

Software & Information Industry Association

Summary & Analysis of *"No Child Left Behind Act of 2001"*

To Reauthorize the Federal ESEA (Elementary & Secondary Education Act)

January, 2002

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INTRODUCTION

On January 8, 2002, President Bush signed into law the "*No Child Left Behind Act of 2001*" (Public Law 107-110; H.R.1) to amend and reauthorize the federal Elementary and Secondary Education Act (ESEA). ESEA is the primary program law for federal support of elementary and secondary education. It includes most key federal elementary and secondary programs (not IDEA special education) and accounts for about \$22 billion in total education funding. Federal ESEA program support is a critical component in the nation's efforts to integrate technology into elementary and secondary schools. Funding from these programs provides more than one-third of total K-12 education technology spending and is a key catalyst for state, local and private efforts and investment. ESEA was first passed in 1965 and is updated about every five years as it was this year.

SIIA worked with SIIA member companies and other stakeholders throughout the three-year long reauthorization process to ensure the amended program law enhances the federal role in technology. SIIA is generally pleased with the "*No Child Left Behind Act*" and its support for technology. (See SIIA 12/18/01 Press Release at <http://www.siia.net/press/default.asp>.) The Act continues the targeting of funds for technology and enhances the integration of technology throughout other core programs. SIIA was also largely successful in eliminating or modifying a number of requirements and other provisions that may have proven harmful to technology innovation and/or represented an inappropriate federal role. Among the most significant changes, and those whose outcome is most difficult to predict, will be the partial shift in technology grants to a formula allocation and the new unprecedented flexibility in the use of program funds.

The amended law will take effect with the Fiscal Year 2002 budget, which covers the July 2002 to June 2003 school year for most federal education programs. It is important to remember that the law does not provide funding itself, but rather provides for each program an authorization (name, allocation, uses of funds, application/plan requirements, funding goals, etc.). Each year, the federal appropriations law provides specific funding amounts for each authorized program. This document's reference to a program's funding thus refers not to "authorized" funding levels in the "*No Child Left Behind Act of 2001*" but rather to the actual "appropriated" funding as included in the Fiscal Year 2002 (FY02) Labor-HHS-Education Appropriations bill. (Additional funding information is included in SIIA's 2002 Education Market Report: K-12 available at <http://www.siia.net/store/default.asp>.)

This SIIA document provides SIIA members with both a summary of the "*No Child Left Behind Act of 2001*", as well as an analysis of the significant changes, opportunities and challenges impacting education technology and SIIA member companies. Understanding the new Act will enable stakeholders to take advantage of the changes to enhance education technology acquisition and integration in the nation's elementary and secondary schools.

SIIA members are encouraged to contact SIIA's Director of Education Policy Mark Schneiderman at marks@siia.net for further information. In addition, the U.S. Department of Education will post all information related to the Act at <http://www.ed.gov/offices/OESE/esea/index.html>.

OVERVIEW

The "*No Child Left Behind Act of 2001*" (the Act) provides significant opportunities as well as challenges for education technology. The new law will bring substantial change, albeit not the fundamental reform some lawmakers and stakeholders had sought, to the federal role and program support.

Among the major changes, the new law achieves the following:

- Substantially restructures and revises most programs. While most core and many small programs are maintained, there are some significant program eliminations/consolidations as well as a shift from smaller competitive to larger formula grant programs. Revisions to the technology programs are typical of this change.
- Provides states and districts with unprecedented new flexibility in the use of federal program funds. This is achieved through the combination of program consolidations, expanded uses of funds within programs, and overarching provisions allowing states and districts to shift funds among federal programs. At the same time, this latter flexibility is accompanied by significant requirements that may discourage states and districts from taking advantage.
- Adds additional testing and reporting requirements that build upon the 1993 ESEA accountability reforms and focus on math and reading. These include yearly state testing in grades 3-8, participation in the NAEP, more stringent definitions of adequate yearly progress (AYP), and remedies/penalties/rewards for schools, districts and states based upon AYP results.

The degree to which these changes are enacted and result in educational improvement will of course be tempered by a number of considerations about which stakeholders should be aware to make wise decisions. First, it will likely take several years to fully implement the new provisions (states are still receiving waivers for the 1993 ESEA accountability reforms). Second, even after an ample transition period, the implementation of laws (and legislative intent) is often hampered by what often may ultimately turn out to be poorly crafted and unrealistic goals and requirements. Finally, those federal, state and local bureaucrats and educators, as well as other stakeholders, may ultimately be incapable or more likely unwilling to implement the law as designed. While the Act seeks significant reform in the underlying educational system, the unique characteristics of that system could in fact exacerbate many of these possible constraints.

With that reality check in mind, following is a summary of the technology-related opportunities and challenges presented as a result of the "*No Child Left Behind Act of 2001*":

Opportunities

- Significant increase in federal funding (through FY02 appropriations) for core grant programs, including extremely large increases for Title I, Title I Reading, Title II Teacher Quality Training, and Title III English Language Acquisition.
- Enhanced references to education technology acquisition and integration, including for instruction and professional development, in the core grant programs.
- New and expanded opportunities for direct online provision of services, including through Title I Supplemental Services, Title II Teacher Quality Training and Title III English Language Acquisition.
- Significant increase in number of local districts receiving Technology grants (now Title II, Part D) as well as the stability of those grants from year to year due to the partial shift to formula allocation.
- Increased Title II, Part D Technology grant resources for professional development in the use of technology due to 25% funding requirement.
- Flexibility provisions may expand technology funding by enabling states and districts to transfer/reprogram grant funds into technology from programs not actually authorized exclusively for technology.

- New rural grant programs, in conjunction with rural district flexibility, provide rural schools with additional resources available for technology.
- Program consolidation, within program flexibility and the overall shift in resources from smaller competitive grants to larger formula grants provides districts with larger and more flexible programs that may simplify and expand technology opportunities.
- New and expanded accountability requirements and resources will expand demand for technologies for student testing, information management and data reporting.

Challenges

- New flexibility provisions will enable states and districts to transfer/reprogram grant funds out of the technology grant program (formula grants only for districts) and into other program priorities, thus increasing pressure on technology to demonstrate its ability to raise student test scores.
- Expanded accountability emphasis and provisions focused on academic achievement increase pressure on technology to demonstrate its ability to raise student test scores, with failure potentially resulting in districts' shifting resources away from technology.
- Reduced availability of federal and state competitive grants, including elimination of Technology Innovations Challenge Grant and reduced funding (FY02) of other national technology grants.
- Reduced average Title II, Part D Technology grant size, with many state-to-local formula grants likely to be relatively small (less than \$5,000).
- Revisions across the Act to program titles, allocation methods, uses of funds and other program elements will create short-term confusion and force all stakeholders to adjust to program changes.
- Requirements in many core programs for instructional activities based upon "scientifically based research" may raise concern among educators about whether these program funds can be used for technology.

The Act includes about 50 programs grouped into nine core titles, as well as a Title X containing amendments to other statutes (i.e., non-ESEA), as follows:

Title I - Improving the Academic Achievement of the Disadvantaged

(Title I Grants, Reading First, Migrant, Comprehensive School Reform and Advanced Placement)

Title II - Preparing, Training, and Recruiting High Quality Teachers and Principals

(Teacher Quality Grants, Math/Science Partnerships, Troops-to-Teachers and Education Technology)

Title III - Language Instruction for Limited English Proficient and Immigrant Students

Title IV - 21st Century Schools

(Safe & Drug-Free Schools and 21st Century Community Learning Centers)

Title V - Promoting Informed Parental Choice and Innovative Programs

(Innovative Programs, Charter Schools, Magnet Schools and Fund for the Improvement of Education, which includes Smaller Learning Communities, Star Schools, Community Technology Centers, Gifted and Talented Students, Ready-to-Teach and Arts Education, among many others)

Title VI - Flexibility and Accountability

(Accountability, Transferability, Flexibility and Rural Education Initiative)

Title VII - Indian, Native Hawaiian, and Alaska Native Education

Title VIII - Impact Aid

Title IX - General Provisions

Title X - Repeals, Redesignations, and Amendments to Other Statutes

(Preparing Tomorrow's Teachers to Use Technology, Student Privacy and Education R&D Programs)

SUMMARY

TECHNOLOGY GRANT PROGRAMS

The Act provides both some change to the number and scope of technology grant programs, as well as restructuring of the core state technology grant program.

