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MEMORANDUM

DATE: December 17, 2009
TO: TechMIS Subscribers
FROM: Charles Blaschke
SUBJ: FY 2010 Congress Passed K-12 Education Budget

Attached is a Special Report based on a preliminary analysis of the conference agreement between the House and Senate on the FY 2010 Federal K-12 education budget that was included in the Omnibus Bill which President Obama has indicated he would sign. Several of the Administration's requested increases for priorities such as Teacher Incentive Fund and Charter Schools were agreed to, while other proposed changes in funds reallocations for programs such as Title I were not. For the most part, the budget is probably as good as could be expected, given the national economic situation. Further analysis, when printed copies of the Committee language and supporting documents become available, will be shared with you in an update.

If you have any questions, call me on my cell (703-362-4689).

Charles

Special Report:
**As Expected, the Federal FY 2010 K-12 Education Budget Increases
Funding for Teacher Incentives and Charter Schools, With Other
Programs, Such as Title I and IDEA, Level-Funded; Existing Literacy
Programs Will Undergo Significant Changes**

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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Included in the most recent Omnibus Bill which President Obama has said he will sign, the USED K-12 education budget for FY 2010 calls for increases in Secretary Duncan's priorities for Teacher Incentive Fund and Charter Schools, but holds the line for Title I and IDEA funding without the substantial proposed increases in the President's budget for School Improvement Grants. In some programs, significant programmatic and funding allocation changes will occur which should be taken into account by many TechMIS subscribers.

Teacher Incentive Fund (TIF) funding would increase from \$97 million to \$400 million with about \$220 million being used to continue FY 2009 awards and the remaining \$180 million going for new awards in training, technical assistance, and evaluation and peer review activities. The teacher performance-based compensation systems to be developed under this program must include the input of teachers and school leaders; the Act also permits TIF grantees to use funds to develop or improve systems and tools "to enhance the quality and success of teacher compensation systems," which could include technology-based teacher support tools, and applications.

For the Charter School program, the conference agreement modified proposed language that would allow the Secretary to reserve up to \$50 million to make multiple awards to nonprofit Charter Management Organizations (CMOs) for replications and expansion of successful charter school models. Rather, the agreed-upon language mandates that charter school program applications contain assurances that state law regulations and other policies will be met. It also requires charter schools to operate under legally binding charter or performance contracts and to demonstrate improved student achievement, which must be the most important factor in deciding whether to renew or revoke a schools' charter. Overall funding under the various components of the Charter School program would increase from \$216 million to \$256 million.

Title I grants to LEAs would be level-funded at \$14.5 billion with the FY 2009 amounts allocated for each of the four components of the Title I formula -- which benefit large urban districts the most. About a third of FY 2010 funding would be made available in July 2010, with the remaining two-thirds available in October 2010. The conference agreement also includes a “technical clarification” which would exclude from the calculation of the 4% SEA set-aside, the Title I ARRA stimulus funding for FY 2009. This would allow the 4% to be applied to the \$14.5 billion, but not to the \$25 billion for FY 2009. Otherwise, under “hold harmless,” the 4% set-aside for FY 2010 would be reduced significantly, to almost zero, in certain states. Overall Special Education would also be level-funded at about \$12.5 billion, with a third allocated in July of 2010 and the remainder after October 1st, Technology and Media would increase 13% to \$44 million.

While the Administration’s proposed budget would have called for \$1.5 billion for School Improvement Grants, the conference agreement would fund it at the same level as the regular FY 2009 appropriation of \$545 million. Moreover, eligible schools would include those in improvement that have not made AYP for at least two years, or are in the state’s lowest quintile of performance based on proficiency rates. In the case of eligible secondary schools, priority must be given to those with graduation rates below 60 percent. The final agreement also removed previous language that would ensure that 40 percent of the SIG funds were spent on middle and high schools, as well as the requirement that not less than 50 percent of a district’s allocation must be used for “evidence-based reading instruction.” However, the USED is “encouraged” to work with SEAs to ensure evidence-based reading instruction is “embedded in school turnaround strategies.”

The FY 2010 budget includes a “comprehensive” literacy program which would cover preliteracy skills, reading and writing for students from birth through grade 12 and would consolidate the existing Striving Readers Program, early Reading First, and other separate literacy initiatives. The Striving Readers comprehensive initiative would not include the President’s \$300 million Early Learning Challenge Fund request and Striving Readers would be funded at \$250 million, lower than the President’s proposed \$370 million. After set-asides for the BIA and other national initiatives, the remainder of the funds would be used for competitive awards to SEAs with 95 percent being awarded as subgrants to LEAs or other entities serving “greater numbers or percentages of disadvantaged children.” At least 15 percent must be allocated to serve children from birth through age five; 40 percent for students K-5; and 40 percent to serve students in middle and high school through grade 12. Furthermore, subgrantees must use these funds for “services and activities that have certain characteristics of effective literacy instruction.” Thirty days before RFPs are issued under the former Striving Readers Program, USED must submit to the House and Senate Appropriation Committees a plan on how the funds are to be distributed.

As part of the President’s \$50 million “High School Graduation Initiative,” \$5 million would be appropriated for technical assistance, evaluation, and other national activities. The remaining funds would be provided for competitive grants. The New Promise Neighborhood Initiative, funded at \$10 million, would create opportunities for firms, with behavioral, health, and social and after-school intervention products and support services and is patterned after the Harlem

Children's' Zone Academy Project, which was described in the November 2009 TechMIS Washington Update.

Under the Safe Schools and Citizenship Education Program, funded at almost \$400 million cut by \$300 million, \$48 million has been appropriated for a School Culture and Climate initiative to "support new approaches to helping schools foster safe, secure, and drug-free learning environments." This program would support new competitive grants to reduce the number of suspensions/expulsions and reduce "violent crime in schools, on school grounds, or on the way to and from school." Character education grants would be funded under the new School Culture and Climate Initiative.

The Education Technology State Grants Program would be reduced from \$289 million in FY 2009 to \$100 million. On the other hand, 21st Century Community Learning Centers would receive a \$35 million increase to \$1.166 billion. It is interesting to note that of the \$88 million in specific "earmarks," most of these funds support projects which would continue or expand afterschool mentoring programs or projects to purchase or upgrade existing technology in districts or community-based organizations. Many of these several hundred earmark projects are a half million dollars or more.

The final FY 2010 Federal education budget suggests that "tugs and pulls" negotiations have been growing between Congressional appropriation leaders and high-level USED officials over the last several months. While Secretary Duncan won on several of his priorities (e.g., TIF, Charter schools and Higher Graduation Initiative) Congressional leaders, including House Committee Chairman Dave Obey, turned down some of the President's requests such as reallocating general Title I funds to School Improvement Grants and zero funding new initiatives such as the Early Learning Challenge Fund. Moreover, implementation of some of the newer initiatives will be delayed because new legislation may be required or certainly the time-consuming rulemaking process will have to occur. And, while an earlier version of the education appropriations bill included several million for continued ARRA funding, the final version includes none.

While no additional funding for ARRA was provided, the language in the agreement does change the eligibility criteria for a district to be eligible for i³ grants by dropping the requirement that the district had to meet AYP for two consecutive years; now, districts have to demonstrate their success in raising student achievement to be eligible. As noted earlier, under Race to the Top and School Improvement Grants, the new language regarding the eligibility of high schools for Tier II status no longer requires waiver approvals.

For details go to: http://appropriations.house.gov/pdf/Division_D_Statement_of_Managers.pdf