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July 9, 2010

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

The Calhoun Intermediate School District (CISD) is one of 57 Intermediate School Districts that provides educational support services to school districts in its service region. The CISD also serves as an E-rate service provider, providing Internet Access services to 14 school districts in Calhoun County, 4 school districts in Branch County, and one in Barry County. We have been providing Internet Services since 2002.

Although the CISD is grateful that the FCC is seeking to make the E-rate program more applicant-friendly, it is concerned with one specific aspect of the Notice of Proposed Rulemaking (NPRM) that will have a counter effect. Specifically, the CISD is concerned that the illustrative examples of prohibitive competitive bidding conduct proposed in paragraph 29 of the NPRM is so restrictive that it will shut-down all E-rate eligible operations by educational service agencies such as CISD.

The proposed prohibited behaviors include:

- 1) applicant employees or board members may not serve on any board of any type of telecommunications, Internet access, or internal connections service provider that participates in the E-rate program in the same state; and
- 2) service providers may not offer or provide gifts, including meals, to employees or board members of the applicant.

Any Michigan Intermediate School District (ISD) board of directors is comprised of community members and often are Board members of local school districts served by that ISD. Therefore it would not be possible for many ISD's providing E-rate eligible services to its member school districts to comply with this rule. Further, ISDs routinely provide meals to school district employees and school board and ISD board members during the course of training, meetings, and other events related to school district or ISD business. These meals are in no way intended to influence a school district's decision to purchase Internet services from the ISD.

School districts who receive internet services from CISD post Form 470's for Internet access and Calhoun ISD Finance Office submits a pricing proposal to the school districts, as we assume do other vendors offering such services in the area. The decision whether to purchase service from the ISD rests entirely with the local school district and the procurement policies and decision making processes they have established. The contracts signed between a school district and the CISD are signed by the CISD Finance Director; there is no board approval necessary.

The Calhoun Intermediate School District, an Education Service Agency, has acted in good faith under the ESA (Education Service Agency) guidance that USAC provided several years ago which spelled-out what educational service agencies should do to ensure that no conflict of interest existed relative to the ESA-provided services. The Calhoun Intermediate School District Finance Office does not provide technology planning support or E-rate application and procurement assistance to its districts. But the NPRM proposed language goes much further than the ESA guidance because it would prohibit school board members from serving on the boards of Intermediate School Districts (Units) -- an impossible task for Intermediate School Districts in Michigan. Thus, if this language and other such restrictions are formally adopted, it will have the effect of eliminating all ESA-provided E-rate eligible services --services that are typically provided at a much lower cost than other service providers. We believe this result is unintended by the Commission and we implore the FCC to not adopt such prohibitive behaviors and instead rely on the competitive bidding rules and conflict of interest guidelines that currently exist.

Sincerely

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Assistant Superintendent  
Calhoun ISD

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- Becky Rocho, Assistant Superintendent, Calhoun ISD
- Tom Bean, Assistant Superintendent, Calhoun ISD
- Mark Knaack, Director of Technology, Branch ISD
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- Jeff Jennette, Superintendent, Barry ISD