

American Education Week: K-12 IT market overview, 2012

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Vendors considering moving into the K-12 IT market should know that this market has its own needs, demands, budget cycles, and procurement approach, all separate from the general state and local market. With 13,600 K-12 school districts in the U.S., including private and charter schools, there is no shortage of customers. K-12 public schools spend, on average, \$580 billion a year, \$70 billion of which is spent on non-instruction expenditures. The task at hand is finding your footing in the market and finding customers who are seeking your services and/or goods. Before that step, vendors should learn the terrain to determine if demand for their goods and/or services is congruent in the K-12 market, and worth the venture now or in the future.

Market drivers

The Obama administration has placed strong emphasis on incentivizing education reform to raise student and teacher performance, with the hopes to meet future workforce needs of a globalized U.S. economy. Federal funding such as Race to the Top and statewide longitudinal data system grants help fuel many states' focus on education performance initiatives. Due in part to increased federal funding, many governors' priorities have piggybacked on federal initiatives to improve classroom performance.

Another driver stems from the apparent collapse of No Child Left Behind (NCLB), as states are being allowed to pursue a wide range of uncoordinated reform strategies. Still, in the wake of NCLB, nationally accepted and verifiable criteria of best practices and cost-savings models are still a long way off. State-level response has come in the form of the National Governors' Association Common Core State Standards, which is a set of curriculum standards to ensure college and career-ready students. This is currently the closest thing to a nationwide education standard.

Nationwide school enrollment is at 54 million, and student population is expected to increase by nearly three million more students by 2019 (CAGR: 0.7 percent). More than half of that total (1.7 million) will come during the next five years. Spending in public schools continues to increase year over year, and is averaging around \$12,700 per pupil. The need for public school teachers is also expected to rise. With roughly three million classroom teachers today, approximately 225,000 more teachers will be in classrooms within five years (CAGR: 1.4 percent).

Landscape

Contracted goods and services in the K-12 market are expected to enjoy a compound annual growth rate (CAGR) of 2.9 percent over the next five years, down from 3.1 percent in the 2010-2015 forecast period. This decrease is due primarily to the fact that by the end of 2010, most IT projects funded by federal stimulus dollars had worked their way through the system.

Lifecycle PC consumption is a continual concern for many school districts. In the average school district, most PCs are more than five years old, with many being closer to 10 years old. Unfortunately, few districts can afford to adhere to a five-year PC lifecycle turnover, even in the best of times. Procuring maintenance and support services to keep computer equipment operational is the next best thing. Most school districts participate in statewide or regional cooperative contracts

to satisfy general IT maintenance needs.

Emerging classroom and administrative technologies are naturally seeing an increase in demand, while much of market capacity remains primed for growth. The low market capacity for classroom technologies, ranging from 4 to 16 percent, has more to do with specific technology availability and usage rates during classroom instruction. As demand increases, so will opportunities for interactive whiteboards, classroom response systems, handheld/mobile devices, computer/Web-based assessments software and classroom learning software. Because many of these mentioned technologies are viewed as “extras” rather than essentials to increasing student performance, there is a lot of head room for potential demand in the long term. Once K-12 budgets get back on track, more funds will free up for these emerging classroom technologies.

The market capacity for administrative technologies is relatively open, with an average range of 65 to 75 percent still available. This is where federal and state policies, mandates, and grants really drive the growth of technologies, including student information systems, business intelligence/analytics solutions, assessment management systems, and special education management systems. These technologies are quickly becoming the go-to tools for increased efficiency and performance on both the state and local K-12 education levels.

For the full report on the Primary/Secondary Education IT Market, 2011-2015, please go [here](#).

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