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## **Final Bush Proposed FY 2002 Budget Finally Submitted With “Devil in the Details”**

Following the February budget blueprint, the expanded Bush proposed education budget for FY 2002, on the surface, calls for some increases in Federal education funding. However, many negative consequences are in the details.

While the Administration claims an 11% increase in Federal education funding, the real increase in discretionary appropriations is less than 6% and, when one takes into account budgetary gimmicks such as “advanced funding,” the actual increase is between 1% and 2% as reported in the March TechMIS.

The two big winners are the Reading First Initiative, which would be funded at \$900 million and would include the current Reading Excellence Act now funded at \$280 million, for a net increase of slightly over \$600 million. (See April, Washington Update) State grants for IDEA would also increase by \$1 billion for a total of approximately \$8.4 billion. The charter school facility financing demonstration grant would increase from \$25 million to \$175 million under a new charter school “homestead fund” which provides grants to leverage funds to construct, lease, purchase, or renovate academic facilities for use by charter schools. The block grant consolidation of several programs under the “Teacher Quality” initiative, would increase about \$375 million over the current separate programs (including Class Size Reduction at \$1.6 billion) focusing on improving teacher quality. Given these increases, plus proposed greater flexibility in the use of such funds (particularly for CSR), a significant increase in teacher training and professional development can be expected, if the proposal is passed in its current form.

For other proposed budget levels, the “devil is in the details.” For example, the proposed budget calls for a \$460 million increase in Title I funding, which would be provided to high-poverty districts as “targeted grants” rather than increases in basic or concentration grants. Although the Clinton Administration requested increases in “targeted grants” over the last six years, Congress would never allow such Title I increases to be distributed under a “target grant” formula. Moreover, \$275 million of the nominal increase would be set aside for states to turn-around low-performing schools, which means that the real increase for districts would be \$184 million. The increase for Title I grants to districts between FY 2000 and FY 2001 was approximately \$700 million.

The rapid increase in funding for 21<sup>st</sup> Century Community Learning Centers under the Clinton Administration would be halted and the amount provided to districts would actually be reduced, because, under the proposed block grant, states would reserve a portion of a state set-aside to administer the grants competition. Community-based and faith-based organizations would be allowed to compete directly for such grants. The “education technology” block grant program of nine separate education technology programs would be reduced from its current \$872 million to \$817 million. Virtually all of the proposed cuts would be in “pork barrel” projects most of which were funded under the Technology Innovation Challenge Grant program. Numerous technology vendors have hired lobbyists to obtain such earmarks for one-year projects referred to as “technology expansion” in the legislation, with some of these earmarks as large as \$9 million. Funds would be targeted under the new state grant competitions to rural and high-poverty schools. States would be required to evaluate the impact of technology on student academic achievement, which, according to White House staff, is limited to math and reading skills (see April Washington Update). The National Writing Project would be zero- funded.

While the proposed budget calls for a doubling of funding for assistive technology and tele-work projects, most of the so-called “increase” are funds taken from Office of

Special Education budget items (such as Technology and Media and the Small Business Innovation Research program) by transferring these funds to the recently-announced New Freedoms Initiative which will be housed in the National Institute for Disability Research and Rehabilitation.

Under the proposed Bush budget, \$320 million would be allocated to states to develop state assessments aligned with “high stakes” content standards and an additional \$70 million would be allocated to states to cover the cost of the administration of NAEP to confirm the student scores on state assessments. The overall increase of \$400 million for assessment is much less than the estimated cost that will be incurred by districts to implement the proposed annual grade 3-8 assessments and the mandated annual NAEP in math and reading, all of which will cost between \$1 billion and \$7 billion.

Under the proposed Bush budget, several technology-related programs would be zero-funded, dismantled, or otherwise folded into other programs, some of which are administered by other Departments. The Department of Commerce TOPS program, which provides competitive grants for distance learning, would be cut severely from approximately \$42 million to slightly over \$10 million. The USED-administered Learning Anytime, Anywhere partnerships, funded at \$30 million this year, would be dismantled.

