



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

January 31, 2011

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

Dear Governor Perdue:

I am writing in response to North Carolina's request to amend its approved Race to the Top grant project. Between November 19, 2010 and January 19, 2011, the State submitted amendment 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 changes do not alter the scope or objectives of the approved proposal. On January 6, 2011, the Department sent a letter and "Grant Amendment Submission Process" document to Governors of grantee States indicating the process by which amendments would be reviewed and approved or denied. To determine whether approval could be granted, the Department has applied the conditions noted in the document, and compared it with the Race to the Top program *Principles*, which are also included in that document.

I am pleased to approve the following amendments:

"Turning Around the Lowest Achieving Schools" (E2)

- Update North Carolina's list of lowest-performing schools using 2009-10 data in place of 2008-09 data (which was the best available at the time of Race to the Top application submission). Applying the same rationale and criteria for selection as in the State's approved plan, the number of schools that qualify for support in the "Turning Around the Lowest Achieving Schools" (E2) project budget decreases from 132 to 118 schools. To reflect this adjustment of eligible schools, North Carolina will also update the distribution of schools across the four reform models in the turning around the lowest-achieving schools performance measure. Please note the following regarding this amendment:

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

- Approximately 200 schools exited adequate yearly process status between 2008-09 and 2009-10. This accounts for the reduced total number of schools from which the lowest five percent were determined.
- There are no adjustments to the E2 project budget at this time. The E2 project will provide personalized support to schools and communities. As the specific needs of schools have not yet been determined, the State does not believe that the reduction of 14 schools will significantly change the personnel or intervention needs that were estimated in the approved budget.

All participating local educational agencies (LEAs) agreed to participate in the E2 initiative in their Memorandum of Understanding (MOU) and scope of work. North Carolina assures that it plans to produce the same positive outcomes for its refreshed list; all schools on the list based on 2009-10 data will be implementing one of the four reform models.

“Teacher and Principal Effectiveness” (D2iii)

- Reduce the budget for the compensation plan described in the “Teacher and Principal Effectiveness” (D2iii) project budget to reflect implementation based on the refreshed list of 118 lowest performing schools. Please note the following regarding this amendment:
 - The original budget for this project’s compensation plan was estimated based on 150 schools; therefore, reworking the project to serve 118 schools presents a savings of \$3,185,495.
 - The use of \$3,137,286 is described in the subsequent amendment.
 - Given that the compensation plan budget was developed from estimated numbers of teachers and estimated numbers of schools, the remaining \$48,209 is budgeted to compensate additional teachers who may achieve higher than expected growth from their students.

“Strategic Staffing” (D3ii)

- Use the aforementioned \$3,137,286 to implement a pilot version of a retention bonus program that was described in the narrative of the State’s approved application in the “Strategic Staffing” (D3ii) project budget. Please note the following regarding this amendment:
 - North Carolina’s previous budget estimates did not include sufficient funds for this activity.

- While the application proposes to serve “every new teacher,” North Carolina will now serve 181 newly certified classroom teachers each year in grant years 2-4.
- The incentive will be available for the same uses and for the same amount (the State now budgets the value at \$5,770.04 per teacher) as noted in the narrative of the approved plan.
- The pilot has been presented to the North Carolina State Board of Education (NC SBE) for discussion and the Board is poised to implement this program with February 2011 recruitment for 2011-12 school year staff. In these discussions, the NC SBE as provided a definition of “new” teacher; the selection criteria for schools eligible for this pilot based on geographic location and turnover rate; an explanation of the length of eligibility for teachers receiving the voucher; and, the monitoring requirements for this incentive.

North Carolina believes implementing this pilot will provide an opportunity to validate the effectiveness of utilizing this type of incentive to increase the recruitment and retention of highly qualified teachers at its lowest achieving schools.

“Goals, Measures, Baselines and Final RTT Targets” (A1)

- Refine the Goals, Measures, Baselines and Final RTT Targets (A1) in three ways: additions to help LEAs set targets against the State’s plan; updates based on more recent data; and clarifications to language used to capture target measures. These are summarized as follows:

Additions to help LEAs set targets aligned to the State’s plan

- Since National Assessment of Educational Progress (NAEP) scores are not available annually, nor particularly relevant at the LEA level, the State is supplementing its NAEP measures for reading and math in grades 4 and 8 with additional student achievement measures. These additional proxy measures (e.g., percentage of all students proficient in grade 4 reading based on the State end of grade test) were provided to LEAs to assist them in setting goals aligned to the State’s plan as part of their local scope of work (SOW) submission process, and are included in the State’s SOW in addition to the unchanged NAEP targets.

Updates based on more recent data

- *Graduation rates:* Four-year cohort rate baseline rises from 71.70 percent to 74.2 percent; subsequent annual targets rise, and the final four-year target is 3 percent higher than in the State’s previously approved plan.
- *College readiness:* SAT baseline composite score rises from 1,006 to 1,008.

- *College and career readiness:* Baseline percentage of University of North Carolina freshman enrolled in remedial courses decreases from 11 percent to 9 percent using 2009-10 data. As a result of this baseline shift, adjustments to each year's annual targets have been made and ultimately result in a 2013-14 target that is more ambitious than originally planned (5 percent rather than 6 percent).
- *College and career readiness:* Baseline percentage of North Carolina Community College freshman enrolled in remedial courses rises from 64 percent based on 2008 data to 67 percent based on 2009 data. All other annual targets remain unchanged. Given that a low percentage in this metric equates to fewer students in remedial courses, keeping each of the subsequent targets the same as in the original application sets more ambitious targets for the four years of the grant.
- *College enrollment:* Baseline percentage of high school graduates who enroll in postsecondary education programs rises from 65.6 percent based on 2006 National Center for Education Statistics (NCES) data to 66 percent based on 2008 NCES data. Additionally, the 2010-11 target rises from 66 percent to 67 percent.

Clarifications to language used to capture target measures

- *College readiness:* Rather than "graduates scoring 3 or above on one or more AP exams," the State will capture its Advanced Placement (AP) college readiness metric using two interrelated metrics: "percentage of AP exams taken on which students scored 3 or above" and "percentage of students taking AP exams." The State believes that the revised language more accurately describes the available data; by contrast, the initial language implied an unduplicated count when data likely contained duplicates. Additionally, the expanded measures address all students which, unlike the previous studied population of all graduates, more accurately captures the target population for increased AP performance. Lastly, the State's new measures include performance and participation rate to remove the potentially perverse incentive of increasing performance by discouraging a broader population of students from taking AP courses and exams.

It is our understanding that these amendments will not substantially change the scope of work of the state's proposal. Please note that this letter will be posted on the Department's website as a record of the amendments.

I am confident that North Carolina will continue its bold, comprehensive reform efforts. 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, Jessie Levin, at 202-453-6651 or Jessie.Levin@ed.gov.

Sincerely,

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Joseph C. Conaty, Ph.D.
Interim Director, Race to the Top Program

cc: Dr. June Atkinson, State Superintendent, Public Instruction
Dr. William Harrison, Chairman, North Carolina State Board of Education
Adam Levinson, Director, Policy and Strategic Planning