Federal Education Budget Update:
Final FY 2002 Budget Reduces Technology Earmarked Funds and Administration's Proposed FY 2003 Budget Would Rescind Even More Technology Funding

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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In the December TechMIS, we reported FY 2002 estimated appropriations levels as the larger programs' budgets were agreed to by conferees almost on a daily basis. As a surprise to many associations which supported the "block grants" in return for larger proposed funding increases, the final allocation for the reauthorized technology block grant ended up to be $700 million, which is $130 million less than that which was earmarked for technology last year (see Chart A). Also, three separate technology programs --- the Community Technology Centers (CTC), STAR Schools, and the PT³ program --- were cut in half, almost precluding any new grant competitions this year. The FY 2003 budget proposal would reduce technology by over $100 million by eliminating the PT³ initiative, the CTC programs, and STAR schools. Under the new transfer provisions, districts could allocate up to 50 percent of the new Title IIB Core Technology funds to ESEA Title V, which already has the widest flexibility requirements; these funds could be literally used to purchase anything that remotely could improve school performance and reform, including programs for which state funds are being reduced.

The Administration's proposed FY 2003 budget calls for a rescission of approximately $1.3 billion out of the final FY 2002 budget passed less than two months earlier. Included in these proposed rescissions was well over $100 million of technology "enhancement earmarks." Shortly after its release both the Democratic leadership in the Senate and Republican leadership in the House became adamantly vocal that the proposed rescissions be removed. On again/off again shades of bipartisanship in passing ESEA and setting budget levels last year have dissipated; this will reduce the President's chances of getting increases for some of his new priorities, such as Reading First.

The big winners in the FY 2002 budget (and, to a lesser extent in the proposed FY 2003 budget) are Title I which received a 20 percent increase last December, and IDEA/Special Education which received a similar increase. The President's Reading First initiative was funded at $975 million which is three times more than its predecessor, the Reading Excellence Act.

Another big winner could be professional development as the previous Class Size Reduction initiative and Title II Eisenhower Professional Development titles (along with some other small staff development efforts) were consolidated into Title IIA. However, given increased flexibility and latitude at the district level regarding the use of such funds, it is not clear how much districts will use for non-training efforts such as providing financial incentives for qualified teachers to encourage them to teach in high-poverty schools, providing signing bonuses, and other newly allowable uses.

Two provisions in ESEA would force many districts to use these and Title I funds for staff development. One provision requires that all teachers must be highly-qualified (i.e., a four-year college degree or state license to teach certain subjects) by school year 2005-06. The other provision is a requirement that schools "targeted for improvement" under Title I for the first time must allocate ten percent of their total Title I allocation to staff development.

The Administration's FY 2003 budget proposal once again reflects its efforts to eliminate funding for programs that allegedly "don't work." In addition to a billion dollar increase for both IDEA and Title I, an additional hundred million dollars for Reading First is requested. For FY 2003, the majority of the programs that are targeted in the proposed rescission would receive no funding. Even Start, a family literacy initiative for which funding has increased since its inception, would be reduced to $200 million, a level which will allow existing projects to continue to operate until the projects are completed. Designed to be replaced by Reading First, family literacy components, as well as tutoring, are "allowable options" under the new Reading First initiative.

2

Continuing its ardent support of choice initiatives, the Administration is proposing $100 million for Charter School Facilities and $50 million for a new Choice Demonstration Fund which is designed to evaluate expanded choice options for children enrolled in targeted, poor-performing schools. The FY 2003 request also calls for a new "refundable tax credit" for parents who decide to transfer their children who are enrolled in a targeted school which would allow 50 percent of the first $5,000 in tuition, transportation, and other costs to be charged against the credit.

Although education technology initiatives in other agencies would be generally reduced or eliminated in the proposed FY 2003 budget (e.g., Technology Opportunities Program within the Department of Commerce for Internet connectivity and distance learning would be reduced to "zero"), there are some other proposals which could provide opportunities for vendors of technology-based solutions and products. One such opportunity exists for vendors who target special education; the $3.2 billion in unspent state Children's Health Insurance Program (CHIP) funds would remain at the state level and not have to be returned to the Federal level by the end of FY 2003. By allowing special education programs to request for reimbursements under these "unspent" CHIP funds for related services provided to eligible special education students, these reimbursements free-up IDEA and other funds for the purchase of instructional products, including technology, particularly software and hardware.

Another possible opportunity is an increase, from $120 million for FY 2002 to a proposed $175 million (a 44 percent increase) for FY 2003, to develop proven research-based practices to improve student achievement and to disseminate such information to school districts. Deputy Secretary William Hansen, commenting on the proposed budget and increase for research, noted that $20 million would be specifically targeted toward "large scale implementation of promising education practices and technologies" according to Education Technology News (February 13). Priorities in 2003 would include assessing the effectiveness of preschool curriculum and strategies to improve reading comprehension. If a vendor has a reading program which meets most of the criteria and guidelines recommended by the National Reading Council, there may be opportunities for participating in quasi-experimental/control evaluations to generate empirical

3

evidence on the effectiveness of the approach; this would meet the new "scientifically-based research approach" provision.

Another area of opportunity for vendors of assistive and related communication technologies is part of the New Freedom Initiative, announced a year ago, which is designed to help individuals with disabilities effectively enter the workforce and succeed on the job. The program's major funding source -- the Vocational Rehabilitation (VR) State Grants Program -- would increase almost six percent to $2.6 billion. Also, the VR training program for rehabilitation counselors who help individuals with disabilities transition to the workplace would receive an eight percent increase to $42 million. While special education would receive a billion dollar increase, a large portion of which will be used to purchase technology, two technology earmarked programs would be reduced, including: (a) Technology and Media Services, dropped to $27.7 million from $32.7, which will reduce opportunities for developers of software, assistive technology, etc., for special education programs; and (b) a cut from $60 to $30 million for the Tech Act which has provided grants to state Assistive Technology Centers and some national efforts to help states implement Section 508 accessibility standards. Although the above noted increase in Vocational Rehabilitation State Grants program will likely make up for most of this reduction, for the last two years Congressional leadership (such as Chairman John Boehner) have stated publicly their desire to eliminate this program which was initially sponsored by Senator James Jeffords and Senator Tom Harkin.

And last, while a number of Department of Labor adult and youth training programs were reduced moderately to significantly because of the alleged existence of unspent state allocations made last year, the Job Corps would receive a $73 million increase to $1.5 billion. Between $4-$5 million would be used to improve the quality and accreditation of its high school diploma program (vs. the GED), and the remainder would be used to build new centers or renovate old ones. Local area networks and related software would likely be purchased for installation in all of the new centers and many of the renovated center facilities. Anyone interested in learning how technology is used in Job Corps, should contact me directly as we were involved, a year ago, in a major survey of technology use in Job Corps. If anyone is interested in joining the association representing Job Corps center operators (which are private firms) and vendors of products sold to the Job Corps, contact LaVera Leonard, who serves as Executive Director of the National Job Corps Association, (703)519-6430.