

# Archived Information

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## Investing In Innovation Fund (i3) Frequently Asked Questions ADDENDUM #2 April 8, 2010

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*Please note that the following FAQs are an addendum to the FAQs published on March 30, 2010. The FAQs below have been incorporated into the relevant sections of the March 30, 2010 FAQs and the revised document is also now posted on the i3 website at <http://www2.ed.gov/programs/innovation/faq.html>.*

### A. OVERVIEW OF THE i3 PROGRAM.

**A-13. May an application receive competitive preference points for more than one competitive preference priority?**

Yes. An application may address and receive points for more than one competitive preference priority. Peer reviewers will determine the extent to which an applicant addresses each competitive preference priority and award points accordingly.

### B. ELIGIBILITY TO RECEIVE AN AWARD.

**B-8. Must an LEA applying under section 14007(a)(1)(A) of the ARRA provide specific kinds of information in order to demonstrate that it has: (a) significantly closed the achievement gaps between groups of students described in section 1111(b)(2) of the ESEA (i.e., economically disadvantaged students, students from major racial and ethnic groups, students with limited English proficiency, students with disabilities), or (b) demonstrated success in significantly increasing student academic achievement for all groups of students described in that section?**

The Department has not prescribed specific measures that must be used to meet this statutory eligibility requirement for LEA applicants applying under section 14007(a)(1)(A). In addition, the Department has not defined the term “significantly” for purposes of this requirement. Given the diversity of potential LEA applicants under section 14007(a)(1)(A), the Department believes that the applicant is best suited to present information on how it has significantly closed achievement gaps or increased student academic achievement and to determine the metrics it uses to measure those accomplishments.

**B-9. Must an LEA applying under section 14007(a)(1)(A) of the ARRA provide specific kinds of information in order to demonstrate that it has made significant improvement in areas other than academic achievement, such as graduation rates or increased recruitment and placement of high-quality teachers and principals?**

The Department has not prescribed specific measures that must be used to meet this statutory eligibility requirement for LEA applicants applying under section 14007(a)(1)(A). In addition, the Department has not defined the term “significant improvement” for purposes of this requirement.

The Department wishes to encourage a diverse set of eligible applicants, and believes that eligible applicants are best suited to demonstrate that their improvements in areas other than academic achievement are significant. Eligible applicants are encouraged to present information for how they have made significant improvements in these other areas and are not limited in the metrics they use to measure those improvements.

**B-10. Must an eligible applicant that includes a nonprofit organization provide specific kinds of information in order to demonstrate that the nonprofit organization has a record of significantly improving student achievement, attainment, or retention through its work with an LEA or schools?**

The Department has not prescribed specific measures that must be used to meet this statutory eligibility requirement for applicants applying under section 14007(a)(1)(B) of the ARRA. In addition, the Department has not defined the term “significantly” for purposes of this requirement. Given the diversity of potential applicants under section 14007(a)(1)(B), the Department believes that the eligible applicant is best suited to present information on how the nonprofit organization has significantly improved student achievement, attainment, or retention through its work with an LEA or schools and to determine the metrics it uses to measure those accomplishments.

**B-11. Must an eligible applicant that includes a nonprofit organization demonstrate that the nonprofit organization has a record of significantly improving student achievement, attainment, or retention through its work with more than one LEA? Through its work with more than one school?**

An eligible applicant may meet this requirement through the nonprofit organization’s work with a single LEA. The NFP explains in the [Analysis of Comments and Changes](#) that:

[t]here is no requirement that an eligible applicant that includes a nonprofit organization demonstrate that the nonprofit organization serving as an official partner has a record of significantly improving student achievement, attainment, or retention through its work with more than one LEA.

However, an eligible applicant may not meet this requirement through the nonprofit organization’s work with a single school. The NFP explains in the [Analysis of Comments and Changes](#) that:

[a]n eligible applicant that includes a nonprofit organization may provide the nonprofit organization’s record of work with schools. However, because we believe that the nature of this program and the scope of its goals require that nonprofit organizations serving as an official partner have broad experience, such a nonprofit organization may not provide its record of work with only a single school in order to meet this requirement.

Instead, a nonprofit organization may meet this requirement only through its work with more than one school.

**B-12. Must i3 projects support only students in public elementary and secondary schools?**

So long as its project supports the achievement and attainment of students in public elementary and secondary schools, an eligible applicant would not be prohibited from also supporting children or students who are not enrolled in these schools (including young children from birth through pre-

kindergarten, students enrolled in private elementary and secondary schools, and students enrolled in IHEs) provided the eligible applicant meets all of the eligibility requirements and the proposed project addresses one of the four absolute priorities.

