
ESEA Reauthorization Update

In spite of significant time and energy being diverted by the Administration and Congress to security issues, bipartisan progress appears to be steadily moving toward completion of the ESEA reauthorization. Conferees have arrived at some agreement on several initiatives including:

- The Bush *Reading First* and *Early Reading First* which will be authorized at \$900 million and \$75 million, respectively in FY 2002 to help states and districts to create K-3 and pre-K reading and teacher training initiatives that are scientifically-based; this will replace and extend the current Reading Excellence Act funded at approximately \$300 million;
- Likely continuation of Title VI/Innovative Education Program Strategies with an authorized \$450 million for FY 2002; Title VI could, however, be consolidated into the Teacher Quality block grant which would include Title II/Eisenhower Professional Development and a host of other training-related programs;
- Continuation of 21st Century Community Learning Centers as a separate program which would, however, allow community-based organizations, including faith-based groups, to apply directly for grants; currently CBOs must be a subgrantee of districts which apply for such grants.

As of October 10, House and Senate conferees have not reached consensus on a number of very important issues which have implications for most TechMIS subscribers. Under Title I reauthorization unresolved issues include:

- agreement upon what criteria should be used for determining Adequate Yearly Progress (AYP), which is the basis for determining whether or not Title I schools are low-performers, and the time period after additional

resources are provided that sanctions can be brought to bear on these schools;

- the amount of funding that districts should earmark in low-performing schools to allow parents to seek tutoring and other assistance for their children in other settings, including private providers;
- whether states with approved assessment and accountability systems can use their state system in lieu of Federal Title I accountability requirements;
- whether the NAEP or some other nationally-recognized test will be used with a sample of third through eighth grade students to ensure that state-developed/selected assessments are not “dumbed down”; and
- whether to disaggregate by ethnicity and other groups or to limit the subgroups to a lesser number as proposed by the CRS (see Washington Update July 2001).

Knowledgeable observers tend to believe that:

- while the process for determining Adequate Yearly Progress will be specified, each state will determine the specific criterion levels for targeting low-performing schools; and
- states will have the option of using the NAEP for benchmark testing, however the math NAEP test will be significantly changed thus postponing the effective date of implementation for the overall Bush testing plan.

There are several major issues to be resolved regarding the proposed Consolidated Core Technology grant program. One key issue is whether or not districts will be provided flexibility to transfer technology funds to other uses, which is directly related to the issue of how much of a state’s portion will be provided to districts on a formula or competitive basis. To the extent that districts are required to submit grants similar to the current TLCF process, they are less likely to be able to transfer funds to non-technology purposes once they obtain them. By increasing the amount of funds allocated to districts on a competitive basis, the probability of technology having an impact on student performance

is higher and the cost of marketing/sales will likely be less than if all funds are provided on a formula basis, especially in states with a large number of small independent school districts, (e.g. Texas). Another important issue is whether or not a “maintenance of effort” clause will be included (as discussed in the June 2001 Washington Update) to prevent states from “reappropriating” the amount of increased Federal funding for technology and reducing the amount of state-earmarked funds for technology; this is already happening in Louisiana, Iowa, Ohio, Alabama, and Florida.

Several other provisions could have implications for TechMIS subscribers. One Senate provision would cap Title I funds to be used for administrative purposes at four percent. In states like Texas, the administrative set-aside at the district level is usually between eight and 12 percent because it includes instructional support activities. In other states instructional support is classified as an instructional expense. Large districts in Texas, for example, use a significant portion of their “administrative set-aside” as part of their reserve funds which they use to purchase technology and other products and services for use in poor performing schools. Such a cap would have the effect in Texas of further expanding site-based decision-making and increase the cost of sales for many companies.

Another Senate provision would disallow the use of any Federal funds for district staff to attend national conferences unless the attendees’ primary purpose of going to the conference would be to earn professional development CEUs. Unless associations, such as NAFEPA, CEC, among others, can provide such credits for professional development, attendance at national conferences is likely to drop dramatically, which could have direct implications for vendors as they select what national conferences vendors to target for exhibits, presentations, etc.

