Long-Term, Systematic Solutions Based on Research and Experience

The Southwest Educational Development Laboratory (SEDL) mission is to solve significant problems facing educational systems and communities to ensure a quality education for all learners.

SEDL is committed to long-term, systematic research and experience-based solutions derived from research, development, evaluation, information provision, technical assistance, and professional development.

SEDL’s primary efforts are in five program areas: improving school performance, strengthening teaching and learning in content areas, integrating technology into teaching and learning, involving family and community in student learning, and connecting disability research to practice. Work in these areas concentrates on K–16 education and on underserved students, particularly those living in poverty.

SEDL is a private, nonprofit corporation dedicated to fulfilling its mission with clients and other education stakeholders on a national, regional, state, and local basis through diverse and interrelated funding, partnerships, and projects.

Drawing on findings of study about patterns of resource allocation, SEDL policy researchers advised state policymakers in three states about data collection and school finance patterns.

SEDL worked with more than 7,300 teachers and administrators for about 8,200 days of intensive professional development to improve content knowledge in reading, mathematics, and science.

Members of SEDL “train-the-trainer” professional development sessions in technology and effective questioning, in turn, reached more than 28,000 teachers and administrators to build their skills.

The SEDL Web site was accessed 10,230,750 times across the globe in 2003. The Web site features articles and resources for educators, parents, community members, and policymakers.
Building Knowledge, Finding Solutions

The theme of this year’s report—Building Knowledge, Finding Solutions—reflects SEDL’s commitment to research, development, and dissemination (RD&D) dedicated to working with communities and schools to solve complex education problems.
Dear Stakeholders:

In 2003 at SEDL we saw development and growth—in our capacities, our revenues, and our impact on teaching and learning. I'm pleased to share our accomplishments:

**We continued to build solutions to education problems.** We leveraged solutions to support local, state, and federal efforts to improve teaching and learning through legislation such as No Child Left Behind (NCLB). Working with the U.S. Department of Education, SEDL developed and is maintaining the Reading First National Database to provide data and content information for potential and current grantees.

**We increased our capacity to provide services that inform planning and decision making.** SEDL's evaluation services hired new staff to meet clients' needs. We opened a Utah office to inform statewide efforts to implement NCLB in accountability, teacher quality, and technology in Arkansas, Louisiana, New Mexico, Oklahoma, Texas, and Utah.

**We contributed our knowledge in leadership activities, produced scholarly publications, and won accolades for our accomplishments.** SEDL program managers contributed their expertise in national initiatives such as afterschool education advisory groups and federal panels on disability research. SEDL staff published scholarly articles in reading and technology. Our corporate communicators won state, regional, and national competitions for the quality of SEDL publications.

**We strengthened our culture as a learning organization.** All staff members participated in an inclusive strategic planning process that resulted in adoption of a new, focused mission statement and a strategic plan that is being implemented.

**We built on our knowledge and relationships to extend SEDL's nationwide presence.** Our reputation as a leader in disability research utilization and deep knowledge about the learning experiences students need in and out of school led to our winning two competitive awards for national projects, Research Utilization Support and Help and the National Partnership for Quality Afterschool Learning.

**We increased active awards.** By winning major national competitions and expanding our services, SEDL competitive awards grew from $14 million in FY 2002 to $18 million in FY 2003.

I am proud of the SEDL staff members who achieved the accomplishments reported here. I thank our clients, customers, and partners for their continued engagement in and reason for the continuation of all of our work. Finally, I appreciate members of the SEDL Board of Directors, especially the executive committee members, for their guidance and support.

Sincerely,

Wesley A. Hoover
President and CEO
Dear Stakeholders:

It has been my distinct pleasure to serve as chairman of the board at SEDL in 2003. As I think back on the year, I cannot help but reflect on the work of SEDL from the perspective of the roles I serve in my own life:

- As an educator, I find it exciting to watch an organization so passionate about improving education in content areas such as reading, mathematics, and science. SEDL’s commitment to finding solutions to education problems is a noble undertaking.

- As a parent and community leader, I see the lessons learned from SEDL’s research into family and community connections. I am reminded that when we focus on the outcomes we want and develop activities to achieve them, our children learn more and our communities thrive.

- As a chief executive and administrator of a charter school, I recognize the models of change and shared leadership focused on student performance. I appreciate that they have been confirmed by evidence gathered during decades of work, even as I enjoy the innovations of the past year.

- As a citizen, I value SEDL’s commitment to widespread access to ideas that improve life and learning. SEDL’s work connecting disability research to practice builds bridges between researchers and those who would benefit from that research. It directly improves the lives of thousands of students and adults with disabilities.

- And finally, as board chair, I observe the efforts of the SEDL staff who dedicate themselves to improving lives and learning. Last year, SEDL staff developed a strategic plan that will, with the responsible, deliberate direction of SEDL managers, form the basis of great solutions to some of our most complex education problems. The board looks forward to working with staff and management to help actualize their vision.

Education is a key ingredient in a fulfilled life. On behalf of the board of directors, I want to thank SEDL’s staff, clients, partners, consultants, benefactors, and champions for all that they have done in 2003 and all that they will do in the months to come.

Sincerely,

Anthony Recasner
2003 Board Chairman
SEDL’s work is focused on real-world needs and on the creation of valid research, development, tools, and assistance necessary for successful implementation of NCLB.

Ed Zachary, Assistant Superintendent of Curriculum and Instruction, Midland ISD, Midland, Texas
IN 2003, SEDL focused on helping stakeholders solve education problems.

With our partners, we continued to examine important questions about teaching and learning. We assisted our clients to increase their knowledge or improve their practice. And we completed an inclusive strategic planning process to strengthen the content of our work as well as the relationships, resources, and the culture in which we work.
OUR COMMITMENT TO LINK RESEARCH WITH PRACTICE

BUILDING A STRATEGIC FRAMEWORK FOR SEDL’S FUTURE

SEDL MISSION STATEMENT

The Southwest Educational Development Laboratory mission is to solve significant problems facing educational systems and communities to ensure a quality education for all learners.

During 2003, all SEDL staff members participated in a yearlong strategic planning process to develop a new mission statement and a planning framework. By year’s end, SEDL staff members in all offices had successfully completed the inclusive process to articulate the new mission statement.

With a focus on the creation of solutions, the mission statement first grounds our research, development, and dissemination work in the realities of conducting robust research. Second, it promotes careful development of products and services based on research results and best practice. Finally, it allows us to make certain that teachers, administrators, service providers, policymakers, and parents can apply those results in many different settings.
Our revised mission statement gave us a foundation on which to build a strategic planning framework that supports our initiative in three areas: strengthening our research, development, and dissemination (RD&D) agendas, developing relationships with clients and stakeholders, and creating a supportive culture with sufficient resources and capacities to accomplish our mission. By the close of 2003, we completed, and the board supported, the following framework that will guide us in the coming years:

**Goal A**

*We will strengthen our RD&D efforts.*

**Subgoal A1.** We will adopt appropriate standards for the conduct of

- research, which will incorporate methods appropriate for the questions under study;
- development, which will incorporate approaches appropriate for the intended use of the product; and
- dissemination, which will incorporate approaches appropriate for the audience outcomes expected.

**Subgoal A2.** We will create mission-driven goals and growth plans for our current program areas, with each plan representing an articulated RD&D approach.

**Subgoal A3.** We will ensure that our work, organization, and staff are well connected to the appropriate professional RD&D communities.

