Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Schools and Libraries Universal Service Support Mechanism	)	CC Docket No. 02-6
	)	
	)	
A National Broadband Plan For Our Future	)	GN Docket No. 09-51
	)	

COMMENTS OF FUNDS FOR LEARNING, LLC

Edwin N. Lavergne
Donna A. Balaguer
Fish & Richardson P.C.
1425 K Street, N.W.
Suite 1100
Washington, D.C. 20005
(202) 783-5070

July 9, 2010

Its Attorneys

TABLE OF CONTENTS

SUMMARY

Funds For Learning, LLC ("FFL") is committed to the long-term success of the E-rate program. FFL was founded at the time of the program's inception for the sole purpose of assisting schools, libraries, and service providers through its many complexities. FFL appreciates the need to make the program simpler, clearer, and more transparent. However, some of the proposed reforms would compromise the E-rate program's core goals.

The Commission should continue to require all applicants to prepare technology plans and to use FCC Form 470. These are crucial tools for ensuring that E-rate funds are used appropriately and fairly. Technology plans can be improved through standardization, and Form 470 can be improved through simplification.

Because schools and libraries are best positioned to determine their own needs, the Commission should not attempt to restrict applicants from funding those needs through artificial funding caps or set-asides. Rather, the Commission's discount matrix should be revised to ensure that funds are directed to the most economically disadvantaged schools. In addition, steps should be taken to ensure that applicants make appropriate investments in the goods and services they receive. Discounts should be higher for priority one services in order to support the dramatic increase in the number of school sites that are seeking such services.

The annual funding cap should be increased to \$3 billion and indexed to inflation. Steps should also be taken to improve fund utilization since approximately 25% of funds go unused each year.

The Commission should make dark fiber leases eligible, allow for disposal of obsolete equipment and eliminate the distinction between recurring and non-recurring services. Reforms should not take effect until Funding Year 2012 so that applicants have adequate lead time to comply with the new rules.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Schools and Libraries Universal Service Support Mechanism	)	CC Docket No. 02-6
	)	
A National Broadband Plan For Our Future	)	GN Docket No. 09-51

COMMENTS OF
<u>FUNDS FOR LEARNING, LLC</u>

In this proceeding, the Commission seeks to reform the E-rate program to maximize the use of broadband by schools and libraries.[1] Ironically, many of the issues under consideration arose because of the huge success of the E-rate program. The program has become oversubscribed and increasingly complex as the demand for telecommunications and broadband services continues to escalate.

Funds For Learning, LLC ("FFL") was established in 1997, just as the Commission issued its first regulations concerning the E-rate program. Since then, FFL has focused almost exclusively on E-rate, guiding hundreds of applicants and service providers through the intricacies of the program. FFL's clients range from small private schools to some of the largest school districts in the country, as well as local and national service providers. Through years of hard work and steadfast dedication to the program, FFL has earned a national reputation for integrity, excellence, and outstanding service.

[1] *Schools and Libraries Universal Service Support Mechanism*, *A National Broadband Plan For Our Future*, CC Docket No. 02-6, GN Docket No. 09-51, Notice of Proposed Rulemaking, FCC 10-83 (rel. May 20, 2010) ("*NPRM*").

I. The Administrative Burden on Applicants Should be Reduced, but Without Compromising Important Program Goals

FFL supports the Commission's effort to streamline and simplify the E-rate application process. However, two of the Commission's proposals go too far. Those proposals are (1) to eliminate E-rate technology plan requirements for priority one applicants that are subject to state and local technology planning requirements, and (2) to eliminate the requirement that public applicants for priority one services file Form 470 and wait 28 days before signing a contract with their selected service provider.[2] As discussed below, implementation of these proposals, while well intentioned, could compromise important program goals.

A. The Technology Planning Process is Important and Should be Standardized

The process of preparing a technology plan is intended to ensure that an applicant has carefully considered how it will use E-rate funds. Technology plans are no less important for priority one services than other services, and the elimination of technology plans for some applicants but not others will only create confusion. For example, it may be unclear whether a state or local procurement process contains what the Commission calls "technology planning requirements."[3] As a result, the Universal Service Administrative Company ("USAC") would be burdened with the task of making these determinations during Program Integrity Assurance ("PIA") reviews, introducing greater delays in application processing. To protect the integrity of the program, technology plans should be required for any project regardless of monetary amount.

As an improvement to the existing planning process, FFL recommends the Commission adopt a new standardized technology planning form to identify applicants' technology goals on a yearly basis in advance of the competitive bidding process. The form should list the five

[2] *NPRM* at ¶¶ 18, 21.

[3] *Id.* at ¶ 18.

technology planning elements required under Section 54.508(a) of the Commission's rules, and require that the applicant describe how it will fulfill each element. By requiring completion of the form, with appropriate certifications, the Commission would ensure that each applicant is fully aware of, and compliant with, all five technology planning elements. In addition, if completed forms are publicly available, service providers will have a better understanding of the technology needs of the applicant with all service providers having equal access to that information. A standardized form would also allow USAC to reduce training and management of technology plan approvers and eliminate reliance on third parties for technology plan approvals.

B. Form 470 is a Critical Element of Fair and Open Competitive Bidding and Should be Retained and Simplified

Form 470 should be required for all applicants, but simplified. A cornerstone of the E-rate program is that applicants must conduct a fair and open competitive bidding process.[4] Although streamlining is a laudable goal, retention of Form 470 serves the more important goal of ensuring integrity, consistency, and transparency in the competitive bidding process.

The Commission's proposal to eliminate the use of Form 470 for public priority one applicants appears to be based on the assumption that public procurement processes are invariably equal or superior to Form 470 and private procurement requirements. However, FFL is aware of no evidence to support this assumption.

Elimination of the form could also lead to *greater* administrative burdens because USAC would be required to review funding requests without the benefit of a consistent competitive bidding process conducted through Form 470. Although applicants must comply with applicable

[4] *See, e.g., Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Third Report and Order and Second Further Notice of Proposed Rulemaking, 18 FCC Rcd 26912, 26939, para. 66 (2003) ("A fair and open competitive bidding process is critical to preventing waste, fraud, and abuse of program resources.") (footnote omitted).

local and state procurement regulations, USAC might need to conduct a more thorough review of those regulations, which are often voluminous, and the applicant's compliance with those regulations.

Form 470 can be improved in several ways. First, the following items should be removed from the form because they cause confusion and do not add any value:

- Area code/prefix requirement.
- Block 2 data.
- Multiple service category sections. Rather, applicants should describe a service and check off the relevant category of service. An example is below.

