

# Archived Information

## Investing In Innovation Fund (i3) Frequently Asked Questions ADDENDUM #3 April 21, 2010

---

*Please note that the following FAQs are an addendum to the FAQs published on April 8, 2010. The FAQs below have been incorporated into the relevant sections of the April 8, 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-14. What is the total number of points an application may receive, including competitive preference points?**

An application may receive a total of 105 points. As noted in H-2, an application may receive up to 100 points for addressing the selection criteria for the type of grant for which the eligible applicant is applying. As discussed in A-8, an application may also receive up to 5 competitive preference points for addressing the competitive preference priorities. Peer reviewers will assign points to an application based on how well they believe an application addresses the selection criteria and, if applicable, the competitive preference priorities.

**A-15. Are the estimated i3 grant awards for the entire project period or for each year of the project?**

The estimated sizes of grant awards provided in A-11 are estimates of the total grant award by grant type and cover the entire project period.

**A-16. Which Catalog of Federal Domestic Assistance (CFDA) number (ED Standard Form 424, question 11) applies to an i3 application?**

The type of grant for which an applicant is applying determines the CFDA number that an applicant will list on its i3 application. The CFDA numbers are:

- 84.396A for Scale-up grants;
- 84.396B for Validation grants; and
- 84.396C for Development grants.

**A-17. Which Funding Opportunity Number (ED Standard Form 424, question 12) applies to an i3 application?**

The type of grant for which an applicant is applying determines the Funding Opportunity Number that an applicant will list on its i3 application. The Funding Opportunity Numbers are:

- ED-GRANTS-031210-001 for Scale-up grants;
- ED-GRANTS-031210-002 for Validation grants; and
- ED-GRANTS-031210-003 for Development grants.

**A-18. Which Competition Identification Number (ED Standard Form 424, question 13) applies to an i3 application?**

Applicants for i3 grants do not need a Competition Identification Number and should leave question 13 (the Competition Identification Number) of the ED Standard Form 424 blank. The Competition Identification Number applies only to applications that are submitted through grants.gov; i3 grant must be submitted electronically using e-Application (see L-6) and not grants.gov.

**B. ELIGIBILITY TO RECEIVE AN AWARD.**

**B-14. How does an entity, excluding an institution of higher education, provide verification that it meets the definition of a nonprofit organization as defined under 34 CFR 77.1(c)?**

Consistent with 34 CFR 75.51(b), an entity may show that it is a nonprofit organization (as defined under 34 CFR 77.1(c)) by providing any of the following:

- (b)(1) Proof that the Internal Revenue Service currently recognizes the applicant as an organization to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code;
- (2) A statement from a State taxing body or the State attorney general certifying that:
  - (i) The organization is a nonprofit organization operating within the State; and
  - (ii) No part of its net earnings may lawfully benefit any private shareholder or individual;
- (3) A certified copy of the applicant's certificate of incorporation or similar document if it clearly establishes the nonprofit status of the applicant; or
- (4) Any item described in paragraphs (b)(1) through (3) of this section [immediately above] if that item applies to a State or national parent organization, together with a statement by the State or parent organization that the applicant is a local nonprofit affiliate.

An eligible applicant that includes a nonprofit organization must provide verification that any nonprofit organization that is an official partner meets the definition of nonprofit organization under 34 CFR 77.1(c) by one of these means. Documentation verifying the nonprofit status of an official partner should be included in Appendix B of the application.

**B-15. May a group of LEAs apply under section 14007(a)(1)(A) of the ARRA?**

Under this program, a single LEA may apply for a grant pursuant to section 14007(a)(1)(A) of the ARRA. As a single applicant, an LEA could propose a project that involves working with other partners and these other partners could include other LEAs.

In addition, the NFP explains that:

A single LEA could submit a group application on behalf of itself and other eligible LEAs under section 14007(a)(1)(A) of the ARRA. In that case, each of the other eligible LEAs included in the group application must meet the eligibility requirements of this program.