**Goal B**

*We will strengthen our presence with current and future clients and education stakeholders.*

**Subgoal B1.** We will monitor the competitive landscape, modifying our plans accordingly.

**Subgoal B2.** We will engage in marketing, public relations, and outreach to communicate with clients and stakeholders.

**Subgoal B3.** We will engage in governmental relations outreach to strengthen our presence with federal and state policymakers.

**Goal C**

*We will strengthen our human resources, financial resources, and physical and technological infrastructure.*

**Subgoal C1.** We will invest in ourselves to cultivate individual and organizational learning.

**Subgoal C2.** We will foster a culture that supports a working environment based on productivity, collaboration, and trust; and we will develop the norms, rules, and relationships needed to sustain it.

**Subgoal C3.** We will develop mechanisms and criteria for identifying, evaluating, and pursuing opportunities in support of our RD&D plans as well as outside our current program areas as needed.

**Subgoal C4.** We will evaluate and reinvest in our products and services as corporate assets.

**Subgoal C5.** We will acquire facilities and infrastructure that support SEDL’s RD&D programs.
OUR COMMITMENT TO LINK RESEARCH WITH PRACTICE

Building on SEDL’s Regional Work to Serve State and Decisionmakers Across the Nation

SEDL has a proven record of working intensively with practitioners to create, find, and test solutions to education-related problems such as low achievement, limited skills, and lack of resources and staff capacities. In 2003, SEDL’s regional intensive work has resulted in solutions that are being applied in new nationwide work.

Regional Intensive Work

For nearly four decades, SEDL staff have worked with professionals in schools, districts, service agencies, and states to improve conditions of teaching and learning for all students. The challenges facing these schools, districts, communities, and states are varied. In many districts, teachers and administrators lack the skills and knowledge to work systematically to raise student achievement. Others have little or no ability to connect with parents in ways that focus on student achievement. There is a great need at all levels for research to help inform policy so that it supports student performance. And in many districts, teachers need research-based strategies for meeting the needs of students with disabilities and those from non-English language backgrounds.

Such deep-seated problems require long-term, intensive strategies. SEDL staff develop and apply these strategies through our work in the following program areas:

- Improving school performance
- Strengthening teaching and learning in content areas: reading, language, mathematics, science, and technology
- Integrating technology into learning
- Involving family and community in student achievement
- Connecting disability research to practice

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mathematics. With SEDL staff, teachers deepened their content and instructional skills to teach all students, including those from non-English language backgrounds. One example was the "Master Teachers' Project" in Laredo, Texas, which helped teachers improve their instruction using technology. SEDL provided 39 hours of professional development, with follow-up assistance and support, to 78 teachers from four high schools in United Independent School District (UISD), where nearly half of the students are English language learners. In the Southeast, schools practiced culturally appropriate ways to engage Hispanic parents in teaching their children to read English. SEDL translated the knowledge gained from regional intensive work into nationwide solutions.

**SEDL Nationwide Work**

In two program areas—involving family and community in student learning and connecting disability research to practice—SEDL serves clients nationwide.

SEDL helps disability researchers funded by the National Institute of Disability Research and Rehabilitation communicate their findings to service providers, policymakers, and family members. These consumers can use research findings to improve conditions of life and learning for the nearly 5 million individuals with disability in the United States. This work enabled SEDL to win a competitive award for the national Research Utilization Support and Help (RUSH) project in 2003.

Also in 2003, SEDL’s National Center for Family and Community Connections with Schools published *A New Wave of Evidence*, a research report that has been used by thousand of educators, program directors, and researchers nationwide. SEDL drew on this knowledge to win a three-year award—along with six other organizations—to establish the National Partnership for Quality Afterschool Learning. SEDL will lead the partnership in identification and promotion of exemplary practices for the systematic improvement of more than 1600 afterschool programs in 21st Century Community Learning Centers across the country. 
Working Systemically Builds Capacity for Meeting NCLB Requirements and Improving Schools and Districts

Many local districts don’t have the capacity to bring every student to proficiency in reading and mathematics by the year 2014. So says a recent study of the No Child Left Behind Act (NCLB), which found that local districts lack the knowledge needed to meet the law’s requirements, such as aligning curriculum and assessments and helping teachers use test data to improve instruction.

At the heart of SEDL’s work in improving school performance is learning what it takes for local districts and schools to build their skills and knowledge not only to meet NCLB requirements but also to make lasting improvements in student achievement. Our largest current initiative is the development and refinement of the Working Systemically model—a process with relevant tools that school staff can use to work across all levels of an education system to improve student achievement, especially in the core areas of reading and mathematics.

Most low-performing schools have adopted multiple programs to improve student achievement, but they lack the know-how to make significant lasting improvement or to blend their improvement programs to build coherence for teachers and students. Joan Buttram, SEDL’s chief operating officer, explains, “Many of these schools find a problem, then a program to address that particular problem. Subsequently, they find another problem and another program to address that problem.”

To move schools away from this piecemeal approach to school improvement, SEDL developed the Working Systemically model, based on a rational planning process used in numerous school improvement programs. The model’s three-dimensional framework involves all levels of a school system—state, district, school, and classroom—in improving achievement; incorporates leadership, standards, curriculum and instruction, assessment, policy and governance, professional staff, resources, and family and community into the process; and addresses five competencies that must be mastered by those involved in the improvement process—collecting, interpreting, and using data; creating coherence; forging alliances; building capacity; and promoting innovation.

The model’s process involves five stages of work built around the three-dimensional framework:

- Data Scan/Site Entry
- Systems Exploration
- Planning Action
- Taking Action/Monitoring Results
- Recycling for Continuous Improvement

The data scan/site entry stage usually provides a wake-up call for schools and districts. After closely examining their available data, school and district staff then identify a general problem and emerging issues from the data scan. According to one assistant superintendent, the data scan stage “provides us the opportunity to analyze data and not just use perceptions as a tool to make decisions.” She adds that “working through misconceptions has been difficult. People do not want to give up their beliefs even if they are not supported by data.”

After identifying the problem (e.g., low achievement in reading or mathematics), districts and schools move on to systems exploration. A self-assessment protocol developed by SEDL helps schools delve more deeply into issues to get to the root cause of their identified problems in reading or math. Knowing the root cause enables the staff to move into the next stage of work—creating an action plan. The plan describes strategies for...
improving achievement and working toward an agreed-upon ideal, which is expressed as a statement such as, “Everyone understands the district curriculum and how it is aligned with state standards and uses it to plan instruction.”

The model also includes monitoring progress and reassessing action plans, as well as recycling through the process if necessary. Buttram explains, “Improvement is an iterative process, and the long-term nature of NCLB requirements emphasizes this as well—we don’t expect schools and districts to make all of the necessary improvements the first year out.”
Nowhere was that work more relevant than at John McDonogh High School, an urban school of about 1,200 students near the French Quarter in New Orleans. The psyche of McDonogh was forever changed on April 15, 2003, when four gunmen, armed with an AK-47 assault rifle and a semi-automatic pistol, killed a 15-year-old boy and wounded three girls in the school gymnasium. Even more disturbing for the McDonogh community was that the incident occurred even though the campus reportedly was equipped with metal detectors and patrolled by four armed security guards.

New Orleans public schools requested the assistance of SECAC’s program manager, Marie Kaigler, and SEDL safety and violence prevention specialist Philip Gapinski. They began working on a violence prevention task force in the summer of 2003 to evaluate and enhance school security. Last fall, the school district asked SECAC to work specifically with the McDonogh safety planning committee and new principal Walter Goodwin, who had joined the school in July 2003, to refine the school’s safety plan.

