Cairneagle

The Three-Headed Hydra: Screentime Limits, AI Restrictions, and Efficacy Demands

Selling student-facing EdTech into US K-12 schools

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EducationInvestor Awards WINNER

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Three key questions every seller into US K-12 schools now faces

For a decade the pitch to US K-12 schools was simple: more digital, more personalized, more scalable. In 2026 each of those words invites a follow-up question: how many minutes, how much AI, and where is the evidence?

Providers of student-facing learning tools to K-12 schools now face a three-headed hydra: **screen-time limits**, **AI restrictions,** and **rising demands for proof of efficacy**. Any one head is manageable. Together they are lengthening sales cycles, changing what gets bought, and raising questions for providers and investors about how to keep growing in the face of these headwinds.



Screen-time limits

How many minutes?



AI restrictions

How much AI?



Efficacy demands

Where is the evidence?



Buyers are not anti-technology. Districts, often in concert with parents, are against *unaccountable* technology, and they now have the policy tools to act on it.

Screen-time limits are being written into policy at every level

The bellwether was Los Angeles, but then New York followed quickly - the two largest districts in the country moving within months of each other

Los Angeles USD, June 2026
Second-largest US school district

- Strict limits in lowest grades
- Daily caps ease into weekly per-subject allowances in middle and high school
- Physical textbooks for every student

Grades	Screen time limits (homework included)	Starts
TK-1	No screen time on district devices	Aug 2026
2-3	20 min a day	Nov 2026
4-5	30 min a day	Nov 2026
6-8	60 min per subject a week, max 360	Jan 2027
9-12	90 min per subject a week, max 600	Jan 2027

- **Districts:** soon after LAUSD's restrictions, New York City Public Schools banned individual screen time through grade 2 and recommended caps above it (grades 3-8). Seattle is ending personal iPads for K-2. Virginia Beach and several North Carolina districts have pulled early-grade devices.
- **States:** at least 17 states introduced bills in 2026. Iowa caps K-5 digital instruction at 60 minutes a day, Utah largely bars screens in K-3, and Tennessee requires K-5 limits. Failed bills, such as Oklahoma's, are expected back in 2027.
- **Federal:** the Surgeon General's office has urged more paper-based materials, and the FCC is asking whether E-Rate, the program that provides discounted internet access to eligible schools, should be narrowed.

Source: GovTech, GW, KUOW, Whiteboard Advisors, Route Fifty, LAist, The LA Local, Cairneagle research and analysis

The question has changed from how students use AI to whether students should use it at all

Guidance is near-universal, but the largest districts are pulling in opposite directions

44
states and DC have K-12 AI law, guidance, or a pending bill

38
NYC vendor contracts having AI switched off

12+
states with companion-chatbot laws

- **Guidance is near-universal, and law is following.** 44 states and DC have K-12 AI law, guidance or a pending bill on AI guidelines. Ohio, Florida, Tennessee, Idaho, Maryland, Oklahoma, and Virginia now require every district to adopt an AI policy. Oklahoma also requires a human in the loop, a parent opt-out, and annual disclosure of every AI tool and the data it collects.
- **The biggest districts have hit pause.** NYC Public Schools has imposed a one-year moratorium on student-facing generative AI through grade 8 and is switching AI off in 38 vendor contracts; products that cannot comply will be dropped. LAUSD has blocked student-facing generative AI for 2026-27.
- **The three largest districts disagree.** Miami-Dade, the third largest school district in the country, went the other way, giving Gemini for Education to its high school students and teachers, recognizing that AI exists in the real world and students need to learn how to use it. No single product posture satisfies New York City, Los Angeles, and Miami, and these districts are likely indicators for how policy develops elsewhere.
- **Defaults are political.** Google opened Gemini in Classroom to students of all ages in August; a Maryland board member asked whether to drop Chromebooks if it cannot be disabled.
- **Chatbot law is a live wire.** At least twelve states have enacted companion-chatbot laws, mostly aimed at minors; whether a tutoring bot counts is untested.

Washington still encourages “educator-led” AI adoption, but the buyer’s governance rules currently decide whether students ever see it.