**B-13. Will an applicant receive more points for submitting its application under a particular absolute priority over another absolute priority?**

An applicant must identify one absolute priority under which it is submitting its application (*see* B-4). An applicant will not receive more points, additional “credit,” or other advantage based on the absolute priority it identifies in its application. Peer reviewers will use the selection criteria to determine whether an applicant addresses the absolute priority it identifies.

**C. OTHER QUESTIONS RELATED TO ELIGIBILITY AND PARTICIPATION IN THE i3 PROGRAM.**

**C-13. May a school in a consortium of schools participate in a partnership without its LEA?**

Nothing in the requirements for this program prohibits a school in a consortium of schools from participating in a partnership with a nonprofit organization without the school’s LEA. However, eligible applicants (including, in the case of a partnership, the applicant and all official partners) must act consistent with State and local law and policy when applying for, receiving, and using funds under this program.

**C-14. If a school in a consortium of schools applies for an i3 grant on behalf of a partnership, must the school have authority to receive Federal funds?**

Yes. If a school in a consortium of schools applies for an i3 grant on behalf of a partnership, the school would have to comply with State and local law and policy, which may require notification of and approval by its LEA, and must certify its legal authority to receive Federal grant funds. All i3 applicants are required to certify, in ED Standard Form 424B included in the application package, that they have the legal authority to receive program funds.

**C-15. Must an LEA make adequate yearly progress (AYP) in order to be eligible to receive an i3 grant?**

No. Making AYP is not an eligibility requirement under this program.

**C-16. Is a partnership that includes a “new” nonprofit organization eligible to receive an i3 grant?**

To be eligible to receive an i3 grant under section 14007(a)(1)(B) of the ARRA, a partnership that includes a nonprofit organization must demonstrate that the nonprofit organization has a record of significantly improving student achievement, attainment, or retention through its work with an LEA or schools. Although a partnership is not prohibited from including a “new” nonprofit organization as an official partner, such a nonprofit organization would be unlikely to have such a record.

A nonprofit organization (including a new nonprofit organization) that does not meet the eligibility requirements needed to be an official partner may be an other partner with an eligible applicant. Other

partners, however, may not receive subgrants from an i3 grantee. For more information about official and other partners, *see* C-2.

**C-17. Is a municipal entity eligible to apply for an i3 grant?**

If it meets the definition of a nonprofit organization (*see* B-1), a municipal entity such as a city or county government or public agency is eligible under section 14007(a)(1)(B) of the ARRA to apply for an i3 grant as an official partner in partnership with (a) one or more LEAs or (b) a consortium of schools. A partnership between a municipal entity that meets the definition of a nonprofit organization and (a) one or more LEAs or (b) a consortium of schools is eligible to receive an i3 grant if the partnership meets the eligibility requirements described in B-3.

In addition, a municipal entity may be involved in a project as an other partner (*see* C-2).

**C-18. May an other partner be the fiscal agent for an i3 grant?**

The fiscal agent for an i3 grant is the grantee (*see* C-10) and, therefore, cannot be an other partner.

A grantee may rely on a third party (including an other partner) to perform fiscal management functions related to its i3 grant. The grantee, however, remains the fiscal agent for the grant and, as such, is responsible for ensuring that grant funds are used for allowable and documented costs.

**E. MATCHING REQUIREMENT.**

**E-7. May a public IHE provide the private-sector match for an i3 applicant?**

As stated in E-2, only contributions from non-government sources count toward the 20 percent matching requirement. Contributions from a public IHE may not count toward the private sector match if the source of the funds is governmental. However, if a public IHE can demonstrate that the source of the funds is private, such as funds from a private foundation associated with the public IHE, then the funds may count toward the private-sector match.

**E-8. May a grantee use unrecovered indirect costs, i.e., indirect costs that a grantee could have claimed but did not claim under its i3 grant, to meet the matching requirement?**

No. The Department will not approve the use of unrecovered indirect costs to meet the matching requirement under the i3 program. 34 CFR 74.23(b).

**F. EVIDENCE.**

**F-8. Must the research evidence that an applicant submits to support a proposed project for a Validation grant focus on the same practice, strategy, or program that the applicant proposes in its application?**

A practice, strategy, or program proposed for a Validation grant must be supported by moderate evidence (as defined in the NFP). To meet this evidence requirement, the proposed practice, strategy, or program must be the same as, or very similar to, the practice, strategy or program addressed in the applicant's submitted research evidence.