“I think the murder last year was a reality check for McDonogh and the school district as a whole,” said Kaigler. “We’ve seen some progress, as specific safety measures have been put in place. As a result, there has not been a major safety incident this school year.”
SECAC’s overall safety work in Alabama, Arkansas, and Louisiana has included evaluating school safety concerns relating to hazard prevention, school violence, and medical and weather emergencies, as well as school crisis management. Five SECAC team members have been trained as safety assessors, using the Safe School America protocol.

At McDonogh, SECAC gathered data through survey and assessment, observation, and review and analysis of existing safety procedures. SECAC used all the data to make more than 100 safety recommendations, including establishing a student hotline for reporting potential school violence/safety concerns, improving the school’s perimeter fence, shoring up check-in points at metal detectors, and limiting the number of entry points into the school—all of which have been adopted. SECAC hopes to continue its work with McDonogh this year to develop a crisis management plan and professional development training in safety for teachers and administrators.

“The school safety recommendations [SECAC] made were right on target,” said Goodwin. “Marie [Kaigler] and her team were basically another pair of eyes for me. They validated a number of things we already knew and pointed out some safety issues that we didn’t know about.”

Our Regional Educational Laboratory policy team helps policymakers in the region find solutions to meet a variety of needs. George Silbernagel, a budget analyst in the Louisiana House of Representatives’ Fiscal Division, reports turning to SEDL’s Web site and the policy team’s research report, Examination of Resource Allocation in Education: Connecting Spending to Student Performance, for “good comparative information for the region that I can use as is or as a springboard for other research.”

After the policy team conducted the resource allocation study, Woody Cummins, the deputy director of the Arkansas Department of Education, asked policy team members to provide feedback about what they were or were not finding in Arkansas’s data system and give suggestions on how its data could be improved. He also invited a SEDL staff member to attend the Arkansas legislative special session on education finance reform to provide an outside perspective about the finance discussions. “The Arkansas education data system is constantly being updated. We’re happy that SEDL has played a role in making these changes,” says Zena Rudo, a SEDL program associate and member of the policy team.
Marked Tree District Improves Student Reading

Three years ago, Marked Tree School District might have been written off as a small, under-performing district hampered by low expectations for students. That characterization is changing—Marked Tree is raising achievement and expectations.

Located in northeastern Arkansas about 30 miles from the Mississippi River, Marked Tree is one of 16 districts using SEDL’s Working Systemically model to improve achievement in reading or mathematics. Although Marked Tree had low test scores in both mathematics and reading, district leadership decided to focus on reading achievement.

“We saw that improvement in reading would likely boost other scores, whereas a math focus wouldn’t have the same impact,” superintendent Gary Masters said.

Working with SEDL, Marked Tree staff determined the district’s low reading achievement resulted from not having frequent and specific data on student progress. District staff also did not have the expertise to use and interpret data to drive instructional decisions. The only organized data Marked Tree had was from the Arkansas Comprehensive Testing, Accountability, and Assessment Program (ACTAAP). But the ACTAAP data did not provide test scores for all grades.

During the summer of 2002, SEDL helped the district create informal reading assessments for every grade level that were aligned to Arkansas state standards. The K–6 assessments covered the five skills supported by the U.S. Department of Education’s Reading First program: phonemic awareness, phonics, fluency, vocabulary, and text comprehension. The assessments for grades 7–12 also covered the five skills but were mostly focused on reading comprehension.
As a leader in providing data-driven educational solutions, SEDL sometimes gets the call to ensure everyone is on the same page—albeit an electronic one. Last year, the U.S. Department of Education asked SEDL to develop the Reading First Awards database (www.sedl.org/readingfirst/), a one-stop shop for states to secure information about grants awarded under the Reading First initiative. Reading First is a national effort called for under No Child Left Behind to improve reading instruction for kindergarten through third-grade students.

The database provides a search engine and also lists the number of awards by state and amount, by state locale (e.g., large city, rural), and by Title I status. It also provides responses to frequently asked questions, an electronic information request form, and links to other Reading First sites. Since its launch in September 2003, the database has supported more than 15,000 public searches.

SEDL information associate Lacy Wood and SEDL Web administrator Brian Litke have worked with the Department of Education on other database projects dating back to 1998, making SEDL a prime candidate to develop the Reading First database.

Under Reading First, funds are dedicated to help states and local school districts eliminate reading deficiencies by establishing high-quality, comprehensive reading instruction in kindergarten through third grade.
Strong Lessons, Effective Questioning Improve Mathematics Instruction

Sometimes less is more—especially when it comes to covering fewer mathematics and science topics intensely instead of spreading mathematics and science curriculum “a mile wide and an inch deep.” SEDL works intensively with teachers to help them learn the value of using inquiry-based mathematics or science activities to cover topics in depth.

SEDL’s Southwest Consortium for the Improvement of Mathematics and Science Teaching (SCIMAST) “Teachers as Leaders” academies and the intensive site work of the Regional Educational Laboratory focus on activities that deepen teacher content knowledge while they model effective instruction and assessment practices. Both help teachers learn the importance of asking deeper questions to improve students’ thinking skills and assess how well students are learning. And they both give teachers opportunities to develop lessons that align with state standards and participate in follow-up sessions where teachers share lesson plans they developed and reflect on student learning and thinking.

At last year’s SCIMAST Arkansas Mathematics academy, for example, teachers worked collaboratively using the lesson study approach to develop lessons using research-based materials around proportional reasoning. During follow-up colloquiums, academy participants observed one another as they presented their lessons in the classroom. Judy Trowell, a coordinator of mathematics professional development training at the Arkansas Department of Education, says, “By reflecting on the lessons and the kinds of questions and discussions that were going on at the students’ tables, teachers began to grapple with the difference between what happens when you provide information versus when you probe thinking.”

At Monroe City Schools in Monroe, Louisiana, SEDL’s REL and its partner, The University of Texas’
Charles A. Dana Center, have worked with teachers to strengthen lessons by helping them explore one mathematical idea fully and giving students the chance to understand how they arrived at solutions to mathematical problems. According to Emily Seeger Rash, a mathematics specialist for the district, SEDL and Dana Center staff are “showing us that sometimes less is more . . . that cramming all of these concepts into one lesson isn’t effective.” She says that the deeper questioning practice creates checkpoints throughout the lesson to monitor how much the students are learning. At these checkpoints, she explains, teachers can ask themselves, “Did the students get it?” and assess whether they need to slow down and make sure students understand the concepts being taught. “This was an eye-opener for the teachers,” says Rash.

Last October SEDL Evaluation Services began working with the Oklahoma Education Technology Trust (OETT) on a project called Oklahoma Achievement Through Collaboration and Technology Support (OK-ACTS), designed to improve student learning through the use of technology. The program is a project of the University of Oklahoma’s Center for Educational and Community Renewal.

Phase I of the OK-ACTS focused on training approximately 800 principals and superintendents in Oklahoma to develop administrator’s skills to manage and support the program. Phase II of the OETT/OK-ACTS partnership focuses on professional development for Oklahoma public school teachers on integrating technology into their work. It also provides funding for technology equipment.

At the end of Phase I, SEDL Evaluation Services program associate Erin McCann and her team began conducting a pre-Phase II survey of teachers to assess, among other things: (1) their ability to use technology, (2) their comfort level in using technology in the learning process, and (3) their past use of technology with students.

