

Funding Alert Update: Under White House Pressure Congress Passes 2005 Appropriations Act With Overall Lowest Increase of Less than 3 Percent Over FY 2004

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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Amidst confusion and remaining uncertainty, USED posted the estimated FY 2005 education appropriations passed by Congress on November 20, indicating a 2.79* percent overall increase which is lower than the President's proposed budget submitted last Spring and the House and Senate "marks" passed earlier this Fall. There is a consensus that the White House pressure exerted on Congress to reduce significantly the proposed increases can be attributed directly to the election and "political capital" the President is paying back to the Conservative Right. As has been the case over the last three years, the only "winners" appear to be Title I and IDEA/Special Education programs, which received \$500 million and \$600 million increases respectively; these were, however, only half of the increases proposed by the President nine months ago.

Within Title I, approximately \$7.038 billion (the same level as this year) will be allocated under the Basic grant which all Title I eligible districts receive. All of the increases occurred in the Targeted Grants and Finance Incentive Grants components. However, all of these increases -- amounting to \$500 million plus the level-funded Concentration grant of \$1.365 million -- is "advanced funded" and will not be available to districts until October 1, 2005. Only about \$6 billion of Basic grant funds will begin to be allocated to states and, in turn, to districts after July 1, 2005. The bottom line is that the largest purchasing cycle using FY 2005 funds will be November 2005 through February 2006. As in the past, the districts which are likely to be receiving increases are many -- but not all urban -- districts with reported increases in the number of families below the poverty line as reported on the next annual census conducted by the U. S. Census Bureau.

*All funds are subject to a possible .08% across the board cut.

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Unlike last year, the Conference Report stated that the four percent school improvement set aside of approximately \$500 million in FY 2005 should be used to support the use of Comprehensive School Reform (CSR) models which have demonstrated success and should be used in schools which have been identified for improvement for three or more years. It urged states, “to express a clear competitive preference for CSR programs that have been shown, through scientifically-based research, to be effective.” Interestingly, one of these models, *Success for All*, also will receive earmarked “pork barrel” funding in the new budget. The actual appropriation for Comprehensive School Reform Demonstrations was reduced from \$234 million this year to \$207 million for next year. Reading First will receive a \$26 million increase while Early Reading First will receive a \$10 million increase.

As noted in the October TechMIS Funding Alert, both the Senate and House reduced to zero and to \$20 million, the \$300 million Title V block grant. The conferees agreed to restore \$200 million of those funds for Title V which is increasingly a beneficiary of transfers of funds from other programs because of the almost total flexibility districts have in using Title V funds. The new Striving Readers Competitive Grant program is funded at \$25 million, significantly lower than the President’s request of \$100 million. The Conference Report urges the Secretary to fund the development and evaluation of reading interventions for both middle and high school students and that priority be given to those grantees who agree to participate in randomized research studies.

One of the biggest losers is the Title II D Enhancing Education Through Technology state grant program which will be reduced from almost \$700 million this year to \$500 million next year. While \$5 million were provided for the Community Technology Centers (previously funded at slightly over \$10 million), \$21 million was appropriated to continue the Star Schools program. The only good news for technology advocates is the Conference Report language which addresses the issue of “unfair government competition” with private sector developers and publishers by instructing USED that no additional funds are to be devoted to the development of the web-based e Language Learning System (eLLS) which has been under development for a year. Moreover, it states, “Therefore, the conferees direct the department not to fund any grant that will compete directly with the private sector....”

IDEA Part B State Grant Programs will increase to \$10.675 billion, or an increase of slightly over \$600 million. However, under the newly-reauthorized IDEA prereferral intervention provisions, up to 15 percent of IDEA funds at the district level can be used for early interventions for students, primarily K through 3, before being placed in special education. And, while these students are receiving these prereferral interventions (and therefore not placed in special education by December), the overall December 1st count reported by the district will be less for this coming year than last year; therefore, fewer state funds which are allocated on the basis of counts will flow to districts. In

addition, district officials can treat a small percent of the IDEA increase as a “block grant” and can reduce local funds for special education programs by up to 50 percent of the IDEA increase. The bottom line is that local special education programs will likely suffer de facto losses that are greater than the \$600 million “increase” in the 2005 budget.

Even though the overall education appropriation received its smallest percentage increase in several years, the number of pork barrel earmarks in the Appropriations Act for 2005 is significantly larger than in the past. The Education Leaders Council will receive over \$10 million of earmarked funding to support and expand the “Following The Leader’s Project.” Additional funds appear to be earmarked for districts which plan to implement the Following The Leader instructional and accountability tools and materials. I Can Learn Education Systems also has earmarks totaling over \$5 million, most of which will go to the Orleans Parish Public Schools to be used to expand I Can Learn to more than 30 additional schools. And, as part of its \$40 million, five-year initiative, \$7 million will be provided to the American Board for the Certification of Teacher Excellence to provide online staff development for individuals participating in alternative route certification programs and online assessment to certify these to-be teachers. Associations such as the Software and Information Industry Association, have criticized these earmarks as representing unfair government competition or Federally-subsidized entities which make for an unlevel playing field in a competitive market place.

**U.S. DEPARTMENT OF EDUCATION
FUNDS AVAILABLE TO
PURCHASE TECHNOLOGY-BASED
PRODUCTS AND SERVICES**

(millions of dollars)

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Title I (Total)	13,796	14,446	14,964
Basic	7,173	7,038	7,038
Concentration	1,365	1,365	1,365
Targeted Grants	1,670	1,970	2,220
Finance Incentive Grants	1,542	1,970	2,220
Migrant	392	394	394
Even Start	248	248	226
Reading First/Early Reading First	1,068	1,118	1,155
Striving Readers	--	--	25
Comprehensive School Reform Grants	223	234	207
Innovation and Improvement*	1,098	1,103	1,101
Improving Teacher Quality(Title II A)	2,931	2,930	2,940
Bilingual/English Acquisition	686	681	681
Math Science Partnerships	101	149	180
Technology State Grants(Title II D)	696	692	500
Community Technology Centers	32	9	5
Star Schools	28	20	21
Teacher Training in Technology(under HEA)	63	--	--
Special Education (EHA/IDEA)	10,034	11,161	11,768
Adult Education	587	590	590
Vocational/Technical	1,333	1,328	1,337
Safe & Drug-Free Schools and Communities State Grants	469	441	441
21st Century Community Learning Centers	994	999	999
College Mentoring (GEAR-UP)	293	298	309
HEA TRIO Program	827	833	843

* Consolidated earlier Innovation programs, as well as Charter Schools, Magnet Schools, & teacher recruitment among others

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