State and Local Technology Grants.(Title II, Part D)

[See below for Detailed Review of State Technology Grant.]

- **Overview.** The current Technology Literacy Challenge Fund (TLCF) is renamed, modified and expanded to continue the state formula program as the core federal support for technology.
- **Allocation.** Funds will continue to be allocated by formula to states, which will reallocate 50% of funds to local districts by Title I formula and 50% competitively. (TLCF requires 100% competitive state-to-local allocation.) The result will be a significant expansion of the number of federal grantees, as well as a wide variation in grant size from less than \$1,000 to multi-million dollar grants for large cities. In FY02, the mean formula grant allocation will be about \$25,000 and the median grant about \$7,500. In awarding competitive grants, states are required to give priority to those districts receiving an insufficient formula allocation, ensure grants are of sufficient scope and quality, and ensure equitable distribution among urban and rural areas.
- **Use of Funds.** The program will continue to provide states and districts with significant flexibility in addressing their technology needs and goals. The primary federal goal is increased student academic achievement, with a secondary goal of expanded technology access and technology literacy. Uses of funds are broad and flexible and focus on technology acquisition, integration and a minimum of 25% of for professional development.
- **Funding.** Funding is increased from \$450 million (FY01) to \$701 million (FY02), providing about \$350 million each for local formula and competitive grants in 2002-2003.

Federal Competitive Technology Grants

Lawmakers had proposed significant consolidation of the several smaller technology grant programs, but only the Technology Innovations Challenge Grant (TICG) was eliminated. Nonetheless, there is a clear shift in the Act (and in FY02 funding) toward the State and Local Grant and away from the following federal competitive grants:

Star Schools (Title V, Part D, Subpart 7)

- **Overview.** Makes only minimal changes to current program intended to improve instruction to underserved populations through technology and telecommunications-based distance learning partnerships.
- **Allocation.** Competitive grants from the federal level to: (1) a public agency or corporation established to deliver education through telecommunications networks; or (2) a statewide or multi-state partnerships, which must include either a state or a local district, and may include private company. Grants may not exceed 5 years, but may be renewed for 3 additional years.
- **Use of Funds.** Federal share (reduced from 75% to 50% over the 5 years) for development, acquisition, operation and delivery of distance learning programs and programming, including teacher training, that can be integrated into the classroom (such as course instruction and field trips) via technology and telecommunications, including satellites, cable and the Internet.
- **Funding.** Funding is reduced 54% from \$59 million (FY01) to \$28 million (FY02).

Preparing Tomorrow's Teachers to Use Technology (PT3) (Title X, Part E)

- **Overview.** Continues current program to both prepare prospective teachers to use technology and

improve the ability of institutions of higher education to provide such training. Shifts authority to the federal Higher Education Act.

- Allocation. Competitive grants from the federal level to partnerships, which may include private companies and must include both a local school district (or state) and institution of higher education.
- Use of Funds. Federal share (not to exceed 50%) of costs. Uses must include creating a program to prepare teachers to use technology and evaluating that program. Uses may include developing and implementing such programs, developing alternative teacher development paths, developing assessments to measure teacher capacity, technical assistance, resources development and dissemination, and acquisition of technology equipment, software and digital curricula. Not more than 10% of grant funds may be used to acquire equipment.
- Funding. Funding is reduced 50% from \$125 million (FY01) to \$63 million (FY02).

Community Technology Centers (CTC) (Title V, Part D, Subpart 11)

- Overview. Continues current program to expand access to information technology and related training to residents of low-income urban and rural communities.
- Use of Funds. Federal share (not to exceed 50%) of costs. Uses must include creating or expanding centers, and evaluating effectiveness. Uses may include supporting center staff, acquiring equipment, developing and providing services and activities that support use of technology for academic and/or workforce training.
- Allocation. Competitive grants from the federal level to various public and private entities, including schools, public housing facilities, community centers, libraries and other community-based facilities.
- Funding. Funding is reduced 50% from \$65 million (FY01) to \$32 million (FY02).

Ready-to-Learn/Ready-to-Teach (Title II, Part D, Subpart 3 / Title V, Part D, Subpart 8)

Makes minimal changes to these two current programs, while changing the latter's name from the Telecommunications Demonstration Project for Mathematics. Both provide grants to public telecommunications entities to develop and distribute educational video programming. RTL seeks to promote school readiness for pre-school and elementary schools children and their parents. RTT focuses on professional development, traditionally in the area of mathematics. Total funding is increased from \$24 million (FY01) to \$36 million (FY02).

Technology Innovations Challenge Grant (TICG)

As noted above, the TICG program (FY01 funding of \$136 million) is eliminated. The program provided federal competitive grants to local public-private partnerships to demonstrate innovative and comprehensive uses of technology. An increasing share of these resources had been shifted from an open competition to specific projects earmarked by Congress. Except for the projects allowed through the five programs listed above, the Act no longer includes authority for such federal demonstration projects. Nonetheless, the FY02 education funding bill includes more than \$50 million in specific Congressional project earmarks funded through the Fund for the Improvement of Education program.

SUMMARY

CORE GRANT PROGRAMS AVAILABLE FOR TECHNOLOGY

It is estimated that upwards of \$3 billion of federal support for education technology comes from other core grant programs that are not focused on, but are available for, technology. Changes made in the Act now enable districts to use funding from nearly all federal grants to acquire and integrate educational technologies that help address the program's goals.

Opportunities. These programs present increased opportunities to expand the education technology market as a result of these programs' increased funding and increased focus on technology as described below. Specific areas of focus include math, reading, professional development, English Language Acquisition and bilingual education, assessment, student information management and online instruction.

Following is a summary of core grant programs and their allowance for technology:

Title I, Part A - Disadvantaged Children Meet High Academic Standards

- **Overview.** The Act enhances Title I as the largest federal program and the primary vehicle for reform.
- **Allocation.** Grants remain allocated by formula through states to districts according to their number of economically disadvantaged students. More than \$1 billion of the increase in new funds will be dedicated to the special "targeted grants" formula, which targets resources to the highest poverty districts.
- **Use of Funds.** Unlike other core programs, Title I continues to lack a specific list of items for which districts can use grant funds, and instead focuses on local/state plan and accountability requirements. Thus, while technology is not explicitly listed, current practice can continue in which considerable Title I resources are used for technology. Schools use the funds either to provide supplemental assistance for "educationally disadvantaged" students. Or, in the case of schools with greater than 40% poverty (reduced from 50%), they school may implement school-wide programs whereby resources serve all students and are intended to help the neediest students by improving the whole school. While the program allows for activities in all core subject areas, funds are used primarily in the areas of math and reading.
- **Supplemental Services.** The Act adds a new Supplemental Services provision requiring failing schools to use 5-15% of their Title I grant to offer low achieving students educational services from a provider of their choice. [*See Miscellaneous Programs & Provisions below for further information.*]
- **Accountability.** The Act significantly revises and expands the many testing, reporting, technical assistance and reward/penalty provisions intended to hold all Title I students, schools, districts and states accountable for improved achievement. These include yearly testing in grades 3-8 and resulting individual student diagnostic reports. [*See Accountability below for further information.*]
- **Funding.** Total funding is increased from \$8.8 billion (FY01) to \$10.2 billion (FY02). According to Education TURNKEY Systems, Inc., districts are projected to use \$615 million of their Title I funds in the 2001-2002 school year (FY01) for technology. This includes about \$390 million for hardware and \$195 million each for software and professional development. Based on this ratio, one could project that Title I technology spending might grow to more than \$700 million in 2002-2003 (FY02).

Title I, Part B, Subpart 1 - Reading First

- **Overview.** The Act would revise, rename and expand the Reading Excellence Act.
- **Allocation.** Shifts from a completely competitive allocation to one where states receive grants by formula and allocate funds competitively to districts.
- **Use of Funds.** Retains focus on grades K-3 and professional development, and also allows use of

funds for student identification, reading instruction, and "procuring and implementing instructional materials, including education technology such as software and other digital curricula."

- Funding. Funding increased from \$286 million (FY01) to \$900 million (FY02). According to Education TURNKEY Systems, Inc., districts are projected to use \$57 million of their Reading Excellence Act funds in the 2001-2002 school year (FY01) for technology, including \$22 million for professional development. Based on this ratio and with the tripling in program funding, one could project that technology spending might increase dramatically to about \$180 million in 2002-2003 (FY02).

