

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

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

Comments of CSM Consulting, Inc.
Regarding the
Funding Year 2026 E-Rate Eligible Services List

CSM Consulting, Inc. (“CSM”) is submitting these comments in response to the Commission’s request for comment on the draft E-Rate Eligible Services List for Funding Year 2026 (Public Notice DA 25-921). CSM is an E-Rate management firm assisting applicants throughout the country achieve and maintain compliance with the rules, regulations, timelines and documentation requirements associated with the E-Rate program. We have been providing these services as a firm since 2003, though the firm’s principals have been involved in the program since its inception as applicants and coordinators for large school districts and county offices of education (also known as educational services agencies). Our client base consists solely of applicants including statewide and regional consortia and public, private and charter school systems ranging from 21 to over 400,000 students as well as individual libraries and library systems. In Funding Year 2025, CSM filed 922 FCC Form 471 applications with 3,324 funding requests for 448 applicants in 17 states. Our staff members are highly versed in E-Rate processes and routinely communicate with Universal Service Administrative Company (“USAC”)

administration on program compliance issues. CSM has been closely involved with a significant number of program audits and compliance reviews. CSM is a member in good standing of the E-Rate Management Professionals Association (E-mpa™). The comments we submit are based upon our key learnings and observations of the Category Two application process starting with the planning process, filing of FCC Form 471 funding requests, and implementation of Category Two services.

Introductory Comments

CSM thanks the Commission for addressing long-standing issues related to pre-paid software support and maintenance contracts in the Funding Year (“FY”) 2026 Eligible Services List. We believe the proposed changes will help applicants, service providers, and USAC better administer multi-year pre-paid contracts for licenses and maintenance services. We strongly support the Commission’s proposal for moving all licenses under Category Two Internal Connections.

However, CSM believes that the proposed changes do not go far enough in simplifying and streamlining the E-Rate program and that the entire category of Basic Maintenance of Internal Connections (“BMIC”) should be dissolved into Internal Connections (“IC”) and Managed Internal Broadband Services (“MIBS”). The remaining components under BMIC (repair and upkeep of equipment, wire and cable maintenance, and onsite configuration changes) duplicate existing line items under IC or MIBS. The category of MIBS is much more efficient in administering these on a going forward basis. CSM contends that BMIC is obsolete with the removal of the “Two in Five Rule” (Applicants could request IC in two out of every five years from Priority Two equipment) and that BMIC is a candidate for “Delete, Delete, Delete” currently being reviewed under FCC Docket 25-133.

In short, CSM suggests that there should be a consolidation of categories from three to two under Category Two to IC and MIBS, that the dichotomy between the categories should be: 1. Internal Connections – purchased equipment and related licenses, and 2. Managed Internal Broadband Services - leased equipment or third party management of the applicant’s network. By making these clear distinctions, the FCC will simplify the E-Rate application process and reduce the number of appeals to the Commission for incorrect Category of Service.

CSM Supports the Move of Licenses from BMIC entirely to IC

Technology has evolved since the introduction of Category Two IC on the 2015 Eligible Services List. At that time, most equipment was standalone with the necessary software installed or, like wireless access points, needed a separate piece of hardware such as a wireless controller to enable the equipment to function normally. Today, most of the equipment manufacturers have moved to an equipment / license model where the equipment in question will not function (considered to be no more useful than a block of concrete or “bricked” in technical parlance) without the addition of a right to use license. Maintenance -- software patch management, configuration changes, firewall policies, etc. -- is now handled remotely by the vendor under these licenses. Because the technology has evolved, the FCC’s definition of BMIC should also evolve, or, in this case, be declared obsolete and redistribute the responsibilities to IC and MIBS.

In order to understand how the BMIC came to be, we have to look back to the archaic Two in Five Rule. At the time the Two in Five Rule was created under the Priority Two system, applicants were able to request network electronics funding every two out of five years. For example, an applicant who applied in 2006 for Priority Two funding and was funded had to wait three years until 2009 to apply again. The FCC recognized that without regular maintenance, many of those equipment installations would fail, so it created the separate category of BMIC, which was available on a recurring yearly basis, in contrast to the Two in Five Rule of every three years for purchase of equipment.

