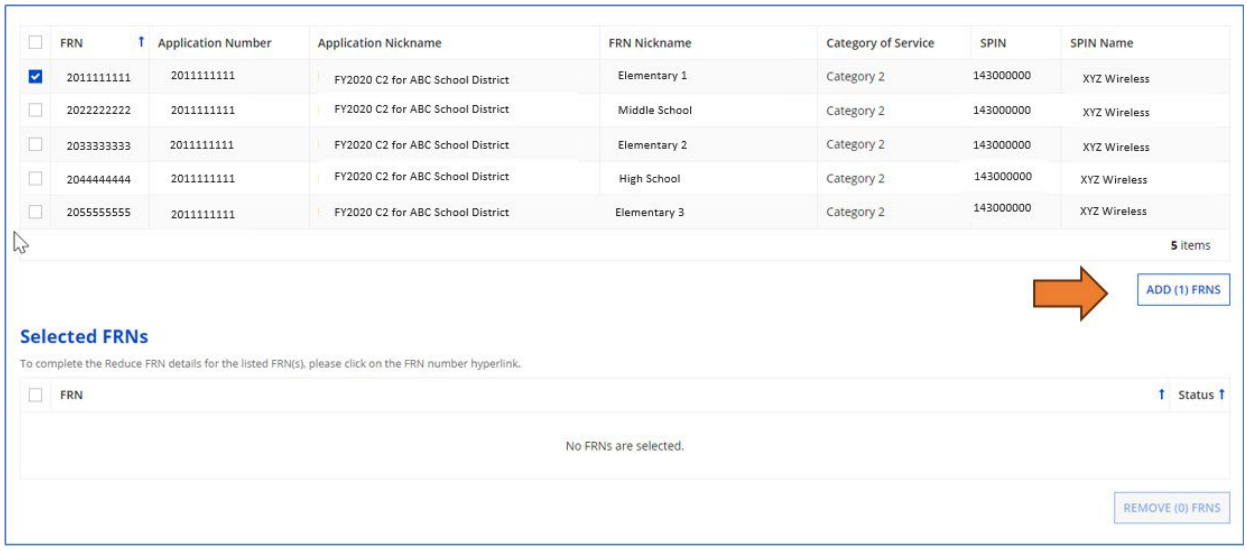
Nickname, add the Contact Person, and search for and select the FCC Form 471 Application Number(s) to include in your request.



3) Select **YES** for "I want to partially reduce the funding in one or more of the FRNs" and Select **NO** for all the other change types. Be careful **not to select** YES for "I want to cancel one or more of the FRNs" unless you want to cancel the entire FRN(s). This will cause issues if you have any disbursed funding. Click **Continue** when you are done.



