EDITORIAL PROJECTS IN EDUCATION
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>> MICHELLE DAVIS: Hello everyone, and welcome to today's Market Brief quarterly briefing for enterprise members on the state K-12 budgets for the 2018-19 school year. My name is Michelle Davis and I'm a senior writer for EdWeek Market Brief.

Today we'll take a look at what K-12 vendors can expect from state budgets from the coming fiscal year. State budgets are a critical source of revenue for school districts around the country. Districts rely on state funds to pay for classroom and nonacademic resources. You'll hear information in this briefing about how the budget picture for states is improving, though the outlook in many districts is not all that optimistic for a variety of reasons which you'll hear more about later.

This briefing will provide information that will help companies target and hone their sales strategies and give vendors a new understanding of the opportunity around educators' approaches to spending and budgets. We'll also take a close look at the budget landscape in key states and the prospects there.

Today we've got two expert guests who will do a deep dive into how education leaders are making their decisions around purchasing and spending. First we'll hear from Sean Cavanagh, senior editor for EdWeek Market Brief, and then we'll hear from Holly Kurtz, the director of the Education Week Research Center.

So before we begin, now is a good time to review some of the technical aspects of today's presentation. Please check the audio settings on your computer as well as your speaker volume settings if you are having any audio trouble. If you are still having issues, please see our detailed audio troubleshooting file, available in the Resource List under the Q&A window.

There also some other icons that open some additional feature panels in our webinar console. You can read about today's speakers in the speaker bio panel, access the Resource List to download a copy of today's slides, and follow the conversation about today's webinar throughout. To submit a question for our speakers, type them into the Q&A box located above the Resource List window. You can do that throughout the presentation so whenever you think of a question just type it in.

Finally, an on-demand archive of today's presentation will be available online in the next 24 hours.

Now I'd like to hand over the presentation to my colleague Sean Cavanagh. Sean?

>> SEAN CAVANAGH: Great, thank you, Michelle. Appreciate it. And greetings to everyone who joined us today. Today I'm going to talk about the condition of state budgets for K-12 education over the fiscal 2019 year, which covers the coming academic year. State budgets are a critical funding source for school districts, and there's some interesting activity going on around the country in terms of the money being devoted to schools and its impact. This spending or lack of it, which is going on in the states, has big implications for companies doing business in the K-12 market.

First, let me provide you with a bit of context on K-12 spending. State and local money makes up the vast majority of spending on K-12 schools, about 90 percent of it. The breakdown varies by state and the state or local share can be higher or lower in individual states. The federal share of the pie is typically only about 10 percent. The federal share was bumped higher, rising to about 13 or 14 percent after the Great Recession when the Obama administration's rescue package took effect.

One thing to keep in mind is that schools have relatively little flexibility in terms of the funding they have available compared to other sectors of the economy. At least 80 percent of the funding in most districts goes to cover personnel costs, meaning mostly salaries and benefits of teachers, support staff, and other employees.

Much of what districts look to spend money on in other areas such as curriculum, assessment, ed tech, and other priorities has to come out of the remaining 20 percent in addition to the money they derive from capital projects such as bonds.

It may be hard to believe, but the Great Recession ended officially about nine years ago. The Great Recession had a negative aftereffect that spilled over for many years after the economic downturn officially ended, and it's still being felt in many states today. School districts tend to suffer a big blow during economic downturns, and recessions have a long tail. That's because school districts are so dependent on property taxes and it takes a while for lower assessments of property to work their way through the system, at which point they can have a negative impact on school budgets.

K-12 education is normally an area that state officials are extremely reluctant to cut, but one measure of the severity of the recession is that in the years that immediately followed that downturn at least 34 states cut funding for K-12 or early-childhood education between 2008 and 2011.

In many states the fact is that K-12 budgets still have yet to recover from the depths of the recession. Here you see an indication of state funding where it stands when adjusted for inflation. You can see in many states the budget figures for K-12 simply haven't climbed back up to what they were even in 2008. So states are still trying to dig themselves out of this hole. These estimates come from the Center on Budget and Policy Priorities.

According to research released by the Center on Budget and Policy Priorities last year, some state legislatures and governors in the years after the Great Recession even cut taxes, which had the effect of limiting K-12 revenue in the years to follow.

One more positive factor that is influencing state and local budgets is the state of the federal budget and the money that's flowing from Washington, D.C. President Trump's administration has repeatedly sought to cut federal funding for education, including putting forward a proposal last year that would have made the largest percentage cut in the U.S. Department of Ed's history. But Congress has so far refused to go along, basically preserving and in many cases raising funding for individual federal programs coming out of the Department of Ed.