In 2014, when the Priority Two system was replaced by the Category Two five-year budget cap starting in Funding Year 2015, both the IC funding requests and the BMIC funding requests were moved from a separate category to Category Two and subject to the same Category Two Budget Cap. BMIC moved from a separate pot of money to be used on an annual basis for maintenance under Priority Two to the same five-year Category Two budget. Since the total Category Two budget only covers approximately half of the funds needed for a full system refresh, applicants often had to choose between maintenance, requested on an annual basis, and internal connection equipment. The result was that internal connections are prioritized by applicants over maintenance, which can usually be done less expensively with local technology staff. Today, many of the BMIC funding requests are not requested by applicants; they are carved off during

USAC Program Integrity Assurance (“PIA”) from IC funding requests for maintenance related line items.

Traditional BMIC funding requests for onsite repair or replacement of failing hardware and cabling have always had an issue with usage because the category only allows actual break/fix and not contracted up-front one-time or recurring charges. It can only be invoiced after the service is used. A \$100,000 BMIC funding request might only use \$25K of time and materials or break/ fix over the year, leaving the applicant to reconcile after the funding year is completed and return the remaining \$75K to be used later within the five-year budget cycle. The funding is tied up until the applicant files a Form 500 to deobligate funds, meaning that there are often two funding cycles where the applicant cannot use the funds allocated to BMIC. The complexity of managing available Category Two funding for break/fix contracts, as illustrated, is another reason for the drop in BMIC funding requests. Now that most of the right to use and bundled support licenses have evolved to include the services previously covered by BMIC (and which the Commission is rightfully proposing to move under IC), the category of BMIC is obsolete and should be dissolved.

But what of the remaining services under BMIC - repair and upkeep of eligible hardware, wire and cable maintenance, and onsite configuration changes?

- **Repair and Upkeep of Eligible Hardware:** Very little stand-alone hardware requiring repair and upkeep remains in the E-Rate program as manufacturers mostly switched to a primarily license model prior to 2020, more than five years ago. Each subsequent year means more equipment will be deemed obsolete and replaced with upgraded models which include right to use licenses with the annual maintenance built in. The FCC should treat this repair line item for the limited number of applicants who will apply as a multi-year license contract under IC. Applicants will only need to apply once and can utilize service delivery extensions for break/fix work not yet completed.
- **Wire and Cable Maintenance:** When the rules for BMIC were written more than a decade ago, technicians often had to spend hundreds of hours physically moving cabling around in server rooms to connect different devices or repairing cable failure due to onsite conditions. Most of these wire and cable maintenance changes have evolved and are now virtual and dynamic and do not require on-site support. For the very slim fraction

of applicants who still need on-site wire and cable maintenance or emergency repairs, they utilize in-house applicant staff or third-party management services under MIBS. It would be best to move this line item under MIBS.

- **Configuration changes performed in person, on-site:** Most applicants utilize their own staff for on-site configuration changes and equipment repair because it is more cost efficient than utilizing E-Rate for the contract. Smaller applicants, and those who do not have an on-site technical staff, apply for these services under MIBS and not BMIC. Therefore, it makes sense to move this line item under MIBS.

Redistributing all of the licenses and the remote repair/upkeep under IC, and the wire and cable maintenance and on-site configuration changes and repair/upkeep under MIBS enables the FCC to declare the Category of Basic Maintenance of Internal Connections as obsolete and subject to the ‘Delete, Delete, Delete’ proceeding recently instituted by the Commission.

CSM Supports the Continued Funding of Managed Internal Broadband Services (MIBS) which is an Important Option for Both Small and Large Applicants