See B-2 for the eligibility requirements under section 14007(a)(1)(A) of the ARRA.

**B-16. May more than one LEA be included in a partnership with a nonprofit organization under section 14007(a)(1)(B) of the ARRA?**

Yes. Under section 14007(a)(1)(B) of the ARRA, a partnership between a nonprofit organization and (a) one or more LEAs or (b) a consortium of schools may apply for an i3 award. This partnership must include the official partners, which could include one or more LEAs, and may also include LEAs as other partners. See B-3 for eligibility requirements under section 14007(a)(1)(B) of the ARRA.

**B-17. How may an eligible applicant applying as a partnership under section 14007(a)(1)(B) of the ARRA provide evidence of its partnership?**

An eligible applicant that is a partnership between a non-profit organization and (a) one or more LEAs or (b) a consortium of schools (under section 14007(a)(1)(B)) should provide evidence of its partnership in Appendix A following its Eligibility Requirement Checklist. To do this, the applicant must merge the checklist and this agreement into a single Microsoft Word Document (.doc), Adobe Portable Document Format (.pdf), or Rich Text Format (.rtf) before uploading Appendix A to e-Applications. For additional instructions on how to upload the appendices, see step 6 of the *e-Application Submission Procedures and Tips for Applicants* on pages 70-72 of the application.

The documentation used to provide evidence of a partnership under section 14007(a)(1)(B) may include the agreement that applicants are required to enter into under 34 CFR 75.128 that (1) details the activities that each official partner will perform and (2) binds each official partner to every statement and assurance made in the application. The applicant may use a memorandum of understanding or other binding agreements to establish this agreement.

**B-18. Is there a limit on the number of partners with whom an applicant may propose to work during its proposed project?**

No. The Department has not established a maximum number of official or other partners with whom an eligible applicant may propose to work during its proposed project.

**B-19. To meet the eligibility requirement that the nonprofit organization have a record of significantly improving student achievement, attainment, or retention through its work with an LEA or schools, may an eligible applicant applying under section 14007(a)(1)(B) use the experience gained by the nonprofit organization's employees while they were working for another organization?**

No. The record of significantly improving student achievement, attainment, or retention through its work with an LEA or schools must be that of the nonprofit organization. This requirement cannot be satisfied using the experience (or record) gained by the nonprofit organization's employees while working for another organization.

The NFP notes:

The authorizing statute (as amended) specifies that an eligible applicant that includes a nonprofit organization is considered to have met the requirements in paragraphs (1) and (2) of the eligibility requirements for this program if the nonprofit organization has a record of improving student achievement, attainment, or retention.

Thus, a nonprofit organization cannot meet this eligibility requirement by citing the previous work experience an employee (or employees) had with a different organization that resulted in improved student achievement, attainment, or retention.

The experience and qualifications of a nonprofit organization's employees will be considered by reviewers when scoring applications on Selection Criterion G (Quality of the Management Plan and Personnel).

**B-20. Do children from military families meet the definition of "high-need student?"**

As noted in B-7, eligible applicants have discretion to determine which students meet the definition of "high-need student." The NFP defines a "high-need student" as a student at risk of educational failure or otherwise in need of special assistance and support. While the definition provides examples of high-need students, those examples are not intended to be an exclusive list. Eligible applicants may include other types of students they consider to be high-need students, which may include children from military families.

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

**C-19. Must all partners be identified in the application? Must all partners be identified prior to the grant award?**

The NFP states that:

In the case of an eligible applicant that includes a nonprofit organization, [the eligible applicant must] provide in the application the names of the LEAs with which the nonprofit organization will partner, or the names of the schools in the consortium with which it will partner. If an eligible applicant that includes a nonprofit organization intends to partner with additional LEAs or schools that are not named in the application, it must describe in the application the demographic and other characteristics of these LEAs and schools and the process it will use to select them as either official or other partners. An applicant must identify its specific partners before a grant award will be made .

Thus, an application does not have to identify all partners. However, partners must be identified before a grant award is made.