More Medicaid/Child Health Insurance Program Reimbursements Going to Districts Thereby Freeing Up More IDEA Funds To Purchase Instructional Technology and Related Services

A new report by the National Association of State Directors of Special Education claims “significant growth in state recovery of Medicaid funds over the past five years....” In 1994-1995 only eleven states were able to provide estimates of Medicaid revenue, but in 1999-2000, 28 states were able to report data. Of the 28 states that reported reimbursement to schools for related services provided to special education students, the total amount of reimbursement was slightly over \$1 billion. Not included here were large states such as California, Georgia, Indiana, Michigan, and Ohio. Knowledgeable experts estimate that the total amount of CHIP/Medicaid reimbursements for this year will likely be about \$1.6 billion for related services provided to children and an additional \$400-\$600 million for administration.

In a typical situation, school districts use Federal IDEA funds to purchase instructional products and related services. Approximately one-third of the annual appropriation -- which this year will be \$7.4 billion -- are spent on health and other related services. The cost of providing these related services can be reimbursed under the Medicaid and the CHIP program if a district has knowledgeable staff capable of keeping appropriate records and filing reimbursement claims or, if the district hires a group specializing in claims reimbursement who in turn receives a percentage fee of the reimbursement. As noted in The Washington Update (May 2001), during a recent annual CEC conference, the largest percentage of technology firms that exhibited were those which had data collection and reporting applications which could help districts in filing for CHIP and Medicaid reimbursements. Several vendors of special education instructional products have worked out arrangements with outside firms such as Maximus, which specializes in Medicaid/CHIP claims completion, in order to generate enough reimbursement to pay for, not only the Maximus fee, but also the instructional products of the partnering firm.

According to the NASDE report, the following states already have in place either a state-operated or contractor-operated group which facilitates claims and reimbursements: Alabama, Alaska, Arizona, Arkansas, Minnesota, Maine, New Jersey, New York, North Carolina, Ohio, Vermont, and Washington.

In addition to the existing multi-billion dollar, multi-year Federal/State matching Medicaid and CHIP program, Congress recently seriously considered an add-on program to CHIP which would allow schools to provide services for students with disabilities who are not classified as “low income,” thereby making their reimbursements for related services eligible for the first time. This would likely add another \$700 million to \$1 billion a year in potential reimbursements for school districts.

The NASDE report also includes brief state descriptions which will be detailed in a subsequent NASDE report of the types of processes and procedures used.

There appear to be a number of ways for instructional technology vendors to leverage opportunities directly related to these reimbursements. One is to make districts who are not requesting reimbursements for related services aware of the opportunity and to partner with a firm which specializes in completing such reimbursement claims in order to generate the necessary amount of funds for purchasing the vendor’s products. Another is to develop partnerships with firms that install “turnkey” data collection, reporting, and claim generation reports on a turnkey basis to districts. Other groups are attempting to develop Application Service Provider arrangements with districts to collect data, prepare reports, and complete forms on an outsourced basis. Our recent Survey of Technology Use in Special Education found that 36 percent of large districts outsource some of their effort related to CHIP reimbursements.

For a copy of the NASDE report, including summary information on states (which will be included in future TechMIS State Profile Updates when the full report is released), go

to www.nasde.org/forum.htm or contact Carla Burgman at NASDE 703/519-3800, extension 312.

New Survey Findings Should Help Firms Target What Types of After-School Programs, How to Position Products, and Who To Approach

A survey conducted this summer for the National Association of Elementary School Principals, provides extremely useful information such as: (a) what types of after-school programs should be Priority One targets; (b) what types of products will likely be in high demand and how to position them; and (c) who specifically should be contacted.

