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**M E M O R A N D U M**

**DATE:** November 30, 2005  
**TO:** TechMIS Subscribers  
**FROM:** Charles Blaschke  
**SUBJ:** Professional Development, Online Learning Trends, and Priority Districts to Target

Earlier this month, we prepared a report identifying priority districts in key states that should be targeted by firms with products that can be purchased with Title I and other Federal funds. In light of the small, if any, increase in Federal education appropriations anticipated for next school year, these are the districts that should be targeted now and next year. Also, a Funding Alert was provided on the FY 2006 appropriations proposed by the House Committee but rejected by the full House, resulting in another Continuing Resolution until December 17. We will continue to provide updates on the education appropriation activities.

The enclosed Washington Update includes the following:

- Highlights of a new report on K-12 online learning trends which suggests specific opportunities for publishers, technology vendors, and content owners;
- A summary of findings from a new GAO report which concludes that districts are using more Title II, A, Teacher Quality, and Title I funds for professional development strongly suggesting that this trend will continue over the next couple of years;
- A new USED publication provides the rationale for the “newly-found flexibilities” under Secretary Spellings’ regime and provides a roadmap for additional options which will become available to states and districts in the near future; this document is a nice reference guide for sales staff to use when positioning products and otherwise communicating with district officials;
- A new report from Pre-K Now finds state pre-K expenditures increased over 20 percent to \$3.5 billion over the last year with increases of more than 30 percent in ten states pointing to the emergence of a growing niche market;

- Many states are awaiting the issuance of USED guidance on “modified assessments” for special education students under the so-called “two percent cap” flexibility; opportunities will increase for firms as states select/develop modified assessment instruments and directly-related interventions;
- A new International Reading Association report suggests roles for middle and high school literacy coaches who will increasingly become important influencers/decision-makers in selecting instructional and related programs designed to improve adolescent literacy;
- The FCC released its Eligible Services List for funding year 2006 thereby “opening the window” for eligible entities to submit E-Rate applications beginning on December 6.

Also attached is a Washington Update from January 2003 which identifies some of the most likely types of products and services which will be in high demand if and when the Head Start reauthorization occurs, likely early next year. Some newer TechMIS subscribers may not have received this item. Also attached is an Index of past TechMIS mailings from November 2004 to November 2005.

In a major surprise, on November 17, after the appropriations committee passed a proposed FY 2006 appropriations bill, the full House -- by a vote of 224 to 209 -- rejected it; the proposed bill would have cut education technology state grants (Title II D) funding by 45 percent to \$275 million, while increasing Title I and IDEA funding by only \$100 million each. The Committee bill would have deleted all “pork barrel” projects totaling over \$1 billion which upset many House members. A Continuing Resolution was passed through December 17 and signed by the President which would fund education technology state grants at \$300 million with most other programs at the FY 2005 level. With Congressional members on recess until December 5, hill staffers are working on a range of alternatives, including: (a) negotiating a revised USED appropriation level in which certain programs would once again be cut or eliminated to make room for pork barrel projects; (b) garnering support for a continuing resolution through September 30, 2006, in which all or most of the education programs would be level-funded, which associations such as NSBA support; or (c) attaching the FY 2006 appropriation to the Defense appropriation to ensure its passage. To pay for Katrina relief, Congress is also likely to make an across-the-board cut of between two and five percent. Uncertainty about the FY 2006 appropriations level has already resulted in postponed purchases of products and services at the district level extending already lengthy “pipelines” for purchasing products and services.

On another front, at least there is some good news in the short term as the House and Senate have passed the FY 2006 Commerce/Justice/Science appropriation bill which exempts the E-rate for another year from falling under the Anti-Deficiency Act (ADA), which reduces the likelihood funding interruptions like those that occurred last August-December.

We have also included State Profile Updates addressing numerous topics, including online learning and assessment activities, state funding, test preparation and remediation initiatives, and districts providing early intervening services.

As always, please contact me directly if you have any questions.