December 9, 2015

Ms. Nicol Russell  
Deputy Associate Superintendent  
Early Childhood Education  
High Academic Standards Division  
Arizona Department of Education  
1535 West Jefferson St. Bin #15  
Phoenix, AZ, 85007-3209

Dear Ms. Russell,

This letter is in response to Arizona's request to amend its approved Preschool Development Grant - (PDG - D). The U.S. Department of Education and the U.S. Department of Health and Human Services (the Departments) approved Arizona's grant projects and scope of work on July 9, 2015. On September 22, 2015, the Arizona State Department of Early Childhood Education submitted an amendment request, proposing to make an amendment to Arizona's Preschool Development Grant application. In the original application, approved on December 11, 2014 Arizona wrote that they wanted to start providing services to eligible children right away although as a Development Grantee they would not be obligated to.

As you are aware, the Departments have the authority to approve amendments provided that such a change does not alter the scope or objectives of the approved proposal. On September 14, 2015, the Departments sent a document to Project Directors describing the process by which amendments would be reviewed and approved or denied. To determine whether approval could be granted, the Departments have applied the conditions noted in that document and compared it with PDG program requirements and conditions.

Arizona has made a request to make a Category Four amendment to the State's Preschool Development application. A Category Four Request involves a budget revision of more than $10,000,000, or eliminates or makes major changes to activities, deliverables, participation, or fourth year performance goals. Arizona indicated that in year one of the grant period they would provide funding for 2,193 slots in the identified High Need Communities, at the cost of $10,087,800. However it has become apparent that some early learning programs are not yet ready to start serving children in their HNCs in a capacity that meets the definition of high-quality programs.

For Arizona's Year 1 of the grant, overall PDG-D grant expenditures (including non-Federal funds) were approximately 98 percent on target to meet its 2014 budget. Originally, Arizona proposed using $52,839,427 (66% of total funding) on full-time slots for children. With the proposed amendment, that number would decrease to $50,261,127 (62% of total funding), resulting in a variance of $2,578,300 under budget.
This budget shift aligns with the State's approved scope of work and does not reflect modifications in any activities. This amendment to the State's budget is approved, as described below:

Arizona is requesting the use of some infrastructure-building funds to provide for funding of half-time slots in these few HNCs for year one only. Specifically, AZ proposes that activities will be transferred from the 35% side to the 65% side. Thus, a second part of this amendment is to count the investment in Professional Scholarships as funding for providing access to high quality programs for students. In year one, this is $2 million. Additionally, Arizona would attribute the $1 million for professional development ($250,000 per year for each year of the grant period) in the same manner. These capacity-building efforts will lead to implementation of high-quality programming during the lifetime of the grant, and is a part of Arizona's sustainability plan. All professional development funding will be used for PDG-D staff. Through this adjustment, the overall funding spent on increasing the number and percentage of eligible children served in high-quality preschool programs by the end of the grant period would increase to 67%.

We understand that this amendment request will not impact Arizona's overall PDG-D goals, plans, outcomes, or performance measures, but will ensure Arizona can continue to make progress on its PDG-D scope of work activities.

Please note that this letter will be posted on the Department of Education's website as a record of the amendment request and our approval. All budget changes are recorded in the GRADS 360 system and the detailed budget request is saved in the official grant file.

We are confident that Arizona will continue its comprehensive efforts towards building successful state systems of early learning. If you need any assistance regarding PDG-D, please do not hesitate to contact your Project Officer, Mary Moran, at (202) 260-0940 or mary.moran@ed.gov.

Sincerely

/s/ Libby Doggett
Deputy Assistant Secretary
Office of Early Learning
Office of Elementary and Secondary Education
U.S. Department of Education

/s/ Linda K. Smith
Deputy Assistant Secretary for Early Childhood Development
Administration for Children and Families
U.S. Department of Health and Human Services