## **D. SUBGRANTS**

### **D-2. In a partnership under section 14007(a)(1)(B), may an official partner that receives a subgrant make a subgrant to another party?**

No. Under section 14007(d), the grantee in a partnership under section 14007(a)(1)(B) may make subgrants to other official partners. There is no authority, however, for those official partners that receive subgrants to make a subgrant to any other official partners or other partners. However, an official partner that receives a subgrant may procure goods and services from a third party if that is necessary to carry out its subgrant. In so doing, the subgrantee must act consistent with the terms of its subgrant and follow the applicable procurement procedures set out in EDGAR. LEAs and members of a consortium of schools must follow the procurement procedures set out in 34 CFR 80.36. Nonprofit organizations, which under the NFP include IHEs as defined under section 101(a) of the HEA, must follow the procurement procedures set out in 34 CFR 74.40-74.78.

### **D-3. May grantees under the i3 program award subgrants to for-profit organizations?**

No. Under section 14007(d) of the ARRA, the Department has no authority to authorize a grantee under the i3 program to make subgrants to for-profit organizations (*see* N-3).

Under 34 CFR 75.708(a), which applies to the i3 program, a grantee may not make a subgrant unless specifically authorized by statute. The sole authority under the i3 program for making subgrants is set out in section 14007(d) which allows the grantee in a partnership established under section 14007(a)(1)(B) to award subgrants to other official partners in the partnership.

Under section 14007(a)(1)(B), a partnership must consist of a nonprofit organization and (a) one or more LEAs or (b) a consortium of schools. Consequently, only an official partner in a partnership under section 14007(a)(1)(B) (i.e., a nonprofit organization, as defined in the NFP, an LEA, or a consortium of schools) may receive a subgrant from the grantee in the partnership (*see* C-2).

### **D-4. May an LEA that receives an i3 grant under section 14007(a)(1)(A) award a subgrant to an LEA that is an other partner?**

As noted in D-3, subgrants are not allowed under the i3 program unless specifically authorized by statute. The sole authority for making subgrants under the i3 program is set out in section 14007(d), and applies only to a grant awarded under section 14007(a)(1)(B) to a partnership consisting of a nonprofit organization and (a) one or more LEAs or (b) a consortium of schools. Consequently, LEAs applying under section 14007(a)(1)(A) that receive a grant may not make subgrants to an other partner. Further, an LEA that receives a grant on behalf of a group of LEAs applying under section 14007 (a)(1)(A) may not make subgrants to an LEA that is an other partner (*see* B-15).

## **E. MATCHING REQUIREMENT.**

### **E-9. May more than one entity contribute toward the 20 percent private-sector match?**

Yes. Matching funds may come from either a single entity or multiple entities.

**E-10. Must official partners contribute towards the 20 percent private-sector match?**

No. Under this program, it is not a requirement that any or all official partners in a partnership under section 14007(a)(1)(B) of the ARRA provide contributions, cash or in-kind, toward the 20 percent private sector match. However, an official partner such as a nonprofit organization may contribute toward the private sector match, provided the source of the contribution is from the private sector.

**E-11. May a private citizen's contribution count towards the 20 percent private-sector match?**

Yes. A private citizen is a private source and, as noted in E-2, only contributions from private (i.e., non-governmental) sources count towards the 20 percent matching requirement. A private citizen's contribution may be in cash or in-kind, including volunteer services (see E-12).

**E-12. May volunteer services count towards the 20 percent private-sector match?**

Yes. Volunteer services may count as an in-kind contribution under EDGAR.

For LEAs and consortia of schools, 34 CFR 80.24(c) provides the following:

(c)(1) Volunteer Services. Unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

(2) Employees of other organizations. When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c)(1) [immediately above] of this section applies.