The federal budget approved this spring, for instance, would raise funding by $2.6 billion to $70.9 billion, and that's a record high amount. The biggest pot of education-focused funding in that budget is Title I, which supports low-income student populations in schools. And that funding would rise by $300 million to $15.8 billion.

The federal Title II program, which supports professional development and which became a much more flexible program under the Every Student Succeeds Act, was held stable at $2.1 billion in the most recent budget. President Trump proposed eliminating that program altogether, but again, Congress has resisted that.

One important source of funding that comes to schools and districts is the Title IV block grant program, which supports safe and healthy schools, a well-rounded education, and educational technology. And Congress put a lot more money into that program just a few months ago. That budget rose from $400 million in the previous year's budget to $1.1 billion this year. I should note, there was a recent survey released of school administrators showed an interest by districts and spending money in educational technology on professional development, in particular. In terms of creating safe and healthy school environments, districts showed a strong appetite for programs focused on positive behavior interventions.

So now that we've laid out some of the context, let's look at what's happening in states in terms of their plans for K-12 funding over the coming year. First, one thing to understand is that this is something of a moving target. Many states have only approved their final budgets for fiscal 2019 over the past two to three weeks, and more will be cementing their plans between now and July 1 when the fiscal year begins in most states.

So far, 39 states have approved budgets for fiscal 2019, and I think as of this morning the number has risen to 40. This includes 17 states that approved biennial or two-year budgets last year. The bottom line is that in the vast majority of states, spending will increase for K-12, in many of the states we've looked at, the budgets will increase generally by about 3 percent to 5 percent. This is based on research we've done as well as research collected by analysts who study state legislative activity and state spending. If this trend continues and these numbers hold, and there's no reason to think they wouldn't with the new fiscal year practically upon us, it would follow a positive year that played out in fiscal 2018. Last year, 38 states raised funding for K-12, according to the National Association of State Budget Officers.

One thing to note, though, and this is one of the big takeaways from this presentation, is that when we've spoken with K-12 officials about the new state money that's coming in to them, they are, on the whole, pretty cautious about what impact that funding will have. They're fairly wary of adding new programs and services with that state money. If you look at why they're so cautious, many district officials say the new state money will be used to plug holes in programs that were affected by previous years of cuts in K-12. Another point that was made to me is that many district administrators remember having been forced to cut programs in their districts over the past five to six years in the shadow of the Great Recession as a result of lean budgets and state cutbacks. So now, they're gun-shy about adding new programs or buying products that may suffer a similar fate. They need to be convinced before they agree to take on new costs.

In addition, some state officials have told me that particularly in school safety and in other areas, some of the state money comes with mandates about how districts should spend that funding, which really leaves districts with little flexibility to meet the needs that fall outside of those constraints.

Another factor that's limiting states' funding of schools and its impact on local districts is the previous cuts that were made during the Great Recession through spending caps or tax cuts by states, which had the effect of limiting the revenue that is now coming in to K-12 districts, even as the economy improves.

The overall pessimism about the condition of K-12 budgets came across in a recent survey that we at EdWeek Market Brief conducted of school administrators around the country. My colleague Holly Kurtz will be talking about these survey results later in the briefing.

Here I lay out some of the district perspectives, things I heard from folks on the ground, in school systems, and for organizations that represent school systems. One district official was talking about state mandates that are coming with a lot of this new state funding. This was a district official in a big district in Florida and he said, "It's like your boss giving you a $500 raise, and then telling you that it has to be spent on new uniforms you have to wear to work every day."

Another official was talking about the opportunities created by new state funding, but noting its limitations. She told me, "It's not like the districts I talk to are suddenly feeling flush, where they feel like they can start new initiatives. I don't see them adding a lot of programs."

Another official I talked to, this was Mike Griffith, the longtime budget analyst for the Education Commission of the States, who spends a lot of time talking with state budget officials and district officials, said he also sees a wariness at the district level in terms of creating new programs. He said that many end up saying, "I started that program and it ran for 3-5 years – and then I ended up having to scrap everything." So now they're worried about falling into the same trap.