The greatest threat to technology-related education funding, however, is buried in the 250 page Department of Commerce budget which has legislative language that would change significantly the E-Rate program and likely would kill it (see below related item). The Administration has proposed that the FCC allocate the E-Rate on a needs-based formula and add teacher training and software as E-Rate eligible discount items. The FCC would also have to evaluate the impact of technology and assess school and library use of technology. According to an article in the National Journal (April 12), Richard Hershman, who currently heads the loosely-coupled Education and Library Coalition, is

quoted as saying “their proposal puts the entire E-Rate into legal jeopardy -- this is a backdoor way of killing the program.” Hershman also stated that the Bush E-Rate proposal “would jeopardize a major source of technology funding for education at a time when Bush wants to cut education technology funding by \$55 million and when states are curtailing similar expenses because their coffers are dwindling.”

## **Bush Proposes to Perform Radical Surgery on E-Rate Which Would Likely Kill the Program**

Buried in the appendix of the 250-page proposed Department of Commerce FY 2002 budget is a proposal to change the E-Rate program to such an extent that it would likely result in the program being killed. Going far beyond White House staffer Youssef’s comments during a recent NCTET meeting (See April Washington Update) that they would like to simplify the E-Rate application process and make staff development an eligible item, the new Administration would give the FCC rule-making authority to:

- include as E-Rate eligible items, such additional services as teacher training and software;
- allocate E-Rate discounts under a needs-based formula, such as the Title I formula;
- ensure that E-Rate discounts are affordably provided to private schools and are coordinated with ESEA education technology and related services; and
- ensure that evaluations are conducted regarding the effectiveness of education technology programs in promoting student achievement.

The proposal is written in the form of a legislative amendment which would have to be passed by the House and the Senate. By including staff development and software as eligible items, the telecommunication carriers -- who solely are responsible for providing the fees to the Universal Service Fund -- will be violently opposed as they were opposed to the inclusion of internal connections initially because firms that provide internal

connections, software, and staff development would benefit from the E-Rate discount program without having to pay into the USF fund. This legislative proposal, if introduced in Congress, will reopen many of the wounds created during the political battles fought in 1997 and the summer of 1998.

The Bush Administration strategy could be to increase ESEA Title VI/Innovative Program Strategies by the amount of the E-Rate cap of approximately \$2.25 million, and allocate that amount to states as part of the consolidated block grant. This would create funding uncertainty related to the E-Rate because funding would have to go through the annual appropriation process at the Federal level, and in about half the states, at the state level. This could represent one way of providing funds to nonpublic schools as is now the case with the E-Rate (E-Rate does not represent Federal tax funds but rather a fee paid into the Universal Service Fund). It is unclear how the U.S. Supreme Court -- which has approved the use of Title VI funds (i.e., about \$12 million) to the purchase by public schools of computers which are then provided to non-public schools -- would rule in this instance which would involve several billion dollars. This amendment could also be attached as a rider to the FY 2002 Appropriations bill and hence would not receive much formal debate; it would not be effective until FY 2003 at the earliest. We will continue to monitor these developments.

### **FCC Proposes Changes in the Way Limited Internal Connection E-Rate Funding Will be Provided to Applicants**

On May 8, 2001, the Federal Register published a notice of proposed rule making (NPRM), released by the FCC on April 30, that would change the way internal connection funding would be prorated when the amount requested under E-Rate is significantly more than the remaining amount after Priority One (telecommunications and Internet services) are funded. During Year 4, the applicants which qualified for a 90% discount would receive a prorated amount of the limited funds for internal connections.