Title II, Part A - Teacher and Principal Quality Training and Recruiting Fund

- Overview. Renames and greatly revises and expands the current federal professional development program (Eisenhower Professional Development).
- Allocation. Continues to allocate funds by formula to states (although increasing the targeting to high-poverty states) and then to districts, again heavily weighted by poverty.
- Use of Funds. Greatly increases flexibility in use of funds to improve teacher quality, including professional development, teacher recruitment and retainment such as scholarships and merit pay, and a strong emphasis on training of educators through and about technology. The Eisenhower program placed a priority on math and science, but this has been replaced with addition of the Title II, Part B Math and Science Partnerships funded at only \$12.5 million in FY02.
- Funding. Increased from \$2.2 billion (FY01) to \$2.85 billion (FY02). [Note: The \$2.2 billion includes funds from the eliminated Eisenhower Professional Development (\$485 million) and Class Size Reduction (\$1.6 billion) programs]. According to Education TURNKEY Systems, Inc., districts are projected to use \$79 million of their Eisenhower (and PT3) funds in the 2001-2002 school year (FY01) for technology training and technology-delivered training. Based on this ratio and with the very large increase in program funding and flexibility, one could project that technology spending might increase dramatically to about \$400 million by 2002-2003 (FY02).

Title III - English Language Acquisition, Language Enhancement, and Academic Achievement Act

- Overview. Combines, renames and revises the current Bilingual and Immigrant Education programs.
- Allocation. Shifts from a completely competitive allocation to a formula grant program through states to local districts.
- Use of Funds. Funds must be used for instruction to increase English proficiency and for professional development, and may be used for related purposes such as "acquiring and upgrading curricula, instructional materials, educational software, and assessment procedures"; "acquisition or development of educational technology or instructional materials"; and "access to, and participation in, electronic networks for materials, training, and communications."
- Funding. Funding increased from \$460 million (FY01; combined previous programs) to \$665 million (FY02).

Title IV, Part B - 21st Century Community Learning Centers

- Overview. Continues current program for before and after-school, weekend and summer educational and enrichment activities through centers that have a special focus on the education, health, social service, cultural, and recreational needs of high-poverty communities.
- Allocation. Shifts from a federal-to-local competitive grant to one where states receive grants by formula and allocate funds competitively to districts, community-based organizations and other public or private entities. The expansion of eligible grantees beyond districts is new.
- Use of Funds. Allows funds to be used help communities plan, implement, or expand learning activities such as instruction, enrichment, recreation, and telecommunications and technology education. While not explicitly stated, current practice can continue in which resources are used to acquire technology resources.

- Funding. Funding increased from \$846 million (FY01) to \$1 billion (FY02). According to Education TURNKEY Systems, Inc., districts are projected to use \$112 million of their 21st Century Community Learning Center funds in the 2001-2002 school year (FY01) for technology. Based on this ratio and with the increase in funding, one could project that technology spending might increase to about \$130 million by 2002-2003 (FY02).

Title V, Part A - Innovative Programs

- Overview. Continues current program (ESEA, Title VI) with minimal change to provide flexible resources to encourage education innovation and reform.
- Allocation. Continues current allocation by formula through states to districts.
- Use of Funds. Continues and expands very flexible use of funds such as for curricular materials, professional development and gifted and talented programs, including a strong emphasis on technology acquisition, integration and teacher training.
- Funding. Funding increased from \$285 million (FY01) to \$385 million (FY02). According to Education TURNKEY Systems, Inc., districts are projected to use \$92 million of their Title VI funds in the 2001-2002 school year (FY01) for technology, primarily for software (\$69 million). Based on this ratio and with the increase in funding under the renamed Title V, Part A program, one could project that technology spending might increase to \$120 million by 2002-2003 (FY02).

SUMMARY

FLEXIBILITY

The Act includes a large number of changes and new provisions that provide states and districts with the potential for unprecedented new flexibility in the use of federal program funds. From consolidation of programs to expanded uses of funds within programs to overarching cross-program flexibility, the new law may better enable educators to meet their unique educational needs and goals. However, while many lawmakers are touting this relaxation in the prescriptive federal role, each such change must be viewed in conjunction with accompanying and/or additional accountability provisions that may discourage participation.

Opportunities & Challenges. Increased flexibility, especially under the Transferability and Flexibility Demonstration programs, presents education technology with an opportunity to significantly expand. To the degree that state and local decision makers can be made aware of these options and look to technology to address their core education needs and goals, additional resources from several core grant programs can be shifted into technology. To this end, SIIA member company's familiarity with the Act's provisions and goals can help facilitate their increased market share. At the same time, to the degree that state and local decision makers do not view technology as meeting the Act's pressing requirements for increased academic achievement, they may be inclined to shift resources out of technology.

Following are the core flexibility provisions included in the Act:

Program Consolidation

- The Act attempts to reduce the total number of authorized programs from 55 to 45 through program elimination and consolidation.
- However, much of this program elimination and consolidation may actually result from new and alternative structures. Most notably, about one dozen programs (including Star Schools, Community Technology Centers, and Ready-to-Teach) were grouped together under the Fund for the Improvement of Education (FIE) program and funded separately through the FY02 education funding bill.
- As a result, it appears there are about the same number of active programs following passage of the Act as there were before. Nevertheless, there is a shift in resources from smaller competitive to larger formula allocated programs.

Flexibility Within Programs

- Many core grant programs (see Core Grant Programs Available For Technology) include provisions and expanded uses of funds to provided grantees with increased flexibility to implement the grant program.
- **Title I Schoolwide Programs.** Reduces from 50% to 40% the minimum share of economically disadvantaged students necessary for a schoolwide program, which allows a school to use Title I and other federal formula program funds to improve the whole school (as opposed to targeted to specific eligible students). Schoolwide programs require a detailed plan and compliance with accountability provisions.
- **Title II, Title III and Title V.** Consolidates several programs and greatly expand use of funds beyond current law focus, including for technology and online instruction and teacher training. Other smaller programs include similar consolidation and expanded use of funds.

Transferability (Title VI, Part A, Subpart 2)

Allows all states and districts to transfer funds among certain federal programs as follows:

State Transferability. States may transfer up to 50% of the non-administrative state-level activities funds among each of the following programs and/or into Title I:

- Title II, Part A Teacher Quality Training
- Title II, Part D State and Local Technology Grants
- Title IV, Part A Safe and Drug-Free Schools
- Title IV, Part B 21st Century Community Learning Centers
- Title V, Part A Innovative Programs

Local Transferability

- Local districts may transfer up to 50% of funds among each of the following programs and/or into Title I:
 - Title II, Part A Teacher Quality Training
 - Title II, Part D State and Local Technology Grants (**Formula Grants Only**)
 - Title IV, Part A Safe and Drug-Free Schools
 - Title V, Part A Innovative Programs
- Local districts identified for improvement under Title I may only transfer up to 30% of funds, provided such funds are transferred to Title I school improvement or related activities.

State and Local Flexibility Demonstration (Title VI, Part A, Subpart 3)

Allows up to 7 states and 150 school districts to consolidate and reprogram certain federal program grant funds to any educational purpose allowed under the "*No Child Left Behind Act of 2001*". Such states and districts gain this flexibility (and the ability to escape the program requirements that accompany the included programs) in exchange for entering into a performance agreement that requires a plan and demonstration of adequate yearly progress toward increased student achievement.

State Flexibility. Requires the U.S. Department of Education to, on a competitive basis, grant flexibility to 7 states for 5 years to consolidate and reprogram the state-level activities and state administration funds (usually about 2-5% of the state grant) from Title I and the 5 programs listed under State Transferability (see above). Eligible states must:

- Enter into performance agreement with 4-10 local districts, which agree to participate in the Local Flexibility (see below) and align their use of consolidated funds with the state's.
- Provide a plan for consolidating and using the funds and how this increased flexibility will assist the state and named districts in improving student achievement.
- Provide assurances the state will involve stakeholders in developing the plan and annually disseminate a report detailing the plan and progress toward its goals.
- Demonstrate adequate yearly progress or have their Flexibility authority revoked upon failure to make such progress for 2 consecutive years.