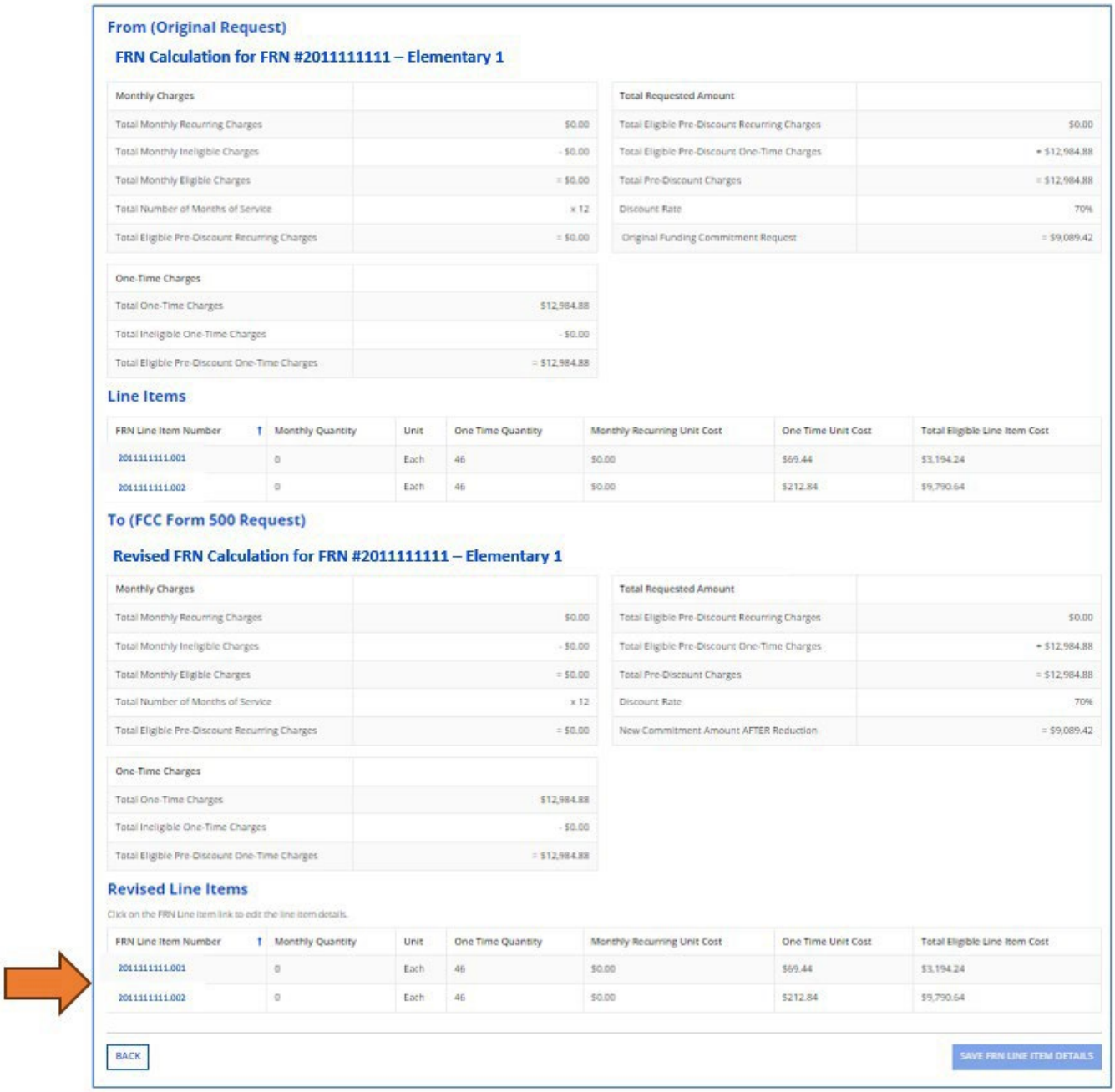
4) Select the FRN(s) you would like to reduce funding from and click the **Add (#) FRNs** button.



5) Click on the blue **FRN hyperlink** to edit the funding. The yellow exclamation point under **Status** will change to green after you make the requested FRN modifications.



6) You will now see the **"From"** and **"To"** sections of the modification screen. The **From** section shows the original amounts for the FRN and the **To** section will display the updated **pre-discount** amounts that you are requesting after you edit the line item(s) for the FRN. Click on the FRN line item hyperlink(s) under **Revised Line Items** to make the modifications to the selected FRN.



From (Original Request)

FRN Calculation for FRN #2011111111 – Elementary 1

Monthly Charges	
Total Monthly Recurring Charges	$0.00
Total Monthly Ineligible Charges	- $0.00
Total Monthly Eligible Charges	= $0.00
Total Number of Months of Service	x 12
Total Eligible Pre-Discount Recurring Charges	= $0.00

Total Requested Amount	
Total Eligible Pre-Discount Recurring Charges	$0.00
Total Eligible Pre-Discount One-Time Charges	+ $12,984.88
Total Pre-Discount Charges	= $12,984.88
Discount Rate	70%
Original Funding Commitment Request	= $9,089.42

