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**MEMORANDUM**

**DATE:** February 4, 2004  
**TO:** TechMIS Subscribers  
**FROM:** Charles Blaschke  
**SUBJ:** Funding/Budget Alert

Enclosed is a Special Report on the FY 2004 budget that was passed late in January and our brief analysis of the President's proposed education budget for FY 2005. Because USED only reported the actual line item funding levels for FY 2004, without accompanying language (which is still not public and only exists in the form of Senate and House managers individual reports and notes), some important information on allowable and non-allowable uses of funds might be missing. Updates will be provided when this becomes available. Information was provided on how much of each line item was "advanced funded" and will not be available until after October 1, which certainly will affect purchasing cycles. As of now, we know there will definitely be two purchasing cycles for Title I, one this summer through the end of August, and one beginning in November through January/February. Generally speaking, some districts which received large increases of at least \$500,000 last year (see August 2003 Special Report) will likely receive the lion's share of the \$700+ million increase for this coming year; however, due to the use of the new November 2003 census counts, some of these districts will receive lower amounts. Tentative state allocations will be available in four weeks. The major difference between this year and last is that large urban districts carried over almost \$2 billion of Title I funds from FY 2002 to this school year which means that the earlier purchasing cycle (i.e., June-August 2004) will likely be greater than last year.

Also included is a brief report identifying E-Rate funding commitments that were recently announced. Most of the 2000 and 2001 commitments most likely were for appeals which were only recently ruled "meritorious." If these districts use the BEAR process (Form 472) once they received their "funding commitment letter" and chose to receive checks instead of credits for the discounted amount, these funds can be used by the districts to purchase non-eligible E-Rate products. Potential customers interested in purchasing one or more of your products who are looking for funds for such purchases should be advised to contact the E-Rate coordinator in the districts in the enclosed attachment.

Call if you have any questions.