Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of Modernizing the E-Rate Program for Schools and Libraries	WC Docket. No. 13-184

ORDER

Adopted: November 10, 2026 **Released: November 10, 2026**

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) adopts the final eligible services list (ESL) for funding year 2027 for the schools and libraries universal service support program (more commonly referred to as the E-Rate program).[1] Specifically, based on the record before us, we adopt the eligible services list for funding year 2027 as proposed in the Bureau's *Funding Year 2027 Eligible Services List Public Notice*.[2] We also release the final eligible services list for funding year 2027 and authorize the Universal Service Administrative Company (USAC) to open the annual FCC Form 471 application filing window no earlier than 60 days after the release of this Order.[3]

II. BACKGROUND

2. Sections 254(c)(1), (c)(3), (h)(1)(B), and (h)(2) of the Communications Act of 1934, as amended, collectively grant the Commission authority to specify the services that will be supported for eligible schools and libraries and to design the specific mechanisms for support.[4] Pursuant to this authority, the Commission delegated responsibility to the Bureau to annually seek public comment on the proposed eligible services list.[5]

3. In the *Funding Year 2027 Eligible Services List Public Notice*, we did not recommend any specific changes to the eligible services list, and sought comment on that proposal.[6] We also sought comments related to managed internal broadband services (MIBS), specifically on the cost-effectiveness of MIBS and how to ensure only eligible services and equipment are funded.[7] In 2014, the Commission

[1] The Bureau annually updates the eligible services list, which specifies the services and products that are eligible for E-Rate support each year. *See* 47 CFR § 54.502(a) ("All supported services are listed in the Eligible Services List as updated annually . . ."); *see also* 47 CFR § 54.502(f) (detailing the procedures for seeking comment on the draft eligible services list).

[2] *Wireline Competition Bureau Seeks Comment on Proposed Eligible Services List for the E-Rate Program*, WC Docket No. 13-184, Public Notice, DA 26-647 (WCB 2026) (*Funding Year 2027 Eligible Services List Public Notice*).

[3] *See infra* Appendix B; 47 CFR § 54.502(f) (requiring the final eligible services list to be released at least 60 days prior to the opening of the application filing window).

[4] 47 U.S.C. §§ 254(c)(1), (c)(3), (h)(1)(B), (h)(2).

[5] *See* 47 CFR § 54.502(f).

[6] *See Funding Year 2027 Eligible Services List Public Notice* at 1-2.

[7] *Id*. at 2.

noted that MIBS could "provide substantial benefits and cost savings to many schools and libraries, particularly small districts and libraries without a dedicated technology director available to deploy and manage advanced [local area networks] quickly and efficiently."[8] As a result, MIBS has been included in the eligible services list since funding year 2015. In the *Funding Year 2026 Eligible Services List Public Notice*, we sought comment on whether changes should be made to MIBS.[9] In light of the extensive comments and support for the continued eligibility of MIBS, we made no changes to MIBS eligibility in funding year 2026, but noted that we would seek further comment on this matter in the future.[10] In the *Further Notice of Proposed Rulemaking* adopted in June 2026, the Commission asked whether MIBS should continue to be a supported service within the E-Rate program and sought comment on how to ensure cost-effective purchasing of these services.[11]

4. Additionally, in the *Funding Year 2027 Eligible Services List Public Notice*, we noted that Lumen Technologies, Inc. (Lumen) had requested clarification on the eligibility of services and equipment stemming from its network-as-a-service (NaaS), therefore, we sought comment on NaaS.[12] The comment cycle for the *Funding Year 2027 Eligible Services List Public Notice* closed on August 14, 2026.[13] During the comment cycle, we received sixteen comments and three reply comments.[14]

III. DISCUSSION

5. Having considered the record, the Wireline Competition Bureau adopts the final funding year 2027 eligible services list, attached as Appendix B to this Order.[15] No changes, including for MIBS or NaaS, are made to the eligible services list for funding year 2027. MIBS continues to be eligible, but eligibility and/or reimbursement requirements may change for future funding years as the Commission reviews the record developed in the *Further Notice of Proposed Rulemaking*.[16] Additionally, there is no change to the eligibility of NaaS and standalone NaaS continues to be ineligible for E-Rate funding.

