



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

January 15, 2014

The Honorable Nathan Deal
Office of the Governor
State of Georgia
203 State Capitol
Atlanta, Georgia 30334

Dear Governor Deal:

I am writing in response to Georgia's request to amend its approved Race to the Top grant, including revisions to the project period to implement a portion of its plan. Between December 3, 2013 and January 8, 2014, the State submitted amendment requests and no cost extension requests to the U.S. Department of Education (Department). As you are aware, the Department has the authority to approve amendments to your plan and budget, provided that such a change does not alter the scope or objectives of the approved proposal. In March 2013, the Department issued "Amendment Requests with No-cost Extension Guidance and Principles" indicating the process by which amendments containing requests to provide additional time for a grantee to accomplish the reform goals and deliverables it committed to in its Race to the Top application and approved Scope of Work would be reviewed and approved or denied. To determine whether approval could be granted, the Department has applied the conditions and elements specific to no cost extensions noted in the document, and compared it with the Race to the Top program *Principles* included in the "Grant Amendment Submission Process" document issued to Governors of grantee States in October 2011.

On July 2, 2012, the Department placed goals 1-4 in Section D of Georgia's approved Scope of Work, related to its teacher and leader evaluation systems, on high-risk status under 34 CFR 81.12. As stated in the July 2, letter, the Department is concerned about the overall strategic planning, evaluation, and project management for that system. The State has not demonstrated that it is developing and approaching implementation of the teacher and leader evaluation systems in a comprehensive and deliberate manner that includes consideration of dependent deliverables, a structured process for evaluating

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and incorporating formative feedback, and a communications strategy including all relevant stakeholders. Please note that in addition to the Principles mentioned above, the Department considers Georgia's high-risk status when reviewing amendments.

Finally, this letter includes an update following the Department's July 30, 2013 letter regarding the State's commitments related to performance-based compensation.

Amendments

In addition to the budget requests included in Table A, I approve the following amendments:

- In Project 2: "Develop training on new standards, and train the field," shift a total of \$3,177,597 Year 3 funds to Year 4 contractual and other. These funds are available from \$2,477,597 in unspent Year 3 personnel, fringe, travel, supplies, contractual and training stipends as a result of staff turnover, cost savings and contract payment that will occur in Year 4. In addition, \$700,000 is available from Year 3 savings from across the State's Race to the Top budget. These shifts in funds will support the following new activities:
 - Increase grants to participating local educational agencies (LEAs) to support teacher stipends to attend summer institutes in ELA and mathematics by \$1,086,000;
 - Add contracts with Regional Education Service Agencies (RESAs) to support attendance at summer institutes and local implementation of Common Core Georgia Performance Standards (CCGPS), with a focus on building regional capacity and sustainability, totaling \$700,000;
 - Increase the contract to support implementation of the Formative Instructional Practices (FIP) Assessment Literacy Professional Learning Unit (PLU) by \$558,984, for a total of \$828,746; and
 - Add \$151,220 for CCGPS resources in the Teacher Resource Link.
- In Project 2: "Develop training on new standards, and train the field," shift \$720,048 from Year 3 to Year 4 to reflect when funds for RESA ELA specialists will be expended.
- In Project 678: "P-20 SLDS," shift \$2,473,853 in unexpended Year 3 personnel, fringe, and contractual funds to Year 4 supplies and contractual. These funds are available because of late hiring at the State's partner agencies, which has caused a delay in implementation. The shift to Year 4 will allow for the purchase of software and licensing fees, and account for actual payment for work completed in Year 3.
- In Project 16: "Evaluation Training and Process Feedback," shift \$1,000,000 in Years 4 and 5 contract funds into Year 4 Other for development of Student Learning Objectives (SLOs). Specifically, these funds will support SLO training and development in non-participating LEAs, consistent with the State's plan to

use Race to the Top implementation to inform statewide implementation. In addition, the State will shift \$530,000 from Years 3 and 4 contractual funds to Year 4 other make grants to RESAs to develop plans to support SLO work beyond the Race to the Top grant period. Originally, the State planned to contract with individuals to support SLO implementation, however, RESAs will now provide regional support and technical assistance to participating LEAs. The State reports that Georgia Department of Education (GaDOE) staff will train RESA staff to be certified State trainers on SLO development and implementation. In addition, GaDOE will monitor RESA action plan activities and milestones, per RESA's approved action plans, through monthly reports and surveys.

The following amendment is approved as described below:

- In Project 4: "Benchmark Assessments," shift \$3,929,825 in unexpended Year 3 contractual funds to Year 4 to account for actual costs. The total budget for this project in Year 4 is now \$5,112,009. These unexpended funds will now support modifications to the Online Assessment System to accommodate new items.

Approval of this amendment is based on the written confirmation Georgia provided on January 13, 2014, in accordance with the Statewide Summative Assessments program requirement in the Race to the Top Notice Inviting Applications, that Project 4 benchmark items will not be used for summative assessment purposes. In addition, the Department further requests confirmation that the State will not use benchmark items as part of current or future statewide summative assessments required under the Elementary and Secondary Act (ESEA).

No Cost Extension Amendment Requests

I approve the following no cost extension request:

- In Project 20: "Increasing Supply of Effective Science and Math Teachers (U Teach)," shift \$2,172,367 in unexpended Year 3 contractual funds to Year 4 and \$2,172,367 from Year 4 contractual to Year 5 contractual. Based on implementation in Years 2 and 3, the State reports that these budget adjustments will allow for the program to continue in Year 4, as planned, and support recruitment, sustainability planning, replication and capacity building, training and student tuition in Year 5. The State reports that the university sites have pledged \$860,000 in matching funds in Years 4 and 5 and that they will continue to support these programs beyond the grant period.