Peer reviewers will consider, under Selection Criterion B for Validation grants, the strength of the research evidence supporting the proposed project and, under Selection Criterion A(3) for Validation grants, the extent to which the proposed project is consistent with the research evidence supporting the proposed project, taking into consideration any differences in context. Modification and adaptation of existing, well-tested practices, strategies, or programs in new contexts may weaken the evidence of effectiveness.

**F-9. Must the research evidence that an applicant submits to support a proposed project for a Scale-up grant focus on the same practice, strategy, or program that the applicant proposes in its application?**

A practice, strategy, or program proposed for a Scale-up grant must be supported by strong evidence (as defined in the NFP). To meet this evidence requirement, the proposed practice, strategy, or program must be the same as that addressed in the prior research evidence that an applicant submits to support its proposal. In general, practices, strategies, or programs that are similar to, but not the same as, those that have been evaluated previously with strong evidence of effectiveness will not meet the requirements for a Scale-up grant (but might, as discussed in F-8, meet the requirements for a Validation grant).

Peer reviewers will consider, under Selection Criterion B for Scale-up grants, the strength of the research evidence supporting the proposed project.

**F-10. In the context of moderate evidence, what is the difference between correlational research and experimental and quasi-experimental studies?**

Correlational research is research distinct from experimental studies and quasi-experimental studies (both as defined in the NFP) because a correlational design can identify associations between a practice, strategy, or program (or the implementation thereof) and key outcomes but cannot provide evidence of effectiveness with high internal validity (as defined in the NFP). To meet the standard for moderate evidence required for a Validation grant, correlational research would need to be of the same or a very similar practice, strategy, or program as that proposed for support, and would need to include strong statistical controls for selection bias and for discerning the influence of internal factors. In addition, an effect estimated through correlational research would need to be substantial and important in magnitude, and likely to be statistically significant in a sample of the size proposed for a Validation grant. Correlational research providing moderate support for causal conclusions (that is, having moderate internal validity) would need to be generalizable to the kinds of participants and settings proposed to receive the treatment under the Validation grant (that is, have high external validity). In contrast, in the case of a well-designed and well-implemented experimental or quasi-experimental study providing strong support for causal conclusions (that is, having high internal validity), participants or settings could be more limited than those proposed to receive the treatment under a Validation grant.

**F-11. May an applicant use analyses performed retrospectively using publicly available data on school or student outcomes for the purpose of meeting the standard for moderate evidence required for a Validation grant?**

Yes. Applicants may conduct and rely upon retrospective analyses using publicly available data for purposes of satisfying the moderate evidence standard for a proposed Validation grant.

**G. EVALUATION.**

**G-5. May an official partner or other partner be the independent evaluator for a proposed project?**

As discussed in the NFP, project evaluations must be conducted by a qualified evaluator distinct from the project developer and project implementer. An official partner or other partner in an i3 project may be the independent evaluator for the project if it is not responsible for project development and implementation. An autonomous research or evaluation office within an official partner's organization or other partner's organization may also qualify as an independent evaluator even if the official partner or other partner is responsible for project development or implementation, provided that the research or evaluation office's reporting of findings and conclusions is not subject to approval by the entities responsible for developing or implementing the project.

**H. PROCESS FOR SELECTING GRANTEES.**

**H-7. If an applicant has submitted more than two i3 grant applications or grant applications that exceed \$55 million and those applications score at the top of the rank-order list, how will the Department decide which grants to award?**

In the event that an applicant has submitted more than two i3 grant applications or grant applications that exceed \$55 million and those applications score at the top of the rank-order list, the Department will contact the applicant to determine the applications for which the applicant would like to receive funds. While the Department will heavily weight the applicant's preference, the Department reserves the right to make final grant award determinations.

**H-8. Will an applicant receive its scores from the peer review process?**

Following the completion of the peer review process and after awards are made, each applicant will receive the comments and scores provided by the peer reviewers for its application.

**H-9. Will continuation awards be made under this program?**

No. Continuation awards will not be made under this program. We will award the full amount of funding for the grant for the entire project period at the time the award is made. As noted in A-10, i3 awards must be obligated by September 30, 2010.

**H-9. Will i3 funds be available in 2011?**

The President’s budget proposal for fiscal year (FY) 2011 includes a request for \$500,000,000 for the i3 program. Availability of funds for the i3 program in FY 2011 is contingent upon an appropriation of funds for the program by the Congress.