6. *Managed Internal Broadband Services (MIBS)*. It is important that MIBS funding be cost-effective for applicants and the E-Rate program. For this reason, in the *Funding Year 2027 Eligible Services List Public Notice*, the Bureau included questions regarding concerns about the cost-

[8] *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870, 8919, para. 124 (2014).

[9] *Wireline Competition Bureau Seeks Comment on Proposed Eligible Services List for the E-Rate Program*, WC Docket No. 13-184, Public Notice, 40 FCC Rcd 7842, 7843 (2025) (*Funding Year 2026 Eligible Services List Public Notice*).

[10] *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 40 FCC Rcd 10048, 10052, para. 9 (2025) (*Funding Year 2026 Eligible Services List Order*).

[11] *Ensuring Children's Safe Use of Screens and E-Rate Funded Services*; *Modernizing the E-Rate Program for Schools and Libraries*, *Establishing the Emergency Connectivity Fund to Close the Homework Gap*, *Promoting Fair and Open Competitive Bidding in the E-Rate Program*; WC Docket Nos. 26-133, et al., Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, FCC 26-41, at 46-7, para. 84 (June 26, 2026) (*Further Notice of Proposed Rulemaking*).

[12] *Funding Year 2027 Eligible Services List Public Notice* at 2.

[13] *See Funding Year 2027 Eligible Services List Public Notice* at 1.

[14] *Infra*, Appendix A (identifying the commenters and the acronyms used herein to refer to the commenters). Some comments were filed in WC Docket No. 13-184 that did not address the proposed eligible services list for funding year 2027 and are specifically relevant to the *Ensuring Children's Safe Use of Screens and E-Rate Funded Services* proceeding (WC Docket No. 26-133). These comments were not included in the commenters list found in Appendix A.

[15] *Infra*, Appendix B.

[16] *See Further Notice of Proposed Rulemaking* at 46-47, para. 84.

effectiveness of MIBS. Specifically, the Bureau asked how to ensure E-Rate funds only cover eligible services and equipment under a MIBS contract, rather than augmenting staff or staffing costs, or bundling ineligible items.[17] Additionally, the Bureau asked if an applicant that owns the internal connections, should be limited to seeking only basic maintenance of internal connections (BMIC) instead of MIBS for its own equipment.[18] Further the Bureau asked if given the concerns about cost-effectiveness of MIBS and ensuring only eligible services and equipment are funded, should MIBS support be limited by school or library size, or its eligibility eliminated entirely?[19] Similar to comments received for funding year 2026, comments for funding year 2027 continue to support the eligibility of MIBS.

7. All commenters that discussed MIBS supported its eligibility for E-Rate support and opposed the requirement that MIBS be reimbursed on an hourly, ticket-based approach.[20] Additionally, most commenters oppose a requirement that would limit applicants that own the internal connections to seeking only BMIC.[21] Commenters do not want MIBS to be limited by applicant size either,[22] though some commenters did note that smaller applicants would suffer the most harm if MIBS is not funded.[23] Funds for Learning (FFL) notes that it examined every MIBS funding request from FY 2015 through FY 2026, and MIBS is only a small part of the E-Rate program, accounting for approximately $38.7 million in commitments, 3.5% of Category Two and 1.45% of all E-Rate commitments, while reaching 11,039 recipient sites, at which 4,823,375 students are enrolled in FY 2025.[24] The median MIBS request was $5,850 per funding year, and 67% of requests were under $10,000.[25]

8. Commenters also argued that MIBS has effective safeguards for cost-effectiveness, such as competitive bidding requirements, cost-allocation requirements, and the Category Two budget for cost

[17] *Funding Year 2027 Eligible Services List Public Notice* at 2.

[18] *Id*.

[19] *Id*.