The proposed change for Year 4 would not allow any Priority Two internal connection funding for any applicant who received any funding for internal connections in Year 3. Many education groups that are members of the EdLinc coalition feel that it is unfair to change the “rules of the game” for Year 4 as districts and schools applied for Year 4 under the assumption that the current proration rules would remain in place. The FCC is seeking comments (which are due 15 days after publication in the Federal Register) on two options. The first calls for retaining the rules as currently written which direct the remaining funds to be prorated by discount bands; the second gives funding priority to requests for internal connections made by schools and libraries that did not receive funding commitments for internal connections during the previous funding year. The stated rationale for the proposed change was that, under current proration rules, applicants might not receive sufficient funding to complete a useful system of internal connections and that contractors would only be able to perform a portion of the projects.

The FCC is also proposing administrative modifications relating to requests for extensions for non-reoccurring services. The FCC would extend the deadline for receipt of non-reoccurring services from June 30 to the September 30 following the close of the funding year. Moreover the FCC would apply waivers to certain applicants who cannot meet the September 30 deadline. For Year 3, it also approved extension of the June 30, 2001 deadline for non-reoccurring services to September 30, 2001. In effect, the FCC has made such decisions for Years 1 and 2 of E-Rate funding. This change merely formalizes the change.

As of May 10, the FCC had not announced the amount of funding for Year 4, which is currently capped at \$2.25 billion. Many education groups, including the EdLinc lobby, are pressuring the FCC to increase the “cap” (which it has the discretion to do so), thereby providing more funding for internal connections and reducing the need for some of the proposed proration changes dealing with internal connections. The current

estimate for internal connections for Year 4 is approximately \$900 million, which is almost twice the amount that had been estimated earlier by the FCC.

The FCC based its waiver authority to extend deadlines beyond the September 30 following the funding year on “delays in funding commitments and events beyond the service providers control, such as manufacturing delays and natural disaster.” Future waivers would allow qualified applicants to extend beyond the September 30 deadline if one of the following criteria are applicable: (a) the applicant’s funding commitment letters were issued after March 1 of the funding year to take into account appeals and “out of the window” applications; (b) applicants received service provider change authorizations or substitutions after March 1 of the funding year; (c) service providers were unable to complete implementation for reasons beyond the service provider’s control; or (d) applicants had their funding disbursements delayed while program compliance was being investigated. The Notice also would provide waivers to allow limited extension of the FCC competitive bidding rules for contracts for non-reoccurring services. Such contract deadlines could be voluntarily extended to coincide with deadlines for implementation.

During a service provider teleconference conference call on May 2, 2001, numerous telecommunication and other service providers expressed varying concerns about this proposed change, particularly making it applicable to Year 4 funding. Most of the vendors of internal connection components have focused on the highest poverty schools, many of which have been able to spend funds on some internal connections, but were not able to complete the work. This change will obviously have an impact on such plans. Another provider suggested that for the next round, districts would likely submit E-Rate applications for internal connections only for those relatively moderate- to low-poverty schools, while continuing to request Priority One services for higher-poverty schools. It was suggested that where both vendors and districts would be affected negatively, they

should submit a joint letter sharing their comments and suggestions with the FCC; such a joint letter is more likely to receive serious consideration than a letter only from a vendor.

Also during the conference call, the SLD staff indicated that Year 3 meritorious appeals are coming to a close with most of the funding commitment letters already sent out. Once this is completed, the funding commitment letters for Year 2 “out of the window” applicants will be sent. Virtually all of these funds will use the BEAR process requesting checks (rather than credits) on or before September 30, which should free up these funds for purchases of, among other things, software, staff development, and hardware. If the proposed “rule” goes into effect for Year 4, it is uncertain how much of the \$900 million for internal connections will likely be reimbursed through the BEAR process over the next 12-16 months. For more information on the proposed rules, go to [www.fcc.gov/Bureaus/Common\\_Carrier/notices2001](http://www.fcc.gov/Bureaus/Common_Carrier/notices2001).