Overall, the survey of pre-K to eighth grade school principals found that 67 percent of elementary schools offer after-school programs (ASPs) for students and an additional 15 percent are actively planning such programs in the immediate future. About 96 percent of principals reported having activities related to homework and 62 percent has programs related to computers and technology instruction. Tutoring was a major component in three-quarters of the schools' after-school programs. Almost 60 percent of homework-related ASPs provided literacy and reading enrichment, with 53 percent providing math instruction. The types of ASPs that include literacy, reading enrichment, math, science, and computer and technology instruction are those in: (a) high-poverty schools which have had programs in operation for less than three years; or (b) larger programs serving more than 50 students and focus primarily on serving fifth through eighth grade students. These types of programs are most prevalent in the South and West. These types of ASPs also are more likely to have a strategy in place for linking after-school learning activities with students' school day classroom learning. These are also the types of ASPs that are more likely to have computers (over 72 percent) and provide Internet access (over 62 percent). These types of schools also are more likely to rely on Federal funding -- such as 21st Century Community Learning Centers which was initiated three years ago -- as a primary source of funding.

Principals have been instrumental in creating most of the ASPs and continue to be actively involved in their programs. Almost 40 percent of principals are responsible for creating and then administering the programs, while 25 percent of the programs are directed by an individual such as “director of extended learning or after-school” programs hired by the school or the district. Principals reported that availability of funds have been the driving factor, particularly for recently established programs and those in high-poverty schools (which is a priority under the 21st Century Community Learning Center grants competition). In 80 percent of the cases, principals reported that they directed the design and planning of their ASP. The percentage is even higher in recently-funded programs serving grades 5-8 with over 50 students participating. Almost all principals who administer ASPs have access to computers and 90 percent have access to Internet.

Approximately 60 percent of principals are planning to include more activities or instruction in the future. Programs which are likely to provide more activities and include more students are those that serve grades 5-8, have 25 or more students, or are located in high-poverty schools that only recently established their ASP. About two-thirds of principals who did not have an ASP believe it is “extremely” or “somewhat important” to have an ASP and about 25 percent have a plan or are actively developing an ASP, particularly high-poverty schools.

Because 90 percent of current ASPs include learning disabled and other students with disabilities, one type of activity which is likely to expand in current or planned ASPs is the use of instructional products which can be used by special education students. As the report stated, “Even though most of the programs have children with learning disabilities, it does not appear that there are many activities targeted to this population’s special needs.” Most programs also include limited-English-proficient as well as gifted-and-talented students. While most of the staff in ASPs are regular school teachers or other paid staff, between 10 and 20 percent are parents or volunteers which suggests

opportunities for staff training in the subject areas taught and in the use of computers. While the study did not address the specific types of basic skills instruction that were provided, the USED longitudinal study (as noted in the September 2001 Washington Update) found that basic skills instruction of a drill-and-practice nature at the fifth grade level actually widens the “achievement gap” in the area of reading. Rather, use of computers to provide simulations under a “constructivist approach” appears to be much more effective.

In summary, the types of ASPs to target are those which are relatively new, are located in high-poverty schools, are relatively large with 50 or more students, and are located in states which have accountability systems with both sanctions and incentives. A growing percentage of students attending ASPs are required to attend if they are not achieving minimum state criteria in math and reading. The person to contact, in most cases, is the principal or the district level director of after-school programs (if there is one). The greatest perceived needs for principals planning to establish ASPs are obtaining funding and assistance in writing proposals.

For a copy of the report (which is more than 100 pages), go to www.naesp.org/afterschool/survey. For a list of 21st Century grantees which have been awarded a total of more than \$500 million this year, go to www.ed.gov/21stccl/.

Growth in Community College Enrollments Could Provide Opportunities for Vendors of Certain Types of Products and Services

According to the American Association of Community Colleges (AACC), enrollments in community colleges will increase from 5.2 million now to 5.5 million by the end of the next college year. In addition to a significant increase in enrollments of individuals who have recently been released by the private sector to acquire new skills, growth can be

attributed to additional factors as previously noted in the July 2001 Washington Update, including:

- increased enrollment in GED prep courses administered by colleges in order for participants to take the current battery of GED exams before the (perceived to be more-difficult) new exams become effective after January 1, 2002;
- increased enrollment of individuals from Mexico who are not citizens, but can pay the reduced tuition rate for state residents (e.g., Texas); this is also likely to occur happen in California in the very near future;
- an almost doubling, from \$500 to \$1,000 a month, of benefits for veterans who attend college;
- increased tax advantages for both individuals and employers for college preparation and enrollment;
- allowances for welfare recipients to count as “work hours” enrollment in job-related education and training courses;
- increased standards for enrollment in four-year institutions which has required many individuals lacking basic skills to receive such training in two-year colleges;
- increased dual enrollments in both high school and college courses which have grown from 1 percent to 4 percent of high school students over the last several years.