Local Flexibility. Requires the U.S. Department of Education to, on a competitive basis, grant flexibility to up to 80 local districts (from states not included in the State Flexibility demo) for 5 years to consolidate and reprogram the grant funds from the 4 programs listed under Local Transferability (see above). Eligible districts must enter into a performance agreement with the U.S. DoEd that includes:

- A plan for consolidating and using the funds and how this increased flexibility will assist the district in improving student achievement.
- Assurances the district will involve parents and educators in developing the plan and annually

- disseminate a report detailing the plan and progress toward its goals.
- Agreement to demonstrate adequate yearly progress or have their Flexibility authority revoked upon failure to make such progress for 2 consecutive years.

Rural Flexibility (Title VI, Part B)

Provides increased flexibility to rural, small and/or high-poverty districts similar to that provided under Local Flexibility, and also provides additional resources to such districts.

Small, Rural School Achievement Program

- Flexibility. Small, rural districts may use funds received under the programs listed in Local Transferability (see above) for any activities authorized under those programs or under Title I, Part A; Title III English Language Acquisition; or Title IV, Part B 21st Century Community Learning Centers.
- Grant. A new grant program is added to supplement this Flexibility among eligible districts. Funded at \$81 million (FY02), the grant funds are allocated by formula from the U.S. Department of Education directly to eligible local districts.
- Accountability. Districts must make adequate yearly progress after three years to continue their participation, unless funds are redirected to activities allowed under Title I School Improvement.

Rural and Low-Income School Program

- Grants. A new grant program is added. Funded at \$81 million (FY02), the grant funds are allocated by formula to states, which make awards either competitively or by formula to high-poverty, rural schools.
- Uses of Funds. Funds are available a broad range of activities, including education technology as described in Title II, Part D and teacher training, including to utilize technology.
- Accountability. Districts must make adequate yearly progress after three years to continue their participation, unless funds are redirected to activities allowed under Title I School Improvement.

Flexibility in the Use of Administrative and Other Funds (Title IX, Part B)

Expands current law to give states and districts the freedom to combine administrative funds from all ESEA programs and such other programs as the U.S. Secretary of Education may designate.

Coordination of Programs; Consolidated State and Local Plans and Applications (Title IX, Part C)

- Consolidated State Plan. Maintains current authority for states to submit a single consolidated plan or application for each of the programs in which the state participates.
- Consolidated District Plan. Maintains similar current authority for districts to submit a single plan or application for each of the federal programs in which the district participates.
- Consolidated Annual Reports. Allows states and districts to submit a single consolidated annual report, rather than a separate such report for each program.

Education Flexibility Partnership Act of 1999 (Title X, Part C)

Maintains the Ed Flex program which empowers eligible states to assume authority similar to the U.S. Secretary of Education's in providing districts with waivers for certain federal regulations.

SUMMARY

ACCOUNTABILITY

The Act includes a large number of new and expanded testing and reporting requirements that build upon the 1993 ESEA Title I accountability reforms and focus on math and reading. While the most critical requirements are included in Title I and Title VI Flexibility and Accountability, accountability is emphasized throughout the Act and will affect all students, educators, communities, states and stakeholders.

The accountability system is centered largely around the requirement that states test students annually between grades 3-8 (and once between grades 9-12) in reading and mathematics, and set adequate yearly progress (AYP) goals for increasing the academic achievement of all students and student groups. A stringent series of remedies and penalties (as well as rewards) are included for schools, districts and states based on their ability to achieve AYP. States are also required to participate on a biennial basis in the 4th and 8th grade National Assessment of Educational Progress (NAEP) in reading and mathematics to provide a national benchmark.

Opportunities and Challenges. New and expanded accountability requirements present opportunities for technology to help meet testing and reporting requirements (as well as educational needs for improved content and instruction). States and districts will need to increase the scale, scope and efficiency of their efforts in student assessment and information management. Many of these goals can only be met through technology; while others such as assessment may be greatly enhanced through technology. At the same time, the increased accountability for improved academic achievement will raise the bar with regard to educational software's ability to both help reach (as well as demonstrate) this increased academic performance.

Following are the Act's core testing, reporting and accountability provisions:

Title I - Disadvantaged Children Meet High Academic Standards (Title I, Part A)

As the largest and most pervasive federal program (impacting all states and nearly all districts), Title I serves as the centerpiece for the federal accountability program. Key components include the following:

State Testing

- States must implement annual reading and math assessments for grades 3-8 and once between grades 9-12. States may select and designate assessments of their choosing, provided they are aligned with state standards, allow comparability from year to year, and are of objective knowledge.
- States have until the 2005-2006 school year to develop and implement the new assessments. (States must continue to comply with current law requirements for assessments in each of three grade spans: 3-5, 6-9 and 10-12).
- States must develop science standards and implement science assessments by 2007-2008 in one grade in each of the three grade spans.
- Assessments must produce individual student interpretive, descriptive, and diagnostic reports that allow parents, teachers and principals to understand and address the specific academic needs of students.

Adequate Yearly Progress (AYP)

- States must define AYP so that all students (through disaggregated data) are expected to improve and that in 12 years all students will achieve at the state defined "proficient" level on state reading and math assessments.
- The AYP achievement "bar" must be raised after two years, and subsequently at least once every three years and in equal increments to reach 100% proficiency.
- A "safe harbor" exception is included to avoid over-identification of schools as failing when all subgroups are making progress toward proficiency.
- In addition to reading and math assessments in grades 3-8, the state must incorporate at least one other academic indicator in its AYP definition. Secondary schools must include graduation rates.

School Improvement

- Resources. States may set-aside 2% (increased from 0.5% currently and further increasing to 4% by 2004) for technical assistance and school improvement activities for schools failing to reach AYP.
- 2 Years - Public School Choice. Schools failing to reach AYP for two consecutive years will be identified and receive technical assistance. The district must offer public school choice to all students the following year and must provide transportation.
- 3 Years - Supplemental Services. For schools failing to reach AYP for three consecutive years, the district must use 5-15% of Title I funds to provide low achieving disadvantaged students with supplemental educational services from a provider of their choice.
- 4 Years - Corrective Action. For schools failing to reach AYP for four consecutive years, the district must also implement certain corrective actions such as replacing school staff or implementing a new curriculum.
- 5 Years - Restructuring. If a school fails to reach AYP for five consecutive years, it would be required to implement an alternative governance such as state takeover, private management or converting to a charter school.
- LEA Corrective Action. States are responsible for overseeing districts in this way and implementing similar school improvement remedies for districts failing to reach AYP.

Report Cards

- State. States must annually report the following aggregated information: state assessment results (disaggregated by subgroup, compared across levels of achievement, and compared to AYP objectives); graduation rates; names of schools identified for improvement; and the professional qualifications of teachers.
- District. Districts must annually report this same information, both by school and aggregated across the district, as well as compared to the state as a whole.

Teacher Accountability

- Paraprofessionals. Within three years, all teachers' aides must have completed higher education study or met a rigorous local standard that includes an assessment of math, reading and writing.
- Teachers. All teachers hired under Title I must meet the state's requirements for being highly qualified.

Rewards

- States may set aside up to 10% of any increase in Title I funding to provide two types of rewards to both schools that substantially close the achievement gap and to successful teachers in schools needing improvement.

Title II - Teacher and Principal Quality Training and Recruiting Fund (Title II, Part A)

- Goal. All teachers in the state must be "highly qualified" by the end of the 2005-2006 school year.
- Improvement. Each state must have a plan to meet this goal, including annual measurable objectives for each district and school for annually increasing their percentage of teachers who receive high-quality professional development and who meeting requirements as highly qualified.
- Assistance. Each district must have an improvement plan if it fails to make progress after two years. States must provide technical assistance to schools and districts that fail to make progress after two years. If a district fails to make progress after three years, the state shall enter into an agreement with the district for the use of Title II, Part A funds, including empowering teachers to help select their professional development activities.

Title III - English Language Acquisition, Language Enhancement, and Academic Achievement Act

- Testing. Students who have attended school in the United States for at least three consecutive years must be tested in reading in the English language.
- Accountability. States are required to develop annual measurable achievement objectives to monitor the progress of LEP students in attaining English proficiency. Districts failing to meet the objectives must modify their curriculum and program, subject to state approval.
- Teachers. Districts must certify that all teachers in a language instruction program are fluent in English and any other language used by the program.

