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K-12 BLUEPRINT

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Funding the Future

toolkits

Financing Education Technology

School leaders blame lack of funds for preventing the infusion of educational technology in the classroom. Current economic realities underscore the point. However, education leaders are charged with not only with ensuring that students are prepared for tests and higher education, but also with equipping them with the skills needed to flourish in a rapidly changing workforce and world.

Schools and districts have struggled to keep initiatives up and running while refreshing and maintaining technology.

The National Education Technology Plan 2010 says: "To achieve our goal of transforming American education, we must rethink basic assumptions and redesign our education system. We must leverage technology to plan, manage, monitor, and report spending to provide decision makers with a reliable, accurate, and complete view of the financial performance of our education system at all levels. Such visibility is essential to meeting our goals for educational attainment within the budgets we can afford."

As in business and other industries, it is very important for school districts to identify funding streams as part of their technology and IT plans. Defining short- and long-term goals that are aligned with strategic action plans are crucial to the planning process, and all key stakeholders have to be part of the process.

Still, the stakeholder community will scrutinize the costs of technology, particularly in light of local economic constraints. Strategic planning for educational technology must be viewed as a systemic solution to be integrated with curriculum and instruction, teaching, learning, assessments, data, and decision-making.

Good planning also ensures that the total cost of funding is addressed. This includes hardware and software but also operations, human capital, licensing, and capital costs. Costs for implementing educational technology vary widely.

Project RED, a 2010 research project, determined that depending on a school's starting point, the incremental costs of a ubiquitous technology implementation, including hardware, software, professional development, training, and support, are $100 to $400 per student per year.

By reinvesting resources and retooling legacy processes, districts are discovering the power of reallocating funds to achieve systemic educational goals through the mindful integration of technology across the school system. School districts prefer funding sources that are predictable, recurring, and without risk of reduction or deletion. In today's tight budgets, most funding beyond basic operating dollars is soft money.

There are three types of financial impact:

Cost avoidance that leads to savings: establishing more compact and efficient school district non-instructional "business" processes via the adoption of robust human-resource, financial and operations systems; establishing more compact and efficient district and building single-point student data acquisition, archiving, analysis, and distribution via the adoption of robust response-to-intervention, special-education, classroom, student, and media management information systems that interface directly or through the use of middleware.; adoption of free Web-based digital content to replace purchased materials.

Cost savings: using technologies that provide less expensive ways to perform tasks, e.g., using electronic communications in place of paper revenue enhancements.

Revenue enhancements: the additional local, state, and national tax-revenue yield from citizens who, as a result of achieving higher levels of education, earn more money and thus remit more taxes.

There are many ways that districts and schools can benefit from these strategies.

- Digital content provides benefits to help realize cost savings. Districts can repurpose it, access it anytime and anywhere, search with different criteria, reuse and chunk it, and tag and store it in a content-management or learning management system where they can classify and index it. Easily uploaded and stored on USB drives, digital content can be used on demand. Users can also save on storing and shipping. When a portion becomes obsolete, just that portion will be replaced, versus replacing an entire textbook.
- Many districts are turning to free Web 2.0 tools and applications to save the costs of purchasing software and maintaining licensing fees. Over the past few years, teachers and students have adopted such tools as blogging, wikis, and online photo and video editing and production. They also use tools for social networking, social bookmarking, and various collaborative-learning tasks.
- Twenty-five percent of a district's power costs go to IT. Initiatives such as power management, virtualization of servers, administrative desktops, and cloud computing make economic sense because they save hardware dollars and reduce IT-management workloads. Also, moving to environment-sensitive energy-saving practice is key—going green in IT.

In today's educational system, any money saved in the short term by using technology will not contribute to a school's bank account. Schools will probably spend the money they saved, given the significant shortfalls in funding. But the savings will allow schools to moderate the impact of declining or flat per-pupil revenues. The challenge is for schools to adopt technology-facilitated strategies that will enhance student outcomes (i.e., do more with the same total financial resources). As uncovered in Project RED as well as detailed the book, The Price We Pay, there are long-term savings to be realized both at the state and local levels.

Funding sources

Schools receive money for technology in the following areas: federal funds, state funds, and local bonds. Federal funds reach school districts in the form of block grants through state educational agencies to local educational agencies and public schools with high numbers or percentages of low-income children.

Federal government

The federal government is a major source of school funding for the purchase of educational technologies. Past practice has been that the Department of Education provides billions of dollars to local and state educational agencies through either a competitive or a formula grant process. Recently the federal government demonstrated a strong commitment to transforming education with the formal adoption of the new National Education Technology Plan. It gives a blueprint for reforming education by using technology on a grand scale.

The Elementary and Secondary Education Act, today known as No Child Left Behind, was written to allow flexibility in using funds and included the option of allocating and combining funds from various titles to address priorities. Approval for technology expenditures is most likely when the technology is tied to NCLB goals.

Key funding sources

Federal education-technology funding: K–12 schools have benefited from the Enhancing Education through Technology Program since 1994. EETT has provided direct federal funding for technology.

Title I

Title I funding that assists local education agencies with large numbers of low-income students to ensure that all learners have an equal opportunity for a good education.

Race to the Top

The Race to the Top program funds teacher quality and improving assessments and data systems.

Individuals with Disabilities Education Act

This act funds services to students with disabilities by defining how states and local educational agencies provide interventions, special education, and other services to those in need. Funds for assistive technologies emerge from this act.

Investing in Innovation

This grant program gives money to districts and nonprofit organizations to drive development of educational reform. There are three categories for these grant monies.