For nonprofit organizations, including IHEs as defined in section 101(a) of the HEA, 34 CFR 74.23 (d) and (e) provide the following:

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services must be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates must be consistent with those paid for similar work in the labor market in which the

recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

**E-13. May an entity provide private-sector matching funds to an i3 grantee throughout the project's grant period?**

Yes. Although applicants must provide evidence that the matching funds or in-kind contributions have been committed prior to the grant award, applicants are not required to have the full 20 percent private-sector match in hand at the time of the award (*see* E-4). An i3 grantee may arrange for the private-sector match to be provided throughout the project period of the grant. However, to meet the matching requirement, an i3 grantee must obtain matching funds or in-kind donations from the private sector equal to at least 20 percent of its grant award and use these funds or in-kind donations for carrying out the objectives of its i3 project during the project period.

A grantee under the i3 program that fails to obtain the required private-sector match will be required to repay grant funds to the Department. The Department will monitor, throughout an i3 project period, the amount of private-sector funds i3 grantees are expending to ensure they are on track to meet the matching requirement.

**E-14. What information must an eligible applicant include in its request to reduce the matching requirement? Must the request include a specific percentage or amount of reduction in the match?**

As discussed in E-6, an eligible applicant that believes it will be unable to obtain the full 20 percent private-sector match may include in Appendix E of its application a request to the Secretary to decrease the amount of the private-sector match. The Secretary may consider decreasing the matching requirement in the most exceptional circumstances, on a case-by-case basis.

The NFP explains that:

As the Secretary's decision to decrease the private-sector match amount will depend on the individual facts presented in an eligible applicant's request, we decline to describe what situations might or might not be considered "the most exceptional circumstances" warranting the grant of a waiver.

Because the Department is not prescribing what information an eligible applicant should provide when requesting a reduction of the matching requirement, an eligible applicant may request the requirement

be reduced by a specific percentage or amount. However, because the statute requires a private sector match, the Secretary may only reduce, and not eliminate, the matching requirement.

**E-15. If the Secretary does not approve an eligible applicant's request to reduce the matching requirement, will the eligible applicant still be considered for a grant award?**

Yes. An eligible applicant whose request to reduce the matching requirement is not approved may still be considered for a grant award. Any such eligible applicant whose application scores in the funding range will be contacted and given a limited period of time to provide evidence that it has secured the full private-sector match (see E-3).

## **F. EVIDENCE**

**F-12. Can the Department provide guidance to potential applicants on whether specific supporting evidence would best support a Development, Validation, or Scale-Up grant?**

No. To ensure a level playing field for all applicants, the Department cannot help individual applicants determine the grant category in which they may be most competitive. The Department also cannot predetermine whether an applicant has sufficient evidence to meet the eligibility requirements (see B-2 and B-3). Each application will be reviewed and scored by independent peer reviewers against the selection criteria. The Department cannot speculate as to how the peer reviewers will judge an individual application.

**F-13. May a proposed project have stronger research evidence than the standard of evidence that is required under a particular grant category?**

Yes. The standards of evidence for the three types of grants (Scale-up grants, Validation grants, and Development grants) are minimum requirements. An eligible applicant is not prohibited from proposing a project with stronger research evidence than the minimum standard required to be eligible to receive an award. Peer reviewers will use Selection Criterion B (Strength of Research, Significance of Effect, and Magnitude of Effect) to consider whether, and how well, an eligible applicant meets the minimum standard of evidence for the type of grant for which the applicant applies.

**F-14. Would a practice, strategy, or program supported by prior research with moderate internal validity and moderate external validity meet the requirement of moderate evidence for a Validation grant?**

No. To meet the requirement of moderate evidence (as defined in the NFP) and be eligible for a Validation grant, a proposed practice, strategy, or program must be supported by prior research with at least (1) high internal validity (strength of causal conclusions, supported by a well-designed and well-implemented experimental or quasi-experimental study, as defined in the NFP), even if participants or settings were more limited than those proposed to receive the treatment under the Validation grant; or (2) high external validity (generalizability, including the kinds of participants and settings proposed to receive the practice, strategy, or program under the Validation grant), even if prior research had a flaw related to internal validity. A proposed practice, strategy, or program supported by prior research

with only moderate internal validity and moderate external validity would not meet the moderate evidence requirement.