Service	Quantity / Capacity	Service Category
Cellular - Voice Mail, Enhanced Services	District Wide	☑ TS ☑ IA ☐ IC ☐ BM
Data Service & Internet Access for Mobile	District Wide	☑ TS ☑ IA ☐ IC ☐ BM

C. The Commission Should Refrain from Adopting Ambiguous and Impractical Competitive Bidding Restrictions

The Commission should not adopt competitive bidding restrictions that are ambiguous or impractical, no matter how well-intentioned. The current policies already in place, which combine the requirement for all applicants to file Form 470 and rely on price as the primary factor considered in selecting a bidder, protects the integrity of the program. FFL is concerned that the suggested "illustrative guidance" of practices that are prohibited during bidding will introduce more subjectivity to the process, delay disbursements, and confuse applicants.[5] Two requirements are particularly troublesome and should not be adopted:

- Barring applicant board members from serving on boards of telecommunications service providers. This is problematic for large school districts, whose boards are often composed of business leaders in the community, and is not targeted to resolve any specific problem.

[5] *NPRM* at ¶ 29, fn. 57. The Commission expressly states that the illustrative guidance is not exhaustive, leading to the concern that applicants will not have a clear understanding of what is and is not prohibited.

- Barring service providers from demonstrating products or providing any information during the bid selection process. This is problematic because it will prevent applicants from making informed choices or having questions answered.

II. The Program Should be Revised to Ensure that Funds are Appropriately Allocated

Irrespective of size, the demand for E-rate funds will likely outpace supply. Thus, the Commission must continue to make decisions on how to allocate funds among potential applicants and among eligible goods and services. FFL recommends several program adjustments to facilitate the appropriate disbursement of E-rate funds.

A. Service Funding Caps and Set-Asides Should Be Avoided

Many internal connections requests remain unfunded because the program is oversubscribed. One proposed solution is to implement funding caps, set-asides and related mechanisms, such as assigning lower priority to certain services.[6] The Commission should avoid the use of funding caps and set-asides for two reasons.

First, based on FFL's experience, each applicant has unique needs and circumstances that the program should support. No one technology is appropriate for all schools and no school should be prevented from serving its unique needs. Artificial funding caps would hinder the ability of applicants to meet those needs and may create perverse incentives for applicants to "spend up" to the capped amount.

Second, funding caps and set-asides would take desperately needed funds away from deserving priority one applicants. As the Commission notes, priority one requests have been fully funded, while internal connections requests exceed the E-rate program cap each year.[7] However, the Commission should not lose sight of the fact that requests for priority one services,

---

[6] *Id*. at ¶¶ 71, 74, 82.

[7] *Id*. at ¶ 62.

which provide vital services to schools, have increased almost every year since the inception of the program. Request for priority two services have not increased at a similar pace.

Exhibit A shows the pre-discount amounts requested for priority one services since 1998 compared to the amounts requested for priority two services. Although FFL recognizes that some applicants may not apply for priority two funds given the limited availability of those funds, it would be a mistake to compromise priority one services in an effort to increase priority two funding. As shown in Exhibit B, the increase in priority one funding is based primarily on a dramatic increase in the number of school sites that seek priority one services each year, more so than the average amount of funding requested per site. Any changes to the allocation of funds must ensure that *new* school sites can continue to access crucial telecommunications services and Internet access through E-rate. There are other mechanisms, such as those suggested below, that can be used to allocate funds more evenly, without imposing caps or set-asides or otherwise compromising priority one services.

B. The Discount Matrix Should be Revised so that Funds are Allocated Fairly and in Accordance with Need

The discount matrix is perhaps the most useful tool in allocating funds fairly and in accordance with need. It is time to revise the matrix to ensure that the most economically disadvantaged schools receive the highest discounts, that confusion and administrative burdens are reduced, and that schools are properly incentivized when participating in the E-rate program.

First, significant one-time fees associated with upfront capital costs (as opposed to one-time costs associated with activating phone lines, new service, etc.) should receive a lower discount than recurring fees because these one-time fees can deplete the E-rate program if not carefully administered. A lower discount for large one-time projects will incentivize applicants to request only the goods that they need because schools and libraries would have to contribute more of their own funding to the project.

Second, the discount rate should vary for priority one and priority two services, with a lower discount rate for priority two services. By varying the discounts between the services, more funding requests may be granted. In keeping with the current system, the most economically disadvantaged school sites should receive priority two funding before others.

Third, the rural and urban distinction should be eliminated. It causes confusion and administrative burden that does not appear to be justified by any difference in the availability of services in rural and urban areas.

Considering the above factors, along with FFL's experience as to the types of services that schools and libraries need and the internal funds they can contribute to those services, FFL proposes the following discount matrix:

INCOME Measured by % of students eligible for the National School Lunch Program	TELECOMMUNICATIONS AND INTERNET ACCESS Discount	INTERNAL CONNECTIONS (INCLUDING BASIC MAINTENANCE) Discount
Less than 5%	15%	10%
5% to 49%	55%	40%
50% to 74%	75%	60%
75% to 100%	85%	80%

FFL has analyzed the effect of this proposed discount matrix on both priority one and priority two services. FFL estimates that the revised matrix will have little effect on priority one services, particularly for applicants entitled to lower discount rates. These applicants are likely to continue to purchase the same level of service or quantity of goods under the revised matrix.[8] Priority two requests, especially by high-discount applicants, are more likely to be sensitive to adjustments to discount rates, with these applicants reducing their requests to only those necessary projects that they themselves can afford to share in the costs of procuring and maintaining.[9] Considering these effects together, FFL estimated the likely amount of demand under the proposed matrix.[10] By applying this analysis to the above discount matrix for Funding Year 2010, FFL forecasts that the total demand on the program would be approximately $3 billion. Not only would the suggested matrix reduce the insupportable demand on the program, it would allocate funds fairly toward the most economically disadvantaged applicants.

Finally, FFL disagrees with the proposal to apply a single discount for an entire school district.[11] Although this may streamline the process somewhat, the harm it would cause outweighs the benefit. Implementation of this proposal would hinder school districts from directing funds toward those schools that need funding the most, including schools that would fall mid-level in the matrix. Moreover, contrary to the Commission's belief, employing a single discount rate will not ease the administrative burden on USAC. Instead, it will make it worse, as USAC will need to review an entire school district's data simply to verify that the discount rate for a project at one school in the district is correct. In large school districts with hundreds of schools and hundreds of thousands of students, the enormity of such an undertaking is daunting. Rather than applying a single discount for an entire school district, USAC should be directed to consistently utilize the *same* methodology that the applicant used to determine its discount rate,

---

[8] *See* the "Static demand method" trend line in Exhibit C.

