District Budgets & Procurement Insights (Must-Know)

Any AI venture in K–12 admin must navigate how schools **budget and buy** technology:

- **Budget Allocation Realities:** U.S. public schools now spend over $850 billion annually (about $17k per pupil)
  educationwalkthrough.com
  , but the vast majority goes to salaries, facilities, and direct instructional costs. Technology spending is a small fraction (often around 1-2% of a district's budget, including devices and IT staff). Within that sliver, administrative tools compete with instructional software for dollars. Districts do have dedicated federal funds in some cases: **Title I** (roughly $16 billion/year nationwide) is earmarked for high-poverty schools to boost student achievement, which can include tech that supports instruction or parent engagement. **Title II** funds professional development (could potentially fund training for new AI tools), and **IDEA** funds special education (which might be tapped for an IEP automation tool). However, using these funds requires aligning with their purpose – e.g. an admin tool might qualify under Title I if it significantly improves parent communication or frees teachers to spend more time with students, thus indirectly improving achievement. District CFOs will ask: *Is this a "Supplement not Supplant" expense under Title I?* (You typically can't use Title I to buy something you'd otherwise have to buy with local funds.) Strategically, pitching an AI solution as enhancing **equity and family engagement** could open Title I wallets, since parent communication and reducing teacher load in high-need schools are valid uses
  savannahceo.com
  (note: 56% of educators in one survey wanted better tech to assist students with IEPs
  savannahceo.com
  , which Title I schools would welcome to help struggling learners). Knowing these budget nuances is key to positioning and who to sell to.

- **Procurement Process:** The road from pilot to purchase in K–12 can be long. For significant purchases (often above ~$10k or a certain threshold), districts require a formal **RFP (Request for Proposal)** or at least multiple quotes, which can take **months or over a year** from RFP issuance to contract
  govtech.com
  . The process typically involves: identifying a need (could come from teachers, principals, or district admin), forming a committee or doing a pilot, writing specs, publishing an RFP, evaluating vendor proposals, perhaps a board of education approval, and then negotiating a contract. Many edtech startups underestimate how slow and complex this is. An illustration: a district might pilot an AI tool in one school for a semester; even if successful, the purchase for the whole district might not happen until the next budget cycle. **Sales cycles of 12-18 months** are not uncommon. This means any startup must either have the runway to endure these cycles or find creative go-to-market paths (e.g. offer a freemium version directly to teachers or a single school to build grassroots demand).

- **Who are the Decision-Makers?** It varies by district size. In large districts, you'll deal with a **Chief Technology Officer (CTO)** or **Chief Academic Officer**, and often a **Procurement Director**. Many districts now also have a **Director of Innovation** or similar, evaluating AI and new tools. But rarely can one person sign off alone – there will be committees and a school board vote for big contracts. In

smaller districts, the **Superintendent** and perhaps a curriculum coordinator might directly decide after a brief pilot. Crucially, **teachers and principals have influence but not always a vote**. A recent EdWeek analysis found *4 in 10 educators feel they lack a voice in choosing edtech* marketbrief.edweek.org – meaning districts sometimes buy tools teachers don't want, and ignore ones teachers love. Successful navigation means engaging both top-level officials (to get approval) *and* end-users (to ensure adoption and advocacy). Often a "champion" principal or an influential teacher can advocate for a tool, but you still need to convince the district IT about security and the finance folks about cost.

- **Pilots and Evidence:** Districts have been burned by shiny new tools that didn't deliver. There's a growing expectation of **data to prove effectiveness** before scaling up. Groups like Digital Promise and ISTE have even published pilot-to-procurement guides emphasizing setting success metrics in pilots digitalpromise.org. So, an AI solution should be ready to do controlled pilots and show metrics like "reduced teacher admin time by X hours/week" or "improved parent response rates by Y%." Also, getting **vendor approval** for data access in a pilot is a hurdle – you often need a memorandum of understanding to plug into their SIS or data systems for a trial. Being prepared for these steps (with legal agreements, data protection plans, etc.) smooths the path.

- **EdTech Funding Landscape:** One more note – the COVID-19 pandemic injected a huge one-time boost in edtech spending (via ESSER funds). Many schools bought new devices and software in 2020-2022. Now in 2025, those funds are drying up, and districts are scrutinizing recurring subscriptions. However, the pandemic also revealed where admin processes were broken (e.g. tracking attendance for remote learners, communicating during closures, etc.). There's heightened awareness now of the need for **resilient, efficient systems**. Districts might be more willing to invest in automation if it prepares them for future disruptions or staffing shortages. Still, expect tough questions about sustainability: *"After the initial year, how do we keep paying for this?"* A wise approach is to fit into existing budget lines (e.g. replace or consolidate an existing system, or demonstrate cost savings elsewhere such as reducing overtime or paper use).

Main Interests:

1) K-12 procurement Vertical AI Agent
2) K-12 Budgeting Vertical AI Agent (can go hand-in-hand with 1, so hybrid possible)
3) K-12 Data Analytics for _____