

# Category 2 Eligible Services/Equipment Overview

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Category 2 equipment and services is generally for equipment, wiring and related services needed for local area networks and wireless local area networks INSIDE schools and library buildings.

There are three distinct areas:

- Internal Connections
- Managed Internal Broadband Services (MIBS)
- Basic Maintenance of Internal Connections

The following equipment and services are eligible if used for educational purposes:

## Internal Connections Equipment/Services:

- Routers
  - Switches
  - Wireless access points
  - Internal cabling, racks
  - Wireless controller systems
  - Firewall equipment/services
  - Uninterruptable power supply equipment that supports eligible equipment
  - Caching servers
  - Software that supports eligible equipment
  - Installation of eligible equipment
  - Cloud-based functionality of this equipment; for example, cloud-based wireless controllers
- Functionalities listed above that can be virtualized, and equipment that combines eligible functionalities, like routing and switching, are also eligible.
  - A manufacturer's multi-year warranty for a period up to three years and provided as an integral part of an eligible component, without a separately identifiable cost, may be included in the cost of the component but must be amortized over the number of years of the warranty.
  - Installation may be part of the equipment purchase contract or in a separate contract from the equipment and with a different vendor.
  - 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. Please note: Caching servers are the only servers that remain eligible.

**Early Installation of Category 2 Equipment Permitted On or After April 1 Prior to the Beginning of the New Funding Year:** Eligible equipment may be purchased and/or installed on or after April 1 prior to the beginning of the funding year to allow maximum amount of time during the summer to complete the necessary work. Disbursements will not be made until on or after July 1.

### **Managed Internal Broadband Services (MIBS) (including managed Wi-Fi):**

MIBS are provided by a third party for the operation, management and/or monitoring of eligible broadband internal connections components such as LANs and WLANs.

- Installation, activation, and initial configuration of eligible components
- Basic design and engineering costs if these services are provided as an integral component of the installation of the relevant services
- Basic project management costs if these services are provided as an integral component of the installation of the relevant services
- Services necessary to manage and repair the LAN/WLAN network, such as diagnostic services, 24-hour network monitoring, or helpdesk support
- On-site training on the use of eligible equipment
  - 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 coincidentally or within a reasonable time after installation.
- Under such managed service contracts, schools and libraries may either:
  - Obtain LANs/WLANs as a service typically for a period of three to five years from a third party who manages the entire system, providing operations and maintenance for the life of the contract; or
  - Schools and libraries may own the equipment, but have a third party manage it for them
- Eligible managed Wi-Fi expenses do not include a managed voice service. The services must be related to LAN or WLAN connectivity.
- 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 components (e.g., content filtering) which, if included in the contract, must be cost allocated out of any funding request.
- For bundled pricing that includes eligible and ineligible expenses, applicants are required to cost allocate eligible from ineligible services to ensure only eligible services are funded through E-rate.

### **Basic Maintenance of Eligible Broadband Internal Connections Components:**

E-rate support is available for basic maintenance and technical support appropriate to maintain reliable operation when provided as a component of eligible broadband internal connections.

- Repair and upkeep of eligible hardware
- Wire and cable maintenance
- Configuration changes
- Basic technical support including online and telephone based technical support
- Software upgrades and patches including bug fixes and security patches
- Eligibility Limitations: Basic maintenance is eligible for support only if it is a component of a maintenance agreement or contract for eligible broadband internal connections components. The agreement or contract must specifically identify the eligible components 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