Title VI - Accountability (Title VI, Part A, Subpart I)

- NAEP. States are required to participate in 4th and 8th grade National Assessment of Educational Progress (NAEP) assessments in reading and math on a biennial basis.
- State Tests. States are provided \$387 million (FY02) in assistance to develop and administer state assessments required under Title I.
- AYP. Using a peer review process, the U.S. Secretary of Education will review whether each state has met its AYP definition under Title I. States failing to meet these goals for two consecutive years shall be provided technical assistance. Beginning in 2005-2006, the Secretary shall submit an annual report listing which states have failed to meet accountability goals under AYP, Title III English language proficiency, and Title II high quality teachers.

Title VI - Flexibility (Title VI, Part A, Subpart 2 and Subpart 3; Title VI, Part B)

See accountability provisions under Flexibility (see above).

SUMMARY

MISCELLANEOUS PROGRAMS & PROVISIONS WITH IMPACT ON TECHNOLOGY

This section contains a summary of various programs and provisions not addressed in detail above but which have a significant impact on technology. This is not an exhaustive list, and there may therefore be other programs not included below of interest to education technology stakeholders.

The following are included:

- Title I Supplemental Services
- Scientifically Based Research
- Improving Literacy Through School Libraries (Title I, Part B, Subpart 4)
- Migrant Education (Title I, Part C)
- Comprehensive School Reform (Title I, Part F)
- Advanced Placement (Title I, Part G)
- Math and Science Partnerships (Title II, Part B)
- Transition-to-Teaching (Title II, Part C, Subpart 2)
- Safe and Drug-Free Schools and Communities (Title IV, Part A)
- Public Charter Schools (Title V, Part B)
- Magnet Schools Assistance (Title V, Part C)
- Gifted and Talented Students (Title V, Part D, Subpart 6)
- Grants For State Assessments and Related Activities (Title VI, Part A, Subpart 1)
- Impact Aid (Title VIII)

Title I Supplemental Services

Overview. Schools failing to make adequate yearly progress (AYP), as defined by the state under Title I, for 3 consecutive years (including the period prior to enactment of the Act) are required to offer supplemental educational services to their students. For schools already in this situation, states and districts must provide supplemental services starting in the 2002-2003 school year. The requirement to provide supplemental services suspends if a school meets AYP goals for 2 consecutive years.

Supplemental Services. Supplemental services are defined as tutoring and other academic enrichment services that are in addition to instruction provided during the school day and are of high quality, research-based, and specifically designed to increase academic achievement.

Criteria of Qualified Providers. Qualified providers include non-profit entities, for-profit entities or local districts that have:

- a demonstrated record of effectiveness in increasing student academic achievement;
- capability of providing services consistent with the community instructional program and standards;
- financial stability;
- ability to provide parents with information on the progress of their children in improving achievement;
- met all applicable government health, safety and civil rights laws; and
- ensured all instruction and content are secular, neutral and nonideological.

State Role. The state education agency is required to:

- promote participation by providers, including annual notice to potential providers of the opportunity and procedures;
- develop and apply objective criteria to potential providers based on demonstrated record of effectiveness in increasing academic proficiency of students;
- maintain an updated list of approved providers arranged by school district locality; and
- develop, implement and publicly report on standards and techniques for both monitoring the quality and effectiveness of the services offered by approved providers, as well as for withdrawing approval of providers that fail for 2 consecutive years to contribute to increased academic proficiency of students.

Local District's Role. The local district is required to:

- provide annual notice to parents of students in eligible schools about the availability of services, including the identity of approved providers and a description of the providers' services, qualifications and demonstrated effectiveness;
- assist parents in choosing a provider if requested; and
- arrange for provision of services to eligible children from an approved provider by entering into agreement with the provider that includes: (1) a statement of specific achievement goals of the student, (2) how a student's progress will be measured, (3) a timetable for improving achievement, (4) a process for keeping parents and teacher(s) regularly informed of the student's progress, and (5) allowance of termination of the agreement if the provider fails to meet the goals.

Total & Per-Student Funding. Local districts with a qualified school must dedicate 5-15% of their Title I allocation to supplemental services (with the remaining funds dedicated to transportation under the public school choice option of students in low performing schools). Local districts are required to pay for supplemental services at a per-student amount that is the lesser of the per-student Title I allocation (which averages about \$900, but varies widely among districts and schools) and the actual costs of the services. States may supplement these resources with Title V, Part A state funds. If funding is insufficient to cover all students, local districts must give priority to the lowest-achieving students.

Waiver. At the request of a local district, a state may waive in whole or in part the requirement to provide supplemental services if there are no providers within a reasonable distance and the district provides evidence it is not able to provide those services.

Scientifically Based Research

Overview. Throughout the Act, the term "scientifically based research" is used to qualify the types of educational programs, services, instruction, curricular materials, etc. for which these federal program funds may be used. The intent of legislators is to limit the use of federal funds to sound and effective policies and practices. The term appears in most core federal grant programs, but is excluded from the Title II, Part D Technology program as a result of concerns raised by SIIA and other stakeholders regarding the unique challenges faced when applying this criteria to technology.

Definition. The term "scientifically based research" --

- (A) means research that involves the application of rigorous, systematic, and objective procedures to obtain reliable and valid knowledge relevant to education activities and programs; and
- (B) includes research that—
 - (i) employs systematic, empirical methods that draw on observation or experiment;
 - (ii) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

- (iii) relies on measurements or observational methods that provide reliable and valid data across evaluators and observers, across multiple measurements and observations, and across studies by the same or different investigators;
- (iv) is evaluated using experimental or quasi-experimental designs in which individuals, entities, programs, or activities are assigned to different conditions and with appropriate controls to evaluate the effects of the condition of interest, with a preference for random-assignment experiments, or other designs to the extent that those designs contain within-condition or across-condition controls;
- (v) ensures that experimental studies are presented in sufficient detail and clarity to allow for replication or, at a minimum, offer the opportunity to build systematically on their findings; and
- (vi) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

Implications. The regulations, implementation and enforcement of this definition and criteria remain to be determined. However, there is a potential that certain interpretations among government officials and/or local educators could cause concern/doubt about whether any particular technology product, service or practice meets this definition. In such cases, companies must be prepared to demonstrate that their products and services meet this criteria sufficiently to address such concerns.

Improving Literacy Through School Libraries (Title I, Part B, Subpart 4)

- **Overview.** New program to assist schools in providing students with access to: (1) up-to-date school library materials; (2) technologically advanced school library media centers; and (3) professionally certified school library media specialists.
- **Allocation.** Competitive awards directly to LEAs if the funding level is below \$100 million. If appropriations are greater than \$100 million, funds would be allocated by formula to states, which would then make competitive awards to districts.
- **Use of Funds.** Authorizes LEAs to use funds to: (1) acquire school library media resources; (2) acquire and use technology that can help to develop the information retrieval and critical thinking skills of students; (3) facilitate Internet links and other resource-sharing networks; (4) provide (a) professional development for school library media specialists and (b) activities that foster increased collaboration between school library media specialists, teachers, and administrators; and (5) provide students with access to school libraries during non-school hours.
- **Funding.** No funding was provided for this new program in FY02.

Migrant Education (Title I, Part C)

- **Overview.** Retains, without major changes, the current program to provide financial assistance to State educational agencies to establish and improve programs of education for children of migratory farm workers and fishers.
- **Allocations.** Beginning in FY 2003, requires that funds in excess of FY 2002 be allocated to States based on actual counts of eligible migratory students who received services in the state. (Under current law, funds are allocated on the basis of total student population.)
- **Federal Coordination.** Provides up to \$10 million for the Secretary to coordinate Migrant Education activities. Adds requirements that the Secretary assist States in developing effective methods for the electronic transfer of student records and ensure a linkage of migrant student record systems for the purpose of electronic exchange using the diversity of existing systems. Also requires the Secretary to determine the minimum data elements that each State receiving funds should collect and maintain. Requires the Secretary to submit a report to Congress on State progress on, and recommendations for, developing and linking electronic records transfer systems by April 30, 2003.
- **Uses of Funds.** Once the Department determines the State's allocation, the SEA provides MEP services and activities either directly or through subgrants to local operating agencies (LOAs) which can be either local educational agencies (LEAs) or other nonprofit private agencies.

- Funding. Funding increased from \$380 million (FY01) to \$396 million (FY02).