Despite some of these restrictions, we do hear of some common areas where a lot of states are devoting more money to specific programs and initiatives, which is in turn helping K-12 districts focus on specific priorities. One priority is clearly school safety in the wake of the widely publicized shootings that have played out in Parkland, Florida, and other locations. States have taken different approaches to this issue but in general they're supporting things like new school resource officers, mental health counseling, physical upgrades to schools. I also hear of districts potentially using money on things like curriculum focused on social-emotional health and positive student behaviors.

One complication I would note when it comes to spending on school safety, a lot of these upgrades, if you're talking about physical changes to schools, can be pretty expensive, and many districts tend to look to capital budgets to pay for these things. They tend to wait for money from capital budgets to come in, rather than digging into their operating costs and their year-to-year budgets, so it's something for you to ask about if you're trying to work with districts.

Another priority we hear about is spending on early-childhood education. We also saw this last year in the fiscal 2018 budget that passed. Many state officials and district officials seem to be convinced by the economic data that shows a payoff from early-childhood education, and they're investing more in that.

It's perhaps no surprise that stabilizing existing programs is an area that's receiving a lot of attention in districts.

Finally, a lot of you have probably heard about states devoting more money to teacher raises. In some cases, after massive protests or walkouts by educators. So on the one hand, states are pouring money into new salaries for teachers. This isn't likely to have a direct impact on districts spending money on new products and services, but it will have an indirect impact by freeing up money that local school districts would otherwise have to come up with on their own to pay for a lot of teacher retention and teacher recruitment. If you're working in those states that are channeling a lot more money into teacher pay, you should look to see what flexibility that is providing districts and if there's new flexibility that it gives them to spend for professional development and other supports for these teachers.

I wanted to break down a few different state budgets that have passed in states around the country, and part of the reason I'm choosing these is that in many ways what's going on in these states reflect the conditions for education around the country.

Let me start with California. They recently approved a new budget for next year. You can see that California's spending plan will increase K-12 funding by 3 percent, from $67 billion to $69 billion, so that's a pretty substantial increase in the biggest market in the country.

About $61 billion of that money is delivered through the local control funding formula. This is a pool of money that gives districts broad discretion in deciding how to spend education funding. That formula channels extra funding for disadvantaged populations, including ELLs and foster youth. I've heard that if you're looking for trends that are going to play out in state budgets around the country, it's possible that more states are going to follow the California model in trying to give districts more flexibility in terms of their ability to spend local dollars, spend money that flows to them as they see fit.

Gauging how district officials in California are going to spend this funding is difficult. It requires a bit of guesswork, but there was an analysis by California's legislative analyst office last year that found that generally in poorer districts they tend to channel larger amounts of money to services for ELLs, specifically, and for students in poverty, as well as for instructional materials and support staff.

Wealthier districts, according to this analysis, tend to be spending more money on teacher salary increases and money for new hires. In addition, there's some significant pools of new money in California's budget. The state ended up creating a $300 million competitive grant program that would support career and technical education. These grants will be awarded by districts and by regional service agencies. In addition the state is also devoting $68 million for academically struggling schools, and this money is being routed through regional service agencies.

Turning to Florida, which is another major market, the budget situation, quite frankly, just doesn't look as good and the overall picture is one of pretty flat funding. The state's overall budget for K-12 is around $21 billion. Per-pupil spending will rise about 1 percent, but when you break down the base student allocation, that's only going to be putting about 47 cents per student more into the funding formula.

Most districts are telling me that this won't allow them to keep up with costs. In fact, the CFO of the state's largest district, the Miami-Dade, told me that the budget from the state will actually have a negative impact on this district. And he doesn't see the district having any new money to spend on programs. In fact, he said Miami-Dade may end up asking vendors that they have strong relationships with to actually reduce their fees in existing contracts.

That said, there's about $400 million devoted to new school safety measures in Florida's budget. A lot of district officials fear this won't be enough. This money will pay for school safety officers, building improvements, and mental health services, although one thing to note is there are certain mandates for how districts have to spend that money. Whether it will really go a long way to meeting specific needs of specific districts remains to be seen.

I should say, in terms of the ongoing needs in Florida, those aren't going away. A Florida School Boards Association official told me that in terms of the priorities she hears emerging from districts, when they talk about their budgets over the coming year, there's a major need for wraparound services to support students as well as for academic supports and interventions that can help districts meet the state's accountability demands to improve test scores and other measures of performance.

