



NEWS BRIEF

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Funds For Learning Releases E-rate Utilization Report

Analysis Reveals that E-rate Stakeholders Leave Over 25 Percent of Committed Funds Unused

EDMOND, OKLA. (Dec. 8, 2008) – The E-rate program provides \$2.25 billion annually to help schools and libraries obtain technology funding, but it appears that a significant portion of those funds is not being spent. This is one of the findings in a report just released by Funds For Learning, the nation’s leading E-rate funding compliance services firm, that explores the issue of E-rate utilization. The analysis reveals that E-rate stakeholders leave more than 25 percent of committed funds unutilized each year, which amounts to tens of millions of dollars in annual funding that are not used.

There are several factors contributing to the under-utilization of E-rate funding. The first is the length of the application review, or the amount of time after the start of the funding year that the applicant receives a funding commitment decision. An analysis of Funding Years 2002-2006 shows that utilization drops as the days beyond the start of the funding year (July 1) pass.

Another factor is price reductions by service providers. The E-rate application process requires service providers to give pricing details for eligible products and services months before delivery begins. This lag time between the quote and delivery may be as long as 12 or more months, during which time product prices decrease. Once funding is approved, and applicants are able to secure lower pricing, less funds are utilized.

A third factor is an overestimation of need by the applicant. This happens in the Priority One service categories of Telecommunications Services and Internet Access where variable pricing is involved. For example, applicants are unable to predict the minutes of long distance service that will be used, so a high estimate is given to ensure the full E-rate discount is available. Other instances include the anticipation of additional lines or bandwidth that doesn’t come to fruition.

The final factor is a lack of understanding of E-rate program rules and deadlines. Although the Schools and Libraries Division should be commended for its efforts in managing the program and educating stakeholders, the fact remains that the E-rate rules are complex, while deadlines for post-commitment paperwork vary and can change for many reasons.

MORE

To download the full analysis by Funds For Learning, visit www.FundsForLearning.com.

About Funds For Learning

Funds For Learning, LLC, is an E-rate compliance firm specializing in guiding E-rate applicants and service providers through the complex and ever-changing E-rate regulatory process. With more than 10 years of experience in providing professional advice and assistance relating to the E-rate program, Funds For Learning exists to provide high-quality solutions for the needs of E-rate stakeholders. The company was established in 1997 and is headquartered in Edmond, Okla. For more information, visit www.FundsForLearning.com or phone 405-341-4140.

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