One-Time Charges	
Total One-Time Charges	$12,984.88
Total Ineligible One-Time Charges	- $0.00
Total Eligible Pre-Discount One-Time Charges	= $12,984.88

Line Items

FRN Line Item Number	Monthly Quantity	Unit	One Time Quantity	Monthly Recurring Unit Cost	One Time Unit Cost	Total Eligible Line Item Cost
2011111111.001	0	Each	46	$0.00	$69.44	$3,194.24
2011111111.002	0	Each	46	$0.00	$212.84	$9,790.64

To (FCC Form 500 Request)

Revised FRN Calculation for FRN #2011111111 – Elementary 1

Monthly Charges	
Total Monthly Recurring Charges	$0.00
Total Monthly Ineligible Charges	- $0.00
Total Monthly Eligible Charges	= $0.00
Total Number of Months of Service	x 12
Total Eligible Pre-Discount Recurring Charges	= $0.00

Total Requested Amount	
Total Eligible Pre-Discount Recurring Charges	$0.00
Total Eligible Pre-Discount One-Time Charges	+ $12,984.88
Total Pre-Discount Charges	= $12,984.88
Discount Rate	70%
New Commitment Amount AFTER Reduction	= $9,089.42

One-Time Charges	
Total One-Time Charges	$12,984.88
Total Ineligible One-Time Charges	- $0.00
Total Eligible Pre-Discount One-Time Charges	= $12,984.88

Revised Line Items

Click on the FRN Line Item link to edit the line item details.

FRN Line Item Number	Monthly Quantity	Unit	One Time Quantity	Monthly Recurring Unit Cost	One Time Unit Cost	Total Eligible Line Item Cost
2011111111.001	0	Each	46	$0.00	$69.44	$3,194.24
2011111111.002	0	Each	46	$0.00	$212.84	$9,790.64