## **G. EVALUATION.**

### **G-6. Must Development grantees use an independent evaluator to conduct an evaluation of its i3 project?**

Yes. All i3 grantees, including i3 Development grantees, must conduct an independent evaluation of their projects (*see* G-2).

### **G-7. Must an applicant name its independent evaluator in its application?**

If an applicant has selected a qualified independent evaluator by the time it submits its application, the applicant should include the name of the evaluator in its application. Peer reviewers will use Selection Criterion G (Quality of the Management Plan and Personnel) for Scale-up and Validation grant applications to assess the qualifications of the project director and key personnel, which could include the independent evaluator. Whether a specific independent evaluator has been selected at the time of application will not, in itself, disadvantage the applicant (*see* N-2 for a discussion of procurement procedures that a grantee must follow in selecting contractors, which could include an independent evaluator).

### **G-8. Must a grantee use a specified percentage of the grant award for the design and implementation of its project evaluation?**

The Department is not prescribing a percent or amount of funding that a grantee must use to design and implement its independent evaluation. Peer reviewers will use Selection Criterion D (Quality of the Project Evaluation) to assess the extent to which the proposed project plan includes sufficient resources to carry out the project evaluation effectively.

## **H. PROCESS FOR SELECTING GRANTEES.**

### **H-11. If several affiliated entities – such as charter schools that are affiliated with a charter school network, or colleges within a university system – apply and are being considered for separate i3 grants, will each affiliated entity be considered a separate applicant?**

For purposes of determining whether an applicant has met or exceeded the grant award limits discussed in H-6, the Department will consider any affiliated entities as separate applicants if the affiliated entities are recognized as separate legal entities under applicable federal or State law. However, affiliated entities that are part of a single legally recognized entity under federal or State law will be treated as a single applicant.

For instance, if a university is established as a single legally recognized entity, an i3 grant received by any of the university's affiliated academic colleges would count towards the total number and amount of i3 grants that the university may receive, consistent with the grant award limits discussed in H-6.

However, in the case of a multi-campus university system, if each campus is considered a separate legal entity, then one campus may apply as the applicant on behalf of an eligible partnership without impacting the ability of another campus in that university system to receive an i3 grant on behalf of another eligible partnership. In the case of charter schools that are affiliated with a network of charter schools, each individual charter school may apply as an applicant without impacting the application of another charter school within the network so long as each charter school is legally recognized as a separate entity.

## **J. TRANSPARENCY AND REPORTING REQUIREMENTS.**

### **J-5. Are applications from previous i3 competitions available for review?**

The Department does not have previous applications for review because this is the first competition conducted for the i3 program.

## **L. OTHER MATTERS.**

### **L-13. Is it possible for the Department to award the maximum number of grants at the maximum funding ranges?**

No. The estimated total amount of funds available for i3 awards is \$643,500,000. If the Department were to fund the estimated maximum number of awards (see L-2) at the estimated maximum award sizes (see A-11), the total funds awarded would exceed the total amount of funds available. The actual number of awards, and the amount of those awards, will not exceed the total amount of funds available for i3 awards.

The actual number of awards, and the amount of those awards, will be contingent on the number of high-quality applications received and the amount of funds requested in those applications.

### **L-14. I have a question that I'd like the Department to answer regarding my i3 application. Will I receive an answer to my question?**

Due to the large number of potential applicants for the i3 program, the Department is receiving an unprecedented number of emails and phone calls expressing interest in this program. To ensure that all prospective applicants and interested parties are on a level playing field and receive information at the same time, the Department is not responding to individual inquiries about the i3 competition at this time, but is providing answers, through this document, to the most frequently asked questions.

In addition, the PowerPoint slides from the Department's technical assistance workshops, the program notices, application package, and other additional information about this program are provided on the Department's Web site.