[9] *See* the "Variable demand method" trend line in Exhibit C.

[10] *See* the "FFL demand forecast" trend line in Exhibit C.

[11] *NPRM* at ¶ 35.

as long as such methodology is permitted under the existing rules.[12]

C. The Annual Funding Cap of the E-rate Program Should be Increased and Indexed to Inflation, with Efforts to Increase the Utilization of the Funding

By all measures, the E-rate program is not adequately funded to meet demand. The fund should be initially adjusted upward to $3 billion to account for past years when there was no inflationary adjustment and to meet the predicted demand under FFL's proposed matrix. As depicted in Exhibit D, from 1998 to 2010, the total amount requested in the fund has risen 75%, from $2.4 billion to $4.2 billion. Prospectively, the fund should be indexed to the rate of inflation, but only for upward, not downward, adjustments. With the increasing demand for technology skills and broadband access, it is inconceivable that the demand for E-rate funding will fall.

The Commission should also study the utilization of funds under the existing cap. As shown in Exhibit E, $568 million on average goes unused each year – 25% of the fund limit.[13] FFL has analyzed the level of unused funds based on when requests are granted. FFL found that when the Funding Commitment Decision Letter ("FCDL") is granted before July 1 of the funding year, the utilization is 75%.[14] But if the FCDL is issued later, utilization drops to a mere 34%. There are many reasons for this dramatic drop. If FCDLs are issued late in the funding year, the applicant's budgeted portion may no longer be available or the project may have been abandoned without timely funding. Further, when FCDLs are issued late, applicants may not

---

[12] *See* 47 C.F.R. § 54.505(b).

[13] Exhibit E contains a second chart that breaks this $568 million difference further into "unused" funds, where applicants did not use any of the granted funds and "underutilized" funds, where applicants used only part of the granted funds.

[14] *See* Exhibit F.

have time to utilize all of the funds within the proscribed time limits.[15] In order to increase the under-utilization of the existing fund, the Commission should ensure the timely processing of applications and provide applicants with more flexibility on when the granted funds may be used.

III. The Commission Should Adopt Clarifications and Additional Reforms

The *NPRM* raises certain issues that FFL agrees should be clarified. First, service to mobile devices such as cellular phones and laptops, should be eligible in the program when the device is used by an applicant's *employees*, regardless of location. Although it has been suggested that students be permitted to use such devices away from school grounds,[16] such use would raise a host of new problems (*e.g.*, filtering, compliance with the Children's Internet Protection Act, and how to ensure E-rate funds are being used for appropriate purposes). Permitting such use would start the Commission down a slippery slope. Employees, unlike students, can be expected to adhere to the applicant's policies regarding the use of devices for non-educational purposes away from the school when such policies are conditions of employment. Under the current system, applicants cost-allocate the dollar amount of support for the time that the devices are not at school. FFL recommends that this cost-allocation requirement remain in place when the devices are removed from schools grounds by students, but that cost-allocation not be required when employees use the devices outside of school.

Second, FFL supports the Commission's proposal to allow applicants to dispose of

[15] Although USAC's guidelines contemplate extensions when FCDLs are issued late, the varying deadlines for recurring services and non-recurring services, which may be automatically extended in some circumstances, but only upon request by others, is confusing to applicants and, in some cases, results in the forsaking of projects or the unintentional missing of deadlines. *See* http://www.universalservice.org/sl/applicants/step11/service-deadlines-extension-requests.aspx.

[16] *NPRM* at ¶ 45.

obsolete equipment under the conditions set forth in the *NPRM*.[17]

Third, FFL supports the eligibility of dark fiber leases, regardless of the service provider, provided they are subject to competitive bidding rules as with other E-rate-eligible services.[18] Such leases are a valid technology choice to obtain services that are fundamental in the E-rate program and should be supported.

Fourth, the Commission should eliminate or at least clarify the distinction between recurring and non-recurring services. The confusion regarding these categories is causing applicants to lose funding. In 2001, the Commission extended the deadline to implement non-recurring services from June 30 (which applies to recurring services) to September 30, following the close of the funding year.[19] The Commission stated that non-recurring services "are funding requests with a one-time cost listed on Block 5 of an applicant's FCC Form 471."[20] However, how these one-time costs are being treated, particularly in relation to real-world billing cycles, is often unclear and inconsistent. Furthermore, the online version of Form 471 does not handle the recurring/non-recurring distinction properly.

The "recurring versus non-recurring" problem arises in three main contexts: (1) activation/setup fees, (2) out-of-period billing for recurring services, and (3) non-recurring charges listed as a monthly recurring fee, either by error or as a result of the on-line version of Form 471 available through USAC.

---

[17] *Id*. at ¶ 90.

[18] *Id.* at ¶ 54. FFL will separately comment on the draft Eligible Services List proposed for E-rate funding year 2011, including supporting a clarification that web hosting services are eligible, subject to standardized eligibility criteria. *See Schools and Libraries Universal Support Mechanism*, CC Docket No. 02-6, Order and Further Notice of Proposed Rulemaking, FCC 09-105 (rel. Dec. 2, 2009).

[19] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 16 FCC Rcd 13510 (rel. June 29, 2001) ("*Extension Order*").

[20] *Extension Order* 16 FCC Rcd at 13512, para. 7.

Activation Fees: An applicant may pay an activation fee for a service or for an enhancement to its local telephone or cellular phone service. Due to applicant staff changes, which require new or expanded service, it is not uncommon for even smaller-sized applicants to have these types of activation fees each month. It is also not uncommon for applicants to include the activation fees with the recurring service funding request. During PIA reviews, USAC may either deny funding for the activation fees or, particularly when an applicant has the knowledge to request it, permit the applicant to transfer these fees from the recurring to non-recurring category. This process is confusing and consumes time and administrative resources when, at the end of the day, the FCDL is granted with one lump sum.

Out-of-Period Billing: FFL is familiar with numerous incidents in which an applicant's funding request is denied or reduced for recurring invoices that include service charges determined to be "outside" the billing period. This occurs when a telecommunications carrier activates a line after the billing period has closed but prior to the end of the month. These eligible telecommunication service fees (which may include both the activation fee and the partial month service fees) were incurred during the appropriate month, but are billed by the carrier in the following month. USAC has declared these fees as ineligible due to invoice timing and is currently requiring applicants to remove these fees from their funding requests. However, the fees were eligible and incurred in the appropriate month but, in practice due to real-world billing cycles, appeared on the next bill. The Commission should provide guidance that USAC may fund these fees.