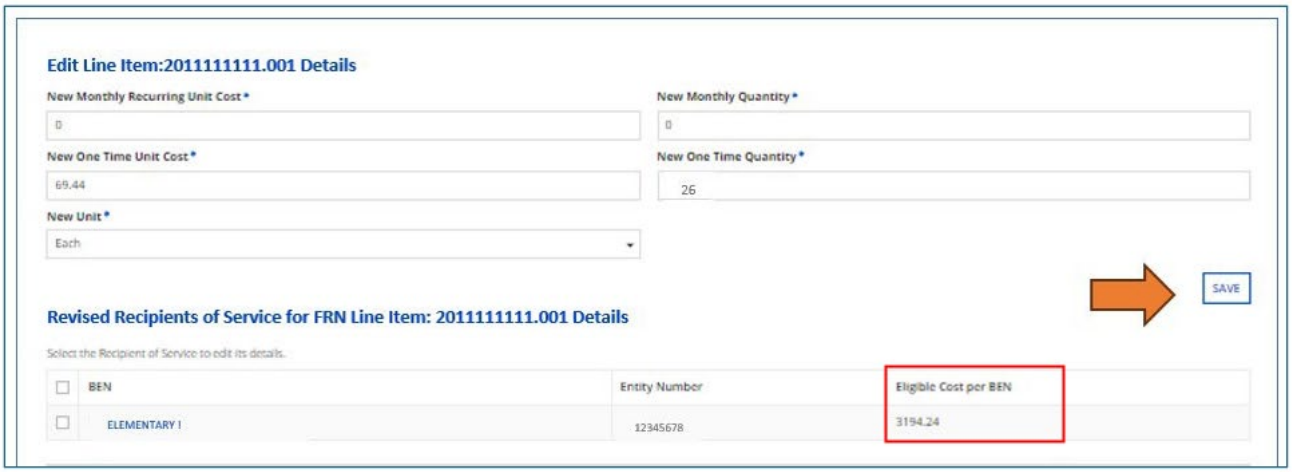
BACK

SAVE FRN LINE ITEM DETAILS

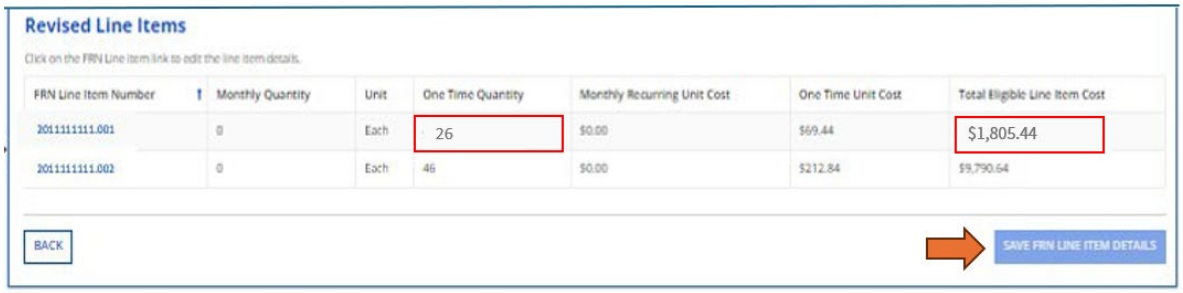
7) Modify the FRN line item amounts to the **new total pre-discounted amount**, as needed. The aggregate modifications total funding commitment for the FRN cannot exceed what was approved in the PIA review.

   In our example below, we changed the quantity from 46 to 26 without changing the unit costs. The original cost for this line item changed from $3,194.24 ($69.44*46 units) to $1,805.44 ($69.44*26 units).

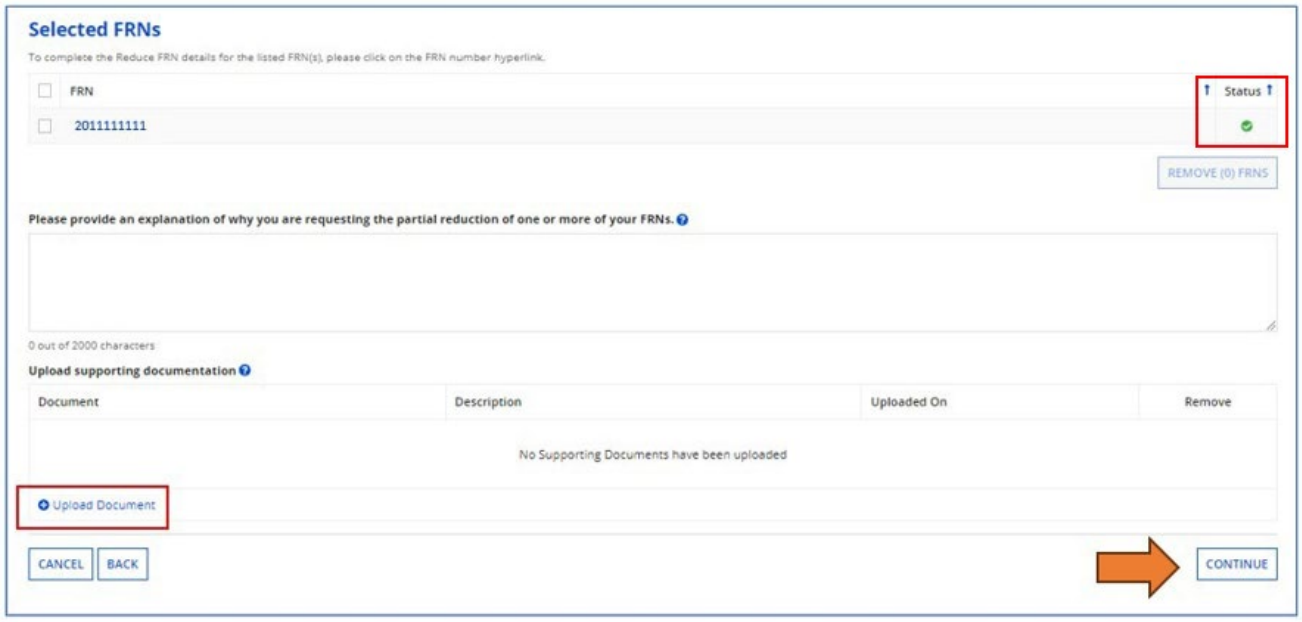
   Click **Save** and the Recipients of Service entries will update to show the new **pre-discounted** in the column titled "Eligible Cost per BEN".