A Senate Bill introduced this spring would double the amount of time welfare recipients could spend in vocational training allowing such time to count as “work hours”; S. 770 would increase the amount of time from 12 months to 24 months. In addition, a recent report by the National Governor’s Association, entitled “The Evolving Nature of Welfare Reform” (at www.nga.org/center), has reported that some states are allowing greater access to vocational training which is funded under the welfare reform TANF surplus. The Senate Bill will likely be included in the reauthorization of TANF next year.

Clearly, the demand for remedial courses is growing as the number of students taking GED prep courses increase, as welfare recipient enrollment increase, and as enrollments increase for non-U.S. citizens. Online and other certification programs have also experienced increased growth; and, as a result of the September 11 terrorist act, products related to security and protection training should also increase. A summary of the findings of the AACC is available at www.aacc.nche.edu.

New Brookings Institution Report Questions the Widening of the Reading Achievement Gap on NAEP Tests and Issues Caution About the Use of NAEP to Ensure State Assessments are not “Dumbed Down”

The Brookings Institution recently issued the second annual “Brown Center Report on American Education.” This reanalysis of NAEP test scores for different time frames found that the achievement gap between the nation’s best and worst readers reached its widest point in 1994, but between 1994 to 2000 scores of the “best” readers stayed unchanged while scores of the nation’s “worst” readers “improved a statistically significant amount.” This conclusion was based upon analysis of results on the “main” NAEP test which was initially administered in 1990 and three times since. On the “trend” NAEP test, which places a greater emphasis on basic reading skills, the report found “the nation’s top readers gained in proficiency in the 1980s while the scores of poor readers fell. The gap between the two groups reached its widest point (116 scale score points) in 1990 and then it reversed. Throughout the 1990s the gap steadily narrowed falling a total of 15 points from 1990 to 1999.”

The Brookings reanalysis of scores in mathematics on the two tests supports the official USED conclusion that both Federal and state test data indicate achievement in mathematics continues to improve. However, when it compared NAEP results to state assessment results, there are conflicting conclusions. For example, the 2000 “main” NAEP shows a decline in twelfth grade math skills; at the same time state tests reporting

improvement in the tenth grade scores. The “main” NAEP reports a much greater rate of improvement in math than the NAEP “trend” test.

As a policy implication, the report concludes “and as more state tests come on line, discrepancies between state tests and the NAEP assessment should be pinpointed and narrowly researched.” In addition, the report indicates a conflict between the “main” NAEP test which favors contemporary notions of how the two subjects should be changed (e.g., the NCTM standards) and the “trend” test which favors traditional content: “the main NAEP shows reading gap expanding, the trend NAEP shows it contracting.” In reading as in math, officials should explain the differences in the two NAEPs and how those two affect interpretation of achievement trends.

The findings from this report by the nonpartisan Brookings Institution is very timely as it: (a) questions the rationale announced by the Administration of its policy to refocus on reading to ensure “no child is left behind”; and (b) calls in to serious question whether the NAEP test (or which of the NAEP tests) should be used to confirm results on state-administered tests as would be required under the Senate version of the ESEA reauthorization (which also has the full support of the Administration). At a more fundamental level, the report questions the political independence of the National Center for Education Statistics which is currently housed in the U.S. Department of Education. As reported in the September 25 Washington Post by the report’s author, Tom Loveless, Director of the Brown Center, “the Federal government needs to at least have its own tests giving a coherent picture before we start using them to hold states accountable.” For a copy of the report go to www.brook.edu/browncenter.