Non-Recurring Charges Listed as Recurring: Applicants frequently are penalized when they mistakenly insert a non-recurring amount as a monthly charge into the recurring service field (Item 23A) on Form 471. In the case of basic maintenance requests, applicants have *no choice* but to enter their funding requests as a monthly dollar amount, even if the service is only billed on a one-time basis.[21] This limitation to the form has created a domino effect. In many cases, applicants will follow the same procedure and enter internal connection funding requests in the same manner by dividing the amount into monthly installments. That, in turn, causes USAC to deny payment for eligible internal connection services that are delivered after the recurring service implementation deadline of June 30, even though those services were, in fact, non-recurring in nature.

To eliminate this confusion, administrative delay and burdens, and the denial of eligible fees, FFL recommends that the Commission guide USAC to no longer distinguish between recurring and non-recurring fees and that funding requests be treated as one lump sum dollar amount. Alternatively, if the Commission maintains the distinction between recurring and non-recurring service, FFL recommends that applicants be afforded the opportunity to transfer requests between the recurring and non-recurring service designations when required to do so, without having their requests denied or reduced.

Finally, FFL proposes that any program changes should not take effect until Funding Year 2012. E-rate applicants are preparing for Funding Year 2011 requests now and such preparations will increase dramatically when school commences in several weeks. If the Commission changes elements of the program, it must allow time for USAC to update and amend any guidance and training materials, and for schools to be trained on new requirements and adjust their technology plans if necessary.

[21] Due to a programming limitation on the online Form 471 application, an applicant cannot enter the cost of an annual agreement for basic maintenance as a non-recurring charge, even when the agreement calls for a one-time payment. To overcome this limitation, an applicant must divide the cost of the annual agreement by twelve and then enter the maintenance request as a recurring monthly charge. It should be noted that the Commission's eligible service guidelines do not impose specific restrictions on the billing frequency of the service.

Respectfully submitted,

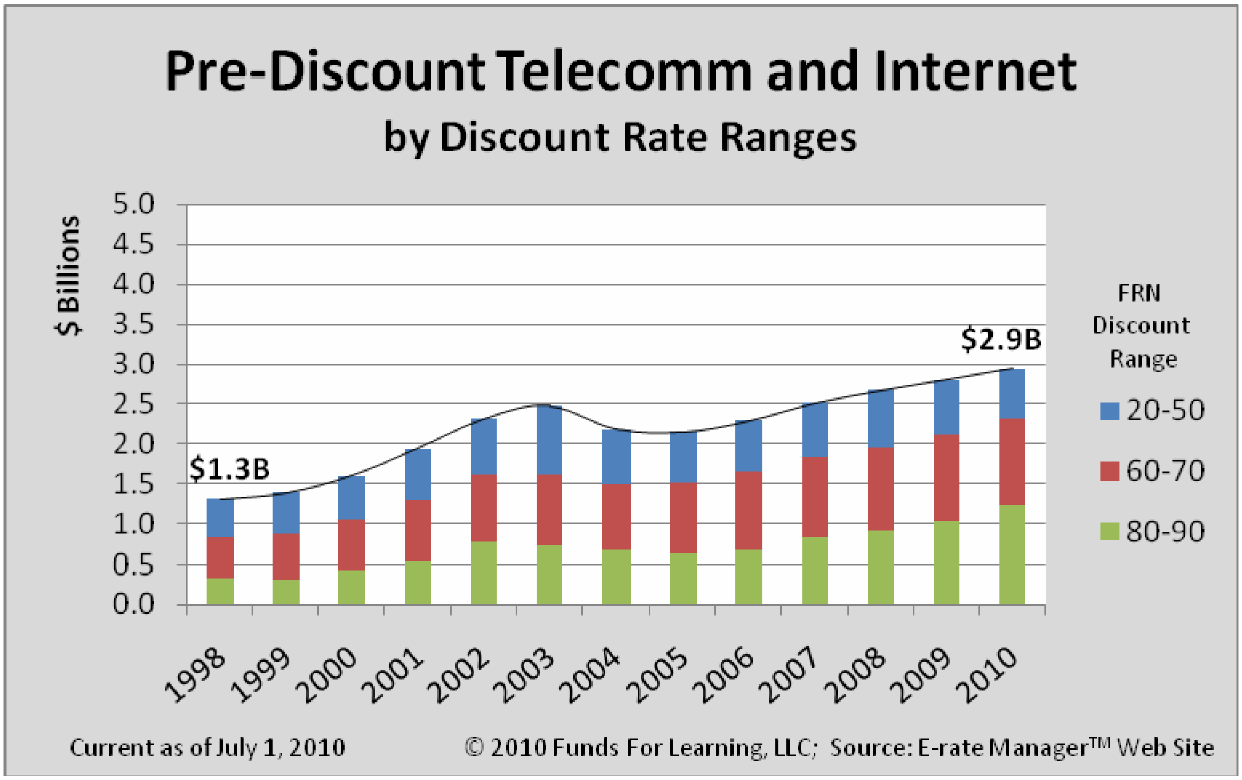
FUNDS FOR LEARNING, LLC

By: */s/ Edwin N. Lavergne*
/s/ Donna A. Balaguer
Edwin N. Lavergne
Donna A. Balaguer
Fish & Richardson P.C.
1425 K Street, N.W.
Suite 1100
Washington, D.C. 20005
(202) 783-5070

July 9, 2010

Its Attorneys

EXHIBIT A


Pre-Discount Telecomm and Internet
by Discount Rate Ranges
$ Billions
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
$1.3B
$2.9B
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
FRN Discount Range
20-50
60-70
80-90
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

