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MEMORANDUM

o December 11, 2001
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TechMIS Subscribers

FROM: Charles Blaschke

SUBJECT: Washington Update and State Updates on Revenue Shortfalls/Budget Cuts

This TechMIS mailing includes several Washington Update items and the results of several surveys conducted in late November on state revenue shortfalls/budget cuts which could affect K-12 education programs. At this writing, several events are pending. First, the ESEA reauthorization is still in conference committee with major issues yet to be resolved, such as whether IDEA funds should be mandatory and should be increased over time to 40 percent of the total cost of special education at a cost of \$60-\$70 billion annually. Second, the FY 2002 budget is also on hold until a clearer picture of what ESEA will look like emerges. However, the likelihood of \$6-\$7 billion increase still looks good. Third, the so-called Microsoft settlement which allegedly gives approximately \$1 billion of Microsoft products and resources to high-poverty schools is being opposed by many education groups forcing Microsoft to make some changes on December 10 to its revised settlement. Judge Motz has indicated that he would make a decision on the settlement by mid- to late December which could have significant implications for virtually all TechMIS subscribers.

The enclosed Washington Update includes:

- A lengthy summary of ESEA reauthorization provisions that have been agreed upon by Senate and House leadership but have yet to be voted on, which focus on bilingual education, technology, and teacher quality;
- Recent release of the NAEP 2000 Science Assessment findings which strongly suggest that the intensity and type of computer use by students is directly associated with higher scores on the NAEP;
- Following the lead of AASA, NSBA and the Black State Legislators announcement of their opposition to the ESEA reauthorization provisions related to accountability and testing;
- A new report by the Democratic leadership which projects a combined \$25 billion education deficit this year and which is designed to pressure Republicans to increase Federal funds; however, without a careful reading the report could cause investor support for education technology firms to decline further;
- A recently released Benton Foundation report which includes new models and policies to maximize the impact of Federal funding for education technology, as well as specific recommendations regarding changes in the E-Rate;
- The new AFT report “Making Standards Matter 2001” which acknowledges some success among states in implementing state standards and assessments, but identifies serious flaws and needs that have yet to be addressed by states.

The state profile updates are based upon a series of surveys including one conducted by Democratic leadership staff toward the end of November which assesses the probable impact on K-12 budgets due to revenue shortfalls and interviews with SEA officials who can objectively assess the potential impact on state program funds. Also included is information on state accountability and assessment systems that have been approved for Title I purposes and related items.

Please feel free to call me for updates on ESEA reauthorization and proposed FY 2002 budgets. As soon as final action is taken, we will be sending out alerts on these two items along with the Microsoft settlement decision and its possible impact.