## **M. SELECTION CRITERIA.**

**M-7. Should an applicant estimate the cost of its proposed project based on the amount of Federal funds awarded or the total amount of funds available for the proposed project, including the private-sector matching funds?**

An applicant should use the total amount of funds available for the proposed project when calculating the cost of the proposed project. The total amount of funds available for the proposed project includes the full amount of the grant award and any matching funds or in-kind donations, including the required 20 percent private-sector match.

**M-8. May an eligible applicant implement a proposed project in more than one State?**

Yes. Although the three types of grants (Scale-up grants, Validation grants, and Development grants) differ in terms of the expectations to bring projects to scale (*see A-2*), nothing precludes an eligible applicant under any of these grants from proposing to implement its project in more than one State.

**M-9. Must an eligible applicant include letters of support in its i3 applications?**

No. However, peer reviewers will use Selection Criterion F pertaining to sustainability to consider the adequacy of an applicant's resources to continue to develop or expand the proposed project after the grant period ends. An eligible applicant may include letters of support or memoranda of understanding in Appendix D of its application to demonstrate the commitment of any other partners; and evidence of broad support from stakeholders (e.g., State educational agencies, teachers unions) critical to the project's long-term success (*see Selection Criterion F(1)*).

**M-10. How do Selection Criterion C (Experience of the Eligible Applicant) and Selection Criterion G (Quality of the Management Plan and Personnel) differ?**

Under Selection Criterion C peer reviewers will consider the experience of the eligible applicant. (Under section 14007(a)(1)(A) of the ARRA, the eligible applicant is the LEA; and under section 14007(a)(1)(B) of the ARRA, the eligible applicant is the partnership between a nonprofit organization and (a) one or more LEAs or (b) a consortium of schools.) Under Selection Criterion G, peer reviewers will consider the quality of the personnel for the proposed project. In other words, Selection Criterion C focuses on the experience of the entities that comprise the eligible applicant, whereas Selection Criterion G focuses on the quality of personnel for the proposed project.

**N. ALLOWABLE USE OF FUNDS.**

**N-14. Which parts of EDGAR and OMB Cost Circulars apply to grantees and subgrantees under the i3 program?**

In expending and accounting for funds awarded under the i3 program, grantees and subgrantees must follow the provisions of EDGAR and the OMB Cost Circulars that apply to them. The following chart sets out the parts of EDGAR and the OMB Cost Circulars that apply to a nonprofit organization, an IHE, an LEA, and a consortium of schools, respectively:

TYPE OF ENTITY	PART OF EDGAR THAT APPLIES	OMB COST CIRCULAR THAT APPLIES
Nonprofit Organization	34 CFR Part 74	A-122 <a href="http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr230_09.html">http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr230_09.html</a>
IHE	34 CFR Part 74	A-21 <a href="http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr220_09.html">http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr220_09.html</a>
LEA	34 CFR Part 80	A-87 <a href="http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr225_09.html">http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr225_09.html</a>
A consortium of schools	34 CFR Part 80	A-87 <a href="http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr225_09.html">http://www.access.gpo.gov/nara/cfr/waisidx_09/2cfr225_09.html</a>

If any entity in a partnership under section 14007(a)(1)(B) of the ARRA receives a subgrant from an official partner, then that entity, as the subgrantee, must follow the part of EDGAR and the OMB Cost Circular that applies to them even if a different EDGAR part or OMB Cost Circular applies to the grantee.

For example, consider a grant awarded to a partnership under section 14007(a)(1)(B) consisting of a nonprofit organization that is the grantee, and two official partners, including: (1) an LEA, and (2) an IHE. In this case, the grantee must follow 34 CFR Part 74 and OMB Circular A-122, which apply to nonprofit organizations, in expending and accounting for its i3 grant award. And if the nonprofit organization makes a subgrant to its IHE official partner, the IHE must follow 34 CFR Part 74 and OMB Circular A-21, which apply to IHEs, in expending and accounting for that subgrant. And if the nonprofit organization makes subgrants to its LEA official partner, the LEA must follow 34 CFR Part 80 and OMB Cost Circular A-87 in expending and accounting for its subgrant. See C-2.