Source: AP, AI for Education, K-12 Dive, Chalkbeat, Tech Policy Press, GovTech, Cairneagle research and analysis

Buyers want proof that a product improves learning

When a product must justify its minutes or its AI, the justification is evidence of learning

The Department of Education's August 2026 guidance tells districts to judge edtech on outcomes rather than usage, and to favor independent trials.

The buyer's question is changing

Usage

Logins, minutes, and lessons completed.

→

Outcomes

What students learn as a result, measured by gains on state tests or district benchmark assessments, compared with similar students who did not use the product.

Evidence rules to know

Few states require evidence for edtech specifically, but the rules that exist are worth knowing.

Curriculum reviews

Texas ties instructional-materials funding to its state-approved list; Louisiana and Indiana publish tiered or approved lists.

Science of reading

At least 14 states ban three-cueing materials, which teach children to guess words from context rather than sound them out, showing how fast an evidence standard can wipe out a product category.

Federal funds

ESSA school-improvement money can only buy interventions with Tier 1-3 evidence, from a randomized trial (Tier 1) to a correlational study with statistical controls (Tier 3).

Coming next

New York State's pending FOCUS Act would require every edtech vendor to show an independent efficacy study.

Budgets sharpen the test

71%

of educators say cost decides whether a tool survives, as districts prune tools with ESSER gone and federal funding uncertain

Outcomes-based contracts

Six states are piloting contracts that tie fees to results (Arkansas, California, Indiana, Louisiana, Florida, and Texas). Providers are paid a base fee, with the rest held back until students hit agreed learning targets.

Source: EdSurge, EdWeek, IES, Cairneagle research and analysis

Accessibility tools hold the best-protected screen time

Every minute a digital product uses is now a minute a teacher must defend

One exception is accessibility. LAUSD, Iowa, and Tennessee exempt tools required by Individualized Education Plans (IEP) or 504 plans (accommodations to students with disabilities). Products that serve these students, and meet the WCAG 2.1 AA accessibility standard, hold the best-protected screen time in the market.

Typical exceptions to screen-time limits



IEP and 504 plan tools



Mandatory standardized assessments



English-language learners

WCAG 2.1 AA: the federal ADA Title II deadlines

April 2027

Districts serving 50,000 or more people must meet WCAG 2.1 AA

April 2028

Smaller jurisdictions must meet the same standard



UK and European providers should note the gap. Europe's phone bans largely exempt school-owned devices used for learning. The US is going further.

Restrictions are spreading across the US

Rules on instructional screen-time and AI now reach well beyond California and New York. AI and screen-time laws span red and blue states.