“Our role is to examine what kind of changes are taking place . . . by looking at what teachers knew when they started the program and what they know now,” McCann said. “Ultimately, we want to help the program stay on track and be as effective as it can by asking, ‘Is it working?’ and ‘Where and how might it be tweaked?’ if it isn’t working.”
Electronic Solutions Help States Plan and Track Technology Integration

As technology becomes increasingly important in all aspects of life, the U.S. Department of Education and state education agencies are pushing districts to implement plans to effectively integrate technology with learning.

Last year, SEDL aided Texas and Louisiana education agencies in developing electronic resources to track district and school progress on meeting technology goals of No Child Left Behind.

SEDL’s SouthCentral Regional Technology in Education Consortium (RTEC) worked with the Texas Education Agency to launch Texas e-plan, a Web-based system to help school districts develop and submit their technology integration plans. Once submitted, the plans—required by more than 1,400 districts, charter schools, and education service centers in Texas—are then reviewed and approved by the TEA.

“With e-Plan, TEA and the 20 regional service centers can now monitor the status of plan development in any district,” said SEDL Web administrator Brian Litke, who worked with SEDL program associate Kim Hughes on the project. “End users also can search and locate information on specific plan elements, which was very time-consuming when the plans were submitted in paper format.”

In Louisiana, SEDL helped the Louisiana Center for Educational Technology take the guesswork out of assessing administrator, teacher, and student technology proficiency. SEDL’s SouthCentral RTEC, working with SEDL’s Evaluation Services, developed a standardized, online self-assessment tool for the center that allowed students, teachers, and administrators to report their technology proficiency relative to national and state standards. Once collected, the data were then used to help districts better identify areas for additional
technology education and training. After completing the self-assessment tool, SEDL took the work a step further in the fall of 2003 by conducting a pilot of performance-based assessment in Baton Rouge for middle school teachers and students to better measure their technology proficiency.

Students were given information on a topic, such as hurricanes, and asked to demonstrate their technology proficiency by developing graphs, charts, tables, and a presentation using standard software (Excel, PowerPoint, or Word, for example) to illustrate what they had learned. Teachers were given a writing-intensive assignment where they were asked to detail what technology they might use in the classroom to teach students a particular topic or help them solve a specific educational problem.

Cheryl Harris, a program specialist with Evaluation Services, said the greatest value from SEDL’s work on the project comes from having a standard method of collecting data to make decisions about future technology education and training.

“The state of Louisiana now has an instrument to use instead of asking schools to ‘guesstimate’ whether their teachers and students are meeting technology standards,” Harris said. “It’s no longer about simply having technology equipment. It’s about being able to assess whether teachers have the skills to integrate that technology into learning in an effective way.”

Shrinking national budgets and resources, coupled with increased expectations for student achievement, make it more important than ever for districts and schools to make data-driven decisions about curriculum and instruction rather than relying solely on gut and intuition.

That’s why SEDL’s SouthCentral Regional Technology in Education Consortium (RTEC) began a partnership with Apple Computer, Inc., in early 2003 to develop an online course called “No Child Left Behind: Using Data for Results” as part of the Apple Learning Interchange. The course assists educators in identifying, gathering, and analyzing data to improve educational outcomes. It also covers how to write questions that drive data analysis and ways to organize the data collected from those questions. Video clips from the “No Child Left Behind Town Hall” video produced by the U.S. Department of Education allow course participants to hear from Secretary of Education Rod Paige, principals, teachers, and community members about how they have used data to ensure all children are successful learners.

“Using data effectively is a large part of the No Child Left Behind legislation,” says SEDL program associate Danny Martinez, who was part of the course development team. “The more people are able to understand and interpret data, the better off they will be in terms of using it to improve the learning process.”

The course may be found online at http://ali.apple.com/ali_sites/ali/exhibits/1000492/.
Jordan explains that the No Child Left Behind Act signals a clear and growing commitment to the role of families, not just to improve achievement but also to hold schools accountable for results. NCLB requires districts and schools to involve parents in the development of plans to help low-achieving students meet challenging academic requirements, build the school’s and parents’ capacity for more involvement, and coordinate involvement strategies through a variety of programs such as Head Start, Reading First, Even Start, and Parents as Teachers.

The National Center provides practical information that schools, community groups, research organizations, policymakers, and families need to take action and make connections between schools, families, and communities and to meet NCLB requirements. By getting research findings into the hands of people who can use it, the Center helps create the link between research and practice.

In 2003, the Center published *A New Wave of Evidence: The Impact of School, Family, and Community Connections on Student Achievement*, a synthesis of some 60 research studies on family and community involvement. The publication has been used by people like Rep. Calvin Johnson, a member of the House Education Committee for the State of Arkansas, who sponsored parent involvement legislation requiring public schools to create a parental involvement plan that would help engage parents in improving student achievement. Johnson explains, “We can’t mandate that schools engage in...”
parent involvement, but we can mandate that they create environments in which schools work with families to support student achievement.”

As he worked on developing the legislation and looked for available resources, Johnson turned to SEDL for research that would inform the strategies in his bill. “SEDL is one of my consistent resources whenever I’m looking for research-based information,” Johnson says.

SEDL continues to develop family and community involvement resources that are useful to a broad range of audiences, from national organizations such as the National Education Association to parent resource specialists in local schools. “By collaborating and sharing what we know about engaging the family and community,” explains Jordan, “we can help schools make good decisions about their involvement programs so that such efforts make a difference to those who matter most—our children.”

“Pregúnteles a sus hijos sobre lo que han leído,” a mother writes on the overhead projector transparency as other parents, almost all Hispanic, look on at Woodward Elementary School in DeKalb County, Georgia. The phrase is a strategy parents can use to help their kids improve reading comprehension skills. Translated the phrase means: “Ask your children about what they have read.”

Last October, SEDL began working with Woodward on an English Language Learners (ELL) program. The program is led by SEDL’s Southeast Comprehensive Assistance Center (SECAC) and brings together about 60 Hispanic parents for monthly workshops to help them better help their kids in school. The challenge is more difficult because many of the families have come to Georgia from Puerto Rico and Spanish-speaking countries such as Mexico, Bolivia, Ecuador, and the Dominican Republic. SECAC’s work at Woodward and other schools in the Southeast supports SEDL’s work under No Child Left Behind, and it expands SEDL’s reach into Alabama, Mississippi, and Georgia.

“This kind of instruction is very challenging, and many of the schools in the Southeast don’t have teachers who are prepared to meet the needs of these immigrant families,” said Dr. Marie Kaigler, program manager for SECAC. “We help teachers acquire necessary skills through professional development and technical assistance. We also work with the parents and families in their native language to help bridge the language gap.”

“My greatest challenge is to motivate parents to believe that they can make a difference,” said SECAC’s Maggie Rivas, who facilitates the ELL workshops. For example, Rivas helps parents grasp reading comprehension by referring to popular Latin daytime dramas. In Spanish, she asks parents to identify the main characters, story theme, and conflict. Once the parents understand these elements also are present in the books their children read, they can ask their kids to identify characters or the plot in their school reading.

“The kids start to think, ‘Hey, my parents are interested in me and how I perform in school,’” Rivas said.

Attendance in the ELL workshops has remained at around 60 parents, with many of the families coming back for additional workshops. Some of the parents have gotten to know each other through the workshops and others have grown interested in becoming more involved in the school. This year, SECAC plans to conduct focus groups and analyze survey data from parents to determine how to refine the program, as needed, for fall 2004.