[20] *See* CMSD Comments at 1-2 (noting that "[f]or CMSD and districts like it across the country, MIBS is not a discretionary line item. It is part of how we keep schools open and running."); *see also* 1 Accord Comments at 2-4; Communications Audit Comments at 1; Fort Frye Local School District Comments at 1; TechnologyLab Comments at 1; LAUSD Comments at 2-3; MetComm Comments at 1; OITC Comments at 2, 5; Ridgemont Local School District Comments at 2; SHLB Comments at 1; SentinelOne Comments at 3-4; FFL Reply Comments at 4-6; NCTA Reply Comments at 1-3. *See* 1 Accord Comments at 4-5 (stating that "[a] reimbursement structure based solely on tickets and labor hours would tend to value visible repair activity over prevention. It may encourage applicants and providers to document more individual events while discouraging fixed-price services that align the provider's financial interest with reliable operation. Under a fixed managed-service arrangement, a provider generally benefits when the network remains stable and can be managed efficiently. Under a purely hourly break-fix model, the provider is paid more when more labor is required."); CSMD Comments at 3; Communications Audit Comments at 1-2; FFL Reply Comment at 9; LAUSD Comments at 1; MetComm Comments at 1.

[21] *See, e.g.,* Communications Audit at 3 ("Many applicants need expert assistance to effectively manage complex networks. This goes well beyond the services covered under BMIC. Furthermore, local entities should be given the greatest flexibility to determine what solution best fits their needs."); CSM Comments at 3; TechnologyLab Comments at 3.

[22] 1 Accord Comments at 6-7; Communications Audit Comments at 2; CSM Comments at 3; FFL Reply Comments at 7-8; Jason Kronemeyer Comments at 4; LAUSD Comments at 3; MetComm Comments at 4; NCTA Reply Comments at 1-3; OITC Comments at 7; TechnologyLab Comments at 2.

[23] 1 Accord Comments at 2-4; Communications Audit Comments 1-2; FFL Reply Comments at 4-6; Jason Kronemeyer Comments at 4; MetComm Comments at 1; SentinelOne Comments at 3-4; SHLB Comments at 1-2; TechnologyLab Comments at 2.

[24] FFL Reply Comments at 2.

[25] *Id*.

control.[26] Further, commenters recommended alternative approaches to ensure the cost-effectiveness of MIBS, like adopting a clear definition; making MIBS eligible by function; adding make-and-model specificity to the FCC Form 470;[27] or having a standardized, itemized deliverables list combined with contract language and invoicing that separately identifies each deliverable.[28] Based on the record before us, the Bureau concludes that MIBS continues to be eligible for funding year 2027.[29]

9. *Network-as-a-Service (NaaS)*. In the *Funding Year 2027 Eligible Services List Public Notice*, the Bureau requested comments on NaaS and necessary modifications to FCC Forms 470 and 471 to accommodate variable monthly services and pricing.[30] The Bureau also sought feedback on what specific information applicants should include in FCC Form 470s or Requests for Proposal (RFP) to ensure competitive bidding and fair cost comparisons with fixed services.[31] While the FCC Form 471 permits applicants to indicate that a service is burstable, the cost of the service is fixed and the FCC Form 471 does not collect information to request variable amounts of bandwidth for each month and at different prices. Additionally, the Bureau asked what data USAC would need to collect to accurately fund and calculate program demand for these fluctuating costs and what safeguards, limits, and specific equipment are required for NaaS and other variable pricing models.[32] Finally, the Bureau asked whether these services raise or lower Fund costs, and whether they should remain ineligible due to heavy administrative burdens associated with funding this type of services.[33] Comments received provide support for the eligibility of NaaS if it is made administratively simple,[34] or if the eligibility framework uses transparent, technology-neutral rules that protect applicants from unpredictable costs.[35] Arguments in support of eligibility claim that NaaS eligibility would benefit applicants and the E-Rate program as a whole by reducing unneeded capacity and costs during periods of lower demand.[36]

10. Lumen argued that broadband connectivity delivered via a NaaS framework should be eligible for support under Category One because it relies on already-eligible underlying services such as Internet and Ethernet and participants should be permitted to utilize variable pricing structures to reduce capacity and costs during periods of lower demand.[37] Lumen also argued that the FCC Form 471 can be updated to explicitly separate fixed and variable charges to enhance transparency and better support consumption-based NaaS models.[38]

11. FFL encouraged the Bureau to gather data on the extent to which providers offer and applicants seek these services before redesigning the FCC Forms 470 and 471.[39] There was also support

[26] CSMD Comments at 3; CSM Comments at 2; LAUSD Comments at 2.