Where US states and districts are restricting classroom screen time and AI

Top bar: classroom screen-time rules

Bottom bar: K-12 AI rules

Law enacted

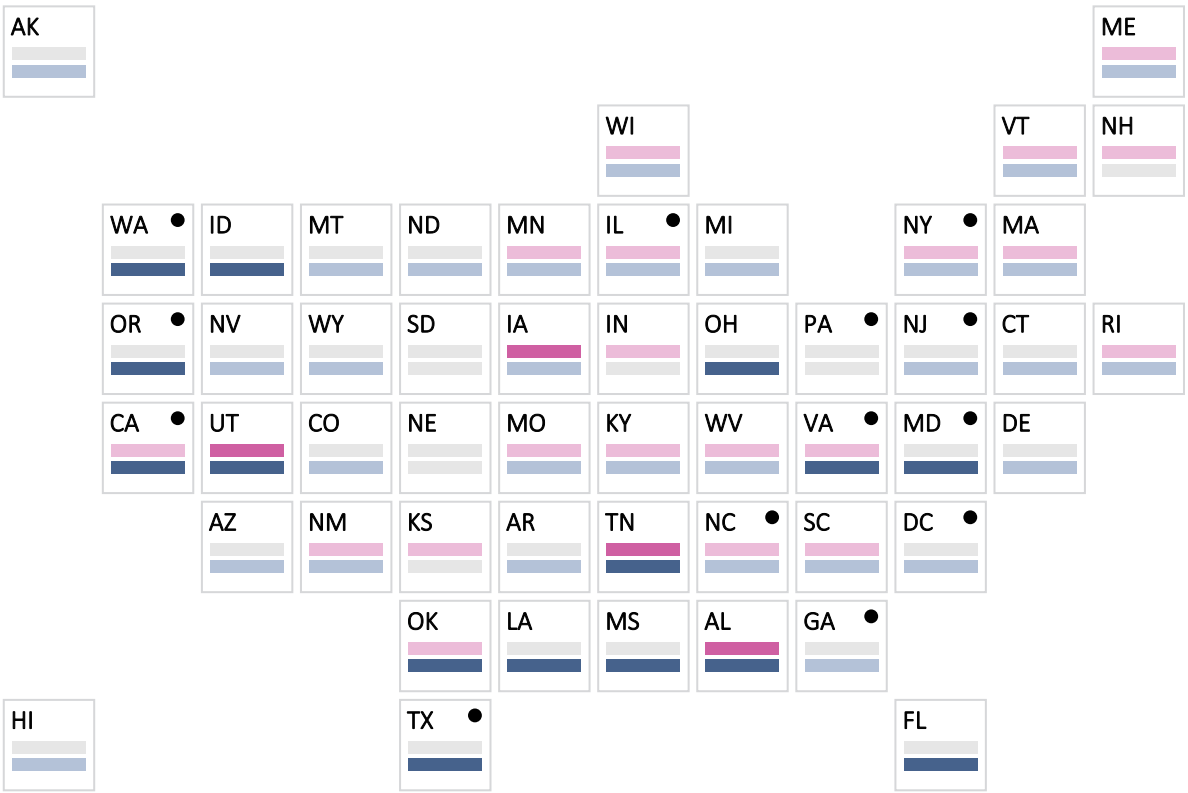
Law enacted

None found

Bill, study or related law

Guidance or pending bill

Major district action



4

states have enacted classroom screen-time laws

15

states have enacted K-12 AI laws

12 + DC

states with major district action

Three patterns matter for sellers. AI rules are near-universal, if mostly soft; screen-time laws are fewer but harder, and concentrated in the early grades. The most restrictive rules so far come from districts (LAUSD, NYC, Seattle), not states, so a clean state map can still hide a lost contract. Efficacy is not shown because it rarely sits in edtech-specific state law.

Source: Cairneagle research and analysis

US K-12 is a more challenging market, squeezed by the hydra

Providers describe a market where funding and policy pressure are both arriving at once.

Conversations with providers, investors, and advisors paint a consistent picture: US K-12 is a hard market, especially for core and supplemental curriculum. Tighter funding after ESSER has arrived alongside the three heads of the hydra.

-8.9%

McGraw Hill K-12 revenue, year to March 2026, which it attributes to a smaller adoption cycle

> *"People want a textbook again."*
>
> Investor with a digital curriculum business

This is what providers tell us

Confusion, not just restriction

Rules are landing faster than guidance. One large district's limits arrived in the first week of school, and it is often unclear how minutes are counted or who counts them.

Support for evidence, worry about the detail

Providers welcome outcomes-based contracts, but worry that usage thresholds become sales targets and the bar for success is set too low.

Print is back, but the cost of restoration is high

Print-and-digital bundles are winning business and earning more per customer, but some publishers have dismantled the printing and distribution that print requires.

Deals are on hold

Virtually no education software deals have closed in six months. Sellers are holding off, sub-scale assets face repricing, and capital is moving to vocational training.

Most providers are improvising rather than following a purpose-built playbook. The gap between the rules and the tools to meet them is where the opportunity sits for those who close it first.

Source: McGraw Hill earnings call, Cairneagle research and analysis

Questions every provider should be asking to continue growing

Each head of the hydra raises questions that reach well beyond the product. A product setting or an efficacy study answers what a district asks today. The bigger questions are about product mix, where to compete, and how to grow, and these questions sit with every team in the business.