“Maggie’s work has had a profound impact on the community and my staff,” said Clarence Montgomery, Jr., principal at Woodward Elementary. “She’s helping to bring together the home and school connection. It is my belief that when we get into the home to make learning important, we see more of the results in school that we want to see.”
"Wired" Traditional Solution Addresses Contemporary Problem

A library has always housed information across many disciplines and areas of knowledge. It still does. Only now, it’s likely to be a virtual library, such as SEDL’s National Center for the Dissemination of Disability Research (NCDDR) Electronic Library.

NCDDR’s library has a catalog of more than 1,400 online resources from disability researchers and rehabilitation engineers across the nation.

“The 2000 Census identified 49.7 million people—nearly one in five—who have some type of chronic condition or disability,” said Dr. John Westbrook, who leads SEDL’s disability research to practice program area. One of SEDL’s key goals is to raise users’ awareness and use of disability research findings, which are funded by the National Institute of Disability and Rehabilitation Research (NIDRR), to meet the needs of adults and students with disabilities. Another goal is to make sure that evidence-based information is available and accessible for use in meeting the needs of non-English speaking individuals with disabilities.

Westbrook described SEDL’s problem-solving strategies “We address the challenge of connecting researchers and users by collaborating with researchers to compile and promote research findings and by modeling successful dissemination and utilization strategies that connect users with research-based information,” he said. In past years, one solution SEDL disability specialists initiated successfully was modeling how a technological strategy—the portal—could make online resources available across the range of more than 400 NIDRR-funded disability research, rehabilitation engineering, and training projects.

The resulting Electronic Library catalogs information in topics as diverse as employment research, health and function research, technology for access and function,
and rehabilitation. Since it first went online in 2001, the Electronic Library has given consumers easy access to materials contributed by researchers. During 2003, the Library catalogue grew to more than 1,200 resources and online search queries tripled.

Making evidence-based information accessible and usable for the improvement of practice is an important goal for Westbrook and his SEDL colleagues—especially resources developed for Spanish-language individuals with disabilities. Westbrook explained, “We know that Spanish speakers make up the fastest-growing language group in the United States.” And, according to the 2000 Census, among the total population of Hispanics or Latinos, 20.9 percent of the Hispanic population are individuals with disabilities.

So in 2003, SEDL again leveraged technology and collaboration with NIDDR-funded researchers to create a companion Biblioteca Electronica—a Web portal to NIDRR grantees’ Spanish-language online resources. Westbrook said, “SEDL supports the creation and delivery of services and information that target Spanish-speaking consumers. That means we must make certain that disability and rehabilitation researchers continue to build on research to address the specific needs of Hispanic students and adults with disabilities.” He added, “And service providers must be able to find and use the results of that work.”

SEDL hosts the Biblioteca to show how a Web-based resource can increase information access and use for Hispanic and Latino individuals with disabilities. Westbrook concluded, “We want various consumers—researchers, educators, health care professionals, service providers, and family members—to find evidence-based information they can use to deepen research, improve practice, and enhance quality of life and learning for adults and students with disabilities.”

SEDL’s Research Utilization Support and Help (RUSH) project helps National Institute of Disability and Rehabilitation Research (NIDRR) grantees bridge the gap between research and practice. RUSH staff have developed three utilization models to assist researchers in their efforts to put their research findings into the hands of those who will be able to use it the most: The Knowledge Synthesis Model, the Collaborative Support Model, and the Best Practice Knowledge Transfer Model.

The Knowledge Synthesis Model focuses on venues such as peer-reviewed journals to make scholarly findings or literature available, whereas researchers who are actively working in partnership with direct consumers will find RUSH’s Collaborative Support Model useful. The Best Practice Knowledge Transfer Model leverages lessons learned in existing practitioner arenas.

“In the past dissemination and utilization have been afterthoughts,” says SEDL communications assistant Mark Linder. “They have never been a part of formal scholarly training in effective research. Today, however, researchers are increasingly being asked to quantify the value of their work. We believe that tools that RUSH is developing today will help researchers communicate the value of their work to beneficiaries as well as funding agencies.”
SEDL staff hold 37 doctoral degrees and 24 master’s degrees in fields such as curriculum and instruction, experimental psychology, sociology, evaluation, and education administration. Many have experience as classroom teachers, district administrators, and state department of education personnel.
SHELL’S ACCOMPLISHMENTS IN 2003 were due to the efforts of our staff and counsel of our board and advisors. SEDI staff contributed their knowledge in leadership activities, authored and edited scholarly publications, and won accolades for their accomplishments. Our board members and other advisors connected our work to the needs in the field.
OUR PEOPLE: OUR COMMITMENT TO STAFF, BOARD, AND ADVISORS

BOARD OF DIRECTORS

The board of directors governs SEDL’s research and work, gives insight into the diverse needs of our region, and shares our message with educators and policymakers. Members of the board reflect the diversity of the Southwest region for which it was chartered as well as multiple levels of the education system. Members are nominated and elected by the sitting membership for a maximum of two consecutive three-years terms.

EXECUTIVE COMMITTEE

Members of the executive committee provide leadership as officers of the entire board and serve on the board’s standing committee for long-term investment.

Tony Recasner, Chairman

Tony Recasner, MS, PhD, is the director of the New Orleans Charter Middle School, where he has served since 1998. He also has worked as staff psychologist for the Office of Academic Enrichment at Loyola University and with various public and community service organizations.

Rosa Maria Vida, Vice Chairman

Rosa Maria Vida, MS, PhD, is the superintendent of Catholic Schools for the Laredo Diocese. She has served as dean of the College of Education and an education professor at Texas A&M International University in Laredo and has held positions at Laredo State University, as well as the Laredo and Austin independent school districts.

Jo Arnold Pettigrew, Secretary

Jo Arnold Pettigrew, MA, EdD, is the executive director of the United Suburban Schools Association (USSA). Before joining USSA, she spent nearly 13 years as the assistant executive director of the Oklahoma State School Boards Association.

Nancy Eddy, Treasurer

Nancy Eddy, MEd, JD, is a K–6 counselor at Clinton Elementary School in Little Rock, where she has served since 1984. She also has served as chair of the Pulaski Federation of Teachers, president of the Central Arkansas Labor Council, and a volunteer with the United Way.

Michael Davis, Immediate Past Chairman

Michael Davis, MA, EdS, was the state superintendent of public instruction with then New Mexico State Department of Education from 1997–2003. Since 1984, he had been with the department in various capacities including accreditation consultant and division superintendent.

SEDL recognizes and appreciates these board members who completed their service terms.