If we look at another state, Georgia, the budget picture looks pretty good, at least on paper. The state's schools will get a 5 percent raise in the budget, putting the spending level at about $9.9 billion. But of that $500 million in new money, about $170 million is going to make up for early austerity cuts, according to the Georgia School Boards Association. Another $112 million of that money is covering enrollment growth, $86 million is being put for teacher recruitment and retention efforts. Still, the School Boards Association believes state aid could free up local spending. It hears a need from its members for ed tech, in particular, especially in rural districts, and for ed tech that can focus on things like personalized learning and extending students' access to technology through devices and connectivity outside of the school walls.

If we look at New York, which is one of the states with one of the biggest education budgets in the country, spending will rise by about 3.5 percent to $26.6 billion in fiscal 2019. That increase is actually smaller than the amounts that state legislators often devote to K-12 during election years in New York, according to an analysis by the New York Association of School Business Officials. The association considers this, on the whole, to be a mediocre year. The association did do a survey of 300 district officials from around New York on their biggest spending priorities. The biggest need that those local officials cited was nonacademic. They were looking for new furniture, followed by financial auditing services. They also wanted transportation and printers, as well as architectural services. However, in addition to those priorities, a lot of district officials mentioned computer software and information technology as being major needs.

Again, in the wake of the school shootings that have played out in Florida, many New York school districts are also putting a big focus on improving school security. They're buying alarms, cameras, more secure doors, and they're investing in counseling and mental health. New York's state budget also creates a new $15 million program for expanded preschool, for three- to four-year-olds, and it puts an additional $10 million for after-school programs. There's also a $6 million program to develop skills in teacher-related fields.

If we look at the budget in Tennessee, its budget also increases funding for K-12 over the next fiscal year by just over $200 million to $5.21 billion. That's a 4 percent increase. More than $55 million of the new funding will support teacher salaries, which is the largest area of increase in the state's budget for K-12. The budget also includes $30 million in new money for school safety grants. Districts and schools are allowed to set specific priorities for school safety in that area, and they're expected to spend on areas like additional personnel, training and drills, focusing on behavioral health, and building security and planning.

When I talked to the School Superintendents Association, they told me that in Tennessee many districts are likely to use that money not only for things like school resource officers, but also for curriculum that focuses on creating a healthy environment and discouraging bullying.

Some additional programs supported in Tennessee's budget include $10 million in school improvement grants to support academically struggling schools, and $13 million to pay for response-to-intervention programs to support new academic strategies. The School Superintendents Association sees a strong interest in creating what they call much smaller learning environments with that money.

So in terms of the takeaways for vendors, and some advice on specific strategies in this environment where districts seem pretty cautious. Even if districts aren't pouring a lot of money into programs, there are some strategies that you can use to help yourself.

One thing is, first of all, go in with your eyes open. Don't expect the state money to result in a lot of flexibility in spending for districts. Keep a close eye on districts' cycles for replacing curriculum. That's usually money that districts are committed to spending. The average cycle for replacing a curriculum, at least in about 60 percent of districts around the country, is that they replace curriculum every 6 to 10 years. That was according to some research from Babson that came out last year. The purchase of curriculum often signals the purchase of additional related supports such as professional development and additional academic interventions.

Another piece of advice for vendors that I heard from local district officials: Be prepared to make a convincing argument to districts today that your product or service is sustainable above all, that the cost will not rise over time, and that there's the possibility of tapping into other sources of funding, whether they come from the state government or federal sources or even foundation money that will help sustain those programs. If you can make that case, that can help convince district officials that they aren't buying something they'll be forced to cut when the economy goes south again.

One other bit of advice is to get to know some of the federal sources of funding, if you haven't already. As I mentioned, the biggest source of federal funding going to districts is the Title I program, which actually offers some flexibility in terms of districts' ability to spend on academic interventions and other things. There's more flexibility built into the Title II funding that districts receive. And Title IV is a grant program from the federal government that flows to the states and which individual districts apply for. This supports educational technology and other programs.

I should mention the Title IV in many districts isn't going necessarily going to be a lot of money. In many smaller districts the amount of money they'll receive will be under $30,000, but in bigger districts it can result in several million dollars. It's something to keep in mind.

One continued area of focus for districts both in their funding formulas and in some of the categorical programs we see in state budgets this year is academic supports for struggling students. This hasn't gone away. In all likelihood, it won't go away any time soon. If you can make an argument that your program is going to help in that area, you're going to have a stronger case in talking to districts that are wary of new spending.

