

FY 2001 Education Funding Will Increase 18% With Larger Increases For Several Technology-Using Programs

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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The FY 2001 budget for education will increase 18% over last year's budget with larger increases for Special Education/IDEA, 21st Century Community Learning Centers, and Community Technology Centers, all of whose funds can be and are used to purchase technology products and services. Signed by the President on December 21, the Bill calls for a \$6.5 billion increase which is the largest increase ever; it is \$2 billion above the original Administration request last February; but is slightly lower than the first negotiated agreement which was killed the Friday before the election by a conservative group headed by Majority Whip Tom DeLay of Texas. The levels highlighted below and in Exhibit 1 for major programs should be read with caution because the Conference Report language and manager's reports could include some changes which could constrain the use of these funds for technology purchases; also supplemental funds may be requested next year for Title I to ensure "hold harmless" provisions can be met.

The big winner is IDEA/Special Education which would increase 23% to \$7.4 billion plus the possibility of an additional \$300 million under School Renovation. This will result in Federal special education funding increasing over the last five years from less than \$500 to \$1,100-\$1,200 per pupil. Under this appropriation level, purchases of technology in special education programs during the next 12-18 months will go well beyond \$1 billion, as IDEA funds -- which

now represent around 12% of total special education costs -- pay for over 50% of technology and supplemental materials which are purchased for use in special education.

Another big winner will be 21st Century Community Learning Centers which increases from \$454 million last year to \$846 million for this year. Because this program is not “forward funded”, about 380 grants that had been rated highly but not funded during the last round were funded in early January (see Washington Update). Announcement of a new round of grants competition occurred in January with proposals likely due March 30. The vast majority of afterschool programs funded under this program provide academic instruction and enrichment which are correlated to state content standards. Technology-based, project-oriented software and related materials are used extensively in this program.

The relatively new Federal Community Technology Centers initiative will increase from \$33 million to \$65 million. Virtually all of these centers, according to a September 2000 USED study, provide remedial or advanced instruction in reading, math, and science with over three-quarters providing computer and technology literacy courses and activities for both parents and students. Most of the CTC and 21st Century Community Learning Center grantees are located in Empowerment Zones or Enterprise Communities; which are listed on the USED web-site www.ed.gov/21stcclc.

Title I state grants will increase \$660 million from \$7.9 billion total last year to almost \$8.6 billion. Because of the “hold harmless provision” (i.e., no district will likely receive less Title I funding than it received last year), most of the districts receiving increases will not receive as much as they should receive if the “hold harmless provision” had been lifted. Moreover, the number of districts receiving most of the overall increase will likely be limited to less than 100, with most being those that received 80-90% of the \$400 million increase last year. Conversely, a large number of districts experiencing a reduced number of children from low income families (and hence numbers of students eligible for Title I services) will receive similar total amounts which will result in an increase in the Title I per-pupil allocation.

The School Renovation and Repair initiative will be funded at approximately \$900 million plus \$300 million for technology and/or special education (noted earlier), which is more than twice the annual allocation to states currently under the Qualified Academy Zone Bonding Authority (QZAB). Two years ago, regulations were modified to allow these QZAB funds (which districts have to apply for at the state level in the form of 10-15 year interest free loans) to be used for “curriculum upgrades” which could include purchases of computers, hardware, and software. Some districts have used several million dollars of QZAB funds for purchasing laptop computers. (See Special Report in November 2000 TechMIS)

The Bill’s accompanying Conference Report calls for competitive grants to be used to allocate the \$300 million for special education and technology projects. Priority will be given to school districts with 30% or greater poverty enrollment or those with at least 10,000 students from low-income families. Allowable uses of such funds for special education include implementation of provisions in IDEA, particularly those related to ensuring special education students achieve high performance levels as reflected in state content standards. They could use such funds to increase the probability that special education students graduate with regular high school diplomas and thereby are able to pass state exit exams. Technology grantees could use funds for wiring, connectivity and acquisition of hardware and software.

The Title III/Technology Literacy Challenge Fund would increase from \$425 million to \$450 million while the Technology Innovation Challenge Grant program will be cut slightly to \$136 million. However, of this amount, one-third or \$46 million is earmarked per projects representing one of the largest “pork barrels” in the education budget. While most of these projects have been promoted by vendors and their products and services may be included in the budget, some may be “relatively open”. Some of the largest include the following:

- \$9 million for *I Can Learn*, which is slightly lower than the amount earmarked in the past; former Congressman Robert Livingston from Louisiana, is involved in the *I Can Learn* organization;
- \$1.2 million to the Washington SEA which heads up the LINKS consortium of five states which provides electronic student learning and teacher training;
- \$2 million for South Carolina ETV for a project to use technology to improve students’ reading and writing;

- \$850,000 to the New Mexico State Department of Education for online advanced placement course demonstrations and an additional \$100,000 for the state's new virtual school;
- Other online advanced placement course demonstration grants including Washington State SEA for \$850,000 and the IOWA SEA for \$1.8 million; and
- \$1.8 million for Beaufort County schools in South Carolina to continue its laptops project.

The details of these projects are included in the Senate Appropriations Bill S 2553 Conference Report.

Other programs and services also receive (in some cases) substantial increases including:

- Preparing Tomorrow's Teachers for Technology (PT³) which increased from \$75 million to \$125 million, mostly for universities who involve participating school districts;
- GEAR UP College Mentoring, increasing from \$200 million to \$295 million, which supports primarily middle school efforts to motivate and prepare low-income students for college;
- Small, Safe and Successful High Schools which will increase from \$45 million to \$125 million and which requires grantees to monitor individual student progress in reorganized, smaller academies, "schools within schools", etc;
- Class Size Reduction, which increases from \$1.3 billion to more than \$1.6 billion; however, if 10% or more of existing teachers in a district are not accredited, then up to 100% can be used for staff development; and
- Adult basic education will increase from \$470 million to \$561 million which in some states will be matched on a 1:1 basis.

Congress was able to meet the levels negotiated with the White House because most of the increases are through more extensive use of "advanced funding". Under "advanced funding", funds are included in one year's budget on paper but in reality a large percentage of these funds are not available to districts until the following Fiscal Year budget is passed. For FY 2000 (this

school year) Title I and IDEA special education, districts received only 60% of the funds in July with the remainder not being released until mid-November. On one hand, this has forced some school districts to obtain loans to cover salaries, etc. and postpone summer school. However, several firms have very successfully taken advantage of this change in purchasing cycle and have approached districts and schools in a timely fashion in September-October; sales in December have been 3-5 times that of last year. For FY 2001, of the \$8.6 million budgeted for Title I, only 25% will be allocated next July with the remainder being allocated after October 1, 2001. For special education, 30% of IDEA total funding will be allocated in July with the remainder not available until October 1, 2001. As predicted for this year in previous TechMIS reports, a major purchasing cycle for Title I and Special Education next year will be October 2001-February 2002.

Even though funding levels are signed by the President and go into effect immediately, as has happened in the mid-nineties when Speaker Gingrich took over, it is conceivable that the conservative element in Congress, headed by Majority Whip DeLay, may attempt to do a rescission in late January or February, especially if the bipartisan "olive branches" extended in the Vice President's recent concession speech and President-Elect Bush's acceptance speech dissipate. This would have the effect of a mid-course budget cut. If that indeed occurs, then purchasing of products using Federal funds will likely cease shortly thereafter. Now is the time to close sales deals.

Call Charles Blaschke if you have any questions.