Ray Simon, AR  Michael Davis, NM  Sandra Prelo, NM  B. J. Gibson, TX  Ed Flathouse, TX
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K-6 Counselor
Clinton Elementary School

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Field Experiences
Henderson State University

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St. Edward’s University

Paula Patrick (Louisiana)
Federal Programs Director, Sabine Parish
School Board; Site Coordinator, Northwestern
State University

Jo Arnold Pettigrew* (Oklahoma)
Executive Director
United Suburban Schools Association

Cecil Picard (Louisiana)
Superintendent of Education
Louisiana State Department of Education

Serafin Ramon (Oklahoma)
Former Dean, School of Science, Mathematics,
and Nursing
Oklahoma Panhandle State University

Tony Recasner* (Louisiana)
Director
New Orleans Charter Middle School

Rosa Maria Vida* (Texas)
Superintendent
Catholic Schools for the Laredo Diocese

* Member of 2004 Executive Committee
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Robert Drakeford, EdD
Valerie George
Arlene Tolliver Kitchen
Errin McComb, PhD
Susan Milam
Sabrina Moore, PhD
Judith Nee
Marguerite Peebles
Ben Silliman, PhD
Peggy Sparks
Bricca Sweet
Maridine Wall
Gary Wenzel

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Arnold Fege
Ira Harkavy, PhD
Karen Mapp, EdD
Milbrey McLaughlin, PhD
Maria R. Montecel, PhD
Kris Olson
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Betty Odom
Benjamin Powell, PhD
Faimon Roberts
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Stacey Weinand
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Ellen Blasiotti *
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Shelley Kaplan
Mimi Kessler
Kathy Martinez
Dennis C. Moore, EdD
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Elaine Ostroff*
Edward Steinfeld, ArchD
Vathsala Stone, PhD

Evaluation Services Advisory Board

Gary Boric, PhD
Yvonna Lincoln, EdD
James Sanders, PhD
Wayne Welch, PhD

* Ad hoc member
In 2003, SEDL staff members’ accomplishments won recognition within SEDL and from professional associations.

President and CEO Wesley Hoover presented the Edwin Hindsman Award for excellence in service to children to Cynthia Herring, an accounting associate in the Office of Fiscal and Technical Services (OFTS), and the Rogers L. Barton Award for work in education research that has contributed significantly to the field to Zena Rudo, a program associate with the Regional Educational Laboratory’s policy team. Herring has worked in the Office of Financial & Technical Services for 25 years. Rudo joined SEDL in 1999 after working as an assistant professor at the University of South Florida.

*SEDL Letter* editor Leslie Blair led the production team of the *SEDL Letter* issue, “Putting Reading First,” which won first place in the nationwide EdPress 2003 Distinguished Achievement Award competition for a “One-Theme Issue,” sponsored by the Association of Educational Publishers. Blair also led the production team for the SEDL corporate brochure, “Building Knowledge to Support Learning,” which won Bronze and Silver Quill Awards in the International Association of Business Communicators state and regional competitions, respectively. Blair joined SEDL as a communications associate in the Office of Institutional Communications in 1998.
SEDLS STRATEGIC ALLIANCES & PARTNERSHIPS

SEDL Values Alliances and Partners

To enhance SEDL work in one or more program areas, SEDL has formed strategic alliances with partner organizations such as American Indian Research and Development, Inc.; the Charles A. Dana Center at The University of Texas at Austin; the University of North Texas in Denton; the Institute of Responsive Education and WGBH in Boston; the University of North Carolina at Greensboro; and the University of California at Los Angeles. Intermediate service agencies that deliver professional development and technical assistance statewide are both partners and clients. Finally, SEDL acts as a contractor with agencies including the Institute for Rehabilitation and Research in Houston, the Mid-continent Research for Education and Learning, Inc., and the Oklahoma Commission of Teacher Preparation, who formed agreements with SEDL to address their development, evaluation, and dissemination needs.
Expanding Menu of Services

In FY 2003, SEDL expanded its menu of services to assist local and state education leaders. In addition to the RD&D activities conducted through long-term contracts, SEDL offers the following service and consulting options with its partners for clients across the nation:

- Curriculum development
- Database development
- Data collection and needs assessments
- Evaluation services
- Online course development
- Professional development
- Research and policy analyses
- Self assessment/inventory development
- Technical assistance
- Training
- Web application development, hosting, services
$18 million

in active contracts and grants supported SEDL's work during FY 2003. Those operational contracts, grants, and agreements grew from $14 million in FY 2002.
OUR FINANCES

Our commitment to responsible fiscal management

THE BOARD OF DIRECTORS AND EXECUTIVES AT SEDL are committed to continuing to operate with financial integrity and rigorous oversight. Our program operations receive regular internal and third-party evaluation; our advisory boards help to connect our work to the needs of practitioners and decision makers in the field. And our financial operations are planned, conducted, and audited in accordance with generally accepted accounting principles.
Financial Resources

In FY 2003, SEDL’s financial resources represented contracts, grants, memoranda of agreement, and cooperative agreements totaling $18 million. Those active awards represented a high point in SEDL’s 38-year funding history. From a point of retrenchment in 1985, funding awards show a steady upward trend through 2003. The increase in 2003 largely was due to SEDL’s winning a nationwide award to improve afterschool practices and to the expansion of service options and resulting contracts.

Program Areas

Active awards in FY 2003 were allocated across SEDL program areas. About 75 percent of the funding supported “Improving school performance” and “Improving teaching and learning in the content areas.”

Our Commitment to Minority and Women Contractors

SEDL was founded on the belief that equity is a cornerstone of education; SEDL’s business operations follow that tenet. SEDL has a strong history of supporting small, women-, and minority-owned businesses, and our board of directors has established aggressive goals to ensure our continued commitment.

In FY 2003, for the third consecutive year, we proudly honored this commitment by increasing the dollar amount of contracts awarded to minority and women contractors.
Independent Auditors’ Report

The Board of Directors
Southwest Educational Development Corporation:

We have audited the accompanying statements of financial position of Southwest Educational Development Corporation (Corporation) as of November 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Educational Development Corporation as of November 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2004, on our consideration of the Corporation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

January 16, 2004
### STATEMENTS OF FINANCIAL POSITION—NOVEMBER 30, 2003 AND 2002

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,294,985</td>
<td>1,819,345</td>
</tr>
<tr>
<td>Building fund investments (note 2)</td>
<td>3,165,024</td>
<td>2,577,611</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>36,309</td>
<td>31,653</td>
</tr>
<tr>
<td>Contract billings receivable</td>
<td>1,451,074</td>
<td>1,264,013</td>
</tr>
<tr>
<td>Costs in excess of billings</td>
<td>532,734</td>
<td>508,243</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>219,546</td>
<td>348,448</td>
</tr>
<tr>
<td>Property, plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquired with unrestricted resources:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and improvements,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>less accumulated depreciation of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$896,589 in 2003 and $829,899 in 2002</td>
<td>435,223</td>
<td>607,528</td>
</tr>
<tr>
<td></td>
<td>$7,134,895</td>
<td>7,156,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$128,241</td>
<td>693,303</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>396,206</td>
<td>374,044</td>
</tr>
<tr>
<td>Contract advances</td>
<td>1,111,758</td>
<td>1,095,784</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>40,756</td>
<td>5,645</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>68,024</td>
<td>66,466</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,744,985</td>
<td>2,235,242</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated for building fund (note 2)</td>
<td>3,560,979</td>
<td>3,269,079</td>
</tr>
<tr>
<td>Undesignated</td>
<td>1,828,931</td>
<td>1,652,520</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>5,389,910</td>
<td>4,921,599</td>
</tr>
<tr>
<td>Total net assets</td>
<td>5,389,910</td>
<td>4,921,599</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitments and contingencies (notes 3, 4, and 5)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,134,895</td>
<td>7,156,841</td>
<td></td>
</tr>
</tbody>
</table>

*See accompanying notes to financial statements.*
## STATEMENT OF ACTIVITIES—YEAR ENDED NOVEMBER 30, 2003