[27] CSM Comments at 2; FFL Reply Comments at 10-11; LAUSD Comments at 3;.

[28] MetComm Comments at 4-5.

[29] The eligibility and reimbursement determinations may be revised in a future funding year after review of the record developed in the *Further Notice of Proposed Rulemaking*, and future review of any changes in costs associated with these services and equipment.

[30] *Funding Year 2027 Eligible Services List Public Notice* at 2.

[31] *Id*.

[32] *Id*.

[33] *Id*.

[34] FFL Reply Comments at 14; Jason Kronemeyer Comments at 4

[35] 1 Accord Comments at 7-8.

[36] Lumen Comment at 2-4.

[37] *Id*. at 3.

[38] *Id*. at 4-7.

[39] FFL Reply Comment at 14.

for NaaS to remain ineligible on the basis that it would be administratively burdensome and could introduce the potential to undermine the competitive bidding process because "[u]nder a usage-based pricing system, providers, consultants, or applicants might be incentivized to use artificially low usage estimates and growth projections that fall short of customer needs over a multi-year term."[40] Additionally, NCTA noted that variable pricing would disrupt the current fixed-price framework, leading to funding uncertainty and unpredictable budget demands.[41] Making NaaS eligible would not only require form changes and increase administrative burdens, but could undermine the competitive bidding process and create challenges for schools that need stable cost estimates for budgeting. Thus, the Bureau declines to change the eligibility of NaaS in the E-Rate program.

12. We decline to make any additional changes to the funding year 2027 eligible services list. Additionally, we remind applicants that the eligible services list process "is limited to determining what services are eligible under the Commission's current rules and is generally not intended to be a vehicle for changing any eligibility rules."[42] Accordingly, given the complexity of these issues and the limited scope of this proceeding,[43] we decline to address comments requesting the addition of advanced or next-generation firewalls or other network security services to the eligible services list,[44] the recognition of network modernization in the ESL taxonomy,[45] dedicated funding for "capital modernization" distinct form the annual Category Two budget,[46] or the establishment of a new Category Two eligible service designation for Artificial Intelligence Security Monitoring and Governance tools.[47] While declining to address these comments as part of this ESL proceeding, the Bureau notes that the Commission is studying the use of Universal Service Fund (USF) support for the purchase of cybersecurity services and equipment, including advanced firewalls, in its separate Schools and Libraries Cybersecurity Pilot (Pilot) program.[48] The E-Rate program's eligibility rules regarding basic firewall services and components remain unchanged for funding year 2027.[49]

13. Finally, a commenter requested that the Bureau consider making domain name system (DNS) services eligible under Category One "networking equipment"[50] and standalone DNS and dynamic host configuration protocol (DHCP) services to be E-Rate eligible, as both Category One and Category

[40] NCTA Reply Comments at 4-5.

[41] *Id*.

[42] *See*, *e.g*., *Comment Sought on Draft Eligible Services List for Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Public Notice, 24 FCC Rcd 7422, 7423 (WCB 2009); *Wireline Competition Bureau Seeks Comment on Draft Eligible Services List for Schools and Libraries Universal Service Program*, CC Docket No. 02-6, Public Notice, 26 FCC Rcd 8714, 8718 (WCB 2011); *In the Matter of Schools and Libraries Universal Service Support Mechanism*, *A National Broadband Plan for our Future*, CC Docket No. 02-6, Order, 28 FCC Rcd 14583, 14588, para. 13 & n.37 (WCB 2013).

