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# Clear Pricing: Helping Districts Use Tech Funds Wisely

*Clear EdTech pricing can help school district officials make the best use of the resources they have.*

By David DeSchryver and Celina Morgan-Standard

Less than a decade ago, the majority of U.S. schools could not provide students with adequate high-speed Internet connectivity, leaving 40 million students unable to take part in digital learning (EducationSuperHighway 2014). These schools disproportionately served students from low-income families—precisely the students who could benefit the most from customized digital learning experiences.

Two of the challenges for these schools were broadband affordability and information about options and costs. The Federal Communications Commission—which administers E-Rate, America’s largest program for connecting schools and libraries—decided to leverage price transparency as one way to expand high-speed Internet. The FCC issued an order in 2010 requiring telecommunications companies to publish clear, accurate, and truthful information about their products and services.

To help K–12 districts better understand the broadband landscape, the nonprofit EducationSuperHighway designed a tool around these telecom data that provided Internet speed and pricing information for America’s K–12 school districts, so every district could see what their peers were paying for high-speed Internet.

Simply having easy access to information about what peer districts were paying made a big difference in districts’ ability to expand broadband access.

According to EducationSuperHighway (2017), with the information the tool provided,

- Districts were better able to reduce their EdTech costs, drive down the costs for the market, and reduce the time wasted researching and haggling with vendors about price.

- The number of students able to access broadband increased from 4 million students in 2013 to nearly 40 million in 2017.
- School district adoption of broadband rose from about 30% of schools meeting bandwidth standards in 2013 to 97% in 2017.

The tool, *Connect K–12*, is now maintained by Connected Nation, another nonprofit focused on expanding access to high-speed internet and related technologies.

Of course, other factors contributed to the expansion of lower-cost bandwidth to schools, such as prior investments in fiber optics and other technologies to expand connectivity. However, price transparency was a factor that helped schools better use their funds and quickly extend broadband to more students.

## Benefits of Clear Pricing

Can clear pricing improve the K–12 EdTech market overall? The FCC experience with broadband pricing, combined with economic research, suggests the answer is *yes*. We know that opaque pricing tends to benefit the seller and imposes unnecessary costs on the buyer. Vendors need to secure a good price, of course, but school



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leaders also need to make the best use of their time and existing dollars—especially during a recession when budgets are tight.

Clear pricing also has significant implications regarding equity. Consider, for example, that school officials spend about \$10 billion on digital products for instruction and that the price of frequently purchased supplemental math and reading digital applications can vary by 20% across districts (Technology for Education Consortium 2017). That's a \$2 billion swing in price that could be recaptured and invested in programs for the students who need them the most.

Consider this: The Student Support and Academic Enrichment program (Title IV, Part A, of the Every Student Succeeds Act) provides about \$1.2 billion a year. Another billion or so for schools to use toward academic enrichment would make a difference.

At the very least, clear pricing could balance price negotiations, reduce school district personnel's time researching the right price, and—critically—allow school officials to better use existing funds.

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However, this success strategy relies on two key elements: (1) a requirement from a centralized agency, such as the U. S. Department of Education, that education technology vendors publish clear, accurate, and truthful information about their pricing and that these claims adhere to the principles of truthful advertising; and (2) a way to collect and share the cost information.

There are many reasons that the U.S. Department of Education would want to ensure better use of public dollars. After all, education technology plays an increasingly central role in education program implementation and it affects many, if not all, federal accounts. Policy makers could simply follow the FCC's lead and compel—as a condition of using federal funds—grantees to require education technology vendors to publish clear, accurate, and truthful information about their pricing and that those claims would adhere to the principles of truthful advertising.

Local school officials can promote the second point—the gathering and distribution of the information—by piggybacking on existing procurement rules and practices. There is no shortage of price data running through procurement requests. With only light-touch adjustments, this information can help move school officials beyond the days of opaque pricing.

For example, as a part of the regular information-gathering or bidding process, officials could require vendors to submit, as a separate document, a range of typical per-pupil purchase prices and implementation and maintenance costs. That information would be in addition to (and not inconsistent with) the price proposal required for the procurement.

The additional pricing submission could be mandatory or voluntary. When voluntary, the vendor would receive competitive preference points. The district would make it clear that the information would become part of an accessible price database designed to clarify “reasonable” price ranges.

What's more, school officials could use the information to breathe life into the long-standing but vaguely understood federal requirement that costs must be “reasonable.” (For more, review the Electronic Code of Federal Regulations at <https://ecfr.federalregister.gov>.)

## In the Years Ahead

Clear EdTech pricing isn't a stand-alone strategy that will improve education equity and opportunity—but it can help school officials make the most of the resources they have and reduce the time it takes to achieve key policy objectives. Those benefits are always important, but particularly valuable as budgets tighten and the urgency to address the growing learning and opportunity gaps increases.

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