<table>
<thead>
<tr>
<th>Revenues, gains, and other support:</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development contracts earned</td>
<td>$ —</td>
<td>12,221,907</td>
<td>12,221,907</td>
</tr>
<tr>
<td>Lease income (note 3)</td>
<td>42,344</td>
<td>—</td>
<td>42,344</td>
</tr>
<tr>
<td>Investment income (note 2)</td>
<td>195,882</td>
<td>—</td>
<td>195,882</td>
</tr>
<tr>
<td>Other</td>
<td>1,111,421</td>
<td>5,991</td>
<td>1,117,412</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>12,227,898</td>
<td>(12,227,898)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total revenues, gains, and other support</strong></td>
<td><strong>13,577,545</strong></td>
<td>—</td>
<td><strong>13,577,545</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development programs</td>
<td>10,681,817</td>
<td>—</td>
<td>10,681,817</td>
</tr>
<tr>
<td>General and administrative</td>
<td>2,427,417</td>
<td>—</td>
<td>2,427,417</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>13,109,234</strong></td>
<td>—</td>
<td><strong>13,109,234</strong></td>
</tr>
</tbody>
</table>

| Net increase in net assets | 468,311 | — | 468,311 |
| Net assets at beginning of year | 4,921,599 | — | 4,921,599 |
| **Net assets at end of year** | **$5,389,910** | — | **5,389,910** |

*See accompanying notes to financial statements.*
## STATEMENT OF ACTIVITIES—YEAR ENDED NOVEMBER 30, 2002

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, gains, and other support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development contracts earned</td>
<td>$ —</td>
<td>12,521,243</td>
<td>12,521,243</td>
</tr>
<tr>
<td>Lease income (note 3)</td>
<td>201,707</td>
<td>—</td>
<td>201,707</td>
</tr>
<tr>
<td>Investment income (note 2)</td>
<td>(173,725)</td>
<td>—</td>
<td>(173,725)</td>
</tr>
<tr>
<td>Other</td>
<td>330,108</td>
<td>438,979</td>
<td>769,087</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>14,053,265</td>
<td>(14,053,265)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total revenues, gains, and other support</strong></td>
<td>14,411,355</td>
<td>(1,093,043)</td>
<td>13,318,312</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development programs</td>
<td>11,529,732</td>
<td>—</td>
<td>11,529,732</td>
</tr>
<tr>
<td>General and administrative</td>
<td>2,211,286</td>
<td>—</td>
<td>2,211,286</td>
</tr>
<tr>
<td>Write-off of property, plant, and equipment acquired with grant funds</td>
<td>1,093,043</td>
<td>—</td>
<td>1,093,043</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>14,834,061</td>
<td>—</td>
<td>14,834,061</td>
</tr>
<tr>
<td><strong>Net decrease in net assets</strong></td>
<td>(422,706)</td>
<td>(1,093,043)</td>
<td>(1,515,749)</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>5,344,305</td>
<td>1,093,043</td>
<td>6,437,348</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$ 4,921,599</td>
<td>—</td>
<td>4,921,599</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### Statements of Cash Flows—Years Ended November 30, 2003 and 2002

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in net assets</td>
<td>$468,311</td>
<td>(1,515,749)</td>
</tr>
<tr>
<td>Adjustments to reconcile decrease in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>172,305</td>
<td>162,866</td>
</tr>
<tr>
<td>Write-off of land and building (note 1 (d))</td>
<td>—</td>
<td>1,093,043</td>
</tr>
<tr>
<td>Loss on disposition of improvements</td>
<td>—</td>
<td>12,782</td>
</tr>
<tr>
<td>Unrealized and realized losses on investments, net</td>
<td>(100,447)</td>
<td>354,563</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in accounts and contract billing receivables</td>
<td>(191,717)</td>
<td>436,570</td>
</tr>
<tr>
<td>(Increase) in costs in excess of billings</td>
<td>(24,491)</td>
<td>(51,242)</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses</td>
<td>128,902</td>
<td>(112,917)</td>
</tr>
<tr>
<td>(Decrease) increase in accounts payable</td>
<td>(565,062)</td>
<td>303,194</td>
</tr>
<tr>
<td>Increase in accrued vacation</td>
<td>22,162</td>
<td>49,472</td>
</tr>
<tr>
<td>Increase (decrease) in contract advances</td>
<td>15,974</td>
<td>(42,035)</td>
</tr>
<tr>
<td>Increase (decrease) in due to other governments</td>
<td>35,111</td>
<td>(123,809)</td>
</tr>
<tr>
<td>Increase (decrease) in other liabilities</td>
<td>1,558</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>(37,394)</td>
<td>506,443</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of building fund investments</td>
<td>(740,157)</td>
<td>(1,130,741)</td>
</tr>
<tr>
<td>Proceeds from the sale of building fund investments</td>
<td>253,191</td>
<td>1,206,226</td>
</tr>
<tr>
<td>Purchase of equipment and furniture</td>
<td>—</td>
<td>(106,600)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(486,966)</td>
<td>(31,115)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net increase (decrease) in cash and cash equivalents</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>(524,360)</td>
<td>475,328</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents at beginning of year</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,819,345</td>
<td>1,344,017</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents at end of year</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,294,985</td>
<td>1,819,345</td>
<td></td>
</tr>
</tbody>
</table>

Noncash investing activity:
The Corporation disposed of $105,615 and $22,517 fully depreciated equipment in 2003 and 2002, respectively.

See accompanying notes to financial statements.
(1) Organization and Significant Accounting Policies

Organization

Southwest Educational Development Corporation (the Corporation), a Texas nonprofit corporation without capital stock, operates as Southwest Educational Development Laboratory. The Corporation’s primary emphasis is to challenge, support, and enrich education systems in the southwestern United States in order to provide quality education for all learners. Its mission is to find, share, and sustain solutions for urgent problems facing educational systems, practitioners, and decision makers in the southwestern United States.

In particular, the grants and contracts awarded to the Corporation are used to fund educational research and development projects that focus on ensuring educational equity for children and youth. The Corporation’s primary operating area includes Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

Grants and contracts from the U.S. Department of Education comprised approximately 86 percent and 90 percent of the Corporation’s revenue in 2003 and 2002, respectively.

Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America.

A significant portion of the Corporation’s operations are funded by contracts, grants and cooperative agreements with the federal government, the Texas Education Agency, and nonprofit organizations. Because such revenue sources must be expended in accordance with contract terms for specific purposes, the accounts of the Corporation are maintained on a system of fund accounting. For reporting purposes, the Corporation’s net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions are defined as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. A portion of the unrestricted net assets has been designated by the Corporation’s Board of Directors as a building fund to accumulate resources for the acquisition or construction of an office building (note 2).

Temporarily restricted net assets - net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Resources received with donor-imposed restrictions that are satisfied in the same period are reported as releases from restrictions. The Corporation has no temporarily restricted net assets as of November 30, 2003 or 2002.

Permanently restricted net assets - net assets required to be maintained in perpetuity due to donor-imposed stipulations. The Corporation has no permanently restricted net assets as of November 30, 2003 or 2002.
(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market mutual funds, certificates of deposit, and all investments with an initial maturity of three months or less. Cash equivalents include interest-bearing deposits of approximately $992,000 and $1,059,000 in 2003 and 2002, respectively.

(c) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

(d) Property, Plant, and Equipment

The Corporation acquired an approximate 51 percent interest in a condominium office building using funds provided from an Educational Research Facilities grant from the U.S. Office of Education, now part of the U.S. Department of Education (USDE). Under the terms of the acquisition agreement, the Corporation’s title terminates and reverts to the developer 28 years after conveyance (which was in July 1974) unless reconveyance is postponed by the exercise of three four-year options. The costs of fixed assets acquired with these restricted resources were charged against the contract when purchased, recorded as an asset, and temporarily restricted net assets.