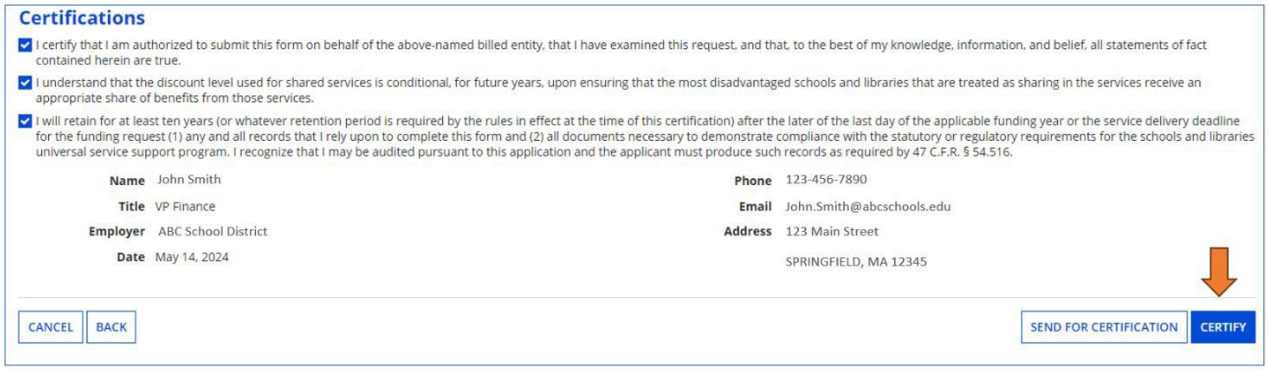
8) You will return to the **"From"** and **"To"** sections of the modification screen and you can see that the data for **Revised Line Items** has updated. Next click the **Save FRN Line Item Details** button.



9) You will return to the Selected FRNs page and the modified FRNs will show a green checkmark under **Status**. Provide an explanation of why you are requesting the change and upload any supporting documentation, if needed. Next, click Continue to answer the form certification questions on the next screen.



10) Check the box next to each certification and click **Certify** if you are authorized to submit the form or click **Send for Certification** if you are not.



11) You will receive a message that the form was created with a hyperlink to view the FCC Form 500 record that was created.



Once this FCC Form 500 record is processed and approved by USAC, the additional funding will be available in your C2 budget for that budget cycle.

FAQs
Learn
Videos
Webinars
E-Rate News Brief
In-Person E-Rate Training Events
EPC Training Site
FAQs
All Topics
Basic Maintenance of Internal Connections (BMIC)
Calculating Discount Rates
Competitive Bidding & FCC Form 470
Consortia
Eligible Fiber Services
Eligible Services
Library
Low Cost High Speed Internet Access
Non-Instructional Facilities (NIFS)
Tribal Applicants

FAQs

Basic Maintenance of Internal Connections (BMIC)

Q1: What constitutes basic maintenance of eligible broadband internal connections?

A1:

Basic maintenance of eligible broadband internal connections includes basic maintenance and on-site configuration changes appropriate to maintain reliable operation when provided for eligible broadband internal connections, including:
– Repair and upkeep of eligible hardware;
– Wire and cable maintenance; and
– Configuration changes performed in person, on-site.
BMIC services will be reimbursed based on the actual work performed or for hours of labor used.

Q2: What types of services were previously categorized under Basic Maintenance of Internal Connections (BMIC) but will be identified as Internal Connections (IC) due to changes to the Eligible Services List (ESL) beginning in FY 2026?