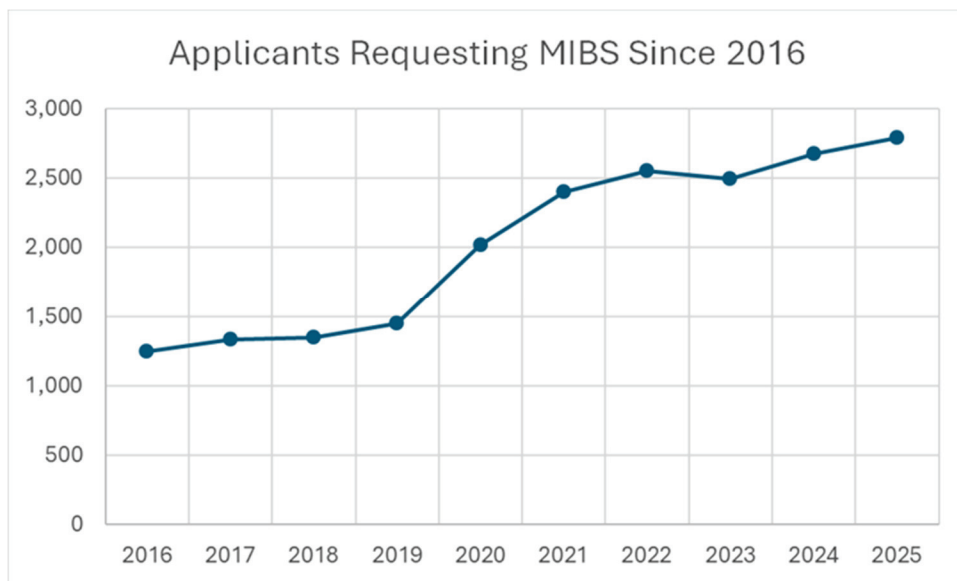
The FCC has asked for comment on how to better define MIBS compared to BMIC. If the FCC were to dissolve BMIC as discussed above, the distinction between BMIC and MIBS will be moot. Rather, a better distinction and one which will make it easy to understand for applicants, service providers and the FCC alike, is to define IC as purchased equipment and related licenses and to define MIBS as leased equipment and third party managed services.

But first, what is MIBS? In the *Modernizing the E-Rate Program for Schools and Libraries*, order from 2014, the FCC created the Category of MIBS to address the needs of small applicants:

The record demonstrates that applicants would benefit from greater flexibility to choose among managed Wi-Fi options. In particular, the variations of managed Wi-Fi services can 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 LANs/WLANs quickly and efficiently.¹

Today, MIBS has grown from small districts and libraries without a Tech Director or Technology department to include applicants of all sizes. The FCC envisioned using MIBS as a third party outsourced tech department to cover the management of Local Area Network (“LAN”) and Wireless LAN (“WLAN”) equipment and services. Over the last several years, the number of MIBS funding requests has grown substantially. From 2016 to 2025, the number of MIBS funding requests have tripled from approximately 1000 to 3000 FRNs as COVID-19 sent everyone working from home, and applicants cut staff for budget reasons. CSM has found that there is a direct correlation between applicant budget cuts and the increase in MIBS requests. As more applicants encounter fiscal austerity, the number of funding requests utilizing MIBS instead of IC will continue to rise.



CSM has observed that MIBS is an important and valued service for some applicants, both small and large. Contracting with a service provider to manage a local area network (LAN), or a portion of one, can free up valuable internal resources and provide cost savings to applicants. While MIBS has had a slow start in adoption by schools and libraries, this has more to do with budget realities and local decisions on how to approach LAN equipment and management than

¹ 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).

with the merits of managed services. MIBS are a cost-effective solution for applicants unable to hire their own technical department, whether it is for budgetary reasons or for lack of technological competence in their hiring pool. Under MIBS, the applicant can either lease the network electronics equipment and have a third party manage their network, or they can own the equipment purchased under IC and have the third party manage their network instead of in-house employees.

While a proportionally small number of applicants apply annually for MIBS, the number of applicants requesting funding has increased year-over-year since it first became eligible. The FCC should maintain MIBS as an eligible service on a go-forward basis to continue to provide applicants with the options that best meet their needs and budgets.

Conclusion

In conclusion, CSM applauds the FCC's decision to move all right to use and maintenance licenses under IC but thinks that the FCC should take a step further and abolish the entire category of BMIC which is now obsolete. The line items under this category should be redistributed to both IC and MIBS.

With MIBS absorbing most of the BMIC line items, it becomes a stronger product for use by applicants without dedicated technical staff. By clearly defining the services under MIBS as leased services and IC as purchased equipment and licenses it will provide a cleaner demarcation between the two and result in fewer appeals for invalid categories of service.

Warmest Regards,

/s/

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