1. **Development:** grants for promising new ideas and strategies
2. **Validation:** grants to support ideas and strategies that have demonstrated results
3. **Scale-up:** grants to expand programs that have had results

Effective teaching and learning for a complete education

This program is aimed at carving out a new approach to college and career readiness. There is a spotlight on using data for planning, decision-making, and planning student progress. The program is intended to drive the shift to expectations of learners' growth and achievement instead of static test scores. It is also focused on turning around the lowest-performing schools.

E-Rate

E-Rate is the discount for which schools and libraries may be eligible to pay for telecommunication services. Eligible schools and libraries can receive discounts of 20 to 90 percent on telecommunication, Internet, and internal connections that are needed to implement classroom technologies. Administered by the Federal Communications Commission (FCC), it is the largest stand-alone K–12 IT funding source in the country.

Other sources

Other federal offices provide educational grants that offer broadband, scientific tools, networks, and classroom and laboratory infrastructures. Announced grants are aligned to each agency's unique mission and goals. Included are the Department of Commerce, the Department of Energy, the Department of Labor, the National Science Foundation, the Centers for Disease Control, and NASA.

State technology funds

Each state Department of Education provides grant opportunities to schools and districts. Some states have instituted policies and practices for simplifying procurement processes that enable sites to utilize statewide contracting and reduce overall costs for services, software, and hardware.

Issuance of local bond (i.e., school-district borrowing)

Districts can use bonds or tax increases for large-scale technology implementations, construction of buildings, and updating existing facilities. Bonds are usually funded through increases of homeowners' property-value assessments. Of course, the viability of a successful bond vote varies with each district's community. Numerous variables come into play. Status of existing structures, needs, communication of plans, and culture are several factors to be considered before going for a bond vote.

Technology financing

Technology financing, or leasing, has become popular, and districts have two options. With a straight lease, a district pays for equipment for a specified time and then returns it. With a lease/purchase, the district either owns the technology or purchases it for a very small residual amount at the end of the contract. Financing imposes fiscal restraint, as it limits expenditures to agreed-upon amounts and maintains a three- to five-year refresh cycle. Banks, local and state government pools, computer hardware and software manufacturers, and underwriters are sources of lease, or financing, opportunities.

The advantage of financing is being able to acquire the technology without paying the full purchase price at once while still aligning with refresh cycles. Financing allows districts not issuing long-term debt to make payments from the general operating budget over a period generally from 36 to 60 months. At the end they either own the equipment or begin a new cycle with a new program for new equipment.

Philanthropic grants

Foundations, corporations, and nonprofit organizations may also be good sources of financial assistance for technology in schools and districts especially in the form of grant programs. While each organization has unique priorities, districts should write proposals that address those priorities specifically. In general, philanthropic entities are interested in providing start up funds for initiatives that are clearly focused, internally supported, and financially sustainable. A good place to start investigating this source of funding is the Foundation Center (foundationcenter.org).

Creative Strategies

School districts have to think strategically and look for creative ways to fund their priorities. Many find that the money is out there if they know how to look for it, create it, or borrow it.

Districts are beginning to look at technology costs as part of ongoing budgets. In the past the initial start-up was funded by grants or special monies; districts then had to plan for ongoing expenses.

District leaders should make sure that technology costs become a line item in the general operating budget.

This should include costs for:

- Repair and replacement of equipment, such as laptops, printers, servers, access points, and other hardware
- Replacement of consumables such as paper and print cartridges
- Adding new software for instructional, business, and technical uses
- Staff development for trainers, release time, and materials
- echnical support staff

Including technology as a line item is both symbolic and practical. As a symbol it conveys a commitment to technology and affords it the same status as athletics, band, and transportation. From a practical standpoint, it allows for long-term planning.

Combining Funds

In the past, technology and curriculum directors didn't often have discussions about curriculum, but because they now need to procure funds, they talk about technology in terms of meeting academic priorities.

Business Partnerships

Asking local businesses to help schools is fairly common practice, but some districts have honed their skills to a very profitable result. Some business partners have programs in which they will match equipment or money donated to the school. This type of program helps provide additional dollars that stretch the technology budget.

Building trust between the school or district and local businesses and the vendor community can solve challenges for both sides.

Consortia Approach

Large school districts have an advantage in dealing with vendors: Because they buy so much, they can demand the best price. A strategy for small districts is to form consortia that can negotiate as one entity for better prices and services or even serve as a purchasing cooperative. A consortium can also manage network services and technology training for school districts of all sizes.

Local Foundations

Competition for grants is fierce and often limited by conditions such as location, economics, and purpose. Another way to acquire funds for technology is to connect with a foundation that's more closely tied to local priorities.

Districts can also create a nonprofit foundation that can do major cohesive fundraising for large-scale educational-technology initiatives.

The Value of Technology Investment

Understanding the full range of costs associated with technology assists school leaders in budgeting for the future.

Measuring the potential benefits of proposed projects against these costs provides a comparative financial return on investment. Adding likely student achievement measures and risk-assessment processes provides the most comprehensive measure for evaluating proposed projects.

The Project RED study revealed that the greatest ROI occurs when educational technology is properly implemented. Supplying hardware and software to students, teachers, and administrators does not ensure achievement of goals or school-reform measures. Understanding and implementing the steps for proper implementation are crucial to any project's success.

Since the "business" of schools is education, the bottom line for school districts is students' academic success. There are some measures, such as time –on task, attendance and test scores, graduation rates, behavioral problems, and more, that districts can review for the impact of technology investments.