One thing to keep in mind for context is that over the past few years, we have seen a real surge in the amount of internet connectivity that districts have available to them. Some research by the group EducationSuperHighway shows that internet speed and reliability has increased pretty dramatically over the last three years. A lot of that is probably related to the infusion of billions of dollars in new E-rate funding coming from the federal government, but what this means for vendors is that you might have heard districts say in the past that they didn't have the bandwidth to support the educational technology that you might have been pitching to them, particularly if it required a lot of heavy bandwidth use. It's possible they can support that now.

In one other bit of advice for working in the biggest market in the country, which is California, I mentioned that the state's funding formula gives a lot of leeway to local districts. One thing to keep in mind if you're trying to gauge what districts will be spending on in the time ahead is that all districts in

California are required to submit local control and accountability plans, which are basically blueprints for how they're going to be spending money and for their academic priorities over the years ahead. In my reporting for California, both for this story and previous stories, one of the things I heard from district officials was that they wished more vendors were aware of these plans and did their homework by looking at these plans before they came to them talking about products.

A few other resources on state budgets: We have been doing a lot of reporting on the condition of state spending around the country, on the money that's flowing from the federal government, and in addition, how districts make spending decisions for educational technology and other priorities. What their biggest needs are, what they expect to hear from vendors, what their frustrations are with vendors when it comes to making those spending decisions. In particular, check out our new story that's just appeared last week, "State Budgets for K-12 Improving, But Opportunities for Companies May Be Limited."

A very good resource, if you're interested in additional state-specific information, is National Association of State Budget Officers. They do surveys of the states, and they have details of enacted budgets, they're tracking them, for fiscal 2019. And it's a good resource that I'd recommend.

In addition, if you have follow-up questions after this webinar, you're welcome to email me at scavanagh@epe.org.

I'll now turn things over to my colleague Holly Kurtz, who will talk about district leaders' views of budget conditions going forward.

>> HOLLY KURTZ: Thanks, Sean.

Sean's given us some good information on state budgets, so as he says, I'm going to turn now to the perceptions of district leaders.

In May 2018, the Education Week Research Center surveyed more than 500 district leaders. Just 22 percent expect their school districts' budgets to increase over the next two years. Of that 22 percent who are optimistic about the budget conditions, just 1 percent expect their spending power to increase a lot.

A total of one in three leaders say budgets will neither increase nor decrease over the next two years. And fully 44 percent expect their budgets to decrease. Of that 44 percent, 7 percent expect their budgets to decrease a lot over the next two years.

One thing that's really important to understand is that leaders from different regions have different views of where their K-12 budgets are headed. Nearly two thirds of Southern leaders expect their budgets to decrease over the next two years.

By contrast, decreases are expected by less than half of Midwestern leaders, though 35 percent of Midwestern leaders expect decreases. In the Northeast, 38 percent of district leaders expect decreases, and in the West, 46 percent of leaders expect budgets to decrease.

The budget outlook is also considerably less pessimistic for leaders from smaller districts with fewer than 2,500 students. Well under half of those leaders, 34 percent, expect their budgets to decrease, compared with 51 percent for districts with 2,500-9,999 students, and 55 percent in larger districts with enrollments of 10,000 or more.

Leaders from lower-poverty K-12 systems where fewer than half the students are from low-income backgrounds are also relatively bullish on budget conditions. Less than half of administrators from those lower-poverty districts expect their budgets to decrease, compared with more than half of leaders from higher-poverty districts, in which more than half the students are low-income.

So it's important to understand this takeaway, which is the Great Recession might be over, but district leaders are just not expecting to be flush with funding anytime soon, which I think Sean elaborated on quite a bit in his presentation. But if you're looking for bright spots in the marketplace, there is more optimism among leaders of smaller districts, Midwestern districts, and lower-poverty districts.

We're going to turn now to Trump's expected impact on budgets.

In April of 2017, the Education Week Research Center surveyed nearly 500 district leaders from across the country. We found that 79 percent expected the Trump administration to have a negative impact on K-12 budgets over the next four years, so through 2021. Of that 79 percent, 47 percent said the Trump administration would have a very negative impact, and 32 percent said it would have a negative impact. 9 percent expected the Trump administration to have no impact on K-12 budgets over the next four years, and 12 percent expected the administration to have a positive impact. Of that 12 percent, 9 percent expected a positive impact and 3 percent expected a very positive impact.

One thing I think is important to remember here is a point Sean made in his presentation, which is that although the administration has proposed some pretty major budget cuts, Congress has thus far not implemented them.