[43] *See, e.g*., *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-84, Order, 30 FCC Rcd 9923, 9931, para. 23 (WCB 2015) (declining to address requested changes to the eligible services list due to the complexity of the issues and the scope of the proceeding); *Modernizing the E-Rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, 31 FCC Rcd 9767, 9769, para. 8 (WCB 2016) (same).

[44] E-Rate Central Comments at 3; SentinelOne Comments at 5-6.

[45] Jason Kronemeyer Comments at 1-3, 5.

[46] *Id*. at 1, 5 (recommending the creation of "a lifecycle based modernization category, evaluated on ten year total cost of ownership and return on investment, would fund the physical layer at the scale and cadence it requires").

[47] SentinelOne Comments at 8.

[48] *See Schools and Libraries Cybersecurity Pilot Program*, WC Docket No. 23-234, Report and Order, 39 FCC Rcd 6158 (2024) (*Cybersecurity Pilot Program Report and Order*).

[49] *See infra* Appendix B at 10 and 12.

[50] Infoblox Reply Comments at 5-6.

Two services.[51] DNS and secured or authenticated DHCP are eligible for support within the Pilot.[52] For funding year 2027, DNS and DHCP remain eligible as Category One services "when these features are provided as a standard component of a vendor's Internet access service"[53] but remain ineligible as standalone services under Category One or Category Two.

IV. ORDERING CLAUSES

14. ACCORDINGLY, IT IS ORDERED, that pursuant to the authority contained in sections 1-4, 254, 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 254, 303(r), and 403, sections 0.91 and 54.502 of the Commission's rules, 47 CFR §§ 0.91 and 54.502, this Order IS ADOPTED.

FEDERAL COMMUNICATIONS COMMISSION

Joseph S. Calascione
Chief
Wireline Competition Bureau

[51] *Id*.

[52] *Cybersecurity Pilot Program Report and Order*, 39 FCC Rcd at 6185-86, para. 48 (making identify protection and authentication tools eligible, including DNS/DNS-layer security services and other authentication/identifying tools); *id*. at 6187, para. 52 (making services currently eligible in E-Rate ineligible for support in the Cybersecurity Pilot program to ensure efficient and appropriate use of limited funds and to prevent duplicative funding).

[53] *See infra*, Appendix B, at 12 (addressing the eligibility of "domain name service" and "dynamic host configuration" when these features are provided as a standard component of a vendor's Internet access service).

APPENDIX A

List of Commenters

Comments and Reply Comments in Response to the
Funding Year 2027 Eligible Services List Public Notice

WC Docket No. 13-184

Commenters

1. 1 Accord Technologies/Chris Minton (1 Accord)
2. Cleveland Metropolitan School District (CSMD)
3. Communications Audit Services LLC (Communications Audit)
4. CSM Consulting, Inc. (CSM)
5. E-Rate Central
6. Fort Frye Local School District
7. Jason Kronemeyer
8. Los Angeles Unified School District (LAUSD)
9. Lumen Technologies, Inc. (Lumen)
10. MetComm.Net. LLC (MetComm)
11. Ohio Information Technology Centers (OITC)
12. Ridgemont Local School District Coalition Letter (Ridgemont)
13. Schools, Health & Libraries Broadband (SHLB)
14. SentinelOne, Inc. (SentinelOne)
15. State E-rate Coordinators Alliance (SECA)
16. TechnologyLab, LLC/Josh Boyd (TechnologyLab)

Reply Commenters

1. Funds For Learning, LLC (FFL)
2. Infoblox
3. NCTA – The Internet & Television Association (NCTA)

APPENDIX B

Eligible Services List for Funding Year 2027
Schools and Libraries Universal Service Support Mechanism

WC Docket No. 13-184

The Federal Communications Commission's (FCC) rules provide that all services that are eligible to receive discounts under the Schools and Libraries Universal Service Support Mechanism (otherwise known as the E-Rate program or E-Rate) are listed in this Eligible Services List (ESL). 47 CFR § 54.502(a). The E-Rate program is administered by the Universal Service Administrative Company (USAC). 47 CFR § 54.5. Eligible schools and libraries may seek E-Rate support for eligible Category One telecommunications services, telecommunications, and Internet access, and Category Two internal connections, basic maintenance, and managed internal broadband services as identified herein. 47 CFR §§ 54.500 *et seq*.

