



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

February 26, 2014

The Honorable Pat McCrory  
Office of the Governor  
20301 Mail Service Center  
Raleigh, NC 27699-0301

Dear Governor McCrory:

I am writing in response to North Carolina's request to amend its approved Race to the Top grant project, including revisions to the project period to implement a portion of its plan. Between January 8 and February 21, 2014, the State submitted documentation to and held conversations with the U.S. Department of Education (Department) to support amendment requests to its approved Race to the Top plan. As you are aware, the Department has the authority to approve amendments to your plan and budget, provided the revisions do not change the overall scope and 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.

I approve the following amendments, including extensions to the time period for implementation of several projects, as described below.

- In the "North Carolina Teachers Corps (NCTC)" project, shift a total of \$2,703,460 from Years 2 through 4 to Year 5 based on budget refinements to extend support of cohort members and to support other Race to the Top initiatives.
  - According to the State, the original "NCTC" budget was based upon projections of operating and recruiting costs and the budget has since

been refined based on implementation of the program, including smaller than anticipated cohort size. In order to enable the State to provide support for NCTC members selected as part of the 2013 cohort to complete licensure coursework and receive coaching support, the State is approved for a no-cost extension of \$180,480 in this project to June 30, 2015. Based on State legislation passed in 2013, beginning in SY 2014-2015, the NCTC will transition into the State's Teach For America (TFA) program. According to the State, while it will not meet its target of 250 NCTC participants, recruiting and training 96 corps members who are now placed in 80 schools across 23 LEAs and other initiatives, such as TFA, satisfies its commitment to increase the number of highly-qualified teachers in low-income and rural areas and low-performing urban schools.

- The State will shift a total of \$2,522,980 to support other areas of its plan, including "Race to the Top Management" and "Race to the Top Evaluation," as described below.<sup>i</sup>
- In the "Race to the Top Management" project, shift \$833,099 from the "NCTC" project, as described above, and a total of \$1,365,584 unexpended in the "Race to the Top Management" project in Years 2 and 3 to Years 4 and 5 to expand and extend personnel and communications efforts supporting implementation of the State's reform plan.
  - The "Race to the Top Management" project includes funding for personnel at the North Carolina Department of Public Instruction (NCDPI) and the North Carolina Governor's Office. According to the State, budget refinements that did not impact completion of deliverables (e.g., actual contractual costs, smaller than projected salary increases, short-term vacancies) caused the States' expenditures to be lower than budgeted in Years 2 and 3. Based on implementation to date, the State identified a need for additional support, including communications resources to the field around of key initiatives, such as Home Base and the North Carolina Educator Evaluation System, and will utilize unexpended funds to increase the travel budget and add two additional positions.
  - In order to maintain the Race to the Top Management Team's oversight and communications support for LEAs around the State reform agenda during the extended performance period, and to perform close-out and transition support for State-level initiatives, the State is approved for a no-cost extension for \$1,801,137 to August 31, 2015.
- In the "Race to the Top Evaluation" project, shift \$24,146 from the "NCTC" project, as described above, and a total of \$2,119,772 in the Evaluation project in Years 2 and 3 to Years 4 and 5 to continue and extend support of an external evaluation of individual initiatives and the State's overall Race to the Top plan.

- According to the State, the timing of three reports was adjusted to align with the availability of data and/or timelines of projects being evaluated and other reports were completed on time with delayed invoicing.<sup>ii</sup>
- In order to extend the time period for data collection and completing summative reports and for State personnel to coordinate with the external evaluation team, the State is approved for a no-cost extension to August 31, 2015, for \$730,865 in “Race to the Top Evaluation.” According to the State, this additional time will enable SY 2013-2014 student outcomes data and LEA expenditure data to be analyzed in final impact reports and will ultimately better enable the State to meet its goal of having evaluations inform continuous improvement and future policy and funding decisions.
- In the “Virtual Public Schools” project shift a total of \$2,896,381 from Years 2 and 3, available due to delays executing contracts and hiring personnel and budget refinements, to Year 5 to extend the timeline to complete planned activities and other Race to the Top initiatives, as described below.
  - North Carolina previously received approval in August 2011 and July 2012 to shift funds due to timeline delays and a revised approach to implementing six Science, Technology, Engineering, and Mathematics (STEM) courses for a total of 1,600 students during the grant period. The State began implementing courses in fall SY 2012-2013 as planned in its most recent amendment. According to the State, timing of hiring content developers and its contracting process have led to additional delays in the procurement and deployment of some planned blended resources (e.g., mobile device applications and servers) and the final two planned courses. The State will shift \$590,864 from Years 2 and 3 to Year 4 based on these additional delays. In order to provide additional time for the final two courses to be piloted during a full school year and to support associated personnel, equipment, and supplies costs in SY 2014-2015, the State is approved for a no-cost extension to June 30, 2015, for up to \$605,723.
  - Due to these delays and refined equipment costs, the State will redirect \$1,176,301 to “Professional Development,” as described below.<sup>iii</sup> According to the State, the funds shifted to Years 4 and 5 of the VPS budget are sufficient for the State to complete all planned deliverables.
- In the “Turning Around the Lowest Achieving Schools (TALAS)” project shift a total of \$6,295,473 unexpended funds from Years 2 and 3 to Years 4 and 5 to extend the TALAS project and “other Race to the Top initiatives, as described below.
  - North Carolina’s Scope of Work includes implementing school intervention models in 118 schools identified as lowest-achieving based on SY 2009-2010 data, and providing job-embedded professional