Who asks	Questions to ask	Screen time	AI	Efficacy
Strategy and portfolio *C-suite (CEO, CRO, CPO, etc.) Board, Corporate development*	Is our product mix correctly balanced between print and digital? How do we get the mix right?	●		
	Could a competitor with a better mix displace us? Are there opportunities for us to displace others?	●		
	Which subjects, geographies, and phases of education do we focus on? Do we build, partner, or acquire?	●	●	
	Could we introduce products that support teachers with classroom and administrative tasks?		●	
Product *Product, engineering*	Can learning continue with our products with screens turned off?	●		
	How do we show AI supplements learning and critical thinking rather than replacing it?		●	
	Can AI be switched off by district/school, grade, or age?		●	
Evidence *Research, customer success*	Are we prepared to measure outcomes, not just usage? What is the bar when it comes to sufficient evidence?			●
	Do our results still hold under the new time limits?	●		●
	Would we put part of our fee at risk if contingent on outcomes?			●
Sales and marketing *Commercial teams*	How do sales teams navigate districts with different rules and guidelines? Does it require different messaging?	●	●	
	Which contracts renew soonest where rules will hit hardest?	●	●	
Legal and policy *Legal, compliance, public policy*	Are we ready for states that require proof before we can sell?			●
	What voice do we have in district and state reviews and policy making?	●	●	●

The AI questions are the most urgent: in the largest districts, a “no” now costs the contract.

Policy exposure now belongs in commercial due diligence

-26%

Global edtech venture funding, year on year, H1 2026

Capital is already cautious. But the same rules that squeeze some providers will favor others.

Policy exposure scorecard, by factor

Factor	Higher risk	Medium risk	Lower risk
Who uses it	Students on their own	Students, led by a teacher	Teachers or back office
Grade band	K-5	6-8	9-12
Pricing	Tied to minutes of use	Mix of seats and usage	Per seat or license
AI controls	Always on	Some controls	Off by district, grade, and age
Evidence	Usage data only	ESSA Tier 3-4 studies	ESSA Tier 1-2 studies
Format	Digital only	Digital with offline options	Hybrid print-digital
State footprint	Early-moving states, big urban districts	Mixed	States yet to act
Purchase type	Discretionary	Core curriculum	Legally required (IEP, accessibility)

Four diligence checks

Usage stress test	AI architecture	Price the evidence	Privacy exposure
What if minutes fall by a third under caps?	Can it be age-gated and switched off?	Tier 1-2 studies take years to complete. They are a moat for providers	Breach suits now name the owners

The split turns on design more than category: a K-5 tool that is teacher-led, light on minutes, and backed by evidence can sit on the right-hand side.

Source: HolonIQ, Cairneagle research and analysis

Slaying the hydra

In the myth, cutting off one head made two grow back; the providers that thrive will stop cutting and start designing

The rules and guidelines will keep coming one district and one statehouse at a time. The providers most likely to win will be those that can:



Show exactly how many minutes they use



Switch any AI feature off in a click



Point to independent evidence



Keep learning going with the screen off



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About the authors



Peter Friedman

Principal

Peter first joined Cairneagle in 2020 and rejoined in 2025. With over ten years of experience in education, he has advised companies, organizations, and investors on key initiatives. Before rejoining Cairneagle, he was Head of Strategy & Operations at the International Chamber of Commerce and an Associate Director at EY-Parthenon. His education experience includes leading market entry strategy in Asia for BASIS Global, a US K-12 international school operator. Peter has a B.A. from Yale University and a J.D. from Columbia Law School.



Rehaan Bapoo

Senior Consultant

Rehaan joined Cairneagle in 2024. His recent work includes due diligence on nursery and international school M&A, as well as strategy pieces for schools and commercial clients. Before Cairneagle he was Head of Schools at Dukes Plus, the consultancy arm of Dukes Education. He has a keen interest in the UK education system and its relationship to private equity, and in the impact of political decision-making on education. Rehaan studied Law at the University of Oxford and holds a Master's in Political Science from the LSE.

About Cairneagle and our US work

Cairneagle is an international strategy consultancy specializing in education. For **25 years** we have helped operators and investors apply a commercial and evidence-based lens to their issues, with **450+ projects** in the last six years across **35+ countries**, half of them with an international dimension.

In the US, we delivered **13 projects in 2025, up from 3 in 2024**, across K-12, early years, edtech, publishing and assessment. Every project rests on primary research, from surveys of schools and districts to interviews with operators, educators and experts.

How we help clients in, and entering, the US

Commercial due diligence

For investors in US K-12, edtech and assessment businesses

Go-to-market and product strategy

For providers adapting to new screen-time and AI rules

US market entry

For international operators and providers entering the US

Going international

For US-based companies expanding abroad



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Cairneagle Limited | Bewlay House, 2 Swallow Place, London, W1B 2AE | Telephone: +44 (0) 20 7036 9400 |
www.cairneagle.com