

Education TURNKEY Electronic Distribution, Inc.

256 North Washington Street
Falls Church, Virginia 22046-4549
(703) 536-2310
Fax (703) 536-3225

MEMORANDUM

DATE: October 2, 2013
TO: TechMIS Subscribers
FROM: Charles Blaschke, Blair Curry, and Suzanne Thouvenelle
SUBJ: Funding Alert: Implications of Extended Government Shutdown

The current government “shutdown,” which in reality is more of a “slowdown” for most USED formula programs, could have some direct implications for TechMIS subscribers if the “slowdown” lasts a week or more. One reason is that most large Federal education formula programs, such as Title I, IDEA/special education, Title II, and Career and Technical Education, are advanced-funded for FY 2013, providing a “cushion” at the USED and district level.

According to a September 27th memo from Acting Deputy Secretary James Shelton, the contingency plan for the lapse in FY 2014 appropriations for the Department notes that approximately 20 non-mandatory programs have remaining unobligated balances from FY 2013 and others have advanced funding which “will continue on a limited basis after a lapse of one week and continue through a short-term shutdown.” The estimated total amount of advanced funding for Title I, IDEA, Title II, and Career and Technical Education is approximately \$22 billion. For Title I and IDEA, the amount typically allocated in October is slightly more than the amount allocated in July. Hence, subscribers should instruct sales and other staff to alert districts that the remaining advanced funding for these two programs will occur, but likely later than last year. Also, the SEA reallocation of the 4% set-aside for school improvement to districts with large numbers of Priority and Focus Schools will also occur later than normally. Both of these impacts, along with increased uncertainty if there is a prolonged shutdown, will result in prolonged purchasing cycles.

The USED contingency plan also states that three programs -- “Race to the Top, Investing in Innovation, and Promise Neighborhoods -- have funds that are available through December 31, 2013, and must be obligated by this date.” The multi-stage competition process for i³ grants is currently underway and most grants will likely be awarded before the December 31 deadline. On the other hand, applications for the Race to the Top-District and Early Learning Challenge competitions are not due until later this month. More than 400 letters of intent for the Race to the Top-District competition have been received from districts. For firms working with districts in preparing such applications, it would be wise to ensure that, when applications are submitted,

they should be as “final” as possible, meeting all conditions and bureaucratic requirements, in order to reduce the need for further negotiations. As the plan notes, no more than six percent of all of USED’s 4,225 full- and part-time employees will be available for processing competitive grants and conducting all other “essential” USED duties. As a result, the task of meeting the December 31st deadline will be tight for Race to the Top. For districts receiving Impact Aid, which is not advanced-funded, and entities receiving new awards under Head Start, funding is being withheld for now.

While not mentioned in the contingency plan, the question of whether the sequester for FY 2014, either in a Continuing Resolution or a negotiated FY 2014 budget, will be continued is not addressed, which will continue to contribute to uncertainties thus affecting Federally-funded niche markets’ purchases.