One thing also to keep in mind is that you should stay tuned. We surveyed district leaders again in May 2018 about their expectations related to Trump's impact on K-12 budgets, and you can look for results of that question in a future edition of the exclusive data feature of EdWeek Market Brief.

With that, I'm going to turn things back over to Michelle Davis.

>> MICHELLE DAVIS: Thanks, Holly.

One of the things that I thought was so interesting about the data you collected is that Sean found that state budgets are increasing, but there's so much pessimism among education leaders who say in your poll, they say they don't expect budgets to increase or they expect budgets to even decrease. That seems like a big disconnect.

>> HOLLY KURTZ: You know, it does seem like a big disconnect. I think Sean offered several reasons for that, but I think one reason is perhaps that district leaders are still kind of shellshocked from the effects of the Great Recession. There definitely was a lot of regional variation, so I thought it was really interesting that nearly two-thirds of Southern district leaders expected their budgets to decrease over the next two years. By contrast, we only saw decreases are predicted by only 35 percent of Midwestern leaders. So that's definitely part of it. The South comprises an increasingly large proportion of our school districts in America, it's a very rapidly growing region, so that could be part of it. I think it's really important to take a little bit of a look inside the data and figure out what's going on in what region and in what type of district.

>> MICHELLE DAVIS: That's great.

>> SEAN CAVANAGH: And I'll just add that one thing that I think may also explain that disconnect is simply that if you look at the years after the Great Recession, and I alluded to this in my presentation, there were a lot of states that imposed spending caps on education or tax cuts. Normally what happens during a recovery is that as the economy improves, and the state budgets improve by 3 to 5 percent, or more than that, or slightly less than that, the district funding goes roughly in parallel with it, but what a lot of district officials are telling me is that those cutbacks really limited the amount of revenue that was coming to them, and that when you combine that with some of the constraints and mandates that states have put on how to spend that money, the picture isn't as rosy as it seems. That might go part of the way to explain what's going on.

>> MICHELLE DAVIS: Great. I want to remind everyone out there that this is the time to submit your questions for Sean and Holly, and you do that by hitting the Q&A button and typing into the box. You have these two here captive, and they're experts, so submit any questions you might have. We have a great question here from Jordan, who wanted to know whether the two of you are seeing a relationship in state budgeting and ESSA planning, the Every Student Succeeds Act.

>> SEAN CAVANAGH: I can start taking an initial pass at that. As you know, ESSA gave states and districts a lot more flexibility in terms of testing and accountability and other things, and in particular, in terms of how districts could spend money. If you look at states' individual ESSA plans, they're putting a focus on things like PD, better and more effective use of data, and other things.

But in terms of state budgeting, this is a bit of a contrast with the No Child Left Behind era, when I heard all the time about states aren't providing us with enough funding, the federal government is creating these mandates that aren't supported. I'm not seeing a lot in terms of states devoting these huge new channels of funding for ESSA implementation, and I think that's partly because the perception out there is that ESSA has given districts a lot more running room in terms of their ability to move federal money around. I don't see a whole lot of a direct correlation between those two so far. That could change over time as we get further into the implementation of the law and we know what impact it's really going to have on the districts on the ground.

>> MICHELLE DAVIS: I do think there's a little bit of opportunity here, though, because of all the budget cuts. I think districts have less of a capacity to do some of the data collection and analysis that ESSA wants, and so I think there are products that can help school districts do that. There's an opportunity for them there. The same around ELL products as well. I think there's a lot of concern, from the reporting I've done, by educators that ELL products out there are not particularly high quality, that they're kind of an add-on to English versions of products that are already out there. So I think ESSA's emphasis on helping ELL students could also be an opportunity for some companies, and you mentioned that in your presentation, that in some states that's something states are looking for.

>> SEAN CAVANAGH: Oh definitely. Yes, I think so. There's not that there's a direct connection where you can connect the dots. The extent that you can in the NCLB era, which I know you reported on, too, Michelle, but I think you're right about some of the opportunities that exist for vendors if they can take advantage of some of these needs that are emerging from districts on data and other issues.

>> MICHELLE DAVIS: Here's a great question we have from Jill, who is asking why do you think small schools will be spending more than larger schools, and by small do we mean rural? Holly, I think that's a good question for you.