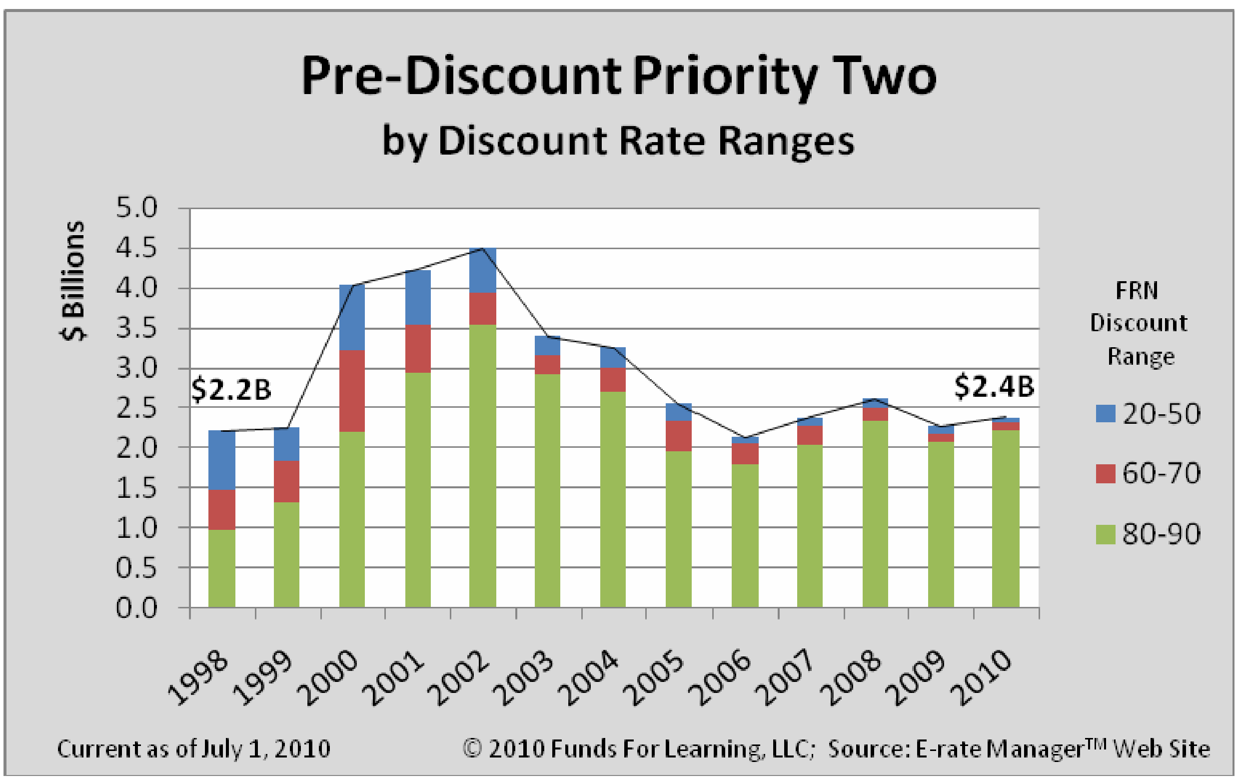
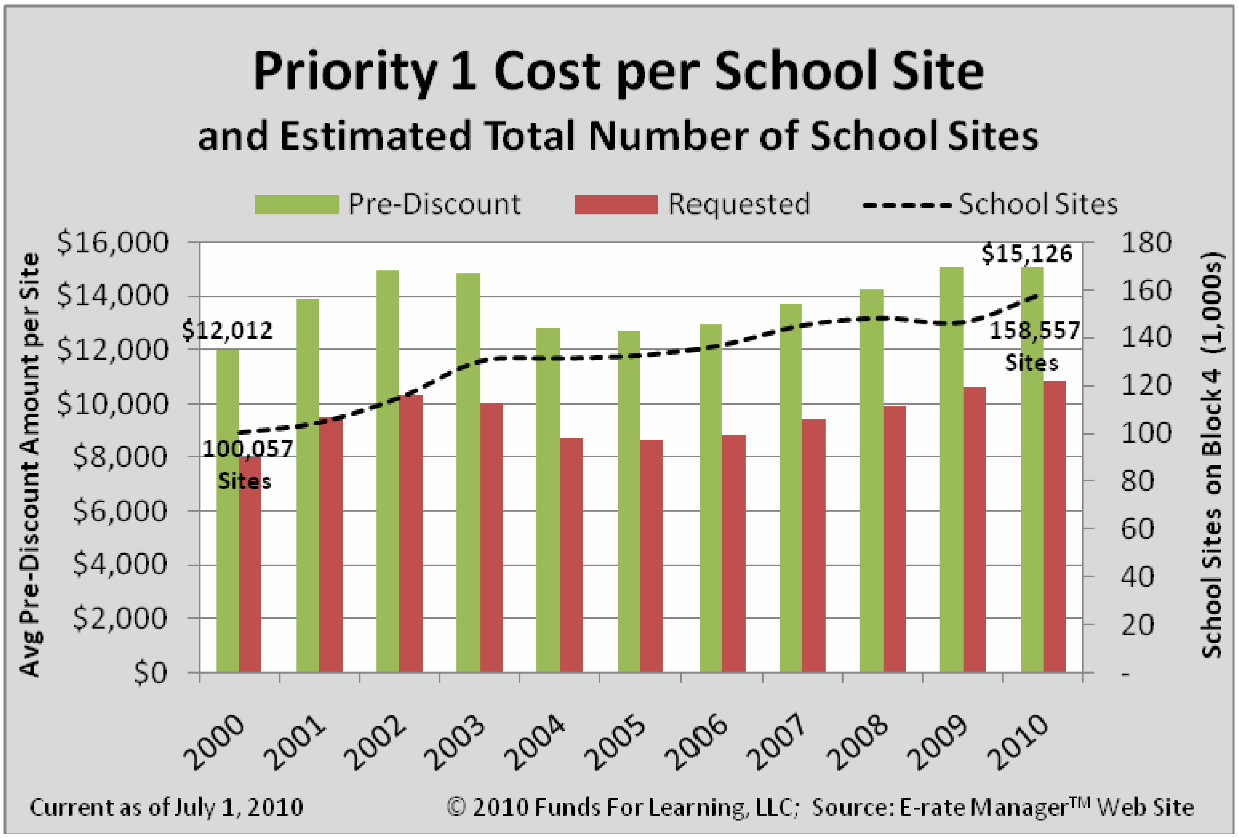
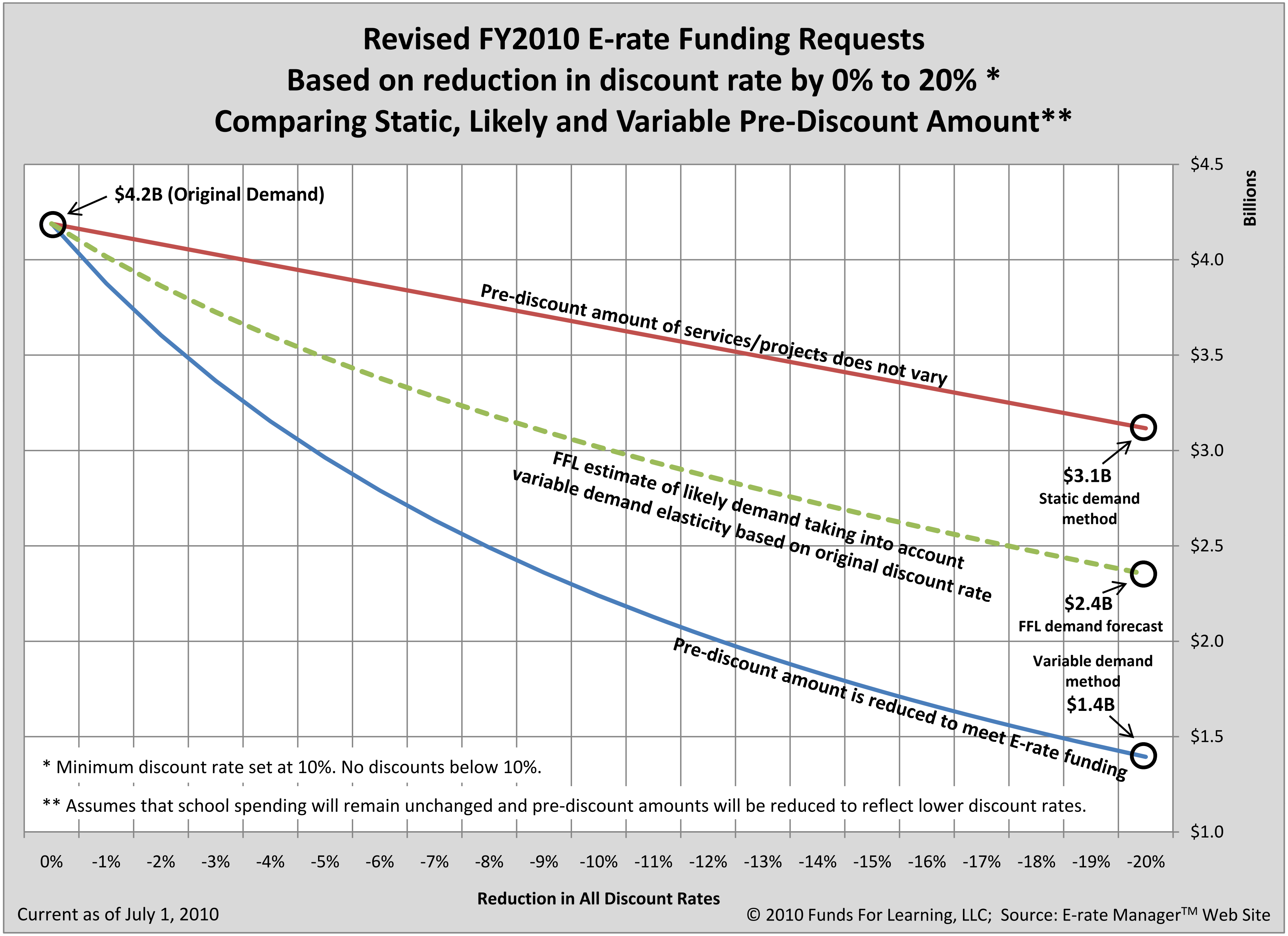