Comprehensive School Reform (Title I, Part F)

- Overview. Permanently authorizes, without major changes, the current program to support the development, adoption, and implementation of comprehensive school reforms that are based upon scientifically based research and effective practices and are designed to improve the quality and student achievement of the entire school.
- Allocations. Funds distributed by Title I formula to states, which make competitive awards of at least \$50,000 to local Title I districts (current law allowed all districts to compete), with a priority on those schools in improvement or corrective action under Title I.
- Uses of Funds. To enable schools to implement a comprehensive school reform program that meets a number of conditions described in the law, including: uses of proven strategies and methods; comprehensive design including instruction, management and professional development; external technical support; and a plan for annual evaluation.
- Federal Role. Requires the Secretary to carry out “quality initiatives” consisting of: (1) a public-private effort to assist States, LEAs, and schools in making informed decisions in approving or selecting providers of comprehensive school reform; and (2) activities to (a) foster the development of comprehensive school reform models; and (b) provide effective capacity building for comprehensive school reform providers to expand their work to more schools, ensure quality, and promote financial stability.
- Funding. Increased from \$260 million (FY01) to \$310 million (FY02).

Advanced Placement (Title I, Part G)

- Overview. Seeks to increase the number of low-income students participating in Advanced Placement classes and taking Advanced Placement tests. Creates two separate programs for these two purposes.
- Test Fee Program. Provides grants to States to pay test fees for low-income students if they are enrolled in an Advanced Placement course. Allocations to States are based on the number of low-income students in the State.
- Incentive Program. Provides three-year competitive grants to states, districts and national nonprofit educational entities for activities such as teacher training and pre-advanced placement course development that are designed to expand access for low-income individuals to Advanced Placement classes.
- Funding. Funding is level at \$22 million in FY02.

Math and Science Partnerships (Title II, Part B)

- Overview. New program provides competitive 3-year grants to partnerships that must include a state, institution of higher education and a high-need local district (and may include other entities including a business) for activities to improve the academic achievement of students in the areas of mathematics and science.
- Allocation. Authorizes competitive awards directly to partnerships at appropriation levels below \$100 million. If funding exceeds \$100 million, allocations are made by formula to states which provide competitive grants to partnerships.
- Use of Funds. Partnerships may use funds for curricula development, professional development, summer workshops, teacher recruitment, distance learning programs, design programs to prepare teachers to mentor other teachers, operate programs to bring math and science teachers into contact with working scientists, mathematicians, and engineers. Grantees must report their progress annually.
- Funding. First year funding is \$12.5 million in FY02.

Transition-to-Teaching (Title II, Part C, Subpart 2)

- **Overview.** Establish programs to recruit and retain highly qualified mid-career professionals and recent college graduates as teachers in high-need schools, including recruiting teachers through alternative routes to certification and encouraging alternative routes to certification. Requires program participants to teach in a high-need school for at least 3 years.
- **Allocation.** Competitive 5-year grants to partnerships and eligible entities, including states and/or high-need local districts and for-profit or non-profit organizations in partnership with a state(s) or high need district(s).
- **Uses of Funds.** Include scholarships and other financial incentives, pre- and post-placement induction or support activities, placement activities; developing and implementing teacher recruitment (including teacher credentialing) and teacher retention programs, and development of long-term recruitment and retention strategies.
- **Funding.** Increased from \$31 million (FY01) to \$35 million (FY02).

Safe and Drug-Free Schools and Communities (Title IV, Part A)

- **Overview.** The Act makes minimal changes to this grant program that helps school efforts to prevent both violence and illegal drug use. It's traditional uses of technology are minimal.
- **Allocation.** Funds are allocated 100% by formula by states. Governors may reserve up to 20% for competitive grants to districts and other public and private organizations. The remaining funds are allocated by formula to districts.
- **Use of Funds.** Uses include drug and violence prevention, parent and community involvement, information dissemination, professional development, law enforcement and security, and counseling. Technology is not mentioned, but that would not preclude its use to carry out these other activities.
- **Funding.** The program is level-funded at \$644 million (FY02), including an increase in the core state grant program to \$472 million and \$172 million for national programs.

Public Charter Schools (Title V, Part B)

- **Overview.** Retains, with a few changes, the Charter Schools grants program to support the planning, design, and initial implementation of charter schools. Authorizes a new program of competitive 5-year grants to match state funds for states with already established per-pupil aid programs to assist charter schools with their school facility costs.
- **Allocations.** Authorizes the first \$200 million for the regular Charter School Grant program and the next \$100 million for the Per-Pupil Facilities grants. At appropriations levels above \$300 million, funds are evenly divided between the two programs. The Charter School program provides competitive grants to states, which make competitive grants to charter schools. If a state does not compete, charter schools may apply directly to the Secretary. The Facilities program provides competitive awards to States, which make formula grants to charter schools on a per-pupil basis.
- **Uses of Funds.** Facilities grants are dedicated as matching funds to the state facilities program. The Charter School grants can be used for educational planning and design, including professional development, as well as initial implementation, including acquisition and development of necessary equipment and materials.
- **Funding.** Increased from \$190 million (FY01) to \$200 million (FY02).

Magnet Schools Assistance (Title V, Part C)

- **Overview.** Makes only minor changes to the program providing grants to establish and operate magnet schools in local districts that are under a court ordered or federally-approved voluntary desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools.
- **Use of Funds.** Provide for the broad array of school needs, including planning, professional development and the acquisition of technology and curricular materials.

- Allocations. Competitive grants to local districts with court-ordered or federally approved voluntary desegregation plans.
- Funding. Level funding at \$110 million in FY02.

Gifted and Talented Students (Title V, Part D, Subpart 6)

- Overview. Encourages a coordinated program of scientifically based research, demonstration projects, innovative strategies, and similar activities designed to build and enhance the ability of elementary and secondary schools nationwide to meet the special educational needs of gifted and talented students.
- Allocation. Competitive grants to states, local districts, institutions of higher education, and other public or private organizations. Funds in excess of the FY01 funding levels must be awarded only to states and districts. The Secretary may award no more than 30% to the National Research Center for the Education of Gifted and Talented Children and Youth.
- Uses of Funds. Professional development, develop and expand programs, acquire or access materials and services from other entities such as online distance learning. 50 percent of applications must address the priority of assisting schools in the identification of, and provision of services to, gifted and talented students who may not be identified and served through traditional assessment methods.
- Funding. Increased from \$7.5 million (FY01) to \$11.2 million (FY02).

Grants For State Assessments and Related Activities (Title VI, Part A, Subpart 1)

- Overview. New program to assist states in developing the assessments required under *No Child Left Behind*.
- Allocations. Provides large majority of funding by formula to states. Funds appropriated in excess of the annual trigger amount are allocated competitively to states for the Enhanced Assessment Instrument grants. (If appropriations fall below the trigger, states are not required to administer the annual assessments in grades 3 through 8.)
- Uses of Funds. States may use their formula funds to pay the costs of the development of the additional State standards and assessments required by NCLB Act. If a State has already developed the required standards and assessments, it may use its funds to: (1) administer the assessments; or (2) carry out other activities designed to hold local districts and schools accountable for results. States may use their competitive awards to: (1) improve the quality, validity, and reliability of State assessments; (2) use multiple measures of student academic achievement; (3) chart the progress of students over time; and (4) develop comprehensive academic assessment instruments, such as performance and technology-based academic assessments, to evaluate student achievement.
- Funding. \$387 million in FY02.

Impact Aid (Title VIII)

- Overview. Reauthorizes the Impact Aid program (and its several subprograms), which provides financial assistance to local districts that lose revenue due to the impact of federal activities.
- Allocation. Most funds are allocated directly to local districts based, in part, on the number and type of federally connected students. More than 1,400 local districts receive Impact Aid grants for the services they provide to children who reside on Indian lands and in federal low-income housing, whose parents are in the military, and whose parents are civilians working on federal property.
- Use of Funds. General operating expenses of the schools, including staff salaries, acquisition of instructional materials and equipment, or any other use as determined locally.
- Funding. Increased from \$993 million (FY01) to \$1.14 billion (FY02).

DETAILED REVIEW OF STATE TECHNOLOGY GRANT

Structure & Allocations

Federal-to-State Formula

- Program funds will be allocated to states using the poverty-weighted Title I formula.
- Because the current TLCF state allocation is also based on the Title I formula, there will be little real shifting of program funds among states.
- With funding for the State Grant program increasing from \$450 million (under TLCF) to \$700 million (FY02), all states will benefit from at least this 56% increase.