>> HOLLY KURTZ: Thanks, Michelle. I just want to clarify, I believe this question relates to the survey data that I presented. It's actually not small schools, it's small school districts. And so that would be districts with fewer than 2,500 students. The difference was pretty dramatic, so under half of leaders from those kinds of districts, or 34 percent, expected their budgets to decrease as compared with over 50 percent for districts with more students. You know, I'm not quite sure why that would be the case. I do know that in many states there are funding formulas that give a little bit of an extra funding boost to smaller districts, just understanding that smaller districts just don't enjoy the same economies of scale with larger districts. So it's possible that maybe those districts expect to— maybe there have been changes to those funding formulas or they expect those funding formulas to benefit them. So that's just one theory that I have. I'm just not quite sure why they're less pessimistic.

>> MICHELLE DAVIS: Sean, do you have any thoughts on that?

>> SEAN CAVANAGH: Just to make sure I understand, so the question is why are smaller districts less pessimistic?

>> MICHELLE DAVIS: Yes.

>> SEAN CAVANAGH: I think it's a good question. I don't know the extent that maybe they're not as dependent upon state funding, but then again I do think that it is a lifeline for many of these districts. I think it would probably depend also on the amount of federal funding they're receiving, and if they have more of a cushion that's provided by federal funding, if their poverty levels are higher. Perhaps that's another reason. Maybe they've just gotten used to making do with less, particularly during the last 7 to 8 years. That's just speculation on my part. But other than that I confess I'm not quite sure.

>> HOLLY KURTZ: The part of the question was also about are these small districts rural districts. We didn't look at that, whether they were or not, but I think it's reasonable to assume that yes, rural districts do tend to be a lot smaller.

>> MICHELLE DAVIS: Great. Here's another really interesting question from Kimberly that follows up on a recommendation that you made, Sean. She says one of the recommendations for

vendors is that they make the case to district leaders that their investment in products and solutions is sustainable. Can you talk a little bit more about what district leaders mean by sustainable and how a vendor might make that case?

>> SEAN CAVANAGH: Sure. I think that one of the things I hear from district officials a lot is—actually, there are a couple complaints that they hear about some of the products that get pitched to them and which they end up purchasing. One is that there's a lack of support with the implementation, with helping them, sort of translate the product and create a culture around using the product in their districts.

But another one is that they simply end up creating a program that ends up going away and that either they don't have a way of tracking its success and they don't have a way of sustaining it if it is successful. One of the suggestions I would make related to this is if you're a vendor and you're introducing a curriculum or professional development program to a district, or any other product, try to make sure you're collecting the kind of data you can on teacher and student engagement in the product, at least on their usage, and effectiveness. This can help make a case that the product should be sustained in the district and that it won't just fade away after a few years.

I mention a bit of advice because this is something we hear from districts all the time, that the product won't be supported, it won't be effective or received as effective, and therefore when times get tough, and they're looking for something to cut, that product or service will end up on the chopping block.

>> MICHELLE DAVIS: It's interesting we just launched this poll to our viewers here. It says, are your customers indicating they plan to make new purchases based on increased education budgets? And the majority of respondents said the districts that they work with haven't indicated one way or another. Does that tell either of you that it's really important for companies to be asking this question of districts, to be exploring this topic with their customers?

>> SEAN CAVANAGH: I mean, in general, I would say yes. I would think number one, this should be part of the ongoing conversation that vendors are having with districts in trying to build relationships. So that you're not just springing this question on districts over the summer and saying, how much money do you have to spend over the next year. But you're understanding more broadly their priorities and their needs, and you're doing your homework on in terms of understanding the specific student populations they want to help. So, yes, I do think that this is the time of year to be doing that homework and going armed with as many facts as you can in terms of what districts can spend on. And be prepared to go right away, because one thing to keep in mind is many districts are proposing their budgets in January. It doesn't give you a whole lot of time to make your case. If you have a better sense as to what the district plans are, and perhaps by reading some of their documents and knowing more about their background, I think that can help you.

>> MICHELLE DAVIS: Here's a great question from Jill which also follows up on something you mentioned during your presentation that districts have better broadband, that they're more technologically equipped to use a lot of these products. But Jill writes that rural districts are still telling us that they're struggling with high-speed access. Is there a breakdown between suburban and urban districts on this, and rural districts, and how does that impact some of the spending decisions by these districts?

>> SEAN CAVANAGH: Absolutely. That is an area where E-rate funding is supposed to help, but it is also something we hear from state officials and district officials and people who track the E-rate all over the country, that connectivity to school systems in rural areas is still a major challenge. I think the lister is making a great point, and quite frankly the case is going to be a bit harder to make in those districts. They're more likely to look for low bandwidth solutions than bigger districts are.