E-Rate Update

As of the first week of October, the sixth wave of Funding Commitment Letters has been sent to applicants by the SLD; \$1.56 billion has been approved by the FCC for about 25,000 of the 36,000 applicants for Year Four. The next wave will be sent after October 28, the effective date of the Child Internet Protection Act, by which time applicants who are applying for Internet and internal connection budgets must certify on the new Form 486 that they are in compliance or will be in compliance. If an applicant only requests discounts for telecommunication “buckets,” then it is not necessary for that applicant to complete the CIPA certification.

The SLD website has several PowerPoint presentations which can provide guidance about conditions under which applicants do and do not have to provide CIPA certification on the new Form 486.

For Year Five, the planned opening of the “window” will be mid-November with the most likely closing in mid-January. There has been some discussion at the SLD and FCC about the last FCC proposed rule which would have made an applicant who receives approval of the request for internal connections in Year Four, not eligible in Year Five to apply for such discounts. The objective here would be to ensure that schools which are eligible for 80-90 percent discounts would have a chance of being funded. Currently, for Year Four, 90 percent eligibility is the floor with no applicants which qualify for 89 percent or less having been approved. Most likely this change will not occur for Year Five, but is highly likely to be seriously considered once again for Year Six.

The one change that is likely will be an expansion of eligible products and services. The upgraded eligibility list will likely be posted at the SLD website before the end of October. Several knowledgeable individuals believe that Application Service Providers

(ASP) services (or at least a portion of them, excluding content) could become an eligible product or service for the first time.

One new opportunity for vendors of non-eligible products -- such as instructional software and hardware for student use, as well as staff development -- are Year Two, out-of-the-window applications which will have been approved; as well as and Year Two and Year Three meritorious appeal approvals which will be posted shortly on the SLD website under Year Two and Year Three! Many of these applicants proceeded with actual acquisition or initiation of services without SLD approval; hence, they paid a pre-discount rate and will likely be requesting checks under the BEAR process from service providers rather than credits. The total amount for meritorious appeals and Year Two out-of-the-window applicants is likely to be \$200-\$400 million .

Similar to the House, the Senate Has Introduced Its Version of the Internet Equity Act

On September 21, Senator Mike Enzi (R,WI) introduced S. 1445, the Internet Equity and Education Act of 2001, which cleared the House on October 9. The two versions are very similar in that each would allow students enrolled in college to take 50 percent or more of their courses online and, for the first time, would allow students to receive Federal college grants and loans if the institution has less than a 10 percent default rate. The Senate version, in addition to easing the "50 percent rule," would allow greater flexibility than would the House version which requires students to take 12 hours of instruction weekly. Perhaps the greatest difference between the two is that the Senate version would reauthorize continuation grants for the Learning Anytime Anywhere Partnership program, which was not included in the initial or subsequent Bush administration budgets.

If the Senate passes its version quickly and by a wide margin, there is the possibility that the amendments to the “50 percent rule” and the “12-hour rule” could be attached to the FY 2002 appropriations bill, particularly if the House supports adding the Learning Anywhere Anytime Partnership back into the FY 2002 budget. Otherwise, the partnership is “dead” for this session.

New Distance Learning Teacher Training Program for Teaching Literacy Skills and Practices for Pre-K and Kindergarten Students Could Create Opportunities for Vendors of Instructional Programs

The National Head Start Association (NHTA), the Council for Professional Recognition, and RISE Learning Solutions are providing teacher training using a new curriculum which focuses on innovative practices and is delivered, in part, online. The *Heads Up Reading* initiative is a 44-hour college level course consisting of video-based instruction, action plans, and guides for onsite facilitators who are experienced in early childhood education. The intended audience, according to Education Technology News (September 26, 2001), is teaching and other staff in kindergarten, pre-K, Head Start childcare centers, and family childcare homes. States that participated in the recent evaluation -- which found gains among participating teachers compared with a control group -- include California, Nebraska, Ohio, and Pennsylvania, with Illinois and Missouri scaling up this Fall.

Heads Up Reading may become a model teacher training program at this level. The large evaluation was conducted by University of Michigan Professor Susan Neuman, who was recently appointed as Assistant Secretary for Elementary and Secondary Education at USED. For more information about the teacher training program go to www.nhsa.org or call 703/739-0875.