**N-15. Are there any ARRA provisions that would disqualify particular entities from receiving i3 funds, either as a grantee, subgrantee, or contractor?**

Section 1604 of Title XVI of Division A of ARRA provides that:

None of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

Under the terms of this provision, not only is the Department prohibited from making a grant to any of the listed entities under the i3 program, but grantees are prohibited from subgranting i3 funds to these entities and from using i3 funds to pay for goods or services procured or obtained from these entities.

**N-16. Can an LEA that receives i3 funds, either as a grantee or subgrantee, use i3 funds for construction?**

LEAs may propose to use i3 funds for modernization, renovation, or repair projects to the extent that these projects are consistent with implementing their i3 proposals. As provided in section 14003 of ARRA, an LEA may use ARRA funds for construction. This rule applies whether the LEA is a grantee or subgrantee under the i3 program. However, consistent with its May 11, 2009 guidance for the State Fiscal Stabilization Fund program, <http://www2.ed.gov/programs/statestabilization/guidance-mod-05112009.pdf>, the Department discourages LEAs from using i3 funds for construction because this use may limit the ability of LEAs to implement their i3 proposals.

## **O. PRIORITIES.**

### **O-1. Which types of school personnel may be included under Absolute Priority 1?**

Under Absolute Priority 1, the Department provides funding to support practices, strategies, or programs that are designed to increase the number or percentages of teachers or principals who are highly effective teachers or principals or reduce the number or percentages of teachers or principals who are ineffective. The priority focuses on teachers and principals because they are the individuals directly responsible for academic instruction. However, the NFP explains that:

[A]n eligible applicant is not prohibited from proposing under this priority an innovative strategy, practice, or program that includes support for related services professionals to the extent that this support is intended to increase the number or percentages of highly effective teachers and principals (or reduce the number or percentages of ineffective teachers and principals).

### **O-2. In order meet Absolute Priority 1, must an application address all of the methods listed in the priority (i.e., identifying, recruiting, developing, placing, rewarding, and retaining highly effective teachers or principals)?**

Yes. As stated in the NFP:

Under this priority, the Department provides funding to support practices, strategies, or programs that are designed to increase the number or percentages of teachers or principals who are highly effective teachers or principals or reduce the number or percentages of teachers or principals who are ineffective, especially for teachers of high-need students, by identifying, recruiting, developing, placing, rewarding, *and* retaining highly effective teachers or principals (or removing ineffective teachers or principals) [emphasis added].

### **O-3. Does Absolute Priority 3 focus only on standards and assessments in mathematics and English language arts?**

No. Under Absolute Priority 3, the Department provides funding for practices, strategies, or programs that are designed to support States' efforts to transition to standards and assessments that measure students' progress toward college- and career-readiness, including curricular and instructional practices, strategies, or programs in core academic subjects (as defined in section 9101(11) of the ESEA) that are

aligned with high academic content and achievement standards and with high-quality assessments based on those standards.

The NFP explains that:

This priority is designed to support initiatives in any or all core academic subjects, consistent with section 9101(11) of the ESEA, including English, reading or language arts, mathematics, science, foreign language, civics and government, economics, arts, history, and geography. Consistent with the Race to the Top Fund program, the Department interprets the core academic subject of “science” under section 9101(11) to include STEM education (science, technology, engineering and mathematics) which encompasses a wide-range of disciplines, including computer science.

**O-4. May an eligible applicant propose a practice, strategy, or program under Absolute Priority 3 that is based on standards for academically rigorous courses or college entrance examinations?**

Yes. Under Absolute Priority 3, an eligible applicant may propose a practice, strategy, or program that uses standards for academically rigorous courses or college entrance examinations as long as the standards used are aligned with and at least as rigorous as its States’ standards.