The building is situated upon rented land. The Corporation’s total rent for the 28-year period is $310,000, which has been paid and charged as an expenditure against the facility grant. For reporting purposes, the rent has been capitalized as investment in “land rent” to reflect its benefit to future years and is being amortized over the life of the above agreement.

As of July 16, 2002, the Corporation ceased to be an owner in the building and began renting its office space since the options, discussed above, were not exercised. As such, the remaining undepreciated balance of the land rent and building were expensed in 2002.

Property, plant, and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets include three to six years for furniture and equipment.

(e) Contracts Earned

Research and development contracts earned revenue is private, state, and federal grant revenues that is recognized as revenue when expenditures are incurred. Contract billings receivables are amounts earned and due from the respective grant sponsor. Costs in excess of billings are amounts earned but not yet billed to the respective sponsor.

(f) Federal Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. The Corporation had no material unrelated business taxable income during 2003 or 2002.
(g) **Use of Estimates**

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) **Functional Allocation of Expenses**

The costs of providing the research and development program and the supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(i) **Post-Retirement Benefits**

The Corporation sponsors an employee post-retirement health care plan and provides for the estimated costs of employees’ health care after retirement. The Corporation’s obligations under this plan are incurred over the estimated service periods of the employees. The Corporation’s accruals for post-retirement benefit costs at November 30, 2003 and 2002 were $68,000 and $66,000, respectively, which is included in other liabilities in the accompanying statements of financial position.

(j) **Vacation Policy**

Corporation employees earn vacation leave, which may either be taken or accumulated until paid upon termination or retirement. Unused vacation leave may be accumulated to 160 hours for staff members with less than five years’ service and 240 hours for staff members with more than five years’ service.
(2) Building Fund Investments

The Corporation has a building fund to accumulate resources for the acquisition or construction of an office building. Beginning in 1992, the Board of Directors designated the earnings on the fund and half of the fixed fees earned by the Corporation on its Regional Educational Laboratory (REL) contracts for the building fund. From April 1, 1994 through November 30, 1995, the Board of Directors suspended this policy and then reinstated the policy December 1, 1995. The building fund consists of an investment fund that is invested in fixed income securities, equity securities, and money market mutual funds. The money market funds are included in cash and cash equivalents in the statements of financial position. Building fund investments at November 30, 2003 and 2002 are summarized as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>COST</th>
<th>FAIR VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate stocks</td>
<td>$1,201,237</td>
<td>1,301,112</td>
</tr>
<tr>
<td>U.S. Government securities</td>
<td>450,256</td>
<td>478,002</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>702,413</td>
<td>791,573</td>
</tr>
<tr>
<td>Fixed income mutual funds</td>
<td>600,000</td>
<td>594,337</td>
</tr>
<tr>
<td>Money market mutual funds</td>
<td>2,953,906</td>
<td>3,165,024</td>
</tr>
<tr>
<td>and certificate of deposit</td>
<td>395,955</td>
<td>395,955</td>
</tr>
<tr>
<td>Total designated for building fund</td>
<td>$3,349,861</td>
<td>3,560,979</td>
</tr>
</tbody>
</table>

2002

<table>
<thead>
<tr>
<th>Investments:</th>
<th>COST</th>
<th>FAIR VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate stocks</td>
<td>$1,249,860</td>
<td>1,206,579</td>
</tr>
<tr>
<td>U.S. Government securities</td>
<td>552,896</td>
<td>589,142</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>702,413</td>
<td>781,890</td>
</tr>
<tr>
<td>Money market mutual funds</td>
<td>2,505,169</td>
<td>2,577,611</td>
</tr>
<tr>
<td>and certificate of deposit</td>
<td>691,468</td>
<td>691,468</td>
</tr>
<tr>
<td>Total designated for building fund</td>
<td>$3,196,637</td>
<td>3,269,079</td>
</tr>
</tbody>
</table>

Investment income (loss) for the years ended November 30, 2003 and 2002 is comprises the following:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>$95,435</td>
<td>180,838</td>
</tr>
<tr>
<td>Unrealized and realized gains</td>
<td>100,447</td>
<td>(354,563)</td>
</tr>
<tr>
<td>(losses) on investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$195,882</td>
<td>(173,725)</td>
</tr>
</tbody>
</table>
(3) Lease Income

The Corporation is the lessor of temporary excess office space. The lease agreements range from one year to three years with optional renewal clauses. Gross lease payments due under noncancelable lease agreements for the next three years, unadjusted for possible future escalation and renewals, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$13,032</td>
</tr>
<tr>
<td>2005</td>
<td>13,032</td>
</tr>
<tr>
<td>2006</td>
<td>7,602</td>
</tr>
</tbody>
</table>

$33,666

(4) Retirement Plan

The Corporation provides a defined contribution retirement plan, organized under Section 403(b) of the Internal Revenue Code, for all of its regular employees by a payment of 14 percent of each employee's base salary as a contribution. All regular employees of the Corporation are eligible for participation in this plan. Eligible employees can begin participation on the effective date of their employment. Participants are immediately and fully vested in the plan contributions. Benefits are provided through fixed-dollar and variable annuities offered by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Contributions, which were allocated to the various contracts of the Corporation, totaled $762,082 and $753,092 in 2003 and 2002, respectively.

(5) Commitments and Contingencies

The Corporation had various operating leases that expired within fiscal year 2003. These leases were subject to cancellation based upon the availability of federal funding. Rental expense for these operating leases was approximately $49,000 and $47,000 in 2003 and 2002, respectively.

In addition, the Corporation had an operating lease for office space from July 2002 to July 2006. Under the lease terms, the Corporation is to pay $95,793 a month with a 2 percent increase annually beginning August 2003. Also under the terms of the lease, if the Corporation loses its federal grant/contract funding, it is only obligated to pay one-half of the full rent expense through July 30, 2006, as a cancellation penalty after a 90-day notice regarding the remaining lease period and the Corporation would still be responsible for the amount of rent applicable to the reduced square footage that is not subject to the cancellation penalty. Total office rental expense was approximately $1,146,000 and $526,000 in 2003 and 2002, respectively.

The Corporation performs services under various federal contractual and grant agreements that are subject to compliance audits. The amount, if any, of expenditures that may be disallowed by the granting agency cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

In November 2000, the Corporation’s Board of Directors established a Severance Pay Policy. The Severance Policy is one week's pay for each year of service up to a maximum of 13 years of service. There was no liability required to be recorded as of November 30, 2003 or 2002 for the Severance Policy.
SEDL executives and staff appreciate the efforts and time of the officers and members of the 2003 Board of Directors in guiding SEDL’s research, development, and dissemination agendas. We give special thanks to the members of the 2003 executive committee for their advice and counsel: Tony Recasner, chairman; Rosa Maria Vida, vice chairman; Jo Pettigrew, secretary; Nancy Eddy, treasurer; and Michael Davis, immediate past chairman.

The financial support that SEDL receives from client organizations, governmental contracts, and philanthropic donations helps ensure that SEDL’s mission and programs will continue to improve education. Southwest Educational Development Laboratory is a 501(c)(3) organization, IRS Tax ID 74-1545911. All donations are tax-deductible as allowed by law. Donations made through check or money order can be mailed to Southwest Educational Development Laboratory (SEDL) c/o Office of Institutional Development, 211 East Seventh Street, Austin, Texas 78701-3253.