State-to-Local Allocation Formula

- States will allocated 50% of funds to local districts by Title I formula and 50% competitively to eligible local entities (which can include for-profit entities -- see Definitions below)
- Shift from 100% competitive (under current TLCF) to a 50% formula/50% competitive local allocation will result in significant expansion in the number of local districts receiving a federal technology grant.
- With program funding increasing to \$700 million (FY02), states will have about \$350 million each for formula and competitive grants.

State-to-Local Formula Grants

- State-to-local allocation of \$350 million (FY02) by Title I formula will leave the mean grant allocation at about \$25,000 and the median grant allocation at about \$7,500 (i.e., 1/2 of districts would have an allocation of less than \$7,500).
- The result will be a wide variation in grant size from less than \$1,000 form many small, rural districts to multi-million dollar grants for large cities. For example, in California, Los Angeles would receive about \$9 million (20% of the state grant), while about 320 districts (34% of the total) would receive \$5,000 or less.
- States with the largest number of very small grants include those with: (1) the largest number of districts, (2) the smallest total grant size, and (3) the highest proportion of students concentrated in very large cities.
- It would take a very large funding increase to significantly change these dynamics. For example, even if total program funding increased to \$1.5 billion, about one-third of California districts would still receive \$10,000 or less.

State-to-Local Competitive Grants

With a \$700 million (FY02) program, total funding available for state-to-local competitive grants will decline from the current \$450 million level under TLCF to about \$350 million for the 2002-2003 school year. However, once total program appropriations reach about \$900 million (potentially by FY03 or FY04), then the level of state-to-local competitive grants would return and eventually surpass current levels.

In awarding competitive grants, states shall:

- give priority to those districts receiving a formula allocation that is not of sufficient size (as determined by the state) so as to allow for an effective and sufficient investment;
- ensure grants are of sufficient duration, and of sufficient size, scope, and quality, to effectively carry out program purposes;
- assure an equitable distribution of grant assistance among urban and rural areas of the State, according to the demonstrated need of the district serving the areas.

As with the current TLCF program, some states may choose to allocate competitive grants broadly to all or most districts. For example, some states may choose to award a competitive grant to every district receiving a small formula grant, in effect using the competitive grant fund to simply supplement these formula grants. As a result of both the priority for competitive grants as well as this possible state propensity to allocate competitive grants broadly, the scale and scope of districts receiving small grants as outlined above under formula grants will likely be partially offset.

Professional Development Requirement

Local activities and uses of funds are outlined in more detail below, but it is worth noting at this point that local districts are required to use at least 25% of grant funds for professional development. However, states may provide a waiver if a district demonstrates its teachers already receive such training.

Sample State Allocations

Following is an analysis for several states of how the 50% Title I formula portion of the State Grant would be allocated among local districts. [Note: These estimates were calculated prior to passage of the FY02 funding level of \$700 million, assume an overall program funding level of \$750 million (i.e., \$375 formula), and so are high by about 7%.]

Wisconsin:

- Formula Grant for about 404 of 437 Local Districts
- \$2 million (37%) grant to Milwaukee
- 4 districts (Racine, Kenosha, Madison and Green Bay) receive grants of \$100,000 to \$200,000
- 4 districts (Eau Claire, Beloit, La Crosse and Superior) receive grants of \$50,000 to \$100,000
- About 50 (12%) districts receive grants of \$10,000 to \$50,000
- About 100 (23%) districts receive grants of \$5,000 to \$10,000
- About 240 (55%) districts receive grants of \$1 to \$5,000

Missouri

- Formula Grant for all 526 local districts
- \$926,000 (16%) grant to St. Louis
- \$520,000 grant to Kansas City
- \$156,000 grant to Springfield
- 8 districts receive grants of \$50,000 to \$100,000
- About 120 (23%) districts receive grants of \$10,000 to \$50,000
- About 115 (22%) districts receive grants of \$5,000 to \$10,000
- About 270 (51%) districts receive grants of \$1 to \$5,000

North Dakota

- Formula Grant for about 190 of 220 Local Districts
- 4 districts (Fargo, Grand Forks, Minot and Bismarck) receive grants of \$100,000 to \$200,000
- 1 district (Belcourt) receives a grant of \$50,000 to \$100,000
- About 25 (12%) districts receive grants of \$10,000 to \$50,000
- About 50 (23%) districts receive grants of \$5,000 to \$10,000
- About 110 (50%) districts receive grants of \$1 to \$5,000

Mississippi

- \$341,000 grant to Jackson
- \$138,000 grant to Greenville

- 20 districts receive grant of \$50,000 to \$100,000
- 115 (77%) districts receive grant of \$10,000 to \$50,000
- 6 districts receive grant of \$5,000 to \$10,000
- 5 districts receive grant of \$1 to \$5,000

Maryland

- Grants to all 24 districts
- \$1.5 million to Baltimore
- Remaining 23 districts receive grants of \$17,000 to \$650,000, including 10 between \$50,000 and \$100,000

New Jersey

- Formula Grant for about 512 of 534 districts
- \$993,000 (8%) to Newark
- \$520,000 to Jersey City
- \$497,000 to Camden
- \$396,000 to Paterson
- 10 districts receive \$100,000 to \$223,000
- 13 districts receive \$50,000 to \$100,000
- 85 (16%) districts receive \$10,000 to \$50,000
- 100 (18%) districts receive \$5,000 to \$10,000
- 290 (55%) districts receive \$1 to \$5,000

Virginia

- Formula Grant for about 135 of 146 districts
- \$369,000 to Norfolk County
- \$340,000 to Fairfax County
- \$329,000 to Richmond
- \$311,000 to Virginia Beach
- \$243,000 to Newport News
- 7 districts receive \$100,000 to \$200,000
- 13 districts receive \$50,000 to \$100,000
- 78 districts (53%) receive \$10,000 to \$50,000
- 21 districts receive \$5,000 to \$10,000
- 8 districts receive \$1 to \$5,000

California

- \$9.2 million (20%) to Los Angeles
- \$1.3 million to Long Beach
- \$1.2 million to Fresno
- 10 districts receive \$500,000 to \$1 million
- 20 districts receive \$200,000 to \$500,000
- 57 districts receive \$100,000 to \$200,000
- 85 (9%) districts receive \$50,000 to \$100,000
- 290 (30%) districts receive \$10,000 to \$50,000
- 140 (15%) districts receive \$5,000 to \$10,000
- 320 (34%) districts receive \$1 to \$5,000

State Grant Requirements & Uses Of Funds

Program Purpose & Goals:

- Assist states and localities in implementing a comprehensive system in which technology is effectively integrated across the curriculum and instruction to improve student academic achievement
- Assist every student in crossing the digital divide by ensuring that every child is technologically literate by the time the child finishes the 8th grade,
- Assist states and localities in the acquisition, implementation and maintenance of an effective educational technology infrastructure in a manner that expands access to technology for students (particularly for disadvantaged students) and teachers, including through public-private partnerships
- Improve capacity of educators to effectively integrate technology into curriculum through such means as high quality professional development programs, including via electronic means
- Support the development of electronic networks and other innovative methods, such as distance learning, of delivering challenging courses and curricula for students who would otherwise not have access to such courses and curricula, particularly in geographically remote regions.
- Support the rigorous evaluation of programs funded under this part, particularly the impact of such initiatives on student academic performance, identify research-based methods that can be widely implemented, and ensure that timely dissemination of such information
- Support the use of technology to promote parent and family involvement in education and communication among students, parents, teachers, principals, and administrators.

State Applications:

In General- A State shall submit an application to the U.S. Department of Education containing a new or updated statewide, long-range strategic educational technology plan, including description of at least the following:

- goals and long-term strategies for improving student academic achievement including technology literacy through the effective use of technology in classrooms throughout the State, including through improving the capacity of teachers to effectively integrate technology into the curricula and instruction;
- steps and long-term financing strategies the State will take to ensure all students and teachers, particularly those in high-need LEAs, have increased access to technology;
- the process and accountability measures that the State would use to evaluate the effectiveness of the integration of technology;
- how the State would encourage the development and utilization of technology and distance learning for the delivery of specialized or rigorous curricula, particularly for those limited by geographical isolation or insufficient resources;
- an assurance that financial assistance provided under this subpart shall supplement, and not supplant, State and local funds;
- how the plan incorporates professional development and how the State would work to ensure all teachers and principals are technologically literate;
- how the State educational agency would provide technical assistance to applicants, especially those with the highest poverty or greatest need
- how the state will identify and disseminate best practices for LEAs;
- strategies for using technology to increase parental involvement;
- how the SEA would ensure that competitive grant is of sufficient duration, and of sufficient size, scope, and quality, to carry out the purpose of this part effectively
- how the State will ensure ongoing integration of technology into instructional strategies and school curricula in all schools in the State, so that technology will be fully integrated into those schools by December 31, 2006; and

- a description of how public and private entities would participate in the implementation and support of the plan.”