development and coaching to support teachers, principals, and LEA leaders to build their capacity and ultimately increase student achievement.<sup>iv</sup> In Years 2 and 3, North Carolina continued to support the low-achieving schools that initiated school intervention models in Year 1, as well as 12 districts with clusters of underperformance. According to the State, 55 of the originally identified schools are no longer in the bottom 5 percent of low-achieving schools in the State and only 22 percent of the originally identified schools did not meet growth projections in SY 2012-2013 based on prior year results. According to the State, \$6,295,473 was unexpended in Years 2 and 3 based on adjusted personnel and related costs (e.g., actual salaries based on hiring timelines, unneeded travel funds) and did not impact the level of support provided to TALAS schools and LEAs.

- In order to provide additional support to TALAS schools during SY 2014-2015, the State is approved for a no-cost extension for \$4,045,000 to July 31, 2015. The State believes this extended time will better enable targeted support to implement the State's new Standard Course of Study and assessments and to develop plans to reach short- and long-term achievement goals. It is the Department's understanding that this will support approximately 30 field-based coaches to support teachers and principals in approximately 60 schools identified based on SY 2012-2013 State assessment results.
- Due to actual expenditures and projected costs for Year 5, the State will shift \$2,203,801 to "Professional Development," as described below.<sup>v</sup>
- In the "Professional Development" project shift \$7,422,499 from Years 2 and 3 as well as a total of \$3,380,102 from "VPS" and "TALAS," as described above, to Years 4 and 5 to extend and expand professional development activities.
  - The activities in the "Professional Development" project of the State's Scope of Work focus on ensuring that effective and appropriate professional development is available to all teachers across North Carolina. Building upon existing regional structures, through Race to the Top, the State established the Professional Development Initiative (PDI) to provide support to local professional development teams to implement the State's major reform institutes through regional two-day Summer Institutes, an annual schedule of more than 250 face-to-face training sessions, online resources and modules, and biannual check-ins with State and LEA teams to monitor implementation of goals and facilitate information sharing across LEAs. Based on feedback from its external evaluation team and LEAs, the State believes that its efforts to date are having a positive impact on supporting LEAs in the transition to new college- and career-ready standards, utilizing instructional resources in Home Base, and continuously improving implementation of the North

Carolina Educator Evaluation System. According to the State, \$7,422,499 was unexpended in Years 2 and 3 based on adjusted personnel costs (e.g., actual salaries, hiring delays) and contractual costs (e.g., timing of invoicing, revised cost estimates) that did not impact the level of support provided to LEAs through the PDI.

In order to enable the State to extend the PDI, including hosting 2013 and 2014 Summer Institutes, maintaining personnel to deliver ongoing training and sustainability planning for local professional development team, developing online modules based on needs identified in LEAs, and providing ongoing technical assistance on Home Base, the State is approved for a no-cost extension for \$3,975,364 to July 30, 2015. According to the State, additional time will better enable the State to support local teams and build their capacity to continue to support the professional development needs of their LEAs and schools. These funds will also: extend the development and refinement of a) online professional development modules for educators and b) connections between the educator effectiveness system and the PD content that will be housed in Home Base to ensure that the modules are as useful and accessible to educators.

- The State's Scope of Work includes Distinguished Leadership in Practice Principal (DLP) Institutes to provide leadership development opportunities for current principals through face-to-face sessions and independent coursework. Based on interest among superintendents for a similar program and interest among principals and assistant principals for a program focused on using technology effectively as a principal, the State will utilize expended funds from Years 2 and 3 to add two additional DLP cohorts. Through a no-cost extension of up to \$98,000 to June 30, 2015, the State expects to provide training sessions to a total of more than 1,000 assistant principals, principals, and superintendents, exceeding the State's target for participation.
- Based on implementation to date, including feedback from educators and LEAs, the State determined that increasing opportunities for educator engagement in the development and dissemination of professional development resources would help strengthen efforts to build local capacity for implementation of reform initiatives during and after the Race to the Top grant period. The State intends to recruit approximately 450 teachers who will continue their teaching roles while also serving as members of the Governor's Teacher Network designing professional development materials and instructional and formative assessment resources that will be available to educators statewide through Home Base. According to the State, resources created by teachers through the Governor's Teacher Network will supplement and enhance the State's efforts to meet its commitments for Professional Development by further