Additional guidance from USAC about the E-Rate application process and about eligible services, including a glossary of terms, is available at USAC's website at https://www.usac.org/erate/applicantprocess/before-you-begin/eligible-services-list/. The documents on USAC's website are not incorporated by reference into the ESL and do not bind the Commission. Thus, they will not be used to determine whether a service or product is eligible. Applicants and service providers may refer to those documents, but they should do so only for informal guidance. This ESL applies to funding requests for Funding Year (FY) 2027.

Category One

The first category of supported services, Category One, includes the services needed to support broadband connectivity to schools and libraries. Eligible Category One services are listed in the entries for data transmission and/or Internet access. This category consists of the services that provide broadband to eligible locations including data links that connect multiple points, services used to connect eligible locations to the Internet, and services that provide basic conduit access to the Internet. With the exception of leased dark fiber and self-provisioned broadband networks, maintenance and technical support appropriate to maintain reliable operation are only eligible for support when provided as a component of these services.

Data Transmission and/or Internet Access

Data transmission and/or Internet access services are eligible in Category One. These services include:

- Asynchronous Transfer Mode (ATM)
- Broadband over Power Lines
- Cable Modem
- Digital Subscriber Line (DSL)
- DS-1 (T-1), DS-3 (T-3), and Fractional T-1 or T-3
- Ethernet
- Integrated Services Digital Network (ISDN)
  Note: Dedicated voice channels on an ISDN circuit are no longer eligible.
- Leased Lit Fiber
- Leased Dark Fiber (including dark fiber indefeasible rights of use (IRUs) for a set term)
- Self-Provisioned Broadband Networks (applicant owned and operated networks)
- Frame Relay
- Multi-Protocol Label Switching (MPLS)
- OC-1, OC-3, OC-12, OC-n
- Satellite
- Switched Multimegabit Data Service
- Telephone dial-up
- Wireless (e.g., fixed wireless; microwave)

Notes:

(1) Eligible costs include monthly charges, special construction, installation and activation charges, software, modulating electronics and other equipment necessary to make a Category One wired or wireless broadband service functional ("Network Equipment"), and maintenance and operation charges, including costs for software needed for the operation of or maintenance of Network Equipment. Network Equipment and maintenance and operation costs for existing networks are eligible. All equipment and services, including maintenance and operation, must be competitively bid.

(2) Applicants that seek bids for leased dark fiber must also seek bids for leased lit fiber service and fully consider all responsive bids. Similarly, applicants that seek bids for self -provisioned broadband networks must also seek bids for the needed connectivity via services provided over third-party networks, and fully consider all responsive bids.

(3) Applicants may seek special construction funding for the upfront, non-recurring costs for the deployment of new or upgraded facilities. The eligible components of special construction are construction of network facilities, design and engineering, and project management.

(4) Staff salaries and labor costs for personnel of the applicant or underlying beneficiary are not E-Rate eligible.

(5) Consulting services that are not related to the installation and configuration of the eligible components are not eligible. These include services related to application assistance, program advice, and other activities not tied directly to actual installation and initial configuration of components.

Category Two

The second category of equipment and services eligible for E-Rate support, Category Two, includes the internal connections needed for broadband connectivity within schools and libraries. Support is limited to the internal connections necessary to bring broadband into, and provide it throughout, schools and libraries. These are broadband connections used for educational purposes within, between, or among instructional buildings that comprise a school campus (as defined below in the section titled "Eligibility Explanations for Certain Category One and Category Two Services") or library branch, and basic maintenance of these connections, as well as services that manage and operate owned or leased broadband internal connections (e.g., managed internal broadband services or managed Wi-Fi). Category Two support is subject to district- or library system-wide budgets as set forth in 47 CFR § 54.502. The eligible components and services in Category Two are:

Eligible Broadband Internal Connections

- Antennas, connectors, and related components used for internal broadband connections
- Cabling
- Caching
- Firewall services and firewall components separate from basic firewall protection provided as a standard component of a vendor's Internet access service
- Racks
- Routers
- Switches
- Uninterruptible power supply (UPS)/battery backup
- Access points used in a local area network (LAN) or wireless local area network (WLAN) environment (such as wireless access points)
- Wireless controller systems
- Software supporting the components on this list used to distribute high-speed broadband throughout school buildings and libraries, as well as bug fixes, security patches, and remote technical support or configuration to support associated equipment (applicants should request software in the same category as the associated service being obtained or installed).

Notes:

(1) Functionalities listed above that can be virtualized in the cloud, and equipment that combines eligible functionalities, like routing and switching, are also eligible.

(2) A manufacturer's multi-year warranty for a period up to three years that is provided as an integral part of an eligible component, without a separately identifiable cost, may be included in the cost of the component.

(3) Caching is defined as a method that stores recently accessed information. Caching stores information locally so that the information is accessible more quickly than if transmitted across a network from a distance. A caching service or equipment that provides caching, including servers necessary for the provision of caching, is eligible for funding.

(4) Applicants may request both equipment and the software necessary to use the equipment on the FCC Form 470, or request just the equipment on the FCC Form 470, and still receive support for both the equipment and the software necessary to use the equipment (e.g., right-to use software or client access licenses) by requesting the equipment and software either together or separately on the FCC Form 471.

Eligible Managed Internal Broadband Services

- Services provided by a third party for the operation, management, and monitoring of eligible broadband internal connections are eligible managed internal broadband services (e.g., managed Wi-Fi).
- E-Rate support is limited to eligible expenses or portions of expenses that directly support and are necessary for the broadband connectivity within schools and libraries. Eligible expenses include the management and operation of the LAN/WLAN, including installation, activation, and initial configuration of eligible components and on-site training on the use of eligible equipment.
- In some eligible managed internal broadband services models, the third-party manager owns and installs the equipment and school and library applicants lease the equipment as part of the managed services contract. In other cases, the school or library may own the equipment, but have a third party manage the equipment for it.

Basic Maintenance of Eligible Broadband Internal Connections

E-Rate support is available for basic maintenance and technical support appropriate to maintain reliable operation when provided for eligible broadband internal connections.

The following basic maintenance services are eligible:

- Repair and upkeep of eligible hardware.
- Wire and cable maintenance.
- Configuration changes performed in person, on-site.

Eligibility Limitations for Category Two Services

Eligibility limitations for managed internal broadband services – The equipment eligible for support as part of a managed internal broadband service may include only equipment listed above as broadband internal connections. Upfront charges that are part of a managed service contract are eligible for E-Rate support except to the extent that the upfront charges are for any ineligible internal connections (e.g., servers other than those that are necessary to provide caching), which, if included in the contract, must be cost allocated out of any funding request.

Eligibility limitations for basic maintenance – Basic maintenance is eligible for support only if it is a component of a maintenance agreement or contract for eligible broadband internal connections. The agreement or contract must specifically identify the eligible internal connections covered, including product name, model number, and location. Support for basic maintenance will be paid for the actual work performed under the agreement or contract.

Basic maintenance does not include:

- Services that maintain ineligible equipment
- Upfront estimates that cover the full cost of every piece of eligible equipment
- Services that enhance the utility of equipment beyond the transport of information, or diagnostic services in excess of those necessary to maintain the equipment's ability to transport information
- Network management services, including 24-hour network monitoring
- On-site technical support (i.e., contractor duty station at the applicant site), unless applicants present sufficient evidence of cost-effectiveness
- Unbundled warranties

Eligibility Explanations for Certain Category One and Category Two Services

National Security Supply Chain Restrictions – Equipment or services produced or provided by a company that the FCC has designated as a national security threat to the integrity of communications networks or the communications supply chain are not eligible for E-Rate support. 47 CFR § 54.9(a). In addition, participants are prohibited from using E-Rate support to purchase, rent, lease, or otherwise obtain any covered communications equipment or service, or maintain any covered communications equipment or service previously purchased, rented, leased, or otherwise obtained. 47 CFR § 54.10. A list of covered communications equipment and services can be found on the FCC's website at https://www.fcc.gov/supplychain/coveredlist and will be updated to reflect any future determinations.