General Approval – A SEA application shall be deemed to be approved by the Secretary unless the Secretary makes a written determination within 120 days that the application is in violation of this part.

Local Application:

Local districts submit a combined application for both formula and competitive grants.

Local districts may apply for formula grants as part of a consortium that includes other local districts and/or other educational entities.

Each local applicant shall include the following descriptions:

- specific goals and means for using funds to improve the academic achievement, including technology literacy, of all students and to improve the capacity of teachers to provide instruction through use of technology.
- steps to ensure all students and teachers have increased access to educational technology, including students in high poverty schools, high needs schools, or schools identified for improvement under Title I
- how promote teaching strategies and curricula, based on a review of relevant research, which effectively integrate technology into instruction, leading to improvements in student academic achievement as measured by state standards; and
- how provide ongoing, sustained professional development for educators to further the effective use of technology, including a list of entities that will providing such services;
- the type and costs of technologies to be acquired, including services, software, and digital curricula, including specific provisions for interoperability among components of such technologies.
- how coordinate this grant with other federal, state and local grants and resources
- how integrate technology (including software and other electronically delivered learning materials) across the curriculum and a time line for such integration.
- how encourage the development and utilization of technology and distance learning for the delivery of specialized or rigorous curricula, particularly for those limited by geographical isolation or insufficient resources;
- how ensure effective use of technology to promote parental involvement and increase communication with parents, including to enable parents to reinforce school instruction at home;
- accountability measures and process used for the evaluation of the extent to which funds were effective in integrating technology into school curriculum, increasing the ability of teachers to teach, and enabling students to meet challenging State standards.
- the supporting resources, such as services, software, other electronically delivered learning materials, and print resources, that will be acquired to ensure successful and effective uses of technologies.

State Activities:

SEAs may not use more than 5% for state activities, including no more than 3% for administrative costs.

In General- SEAs shall carry out activities to assist local efforts, including through the following activities:

- Developing, or assisting applicants in the development and utilization of, innovative technology strategies and distance learning to deliver rigorous academic programs, with a priority to high-need LEAs.

- Establishing or supporting public-private initiatives for the acquisition of and access to educational technology for high-need LEAs and their students
- Assisting applicants in providing sustained and intensive, high-quality professional development based on scientifically based research in the integration of advanced technologies into curriculum and in using those technologies to create new learning environments, including training in the use of technology to--
 - access data and resources to develop curricula and instructional materials;
 - enable teachers to use the Internet or other technologies to communicate with parents, other teachers, principals and administrators; and to retrieve Internet-based learning resources; and
 - lead to improvements in classroom instruction in the core academic subject areas, which effectively prepare students to meet challenging State standards.
- Developing enhanced performance measurement systems to determine the effectiveness of education technology programs, including the degree to which technology has been successfully integrated into teaching strategies and school curriculum, has increased the ability of teachers to teach, and has enabled students to meet challenging State standards.
- Collaborating with other States on distance learning, including making advanced courses available to students who would otherwise not have access to such courses.

Local Activities:

LEAs may not use more than 5% for state activities, including no more than 3% for administrative costs

Professional Development Requirement - Grant recipients shall use not less than 25 percent of funds to provide ongoing, sustained and intensive, high-quality professional development in the integration of advanced technologies into curriculum and in using those technologies to create new learning environments, such as professional development in the use of technology to--

- (1) access data and resources to develop curricula and instructional materials;
- (2) enable teachers--
 - (i) to use the Internet and other technology to communicate with parents, other teachers, principals, and administrators; and
 - (ii) to retrieve Internet-based learning resources; and
- (3) lead to improvements in classroom instruction in the core academic subject areas, which effectively prepare students to meet challenging State standards, including increasing student technology literacy.

Waiver – Grant recipients can receive a waiver from the 25 percent professional development minimum upon demonstrating to the satisfaction of the SEA that all teachers already receive such training.

Other Activities - In addition to the professional development requirement, grant recipients may use funds for the following:

- Initiatives, particularly those involving public-private partnerships, designed to increase access to technology for students and teachers, with special emphasis on high-need schools
- Acquiring, adapting, expanding, implementing, repairing and maintaining existing and new applications of technology, to support the school reform effort and improve student academic achievement, including technology literacy.
- Enabling teachers to effectively use technology to increase student academic achievement through the use of teaching practices that are based on a review of relevant research and are designed to prepare students to meet challenging State standards, including by preparing one or more teachers as technology leaders and mentors and providing bonus payments to those technology leaders.
- Innovative distance education strategies to deliver rigorous academic programs to those who otherwise would not have access to such courses;

- Utilizing technology to promote meaningful parental involvement and foster increased communication so that parents are able to reinforce their child's learning.
- Acquiring connectivity linkages, resources, and services, including the acquisition of hardware and software and other electronically delivered learning materials, for use by students and educators to improve student academic achievement;
- Using technology to collect, manage, and analyze data to inform and enhance teaching and school improvement efforts.
- Implementing enhanced performance measurement systems to determine the effectiveness of education technology including to the extent education technology has been successfully integrated into teaching strategies and school curriculum, has increased the ability of teachers to teach, and has enabled students to meet challenging State standards.
- Developing, enhancing or implementing information technology courses.”

National Activities & Other Provisions

National Activities:

Funded at up to 2% of the total (\$14 million in FY02), from which up to \$15 million total (over 6 years) may be used for the Independent, Long-Term Study.

The Secretary:

(1) Shall conduct an Independent, Long-Term Study:

- Conduct an independent long-term study utilizing scientifically based research methods and control groups or control conditions on: (a) the conditions and practices under which educational technology is effective in increasing student academic achievement; and (b) the conditions and practices that increase the ability of teachers to effectively integrate technology into the curricula and instruction, enhance the learning environment and opportunities, and increase student academic achievement, including technology literacy;
- establish an independent review panel to advise the Secretary on methodological and other issues that arise in conducting this long-term study;
- consult with other interested Federal departments or agencies, state and local educational practitioners and policy makers (including teachers, principals and superintendents) and experts in technology regarding the study; and
- submit to the Congress interim reports, when appropriate, and a final report, to be submitted not later than April 1, 2006, on the findings of the study;

(2) Shall Disseminate the Study Findings to all state educational agencies and other grantees regarding the conditions and practices under which education technology is effective in increasing student academic achievement

(3) May provide Technical Assistance, directly or through the competitive award of grants or contracts, to states, districts or other recipients of funds to assist them in achieving the program's purposes.

(4) Shall update and publish a National Long-Range Technology Plan by no later than January, 2003, including a description of how the Secretary will promote increased student academic achievement through technology integration, increased technology access for high-poverty schools, use of technology to assist in implementation of state systemic reform strategies, and joint activities with other federal agencies.

Filtering Requirement:

Continuation of Internet Filtering requirement as included in the FY01 Omnibus Appropriations bill.

Definitions:

Eligible Local Entity means--

- (A) a high-need local educational agency; or
- (B) an eligible local partnership.

Eligible Local Partnership means a partnership that includes at least one high-need local educational agency and at least one--

- (A) local educational agency that can demonstrate that teachers in schools served by that agency are effectively integrating technology and proven teaching practices into instruction, based on a review of relevant research, that result in improvement in--
 - (i) classroom instruction in the core academic subject areas; and
 - (ii) the preparation of students to meet challenging State academic content and student academic achievement standards;
- (B) institution of higher education;
- (C) for-profit business or organization that develops, designs, manufactures, or produces technology products or services, or has substantial expertise in the application of technology; or
- (D) public or private nonprofit organization with demonstrated experience in the application of educational technology.

High-Need Local Educational Agency (LEA) means an LEA that:

- (A) is among the local educational agencies in the State with the highest numbers or percentages of children from families with incomes below the poverty line, and
- (B) (i) includes one or more schools identified under section 1116; or
- (ii) has a substantial need for assistance in acquiring and using technology.