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MEMORANDUM

O January 17, 2002
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TechMIS Subscribers

FROM: Charles Blaschke

SUBJECT: Special Reports on ESEA Reauthorization and Related Washington Update Items and State Profile Updates

This TechMIS mailing includes five special reports related to ESEA Reauthorization and E-Rate.

The first report summarizes the major impact of consolidation on technology funding under the new block grant; many supporters of the block grant will now realize that the actual amount of funding for FY 2002 will actually be less than FY 2001 funding for the separate categorical programs. This report does identify, however, the niche markets which provide the greatest opportunities, including Title I, Special Education, and Early Childhood Reading.

A second report highlights the new Title II/Teacher Quality state block grant with the major changes that have been made in the two separate categorical programs -- Class Size Reduction and Title II Eisenhower Professional Development. While there are good opportunities for professional development service providers under Title II, opportunities may be even greater under the reauthorized Title I program.

Another special report provides highlights of the new Reading First Initiative (state grants for local competition grades K-3) and Early Reading First (Federal competitive grants for a number of eligible groups), which are funded at \$975 million, up from approximately \$300 million under the antecedent Reading Excellence Act. Additional guidance to state and other applicants is likely to be forthcoming shortly as it is the President's and First Lady's number one priority.

Another special report included in this mailing is in on ESEA Title IV which has two separate state grant programs: (a) Safe and Drug Free Communities; and (b) 21st Century Community Learning Centers. The report highlights changes in the programs which are likely to affect the types of products and services which can be purchased and/or used in such programs. Highlights from surveys of antecedent programs over the last one to three years suggest the types of products which have previously been used, particularly in after-school programs, and those whose demand should increase under the reauthorized programs.

The last special report, which was emailed earlier in draft form, identifies specific districts to target for 2-3 year old E-Rate appeals which were recently approved.

The Washington Update includes:

- the major new provisions under Title VI, Part A, which allow greater flexibility, including transferability of funds from one program to another, and accountability across all of the new operational consolidated programs;
- the results of a recent survey by Education Week which finds that only nine states are currently compliant with the new ESEA state annual assessment mandates and suggests opportunities for vendors in these states, as well as other states, as they become compliant with the new requirements;
- a new report that identifies over 4,600 high-poverty, high-minority schools that are among the top third in terms of student achievement and assessment, which strongly suggests vendors should target Title I schoolwide programs even more than in the past;
- results of a survey conducted by the National Association of Manufacturers that finds potential employees lack employability skills suggesting that a higher priority be placed on improving adult literacy skills rather than technical skills;
- a Federal judge is ruling against the settlement proposed by Microsoft allegedly to provide over a billion dollars of refurbished computers and software to high-poverty schools on the basis that it would be anticompetitive and under-funded;
- the newly created State Directors of Technology Association's first annual conference on February 24-28; it could provide some opportunities for joint projects with some TechMIS subscribers.

We will be providing a special report on the reauthorization of ESEA Title I and major implications shortly; comments and positions taken by various stakeholder groups are becoming clearer. Plans for a meeting of stakeholders to develop a nonregulatory guidance document are underway. However, final regulations, especially regarding assessments and accountability, will not likely be available until mid-summer, after which time we will provide updates.

The State Profile Updates focus primarily upon mid-year state government cutbacks or holdbacks and the likelihood of whether they will affect technology and related purchases. As proposed budgets for FY 2003 are made or second year biennium budgets are revised, we will address them in the next series of State Profile Updates.

If you have any questions regarding any of the special reports, highlights, and related materials included in this mailing please give me a call directly.