The following no cost extension request is approved with the condition described below:

- In Project 28: "Innovation Fund," shift up to \$6,152,100 from Year 4 contractual to Year 5 contractual to continue projects to support up to \$5,000,000 for

competitive grants to Innovation Fund grantees, and up to \$1,000,000 to individual teachers through the Innovation in Teaching competition. GOSA reports that it will review each of the 23 grantees to determine which merit a continuation of funds in Year 5 to scale-up the program. For the Innovation in Teaching competition, GOSA reports it will make up to 26 awards to individual teachers through Year 5. To sustain these competitive grant opportunities, the State reports that it has submitted the documentation necessary to establish 501(c)3 status for GOSA. This will support GOSA's ability to accept donations to fund and sustain this work beyond the grant period.

Approval of this request is conditioned on the State notifying the Department of the amount of competitive awards made to allow for planning for remaining funds, if available. In addition, approval is condition on the State establishing and sharing with the Department the outcomes of the process by which GOSA will determine which Innovation Fund grantees will continue to receive funds in Year 5. The State will provide evidence to the Department to meet this condition no later than July 31, 2014.

It is our understanding that these amendments and no-cost extensions will not result in a change in your State's performance measures and outcomes, nor will they substantially change the scope and objectives of the work. Please note that we are expecting grantees with no-cost extensions to liquidate all funds by September 1, 2015, given that by law all Race to the Top funds revert to the U.S. Department of Treasury as of October 1, 2015. The State must request and receive approval to move forward with no-cost extensions for any additional projects. This letter will be posted on the Department's website as a record of the amendments.

Performance-based Compensation Status Update

On July 30, 2013, the Department sent Georgia a letter addressing our concerns about Georgia's application commitments related to its performance-based compensation system. In particular, the State indicated that it no longer plans to implement a performance-based compensation as described in the State's application. Instead of implementing the performance-based compensation system described in its application, in SY 2013-2014, Georgia intends to provide one-time bonuses to teachers and leaders for reducing the achievement gap, and in SY 2014-2015, Georgia intends to provide one-time bonuses to teachers and leaders based on the evaluation system. The July 2013, letter indicated the Department's intent to initiate withholding procedures under 34 CFR 80.43 for \$9,904,629 of the State's Race to the Top funds.

On September 16, 2013, I notified the State of my intent to withhold \$9,904,629, pursuant to sections 454(a)(1) and 455 of the General Education Provisions Act (GEPA) (20 U.S.C. § § 1234c(a)(1) and 1234d), until the State submitted a credible plan detailing its strategy for coming into compliance with this section of its Race to the Top grant. To date, the State has not submitted such a plan. The Department also notified the State of the opportunity to file an application by December 11, 2013, for a hearing before the

Department's Office of Administrative Law Judges ("OALJ") to contest my withholding determination. In addition, the September 2013 letter included an opportunity for the State to show cause why I should not suspend its authority to obligate these funds, pending the outcome of a hearing on the withholding determination. On November 1, 2013 Georgia submitted a "show cause" letter to the Department. The Department responded on December 4, 2013, stating that Georgia did not sufficiently show cause as to why its authority to obligate funds should not be suspended pending the outcome of a hearing on the withholding determination. To date, the OALJ has not received an application for a hearing nor have I received a written show cause response. As a result, the Department is withholding \$9,904,629 of Georgia's Race to the Top grant award, effective with this letter.

In order to gain access to these funds, the State must submit a plan and evidence, including sufficient legal authority, to implement the performance-based compensation system outlined in its approved Race to the Top application and plan.

If you need any assistance or have any questions regarding Race to the Top, please do not hesitate to contact me.

Sincerely,

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Ann Whalen
Director, Policy and Program Implementation
Implementation and Support Unit

cc: Superintendent John Barge
Dr. Susan Andrews
Erin Hames

Table A.

| Grant project area affected | Specific project | Description of change |
|-----------------------------|---------------------------------|---|
| 23 | Quality Plus Leadership Academy | Shift \$550,089 in unexpended Year 3 contractual funds to Year 4 contractual. These funds have been obligated, but will not be expended until Year 4. The State reports that all activities were completed in accordance with their approved plan. |
| 24 | Teach for America | Shift \$1,584,121 in unexpended Year 3 funds, as well as de-obligated funds due to lower than anticipated placements, to support other projects described in this letter (Project 2). |
| 25 | The New Teacher Project | Shift \$661,216 in unexpended Year 3 funds, as well as de-obligated funds due to lower than anticipated placements, to support other projects described in this letter (Project 2). |
| 26 | Resource Reallocation | Shift \$841,158 in unexpended Year 3 contractual funds to Year 4 contractual. These funds have been obligated, but will not be expended until Year 4. The State reports that all activities were completed in accordance with their approved plan. |
| 27 | Communities in Schools | Shift \$639,880 in unexpended Year 3 contractual funds to support other projects described in this letter. The State reports that all activities were completed in accordance with their approved plan and that initial cost estimates were too high. |
| 29 | Evaluation | Shift the approach related to evaluation of projects under the Governor's Office of Student Achievement (GOSA) to include a new Request for Proposals (RFP) for a social return on investment analysis. GOSA's evaluation will focus on the State's UTeach, Teach for America, The New Teacher Project and low-performing schools work streams. |