Pre-Discount Priority Two
by Discount Rate Ranges
$ Billions
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
$2.2B
$2.4B
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
FRN Discount Range
20-50
60-70
80-90
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

EXHIBIT B



Priority 1 Cost per School Site
and Estimated Total Number of School Sites
Pre-Discount
Requested
School Sites
$12,012
$15,126
100,057 Sites
158,557 Sites
Avg Pre-Discount Amount per Site
School Sites on Block 4 (1,000s)
$16,000
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
180
160
140
120
100
80
60
40
20
-
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

EXHIBIT C



Revised FY2010 E-rate Funding Requests
Based on reduction in discount rate by 0% to 20% *
Comparing Static, Likely and Variable Pre-Discount Amount**
$4.2B (Original Demand)
Pre-discount amount of services/projects does not vary
FFL estimate of likely demand taking into account variable demand elasticity based on original discount rate
Pre-discount amount is reduced to meet E-rate funding
$3.1B
Static demand method
$2.4B
FFL demand forecast
Variable demand method
$1.4B
* Minimum discount rate set at 10%. No discounts below 10%.
** Assumes that school spending will remain unchanged and pre-discount amounts will be reduced to reflect lower discount rates.
$4.5
$4.0
$3.5
$3.0
$2.5
$2.0
$1.5
$1.0
Billions
0%
-1%
-2%
-3%
-4%
-5%
-6%
-7%
-8%
-9%
-10%
-11%
-12%
-13%
-14%
-15%
-16%
-17%
-18%
-19%
-20%
Reduction in All Discount Rates
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