### **Defining and Enforcing “Adequate Yearly Progress” Will Continue to Be the Achilles Heel of Any National Title I Accountability Initiative**

Current Title I law requires states to develop definitions of what constitutes “adequate yearly progress” (AYP) of Title I students for achieving “proficient” or “advanced” levels of performance on math, reading, and language arts assessments; and by the end of this school year USED must have approved all state assessments and accountability systems, including each state’s definition of AYP. As noted below, USED has chosen to approve a number of states (and hence their plan) for EdFlex status without addressing the AYP criteria proposed by the states. Under Bush influence, Senate 1 and HR 1 (the ESEA reauthorization proposals) all students (not just Title I students) must achieve their state’s “proficient” and “advanced” levels within ten years. In addition, AYPs must be established for sub-groups of students such as disabled, LEP, and economically disadvantaged. Under current Title I law, if a school fails to meet the state’s definition of AYP for two consecutive years, it is “identified for school improvement” and must take

corrective action. Under the current ESEA reauthorization proposals, if a school in any one year does not meet AYP, it is “identified for school improvement” and is subject to corrective action. If it does not meet AYP for two consecutive years after being identified, a number of corrective actions could be taken including giving parents a choice of sending their children to other schools with Title I funding matched by state funding “following the child” to pay for such services. The bottom line question is whether or not any accountability design based on the state definitions of “adequate yearly progress,” with sanctions enforced at the Federal level, will become a reality.

In the April 2001 Title I Report, Julie Miller reviewed the USED peer review and other evaluation processes used in evaluating 7 state assessment and accountability plans which were approved for EdFlex status. She and the Citizen’s Commission on Civil Rights, a Title I watchdog group, concluded that neither the peer review group nor USED officials reviewed state definitions of AYP in the seven new EdFlex states and found that in six of the seven states the AYP standards were untested and had not been applied at the time of approval. As reported, an interview with Michael Cohen, former Assistant Secretary at USED confirmed that USED officials did not attempt to evaluate the rigor of states’ AYP criteria and definitions. The article also notes that there was little evidence that USED officials actually asked states in the review process to increase the rigor of their AYP standard or criteria. In the interview, Cohen noted that Title I law explicitly forbids USED from passing direct judgment on a state’s standards.

Just as the Clinton Administration attempted to persuade states to develop rigorous AYP criteria but in the end gave up, the current Republican leadership in Congress and Bush proposals attempt to wrestle with the AYP issue in several ways. The current Bush and Senate proposals would mandate state participation (which is now voluntary) in fourth and eighth grade NAEP assessments in reading and math for a sample of students to “confirm” student results on state selected/developed assessments; this is designed to embarrass states who set low AYP criteria on state assessments. However, those states

whose students do well by state assessment AYP criteria but score low on the NAEP could very easily and justifiably argue that there is no correlation between the state assessment and the NAEP as they are designed for totally different purposes and thereby fail to justify any sanctions. Recent USED reports conclude that Title I students showed progress on state assessments but not on NAEP in recent years (see February TechMIS Special Report). The House proposal would allow states to choose to participate in NAEP or administer another “nationally-recognized” standardized test for confirmation purposes.

Perhaps one of the greatest fallacies in the Bush assessment/accountability proposal is the goal of reducing the achievement gap between groups of students such as students designated as special education students vs. other students. As noted in the March Washington Update, University of Minnesota’s Center for Education Outcomes concluded that it is virtually impossible to remove the gap between special education students and nonspecial education students because special education students whose achievement scores increase above a certain amount are “graduated from special education” and replaced by lower-achieving students. This process will result in a disparity unless adjustments are made to follow students leaving special education.

If any of the provisions related to assessment, accountability, sanctions, portability for Title I funding for private tutoring, etc., are included in the final ESEA reauthorization, and important Federal policy decisions are to be based upon student performance in relation to “adequate yearly progress” criteria, then the bottom line is: Will the Administration actually enforce sanctions which are appropriate? Under the Bush plan this will not occur until 2005, which of course, is after the 2004 election.