A2:

Beginning in FY 2026, all eligible software- and other remote-based services associated with internal connections, including bug fixes, security patches, software-based technical assistance, and configuration changes, are categorized as Internal Connections. Applicants should request all software- or remote-based services, with the internal connections equipment that they support. For BMIC and IC related questions for funding years prior to FY 2026, please reach out to the E-Rate Customer Service Center at (888) 203-8100.

Q3: Is there a difference in the number of years that I can request reimbursement for a multi-year right to use licenses or multi-year software patch?

A3:

Beginning in FY 2026, these software-based services should both be requested in the Internal Connections category in the funding year when the costs are incurred.

Q4: After the re-categorization of all software- and other remote-based services associated with eligible internal connections as Internal Connections, what services are eligible as Basic Maintenance of Internal Connections (BMIC)?

A4:
The time and materials associated with on-site maintenance activities are eligible under BMIC. For example, if a technician comes to an applicant's location to repair damaged cabling, then the costs of the physical repairs of the cabling would be eligible under BMIC, based on the actual work performed or hours of labor used.

Q5: Where can I find additional guidance on how the Eligible Services List (ESL) changes to BMIC and IC affected my E-Rate application for FY 2026 in comparison to previous funding years?

A5:
Please carefully review the FY 2026 Eligible Services List (DA 25-1069), which explains the changes and how applicants should request reimbursement for software- and remote-based services. For information on your specific application, please reach out to the E-Rate Customer Service Center at (888) 203-8100.

Source: https://www.usac.org/e-rate/learn/faqs/basic-maintenance-of-internal-connections-bmic/ · all answers shown expanded · captured Nov 1, 2026

Category 2 Bidding Options/Requirements

E-Rate requires that procurements must comply not only with E-Rate regulations but also with state law. It is important, therefore, for applicants to be aware of both the state law and E-Rate bidding requirements.

South Dakota state law exempts school districts from the requirement to competitively bid the purchases of computer hardware and software, peripheral equipment and related connectivity. (Section 5-18A-22 (5). Although there is no separate state competitive bidding requirement, there are numerous E-Rate bidding requirements that govern and must be observed.

State Law Requirements for School Districts
South Dakota state law states that contracts must be approved by the Board of Directors, (Section 13-20-1) and the contract must be signed by an authorized official. (Section 5-18A-21). Applicants should check their local policies and procedures to identify the requirements for obtaining formal approvals of contracts for E-Rate purchases and build the timeline for these procedures into your Form 470 competitive bidding schedule.

E-Rate Bidding Reminders:

Or equivalent: E-Rate rules require applicants that include a model number or manufacturer's name to also include the words "or equivalent" on their Form 470/RFP and then evaluate equivalent products that are bid. Applicants may state that such equipment must be compatible with the District's existing equipment (in which case the existing equipment must be identified).

Bid Disqualification Reasons: E-Rate rules require that any bid disqualification reasons be stated in the State and Local Procurement Requirements of the Form 470 or in the RFP. The disqualification factors must be binary – that is, answered with a yes or no.

Vendor Restrictions: Applicants should not contact a potential vendor prior to bidding to seek an equipment list (E-Rate rule). Service providers are allowed to answer *general* questions about the products and services they sell in response to applicant inquiries, but they may not prepare any part of a RFP or spec sheet/bill of materials that will be used by the applicant for conducting a competitive bid procurement.

If you do not know exactly what equipment you need, list general equipment needs (wireless controller, WAPs for 35 classrooms, and installation), and then perhaps conduct a site walk-through. Or perhaps contact several vendors to request their opinions on what equipment is needed and then develop an equipment list based on a comparison of those opinions.

Signed Contract: Applicants must have a signed contract for all Category 2 funding requests. This can be as simple as a signed vendor quote as long as it contains this information:

- Contract signing date (must be on or before the Form 471 submission date).
- Term of contract (April 1 of the funding year through September 30 of the year following the end of the funding year for equipment purchases).
- List of equipment/quantities/prices (or services) and installation costs.
- Whether you want the equipment/services to be contingent upon E-Rate funding approval.