EXHIBIT D

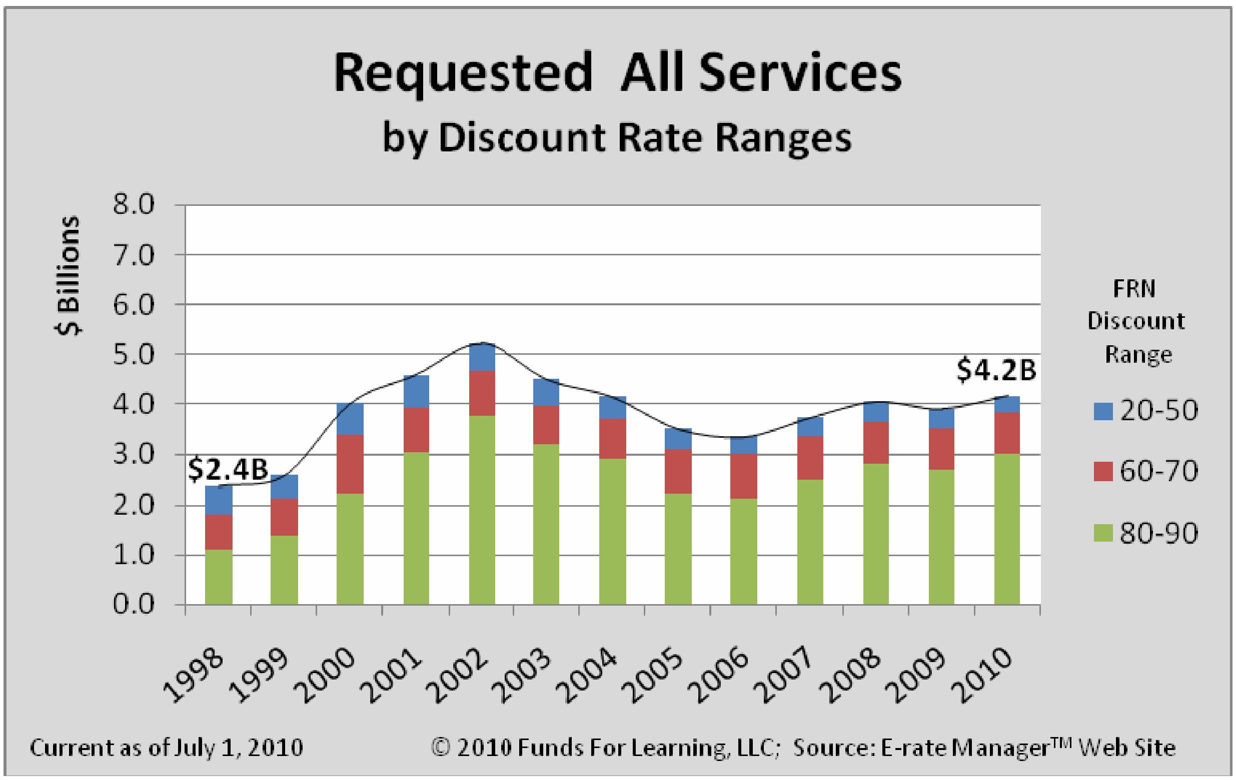
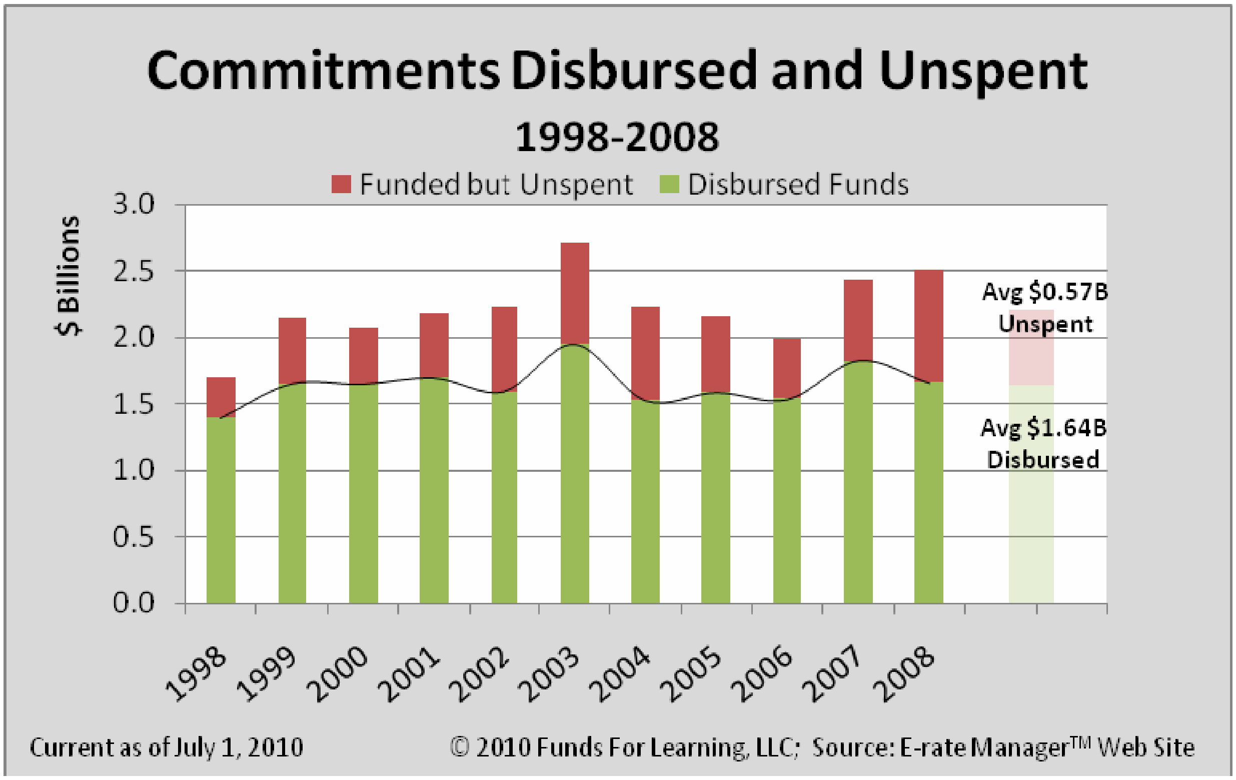

Requested All Services
by Discount Rate Ranges
$ Billions
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
$2.4B
$4.2B
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
FRN Discount Range
20-50
60-70
80-90
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

EXHIBIT E


Commitments Disbursed and Unspent
1998-2008
Funded but Unspent
Disbursed Funds
$ Billions
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Avg $0.57B Unspent
Avg $1.64B Disbursed
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