**O-5. What are “Investing in Innovation Fund Absolute Priority 4 schools”?**

Under Absolute Priority 4, the Department provides funding to support strategies, practices, or programs that are designed to turn around schools that are in any of the following categories: (a) persistently lowest-achieving schools (as defined in the final requirements for the School Improvement Grants program, see <http://www2.ed.gov/programs/sif/faq.html>); (b) Title I schools that are in corrective action or restructuring under section 1116 of the Elementary and Secondary Education Act (ESEA); or (c) secondary schools (both middle and high schools) eligible for but not receiving Title I funds that, if receiving Title I funds, would be in corrective action or restructuring under section 1116 of the ESEA.

**O-6. Does the Department have a list of Investing in Innovation Fund Absolute Priority 4 schools?**

No. The Department does not have a list of all schools included in the three categories of schools that make up Investing in Innovation Fund Absolute Priority 4 schools (see O-5).

**O-7. Are eligible applicants applying under Absolute Priority 4 limited, during their proposed project period, to serving schools that fall within one of the three categories of Investing in Innovation Absolute Priority 4 schools?**

In order to be eligible for funding under Absolute Priority 4, a proposed project:

[M]ust include strategies, practices, or programs that are designed to turn around Investing in Innovation Absolute Priority 4 schools through either whole-school reform or targeted approaches to reform.

In order to meet this priority, the proposed strategies, practices, or programs must be designed to turn around Investing in Innovation Priority 4 schools through targeted approaches or whole school reform. As is the case for all i3 projects, the application would, in order to be funded, also have to be supported by the appropriate level of evidence for the type of grant: strong evidence for a Scale-up grant, moderate evidence for a Validation grant, or a reasonable hypothesis for a Development grant. (See section F for information on the standards of evidence that apply to i3 grants, especially F-1 and F-2.) A project that met these requirements, as well as all other applicable requirements, would not be disqualified for consideration under Absolute Priority 4 because it proposed to serve, during the project period, schools that are not Investing in Innovation Absolute Priority 4 schools.

**O-8. How is “rural LEA” defined under this program?**

The NFP explains that “rural LEA” means:

[A]n LEA that is eligible under the Small Rural School Achievement (SRSA) program or the Rural and Low-Income School (RLIS) program authorized under Title VI, Part B of the ESEA. Eligible applicants may determine whether a particular LEA is eligible for these programs by referring to information on the following Department Web sites. For the SRSA: <http://www.ed.gov/programs/reapsrsa/eligible09/index.html>. For the RLIS: <http://www.ed.gov/programs/reaprlisp/eligibility.html>.

**O-9. To receive competitive preference points under Competitive Preference Priority 8, must an eligible applicant be a rural LEA?**

No. To meet Competitive Preference Priority 8, an eligible applicant need not be a rural LEA. Any eligible applicant may propose a project to serve students in rural LEAs under this priority.

**O-10. To receive competitive preference points under Competitive Preference Priority 8, may an eligible applicant focus on the unique needs of teachers in rural areas?**

Competitive Preference Priority 8 provides competitive points to applications that focus on the particular challenges faced by students in rural LEAs. An application may focus on the unique needs of teachers in rural LEAs provided that the proposed project meets the requirements in this priority (*i.e.*, the proposed project focuses on the unique challenges of high-need students in schools within a rural LEA and addresses the particular challenges faced by students in these schools; and also improves student achievement or student growth, closes achievement gaps, decreases dropout rates, increases high school graduation rates, or improves teacher and principal effectiveness in one or more rural LEAs).

**O-11. To receive competitive preference points under Competitive Preference Priority 8, may an eligible applicant serve schools in both rural and urban areas?**

In order to be receive points under Competitive Preference Priority 8, as determined by the peer reviewers, a proposed project must focus on the unique challenges of high-need students in schools within a rural LEA and address the particular challenges faced by students in these schools; it must also improve student achievement or student growth, close achievement gaps, decrease dropout rates, increase high school graduation rates, or improve teacher and principal effectiveness in one or more

rural LEAs. A project that meets the requirements of Competitive Preference Priority 8, as well as all other applicable requirements, would not be disqualified for consideration under Competitive Preference Priority 8 simply because it proposes to serve, in addition to schools in rural LEAs, schools that are not in rural LEAs.