Form 470 must be posted: There are no state master contracts that are E-Rate qualified and available to South Dakota applicants. This means that each applicant seeking to purchase Category 2 equipment or services must post their own Form 470 and accept proposals from interested vendors and conduct a bid evaluation to select the most cost-effective vendor.

State Master Contracts may be considered but are not required to be considered as a bid response: There are state technology contracts available to some applicants depending on whether you are a public school district, non-public school, library, or a consortium composed of different entities. Because these contracts were entered into outside of the E-Rate process, the contracts may be considered as a bid response but may not be used in place of posting a Form 470.

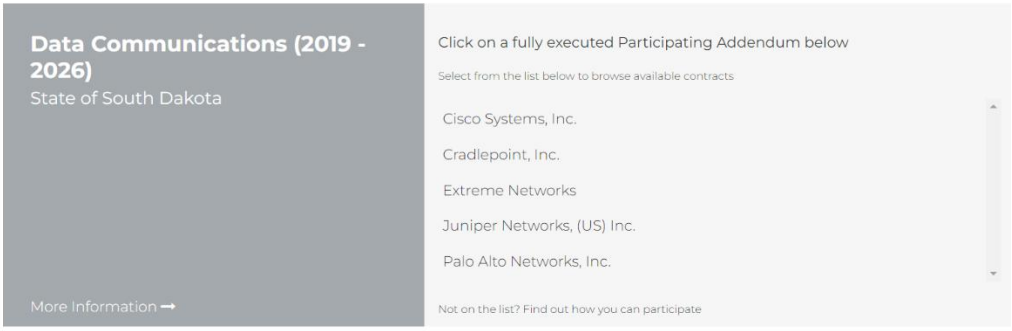
Access to information about State Master Contracts available for E-Rate:
South Dakota participates in a national purchasing cooperative known as NASPO ValuePoint. The following table contains the list of data Communications Equipment Cooperative Price Agreements available to Public School Districts and all political subdivisions of the State including counties and municipalities. These contracts may be useful to review to determine whether the prices set forth in them are more competitive than the prices submitted by bidders in response to your Form 470. They may also be used in the event that no bids are submitted in response toyour Form 470.

The link to the NASPO ValuePoint web site is https://www.naspovaluepoint.org/

Search available information technology and communications related contracts at this link and enter "South Dakota" in the state name and then search.

https://www.naspovaluepoint.org/portfolios/?states=South+Dakota

See, for example, the following information for a potential source of pricing and purchasing information for potential E-Rate purchases.



Requests for Proposals: ***Any supplemental information you want to share with bidders that is in addition to the Form 470 application is considered to be a "RFP" and must be uploaded to the Form 470 web site when you post your Form 470 application.***

There is no E-Rate or state law requirement for issuing a Request for Proposal in connection with a Category 2 procurement. Nonetheless, you may find it to be helpful and advantageous to set forth your specific bidding requirements in a separate document that is uploaded with your Form 470. This may be particularly helpful for a structured cabling project where you may have diagrams and other specific standards that you want to ensure vendors comply with, and there may not be sufficient room to include all of this information on the Form 470.

Bid Evaluation: While covered in a separate tab of this Resource Manual, please remember that you must conduct a bid evaluation and memorialize your decision as part of your E-Rate document retention requirements. Copies of all bids, both winning and losing, must be retained for 10 years from the date of installation of the equipment.

Purchase Order Documentation: Keep an asset inventory of all equipment/services purchased using E-Rate funding so that if audited, you will be able to document the location and use of the equipment in accordance with E-Rate requirements. Please refer to Tab 15 for comprehensive information about recordkeeping and documentation requirements. As part of your Form 470 requirements, it is advisable to inform prospective bidders that they must provide you with an asset inventory that contains the make, model and serial number of each component and the specific room and building in which the component is installed. Add the purchase order number, Form 471 and FRN number to this inventory to maintain complete records.