I think the situation is improving, but it is happening much more incrementally than in urban and suburban districts.

>> MICHELLE DAVIS: One thing I've also looked at through some of my reporting and I know you have, Sean, as well, is, and you mentioned this during the presentation, is to help districts target pots of money that can be used for different products, and I think Title I is a great example because Title I on its face is for low-income students, but there are so many ways that ed tech is allowed to be used and paid for under that pot of federal money. Are there other things like that? You've mentioned Title I, Title II, Title IV. Are there other things that maybe you wouldn't think of necessarily right off, that that money can be used for, that vendors can help guide districts on a little bit?

>> SEAN CAVANAGH: I think that if you're talking about sources of federal funding, try to make sure that when working with districts, that you're aware of what the state will allow and what is allowed in terms of the federal guidelines.

For instance, within the Title II program there generally is a lot of flexibility in terms of the overall strategies for professional development and the kinds of ed tech that can be woven into that. But you also have to keep in mind certain constraints. For instance, in the Title IV program, there's a cap on the amount of money that districts can spend on infrastructure, which can include software. So you need to be aware of that and that's part of the reason I think that a lot of districts are looking to spend Title IV dollars on professional development, because it's a real need in terms of getting districts up to speed in terms of helping a teacher corps master technology. But you have to be aware of both the flexibility and the constraints.

>> MICHELLE DAVIS: One thing that I think is kind of interesting with the information that Holly collected is that districts definitely seem to expect budget decreases from the Trump administration, even though through your reporting, Sean, I know you're saying the federal budget for education is increasing. Could that be part of the reason behind some of the pessimism that's out there? Holly, what do you think?

>> SEAN CAVANAGH: Go ahead, Holly.

>> HOLLY KURTZ: Yes, definitely, it could be. Although it's also important to remember that the federal budget is a relatively small portion of the overall budget. It is often used for things that products and services that vendors sell, because so much of the local and state funding goes toward salaries. So, yes, definitely. I think there's also a lot of uncertainty in Washington right now, just because so far school cuts haven't been made, it doesn't mean that they won't be made in the future.

>> SEAN CAVANAGH: I just wanted to add one thing. An earlier question you were asking about, how districts can use Title I funding? We recently did an interview with a director of federal and state programs in a school district in South Carolina, it was the president of the national association of federal program administrators, and she talked about a lot of the misconceptions about Title I funding.

For instance, she's talked about a lot of the time vendors think that only Title I can only fund English language arts or math, where it's actually dependent upon the needs assessment for the school and in what the data for the school shows, the biggest area of need. You should focus on finding out, if you're a vendor, what are the gaps that a district faces, and then know that there is flexibility within Title I as long as you're addressing a specific need. It's not limited to core academic subjects, for instance.

>> MICHELLE DAVIS: One other thing you mentioned during your presentation was that districts are looking for social-emotional learning products. Tell me a little about what they're looking for in those products. I know you've written a little about this.

>> SEAN CAVANAGH: One of the big needs in social-emotional learning — I mean, social-emotional learning is kind of everywhere now in K-12. And we know through our reporting districts are focused on a couple things. They are keenly interested in buying a lot of curriculum to support students' social-emotional learning, and in some cases that's curriculum that is standalone, that can be taught in an individual class, or they can be woven into different subjects.

They're also interested in professional development and in culturally responsive products. We hear of an interest in assessment, usually meaning surveys, of students' social-emotional health. And a growing area I'll point out is there's an interest in supporting teachers' social-emotional needs. The thinking being, school districts want to support creating a positive work environment for teachers and keeping them talented folks in the profession for longer.

So those are some of the big needs, and I think also a lot of districts simply want a lot of help from vendors in figuring things out with social-emotional learning. Coming up with a strategy, figuring out where do I start, I know this is important but I don't have any of the background, any of the planning to know where to go. The extent a vendor can help a district map that out, the vendor will help himself.

>> HOLLY KURTZ: We recently surveyed district leaders on their top questions about social-emotional learning in their districts, and their top question was how should my district measure whether efforts to promote social-emotional learning are working? Followed by what types of professional development will teachers need on social-emotional learning?

>> MICHELLE DAVIS: That's great. All of those stories are available on the Market Brief website. I want to thank our two experts, Sean and Holly, for answering all these questions and providing all this information. And I want to thank all of our viewers and listeners for their questions.

Again, you can go to EdWeek Market Brief site for a lot of additional information, polls, data, and stories. Thanks to everyone for attending. Have a great day.