



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

June 27, 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 June 25, 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 "Teacher and Principal Effectiveness" project, shift a total of \$2,426,907 in available funds from the "Teacher and Principal Evaluation" project, per the May 2, 2014 amendment approval letter, and in available funds from Years 2 and 3 in the "Teacher and Principal Effectiveness" project to support Year 4 activities, as described below.<sup>i</sup> North Carolina is also approved to shift \$1,871,831 in available

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funds from Years 2 and 3 in this project to support its “Instructional Improvement System” project, as described below. According to the State, Year 2 and 3 funds are available as a result of actual costs for teacher performance incentive awards and travel for NC Final Exams workgroups and not needing to pay for licenses for the former North Carolina Educator Evaluation System (NCEES) platform since this system was migrated to Home Base at the beginning of school year (SY) 2013-2014.

- The State will utilize \$116,250 to provide additional training on the statewide student growth model and to enhance functionality of its online portal, including allowing principals to set controls on the sets of student growth information available to teachers.
- Based on lessons learned from SY 2012-2013 implementation of the NC Final Exams, utilize \$1,000,000 to support administration of the NC Final Exams (*e.g.*, printing and shipping of materials) in Year 4. According to the State, it will continue to pay for these costs using State funds after the Race to the Top grant period.
- Shift \$1,310,657 in contractual funds to Year 4 to: 1) pay for assessment item development work that occurred in Year 3 but was not invoiced until Year 4; and 2) support travel for NC Final Exams workgroup participants engaged in ongoing refinement of the NC Final Exams.

In order to allow the State to make planned performance incentive payments to staff members in lowest-achieving schools based on assessment results from SY 2013-2014, North Carolina is approved for a no-cost extension of \$4,661,805 to June 30, 2015. The State initially anticipated being able to make the incentive payments in summer 2014, but will not be able to do so until fall 2014 given the timing of availability of SY 2013-2014 assessment results.

- In the “Strategic Staffing” project, shift a total of \$3,004,058 in unspent funds from Years 2 through 4 to support Year 5 activities in this project and to support the “Instructional Improvement System” project. Funds are available due to limited participation in the State’s recruitment incentive opportunity. This program was intended to allow low-performing districts to provide monetary incentives to effective teachers transferring into low-performing schools. However, participation in the program was lower than expected. According to the State, although it made some implementation adjustments, there were multiple reasons for the low level of participation, including communication challenges and limitations on uses of funds.

Given limited interest from the field in the recruitment incentive program, North Carolina will modify its approach to promoting the equitable distribution of effective teachers in the State through this project.<sup>ii</sup> North Carolina is approved for a no-cost extension of up to \$1,850,000 to June 30, 2015, to implement its modified approach to promoting the equitable distribution of effective teachers, which focuses on supporting all local educational agencies’ (LEAs’)

understanding of local distributions of effective teachers and providing resources to the State's lowest-performing LEAs to implement individualized initiatives to address local equitable distribution issues.

- First, North Carolina will develop reports based on teacher evaluation data to help LEAs examine their distributions of effective teachers.<sup>iii</sup> The reports will help LEAs to determine whether their teachers' value-added score distributions differ from the statewide distribution and how the distributions vary across schools within the LEA. The State's 12 lowest achieving LEAs will receive these reports based on their SY 2012-2013 evaluation data and all LEAs in the State will receive reports once SY 2013-2014 evaluation data is available. North Carolina will share these reports with LEA leadership and use the information as the basis for additional training and support in SY 2014-2015.
- Additionally, the State will provide sub-grants to its 12 lowest-achieving LEAs. On the basis of their SY 2012-2013 educator evaluation data, these LEAs will apply for \$100,000 grants to develop and implement plans to address identified local needs around equitable distribution. These proposals could involve professional development targeted at developing effective teachers, internal policy changes, recruitment strategies, or other efforts depending on local needs. It is the Department's understanding that the State will review LEAs' proposed plans to ensure alignment to needs identified in reports.
- Finally, North Carolina will support the extension of six existing District Transformation Coach positions through SY 2014-2015.<sup>iv</sup> These coaches will work with LEAs as they develop and implement plans for their sub-grants and provide training and support to LEA- and school-level staff throughout the school year.