## **New Guide for Speaking and Listening Standards for Pre-K-3 Will Have a Major Impact in Many States**

A new guide on speaking and listening for children in pre-K-3, developed by the National Center on Education and the Economy and LRDC at the University of Pittsburgh, is now available for policymakers, teachers, and parents. It will have a major impact in many states, particularly the 26 states in which the New Standards Project was conducted over the last ten years. The 270-page guide, with accompanying CD-ROMs and videos of children performing each standard, is designed to promote the kind of listening skills children should be able to demonstrate at the pre-school, kindergarten, first-grade, second-grade, and third-grade levels. Co-Director of the project, Lauren Resnick, identified the need for the guide, especially in light of the Bush Reading First proposed initiative which includes pre-K components as follows: “What has been lacking is a translation of the great deal that we know into expectations that could guide everyday practice in classrooms, particularly as a critical pre-school experience.” At each level the standards are organized under three broad headings: habits, kinds of talk and resulting genres, and language use and conventions.

The Speaking and Listening Guide is a companion to the Reading and Writing Standards for K-3 developed two years ago. Developers of Reading and Writing Standards included proponents of both phonics and whole language, and five members of the National Reading Council’s Committee on Prevention of Reading Difficulties in Young Children (which was headed by Katherine Snow, who also worked on the new guide). The new guide was funded in part by USED, Office of Education Research and Improvement (OERI). Another key member of the panel was Grover J. “Russ” Whitehurst, who has been nominated to head the USED/OERI office.

Concurrent with the development of the Speaking and Listening and the Reading and Writing Standards and Guides, has been the implementation, beginning in 1999, of the National Early Childhood Longitudinal Survey to be conducted annually through 2006.

This survey follows the kindergarten cohort of sample students in 1999-2000 through grade level 6. The assessments include a variety of instruments -- including spelling tests, teacher checklists, and observation forms among others -- and are available via USED's website, [www.ed.gov/nces](http://www.ed.gov/nces) for use by schools and other service providers. The Speaking and Listening and the Reading and Writing guides for early childhood programs, as well as the availability of assessment instruments at various levels, results of which will become a "national norm," have many direct implications for vendors whose product lines target these populations. For more information on the Speaking and listening guide, go to [www.ncee.org](http://www.ncee.org) or call 888-361-6233.

### **Use of Education Technology in Vocational Education Likely to Increase**

After three years of virtually level Federal funding and only limited support for technology-related initiatives, increased support and use of technology in vocational education programs are likely to occur in the near future. The 1995 TURNKEY survey of vocational education found that the use of technology as the "object of instruction" (e.g., CAD-CAM) was much more prevalent than the use of technology to deliver instruction; the latter use was found mostly in remedial basic skills programs for upper-level middle school and high school students. Similar findings were observed in the 1997 TURNKEY survey of school-to-work programs. For a number of reasons, technology use -- particularly to deliver instruction -- can be expected to increase in the near future.

On May 3, 2001, Representative John Peterson (R, PA) introduced a bill that would provide \$1 billion for schools providing vocational education to purchase vocational-related technology. In response to Representative Peterson's proposal (which would require in-kind and other matching by states and districts) and his comments that chided USED for placing a low priority on vocational education, Administration officials indicated that reading was a much higher priority in this Administration than vocational

education. During a NCTET briefing (see April TechMIS), White House Assistant Sarah Youssef confirmed that the development of 21<sup>st</sup> century technology skills among students was a lower priority than “academic” performance, which basically includes only mathematics and reading. The current USED position, however, is in direct conflict with statements made by Secretary of Labor Elaine Chao, who stated during her first hearings with Congress, that her highest priority was ensuring that students obtained 21<sup>st</sup> century job-related IT skills. The results of a survey conducted last Fall by the Political Public Agenda found that over 90% of parents felt that computers should be used in schools to prepare students for the world of work, while less than 50% felt that computers were important to teach basic skills. Under the Peterson proposal, the funds would be used to provide the latest vocational technology equipment.