Internet access/ISP service – Eligible Internet access services may include features such as basic firewall protection, domain name service, and dynamic host configuration when these features are provided as a standard component of a vendor's Internet access service. Firewall protection that is provided by a vendor other than the Internet access service provider or priced out separately will be considered a Category Two internal connections component. Examples of items that are ineligible components of Internet access services include applications, content, e-mail, and end-user devices and equipment such as computers, laptops, and tablets.

Wireless services and wireless Internet access – Off-campus use of E-Rate-funded services even if used for an educational purpose, is ineligible for support, and must be cost-allocated out of any funding request.

In order for data plans and air cards for mobile devices for use on-campus (e.g., a bookmobile in a state where it is eligible for support as a library) to be eligible, the school or library seeking support must demonstrate that the individual data plans are the most cost-effective option for providing internal broadband access for mobile devices at schools and libraries. Applicants should compare the cost of data plans or air cards for mobile devices to the total cost of all components necessary to deliver connectivity to the end user device, including the cost of data transmission and/or Internet access to the school or library. Seeking support for data plans or air cards for mobile devices for use in a school or library with an existing broadband connection and WLAN implicates the E-Rate program's prohibition on requests for duplicative services.

Managed internal broadband services, such as managed Wi-Fi, are eligible only for Category Two support.

Connections between buildings of a single school – The classification of connections between multiple buildings of a single school is determined by whether the buildings are located on the same campus. A "campus" is defined as the geographically contiguous grounds where the instructional buildings of a single eligible school are located. A single school may have multiple campuses if it has instructional buildings located on grounds that are not geographically contiguous. Different schools located on the same grounds do not comprise a single campus. The portion of the grounds occupied by the instructional buildings for each school is a campus for that school.

- Connections between buildings on different campuses of a single school are considered to be Category One data transmission services.
- Connections between different schools with campuses located on the same property (e.g., an elementary school and middle school located on the same property) are considered to be Category One data transmission services, unless they share the same building.
- Connections between buildings of a single school on the same campus are considered to be Category Two internal connections.

Network equipment with mixed eligibility – On-premises equipment that connects to a Category Two eligible LAN is eligible for Category One support if it is necessary to make a Category One broadband service functional. If the price for components that enable the LAN can be isolated from the price of the components that enable the Category One service, those costs should be cost-allocated out of the Category One funding request.

Miscellaneous

As described below, various miscellaneous services associated with Category One or Category Two are eligible for support. Applicants should request eligible miscellaneous services in the same category as the associated service being obtained or installed.

Fees

Fees and charges that are a necessary component of an eligible product or service are eligible, including:

- Change fees
- Contingency fees are eligible if they are reasonable and a regular business practice of the service provider. Contingency fees will be reimbursed only if the work is performed.
- Freight assurance fees
- Lease or rental fees on eligible equipment
- Per diem and/or travel time costs are eligible only if a contract with a vendor for the eligible product or services specifically provides for these costs
- Shipping charges
- Taxes, surcharges, and other similar, reasonable charges incurred in obtaining an eligible product or service are eligible. These types of charges include customer charges for universal service fees, but do not include additional charges for universal service administration.

Installation, Activation, and Initial Configuration

Installation, activation, and initial configuration of eligible components are eligible. These services may include:

- Design and engineering costs if these services are provided as an integral component of the installation of the relevant services
- Project management costs if these services are provided as an integral component of the installation of the relevant services
- On-site training is eligible as a part of installation services but only if it is basic instruction on the use of eligible equipment, directly associated with equipment installation, and is part of the contract or agreement for the equipment. Training must occur coincidently or within a reasonable time after installation.