The remaining \$1,154,058 in unspent Years 2 through 4 "Strategic Staffing" project funds will be shifted to support the "Instructional Improvement System" project, as described below.

- In the "Instructional Improvement System" project, shift \$2,404,493 in available funds from this project as well as a total of \$5,335,527 from other Race to the Top projects to Years 4 and 5 to provide additional support to LEAs and educators for implementation of Home Base and add online tools to support implementation of the NCEES.<sup>v</sup> According to the State, Years 2 through 4 funds are available in this project due to contractual and other costs coming in lower than expected and delays in system development. In Year 4, the State is approved to use up to \$3,349,722 to:
  - Collaborate with LEAs that are early adopters of Home Base functionalities in order to learn what is required to successfully roll out the Home Base platform and support adoption at the local level. Early adopter LEAs will be supported by a team of experts and will be responsible for testing technology solutions and approaches to

implementation. The State will provide technical assistance and document lessons learned and best practices to share with LEAs statewide. North Carolina believes that working directly with LEAs that are actively engaged in initial Home Base implementation to gather feedback, make adjustments, and share information with other LEAs will ultimately improve system functionality, increase adoption of Home Base, and promote effective use of the tools and resources included in it.

- Establish a Home Base Support Center to provide ongoing assistance to users during the initial rollout of Home Base components. Funds will support the technology systems and personnel needed to operate the Support Center.
- Purchase licenses for online platforms that will support administration of student perception surveys and the Analysis of Student Work (ASW) process.<sup>vi</sup> Although the State has decided not to include student survey feedback as an official element of the NCEES at this time, it reported that educators found feedback they received during survey pilots to be valuable and would like to support LEAs and educators in administering the surveys. Additionally, based on a SY 2012-2013 pilot of the ASW process, the State identified a need to enhance the platform through which educators submit documentation and evidence. According to the State, the online platform will allow for an expanded pilot of the ASW process to be conducted in Year 4 and for this process to be implemented more efficiently and effectively in the future.
- Support regional professional development in summer 2014 to train educators on the use of the State's formative and diagnostic literacy assessment system. The State will provide logistical support and cover educator travel costs so that educators can receive training on using data to improve literacy instruction. It is the Department's understanding that the majority of training will occur during Year 4, but that follow-up activities in SY 2014-2015 may be needed. Therefore, North Carolina is approved for a no-cost extension to continue this work until June 30, 2015.
- Purchase an additional online literacy program and pilot during SY 2014-2015. This tool will provide educators with additional data on students' literacy skills and differentiated resources to support students. North Carolina believes that educators in the State need more data than is currently available to them through the existing formative and diagnostic literacy assessment system and that this program will provide more formative data on which educators can base instruction and intervention. In particular, the State believes that this tool will be valuable for students in low-performing schools and those identified as non-proficient. In SY 2014-2015, the State intends to pilot the online literacy program with approximately 30,000 students and will target the pilot to particular LEAs and schools based on SY 2013-2014 assessment results. It is the Department's understanding that the majority of spending in this project area will occur in Year 4, but that pilot activities will occur in SY 2014-

2015. Therefore, North Carolina is approved for a no-cost extension to continue this work until June 30, 2015.

- Make adjustments to the personnel, fringe, travel, equipment, and supplies budgets in Year 4 to align with spending plans.

Throughout SY 2013-2014, North Carolina conducted initial rollout of multiple components of its Instructional Improvement System, Home Base. Although the State made progress in this project area, it needs additional time to continue rollout of Home Base components, to support LEAs and educators to learn how to use the system and integrate its tools into their instructional practice, and to continue to add digital resources. In order to enable North Carolina to continue Home Base implementation in SY 2014-2015, the State is approved for a no-cost extension of \$4,390,298 to June 30, 2015. Specifically, the State is approved to:

- Continue partnering with LEAs to gather lessons learned about Home Base implementation in SY 2014-2015. It is the Department's understanding that North Carolina will use available data on LEA usage and adoption patterns to identify particularly strong users to work most closely with in Year 5. In addition to documenting lessons learned in these LEAs, the State will facilitate connections between strong Home Base adopters and LEAs that are still in the early stages of implementation. Second, the State will provide assistance and support to all LEAs through a regional structure of support. Partnership coordinators will work in each of the eight regions of the State with multiple LEAs. In addition to providing direct supports to LEAs, partnership coordinators will foster regional collaboration through learning networks.
- Continue contracts for identifying, vetting, and tagging instructional resources for inclusion in Home Base and provide training on accessing content and using resources in Home Base to support instruction. During Year 5, contractual staff will continue to vet and align curriculum content to expand the resources available in Home Base, particularly for those grades and subject areas for which limited resources are currently available. Staff will also support members of the Governor's Teacher Network as they develop content for inclusion in Home Base.<sup>vii</sup> Further, because some components of Home Base became available to LEAs later in SY 2013-2014, North Carolina has identified a need for ongoing training on these components of the system into SY 2014-2015.
- Support ongoing project coordination and management in SY 2014-2015. North Carolina has been working with a project management team on Home Base implementation; this team has helped the State with project coordination, collaboration with vendors, and to troubleshoot issues as they arise. The State believes that it is important to maintain this resource through SY 2014-2015 in order to assist the State in working through issues and to support LEAs and educators with their initial use of Home Base.

- Complete rollout of the assessment system component of Home Base. Although development of this component of Home Base will be completed in Year 4, the vendor and State will not be able to complete testing and quality assurance activities until fall 2014.<sup>viii</sup>

As described in a February 26, 2014, amendment approval letter, the Department indicated that it generally approves the State's process to review LEA subgrant requests to obligate and liquidate funds after September 23, 2014. 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 the LEAs' Year 5 Scopes of Work.

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 202-401-9501 or [Ashlee.Davis@ed.gov](mailto:Ashlee.Davis@ed.gov).

Sincerely,

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

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

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<sup>i</sup> As described in the amendment approval letter dated May 2, 2014, \$385,334 is available from the "Teacher and Principal Evaluation" project due to contractual costs coming in lower than expected and the State no longer needing to pay for licenses for its former North Carolina Educator Evaluation System

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(NCEES) tool since the NCEES online platform was migrated to Home Base at the beginning of school year (SY) 2013-2014.

ii The “Performance Incentives” project is one element of the State’s multi-faceted approach to promoting the equitable distribution of effective teachers and leaders. North Carolina also implemented Regional Leadership Academies, a Teach For America expansion, North Carolina Teacher Corps, and Virtual and Blended STEM courses through its Race to the Top plan.

iii The reports will focus on data from the sixth standard rating, the student growth component of the NCEES.

iv District Transformation Coaches are field-based personnel from the North Carolina Department of Public Instruction’s District and School Transformation office who support districts with lowest-achieving schools.

v The total of \$5,335,527 is derived from the following projects: \$1,871,831 from “Teacher and Principal Effectiveness,” as described in this letter; \$1,154,058 from “Strategic Staffing,” as described in this letter; \$1,665,735 from “North Carolina Teacher Corps,” as described in the February 26, 2014 amendment approval letter; \$523,493 from “Virtual Public Schools,” as described in the February 26, 2014 amendment approval letter; \$103,738 from “STEM,” due to unspent personnel funds; and \$16,672 from “Turning Around the Lowest-Achieving Schools,” based on adjusted personnel and related costs.

vi The Analysis of Student Work process allows for Standard 6 (student growth) ratings to be developed for teachers in traditionally non-tested grades and subjects (*e.g.*, arts education, healthful living, world languages). It involves the collection of student work to document student growth.

vii As described in the February 26, 2014 amendment approval letter, North Carolina’s Governor’s Teacher Network will allow members to create professional development materials and formative and instructional assessment materials that will be made available statewide through Home Base.

viii North Carolina’s approved Scope of Work includes the procurement, piloting, and rollout of software that will allow for the online administration of the State’s End of Grade and End of Course assessments. As noted in the Notice Inviting Applications and the Notice of Final Priorities under “Statewide Summative Assessments,” no funds awarded under the Race to the Top competition may be used to pay for costs related to the development of statewide summative assessments (*e.g.*, the State assessments required under the Elementary and Secondary Education Act). It is the Department’s understanding that North Carolina has not and will not use Race to the Top funds to develop summative assessments, and that funds in this project are solely for the purpose of developing technology systems that will allow for the online administration of such assessments.