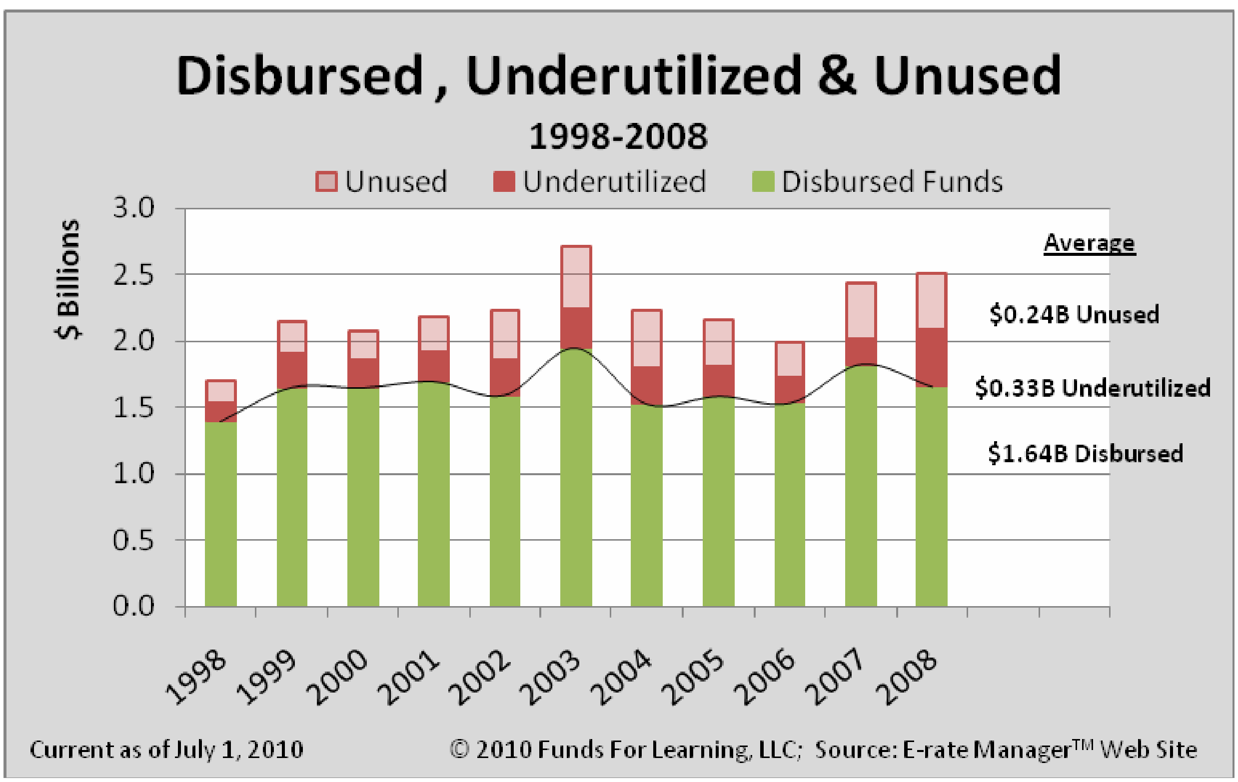
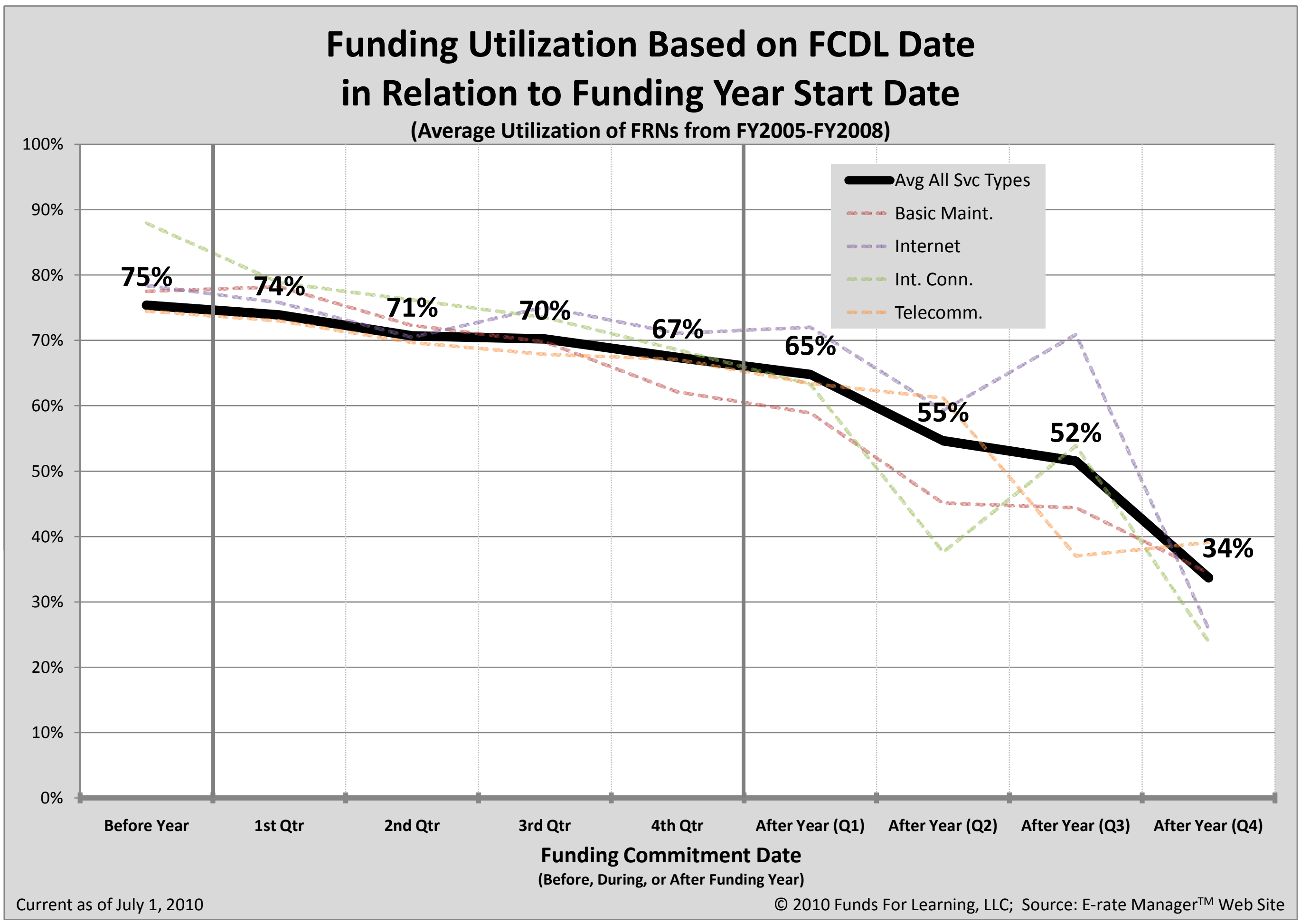

Disbursed , Underutilized & Unused
1998-2008
Unused
Underutilized
Disbursed Funds
$ Billions
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Average
$0.24B Unused
$0.33B Underutilized
$1.64B Disbursed
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site

EXHIBIT F


Funding Utilization Based on FCDL Date
in Relation to Funding Year Start Date
(Average Utilization of FRNs from FY2005-FY2008)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Avg All Svc Types
Basic Maint.
Internet
Int. Conn.
Telecomm.
75%
74%
71%
70%
67%
65%
55%
52%
34%
Before Year
1st Qtr
2nd Qtr
3rd Qtr
4th Qtr
After Year (Q1)
After Year (Q2)
After Year (Q3)
After Year (Q4)
Funding Commitment Date
(Before, During, or After Funding Year)
Current as of July 1, 2010
© 2010 Funds For Learning, LLC; Source: E-rate Manager™ Web Site