The Administration will continue to be pressured to place a high priority on the development of 21<sup>st</sup> century technology literacy skills. This public concern is reflected in other related bills in Congress, such as: (a) S. 770, recently introduced by Senator Carl Levin (D, MI), which would raise from 12 months to 24 months the period of vocational training applicable as a “work activity” under the TANF welfare program and which would almost double the amount of TANF funding for vocational education; (b) HR. 59: Kids Developing Skills for Success in 21<sup>st</sup> Century introduced by Representative David Dreier (R, CA) who is a leading house proponent for the development of a competitive work force; and (c) HR. 1536: Getting our Girls Ready for the 21<sup>st</sup> Century Act introduced by Representative Lynn Woolsey (D, CA).

Earlier this year, a concerted lobbying effort, along with leadership support from Representative Peterson, was effective in having the Perkins Act II vocational education program excluded from the House and Senate block grant proposal, and even from the initial Bush blueprint. Thus, the “integrity” of the funding stream for vocational education and for additional funding for technology purchases -- a la the Peterson proposal -- is protected, thereby increasing the probability that such funds will actually be

used for intended purposes once they are allocated to states, districts, vocational education centers, and other groups.

As noted in the last TechMIS Washington Update, high-tech executives continue to pressure the Bush Administration to devote more resources to preparing graduates for the IT workplace as reflected in the CEO Forum White Policy Paper. This report was one of the first to place as high a priority on the development of IT skills as Bush currently places on academic skills.

Another factor which contributes to the growth of technology in vocational education programs is the phenomenal growth since 1997 of Cisco Academies which clearly demonstrate the effectiveness of distance learning and online certification in IT training; this trend has contributed to local public pressure on K-12 vocational education service providers to adopt and use similar programs. Indeed, last summer, during JETTCON, Cisco officials announced that the distance learning technology and tools used in their academies would be provided to nonprofit education institutions at little or no cost. Another factor is the increasing number of states with competency standards for vocational education clusters. Many states are adopting skill standards developed for 22 job cluster areas by various associations over the last five years. In some states, districts have taken the initiative in awarding "certificates of mastery" -- in addition to high school diplomas. Moreover, as Internet/online assessments are increasing in K-12 basic skills areas, one can expect a similar increase in Internet use for assessment and certification in vocational occupational training programs.

## **Federal Bureau of Prisons Population to Increase While State Prison Incarceration Growth Is at an All-Time Low**

Between now and 2006, the Federal Bureau of Prisons is estimating a 32% increase over the current population of 150,000 inmates. As a result, the Bush Administration is asking

Congress for an 8% increase to \$4.6 billion next year for the Federal Bureau of Prisons. Most of the increase can be attributed to tough mandatory sentences for drug crimes. Prisoners incarcerated on mandated drug charges constitute almost 60% of the Federal prison population up from 40% in 1987. Only 1% of inmates are convicted of white collar crimes. By comparison, the number of state prison inmates grew only 2.4% for a total of 1.18 million; this is the lowest growth rate since 1971.

In the mid-1990s, TURNKEY conducted a survey of technology use in correctional education programs and found that the greatest use of integrated learning systems and stand-alone computer-based instructional systems were in juvenile facilities which were mostly state operated and funded. In many cases, Title I/Neglected and Delinquent funding was used by these facilities to serve Title I-eligible students who were incarcerated in halfway houses or juvenile facilities. Technology use in adult facilities operated by the states was significantly less. However, in the Federal Bureau of Prisons, the use of integrated learning systems has increased dramatically since 1968 when the Director of Education Programs at the FBP contracted to use CCC's system. The types of software and related products which were widely used in adult facilities operated by the FBP included GED prep, basic skills remedial programs, high school completion programs, and even a limited number of college courses. Internet-delivered, online courses are very limited or nonexistent in most of these facilities due to security reasons.