**J. TRANSPARENCY AND REPORTING REQUIREMENTS.**

**J-4. Must an i3 applicant notify its State that it is applying for an i3 grant?**

This program is subject to Executive Order 12372 and 34 CFR part 79, which allow States that have chosen to participate in the intergovernmental review process the opportunity to review and comment on applications submitted to the Department for funding. An applicant should check with its appropriate State single point of contact (SPOC) to inquire if its State participates in the intergovernmental review process. For a list of States that have chosen to participate in the intergovernmental review process, see [http://www.whitehouse.gov/omb/grants\\_spo/](http://www.whitehouse.gov/omb/grants_spo/).

Question 19 on ED Standard Form 424, which is included in the application package, requires an applicant to indicate if its State is participating in the intergovernmental review process under Executive Order 12372.

**L. OTHER MATTERS.**

**L-8. Where should an eligible applicant address the selection criteria in its application?**

An eligible applicant should respond to the selection criteria and, if applicable, the competitive preference priorities in the Project Narrative section of the application. Responses to the competitive preference priorities should be labeled and placed at the beginning of the project narrative, followed by a narrative addressing the selection criteria.

Peer reviewers will assign points to an application based on how well the application addresses the selection criteria. Applicants should include in their applications a table of contents that directs reviewers to the pages where information addressing each of the selection criteria can be found. For additional instructions regarding the project narrative, see page 40 of the i3 application, available on the Department’s website at <http://www2.ed.gov/programs/innovation/applicant.html>.

**L-9. What are the recommended page limits for i3 applications?**

The Department strongly encourages applicants to limit the application narrative (Part III of the application) to the following page limits:

Scale-up grants	50 pages
Validation grants	35 pages
Development grants	25 pages

These page limits are strongly recommended, but not required; an application with a narrative that exceeds the applicable page limit will not be disqualified for funding. The recommended page limit does not apply to **Part I**, the cover sheet; **Part II**, the budget section, including the narrative budget justification; **Part IV**, the assurances and certifications; the one-page abstract; the resumes, the bibliography, the letters of support, or other information included in appendices.

**L-10. What are the formatting standards an applicant should follow in preparing its i3 application?**

As discussed in the NIA, applicants should use the following formatting standards in preparing applications (including appendices):

- A “page” is 8.5" x 11", on one side only, with 1" margins at the top, bottom, and both sides.
- Double space (no more than three lines per vertical inch) all text in the application narrative, including titles, headings, footnotes, quotations, references, and captions, as well as all text in charts, tables, figures, and graphs.
- Use a font size that is either 12 point or larger or no smaller than 10 pitch (characters per inch).
- Use one of the following fonts: Times New Roman, Courier, Courier New, or Arial. An application submitted in any other font (including Times Roman or Arial Narrow) will not be accepted.

Except as noted above regarding font, these standards are strongly recommended, but not required; an application that does not conform to these standards will not be disqualified for funding.

**L-11. What State should an applicant list as its project State?**

On ED Standard Form 424, which is included in the application package, an applicant should list the State in which the eligible applicant is located. However, an applicant should list the State(s) in which the eligible applicant proposes to implement its project on the i3 Applicant Information Sheet (Appendix F).

**L-12. May an applicant attach media clips to its application?**

No. The Department’s e-Applications system does not provide reviewers a mechanism to review media attachments or clips.

**M. SELECTION CRITERIA.**

**M-6. Under Selection Criterion E(4), how should an eligible applicant calculate cost estimates?**

Under Selection Criterion E(4), peer reviewers will consider an eligible applicant’s estimate of the cost of the proposed project, which includes the start-up and operating costs per student per year (including indirect costs) for reaching the total number of students proposed to be served by the project. In addition, an eligible applicant may include evaluation costs, materials, and personnel training in its calculation of the cost per student per year. See N-4 for information on the differences between direct and indirect costs.

An eligible applicant should calculate its cost estimates in a manner that is appropriate for the unique circumstances of its proposed project. An eligible applicant should discuss how it arrived at its cost estimates and what specific items and activities are included in the calculations used to arrive at those estimates. Items and activities included in the calculations should be clearly labeled.

## **N. ALLOWABLE USE OF FUNDS.**

### **N-4. What is the difference between direct costs and indirect costs?**

OMB Circular A-87, which applies to local educational agencies, describes direct costs as those that can be identified specifically with a particular cost objective. Direct costs are described in similar terms in OMB Circular A-122, which applies to non-profit organizations and OMB Circular A-21, which applies to IHEs.<sup>1</sup> The circular provides examples of typical direct costs, which include:

- a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
- b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
- c. Equipment and other approved capital expenditures.
- d. Travel expenses incurred specifically to carry out the award.

OMB Circular A-87, Attachment A, Section E.1.

