State of the K-12 Market 2013

K-12 Education and the Education Industry
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Part I: K-12 Education and the Education Industry

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Chapter 1: Introduction

The State of the K-12 Market 2013 report is the fourth annual report from EdNET Insight, Market Data Retrieval’s research-based decision support service. It provides current data about elementary and secondary education in the United States, together with analyses and commentary about important trends and developments that influence the education market. Following an overview of the K-12 education landscape, there are comprehensive discussions of issues related to the three major segments of the education industry—educational materials, technology, and services. The report also includes an extensive appendix presenting additional relevant data tables.

Much of the data presented throughout this report is based on district-level research. As its title implies, the State of the K-12 Market 2013 report reflects what is happening in schools today and districts’ plans for the near-term future. This reality-based information should prove very valuable, as uncertainty continues to dominate the marketplace. Hope that the 2012 election might result in increased consensus on important issues and speed forward movement seems to be fading. Much of the education agenda, including the appropriate role of the federal government in education, the reauthorization of the Elementary and Secondary Education Act (ESEA), the ultimate fate of reforms implemented under the ESEA Flexibility waivers, and overall funding and budget issues, remains unresolved.

Meanwhile, states are moving toward implementation of the Common Core State Standards (CCSS), and the assessment consortia are making progress on the design of the “next-generation” assessments that will be used to measure the standards beginning in the 2014-2015 school year. Both of these efforts are pivotal to shaping the curriculum and schools’ instructional programs, shining a spotlight on teacher effectiveness and increasing the demand for support systems designed to help teachers keep pace with more and more demanding instructional approaches. While there has been some push back with respect to the CCSS, there is little doubt that over the next year, schools will be wholly focused on their Common Core implementation efforts.

The technology environment continues to evolve, with devices and platforms proliferating. There is increased discussion around flipping classrooms, and most districts are at least experimenting with allowing students to bring and use their own computing devices at school. Ever-improving technology coupled with increased attention on using student data to inform instruction is spurring serious discussions of personalized learning.

All of this is playing out in the shadow of an economy that, four years after the official end of the recession, continues to struggle. While concerns about falling into another recessionary period seem to have eased, the pace of the current recovery is still too
slow to generate widespread feelings of economic well-being. The sequester, conceived as a solution so onerous that it would impel Congressional action on deficit reduction, failed to achieve that end; across-the-board spending cuts for all federal discretionary spending went into effect on March 1, 2013. The Budget Control Act of 2011 lays out additional mandated budget cuts for the next ten years, dulling any hope of major federal investment in education.

Recovery at the state level continues to be steady but painfully slow—with any incipient optimism clouded by uncertainty about the ongoing effects of sequestration. State education budgets may finally have bottomed out in FY2012 (2011-2012 school year); in FY2013, 36 states increased funding for K-12 education, resulting in a net spending increase of $4.9 billion. Having seen too many mid-year budget cuts, however, districts are still very fearful for the future, causing them to defer much of their discretionary spending until the last possible moment. While it is too early to have a firm grasp of the outlook for the 2013-2014 school year, solid intelligence about the current state of the K-12 market should help in making tactical and strategic decisions in this marketplace.

This report relies on a range of both quantitative and qualitative research to provide a balanced and informed picture of the K-12 market. In addition to primary research based on surveys of instructional and technology decision makers at the district level, EdNET Insight analysts conducted secondary research based on in-depth analyses of government and foundation studies and education market reports. Additional information was drawn from MDR’s National K-12 Education Market Database that includes detailed information about nearly 115,000 schools and more than 13,000 school districts. Supplementing the numerous tables and figures incorporated throughout the body of the report are extensive appendices with additional relevant data.

The report is organized in four major sections:

• Part I provides background and general context, including an overview of the K-12 education landscape (policies, funding sources, and national education initiatives) and data on the characteristics of public schools and school districts in the United States.

• Part II focuses on educational materials—instructional materials, assessment and test prep, and online learning. Data are presented on district expenditures on instructional materials, budget allocations and outlooks, and instructional priorities. Developments affecting this market segment are discussed in detail.

• Part III covers educational technologies, including hardware (personal computing devices and classroom technologies) and software (SIS, LMS, and other enterprise management systems), as well as developments affecting this market segment. Data are presented on district expenditures on technology, budget outlooks, and technology implementations and priorities.

• Part IV discusses the educational services market, focusing strongly on professional development for educators. In addition, this section describes aspects of the charter school market and external developments affecting various aspects of the services market. New this year, Part IV will also include an executive summary that presents high-level findings from the entire report.
How to Use This Report

The purpose of this report is to provide education industry leaders with timely and actionable market intelligence to inform decisions related to their core business functions: sales, marketing, business development, product development, and strategic planning. For example, data in this report can help sales managers deploy sales resources effectively across regions or to target particular types of districts. Marketing directors will find information to help determine resource allocation, prioritization of customer segments, and development of effective messaging for particular audiences. Executives responsible for business development will find useful background against which to evaluate potential partnerships, new capabilities, product line expansions, etc. Data from current surveys of district-level curriculum and technology decision makers provide essential information to inform product development efforts so that new products have the functionality to meet customer requirements. The entire report contains invaluable resources to use in evaluating a variety of strategic decisions.

The *State of the K-12 Market 2013* report builds on the 2012 report, with school data, policy directions, market trends, and education industry information updated to reflect the current situation. Where appropriate, the 2013 report references research findings from prior reports and points out trends and discontinuities. Like its predecessors, the *State of the K-12 Market 2013* report may be read from cover to cover by education industry executives to gain insights into the market as a whole and the specific issues and trends that are likely to affect various segments of the market. Other readers may focus primarily on a particular chapter or section dealing with specific types of products or services. Most will keep the document and related materials close at hand to use as a standard reference to help develop tactical plans and activities, as well as to inform decisions about strategic directions. As a benchmark study of the marketplace, this report provides valuable points of reference for understanding an organization’s performance vis-à-vis competitors and overall industry trends.
EdNET Insight is the K-12 education industry’s premier information and consulting service, combining the proven power of research and analysis with recognized industry experts to deliver an insightful, comprehensive view of the trends and influences that are shaping the education market today—and tomorrow.

State of the K-12 Market 2013 provides an insightful overview of the K-12 education market based on large-scale surveys of instructional and technology decision makers at the district level and authored by highly regarded industry analysts. This report is essential reading for a thorough and up-to-date understanding of the K-12 education market.