building local capacity to sustain implementation of reform efforts related to transitioning to new standards and assessments, utilizing Home Base to support instruction and professional growth, and implementing the North Carolina Educator Evaluation System. The State is approved for a no-cost extension for a total of \$5,053,710 to June 30, 2015, to expand its approach to professional development to include establishing and implementing the Governor's Teacher Network. The funds supporting this project will provide stipends for teachers, contractual support for recruiting and training participants, and NC DPI personnel to review materials developed by teachers prior to loading them into HomeBase.

In order to consider amendment requests with no-cost extensions, the Department indicated that States must address the timelines and implications of the amendment on the 50 percent LEA subgrants (i.e., allocations to participating LEAs), as well as the process the State will use to review LEA subgrant requests to obligate and liquidate funds after the current project period. Through conversations with North Carolina and documentation submitted as part of this amendment request, we understand that the State will review requests from participating LEAs to extend the project period to complete Race to the Top activities on a case-by case basis beginning in spring 2014. The Department generally approves the State's process as described in appendix 1. Prior to June 30, 2014, the Department expects the State to submit a record of each participating LEA project approved by the State for a no-cost extension and the total funding approved for LEAs' Year 5 Scopes of Work.

The State will also add Torchlight Academy back as a participating LEA. According to NCDPI, while the LEA communicated its intent to withdraw at the beginning of SY 2012-2013, after consultation and collaboration to ensure that it could fulfil its local scope of work, it opted to maintain participation, including participation State-delivered training during SY 2012-2013. The addition of this LEA will not require a change in allocation and/or distribution of funds to LEAs as Torchlight Academy's allocation was included in the State's original total and was not reallocated.

It is our understanding that this amendment and no-cost extension 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.

If you need any assistance or have any questions regarding Race to the Top, please do not hesitate to contact North Carolina's Race to the Top Program Officer, Ashlee Davis at 292-401-9501 or [Ashlee.Davis@ed.gov](mailto:Ashlee.Davis@ed.gov).

Sincerely,

//s//

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

cc: Dr. June Atkinson  
Eric Guckian, Senior Advisor on Education, Office of the Governor  
Adam Levinson, Race to the Top Lead

Appendix 1: Process the State will use to review LEA subgrant requests from participating LEAs to obligate and liquidate funds after the current project period, as described by NCDPI.

NCDPI will utilize the current review and approval process for amended Detailed Scopes of Work (DSW) for those LEAs and Charters schools that apply for a no-cost extension for Race to the Top funds. LEAs and Charter schools must submit to NCDPI by May 1, 2014 amended DSWs that include updated plans for expending remaining Race to the Top funds during the no-cost extension period. The following outlines the review and approval process for LEA/Charter school no-cost extension requests:

<b>Step 1:</b>	LEAs/Charter schools amend DSW to include activities and Race to the Top funding planned for the No-cost Extension year (2014-15) and must submit amended DSW to NCDPI by May 1, 2014
<b>Step 2:</b>	NCDPI staff review the amended DSW using the criteria described below
<b>Step 3:</b>	NCDPI approves and posts the amended DSW to the Race to the Top website or returns the DSW to the LEA for revisions

NCDPI will review each request for extension to ensure that it meets the following criteria:

- The activity reflects work that is already included in the DSW, but the LEA/charter school needs more time to complete the activity.
- The activity reflects an allowable use of funds under Race to the Top guidelines
- The activity is aligned with the State’s Race to the Top no-cost extension activities. Examples of such local activities could include, but are not limited to the following:
  - extending local professional development activities connected to the state’s proposed work through its no-cost extension request for D5
  - opting-in to Home Base; attending Home Base training
  - purchasing needed technology infrastructure and devices

<sup>i</sup> It is the Department’s understanding that the State will submit additional amendment(s) to propose use(s) of \$1,665,735 of this total.

<sup>ii</sup> See <http://cerenc.org/rttt-evaluation/executive-%20summaries/> for completed reports.

<sup>iii</sup> It is the Department’s understanding that the State will submit additional amendment(s) to propose use(s) of an additional \$523,493.

<sup>iv</sup> Twelve schools have selected the school closure model so a total of 106 schools are expected to continue implementation of school intervention models in SY 2013-2014.

<sup>v</sup> It is the Department’s understanding that the State will submit additional amendment(s) to propose use(s) of an additional \$16,672.