Indirect costs, by contrast, are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. OMB Circular A-87, Attachment A, Section F.1.<sup>2</sup> Indirect costs represent the expenses of doing business that are not readily identified with a particular grant project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

### **N-5. What must a grantee do in order to claim indirect costs under its i3 grant?**

Under 34 CFR 75.560(b), a grantee, if it has not already done so, must obtain a current indirect cost rate from its cognizant Federal agency in order to charge those costs to its grant. The cognizant Federal agency is generally the Federal department or agency providing the grantee with the most Federal funding subject to indirect cost support (or an agency otherwise designated by OMB). However, Department regulations provide that each State educational agency, on the basis of a plan approved by

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<sup>1</sup> OMB Circular A-21, which applies to institutions of higher education, describes direct costs as those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. OMB Circular A-21, Section D. 1. The NFP provides that the definition of nonprofit organization includes institutions of higher education as defined under Section 101(a) of the HEA.

<sup>2</sup> OMB Circulars A-21 and A-122 describe indirect costs in similar terms.

the Secretary, shall approve an indirect cost rate for each local educational agency that requests it to do so. 34 CFR 75.561.

For additional information about obtaining an approved indirect cost rate or applying for an indirect cost rate, contact the Department's Office of the Chief Financial Officer at (202) 377-3909 or (202) 377-3838.

**N-6. If, at the time it receives its i3 grant award, a grantee does not have an indirect cost agreement with its cognizant Federal agency, must it submit its indirect cost proposal to its cognizant Federal agency within a certain timeframe?**

A grantee that does not have an indirect cost agreement must submit an indirect cost proposal to its cognizant Federal agency within 90 days of receiving its i3 grant award notification. 34 CFR 75.560(b).

**N-7. May a grantee that does not yet have an approved indirect cost rate charge indirect costs to its grant?**

A grantee that does not have a federally recognized indirect cost rate agreement may charge its grant for indirect costs at a temporary rate of 10 percent. 34 CFR 75.560(c). However, a grantee that does not submit an indirect cost proposal to its cognizant Federal agency within 90 days of receiving its i3 grant award notification, will not be allowed--absent exceptional circumstances as determined by the Department--to charge indirect costs to its i3 grant until it obtains a federally recognized indirect cost agreement. 34 CFR 75.560(c).

**N-8. Is the i3 program subject to a restricted indirect cost rate?**

No. Under 34 CFR 75.563, programs that are subject to a non-supplanting requirement must use a restricted indirect cost rate. Because the ARRA does not include a non-supplanting requirement for the i3 program, it is not subject to a restricted indirect cost rate. As a general matter, restricted indirect cost rates are lower than unrestricted indirect cost rates because, in programs subject to a non-supplanting requirement, grantees cannot charge costs to the Federal grant that it would have incurred and charged to its non-Federal funds. Restricted indirect cost rates are calculated in a manner to reflect this requirement.

**N-9. Which entity's indirect cost rate should an eligible applicant that includes a partnership between a nonprofit organization and (a) one or more LEA or (b) a consortium of schools use?**

As discussed in C-1, the entity that is applying on behalf of the partnership is the applicant. When completing ED Standard Form 524 included in the i3 application package, the applicant's indirect cost rate should be used. 34 CFR 75.564(e).

**N-10. May an applicant include indirect costs in its budget request?**

Yes. The amount of indirect costs, if an applicant chooses to request them, should be noted on line 10 of Section A of ED Standard Form 524 included in the i3 application package, and, along with other information, in the Budget Narrative section of the application.

**N-11. May an applicant incur pre-award costs?**

Yes. Under 34 CFR 75.263 and 74.25, applicants may incur pre-award costs for up to 90 days prior to the beginning of the award period. However, the applicant incurs these costs at its own risk. If the applicant does not receive an award, the Department will not reimburse the applicant for the pre-award costs.

**N-12. What information should an i3 applicant include in its budget narrative?**

Each applicant must provide a detailed line item budget (ED Standard Form 524) for both the ED funds requested (Section A) and for any matching or other non-Federal resources to be provided to the project (Section B) and a detailed budget narrative in the Budget Narrative section of its application. The required budget narrative should provide an itemized breakdown and justification by project year of the Federal funds requested by line item. Instructions for completing ED Standard Form 524 are included on pages 53–56 of the i3 application, available on the Department’s website at <http://www2.ed.gov/programs/innovation/applicant.html>.

**N-13. Should an applicant submit a budget narrative for each official partner?**

No. Each application should include one budget and one budget narrative that includes the costs and justification of costs for the proposed project. Separate budgets for each official partner would not be acceptable.