



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

July 1, 2011

The Honorable Beverly 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 June 24 and June 30, 2011, the State submitted documentation related to two 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. 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:

- Update the "Induction Support" project budget summary table to reflect the fiscal management of the project by the North Carolina Department of Public Instruction (NCDPI). Consistent with the State's Race to the Top application, the University of North Carolina (UNC) will serve as the administrative unit for the project. Initially, the State considered that UNC would carry out the fiscal management of the activity as well. However, NCDPI determined that it would be more efficient to treat all implementation partners external to NCDPI, even those that are also State entities, as contractors. As a result, NCDPI will shift expenses associated with personnel support for this activity to contractual expenses in the budget summary table. The scope of the project and overall annual costs remain unchanged.

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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.*

- Update the “Evaluation” project budget summary table to reflect the fiscal management of the project by NCDPI. Similar to the adjustment above, NCDPI entered into a contract with a consortium of universities to conduct an evaluation that informs continuous improvement of Race to the Top initiatives and guides future policy and funding decisions. Initially, the State considered that UNC Greensboro, the fiscal agent for the consortia, would be responsible for the fiscal management of the project. However, NCDPI determined that would be more efficient to treat all implementation partners external to NCDPI, even those that are also State entities, as contractors. As a result, the majority of funds for this project in the personnel, related benefits, and indirect cost budget categories, will shift to contractual expenses in the budget summary table.
  - The only funds for the project that will not shift are funds necessary to support a policy analyst position. The policy analyst, who will also serve as a project coordinator between the evaluation team and the Race to the Top Project Management Office, was hired directly by the North Carolina State Board of Education. Therefore, the funding and supporting benefits for this position remain in the personnel and other related budget expense categories.<sup>i</sup>

The State believes both budget adjustments will streamline the administration of these projects and enable NCDPI to ensure the university-based partners meet their contractual obligations.

It is our understanding that the amendments will not result in a change in your State’s performance measures and outcomes, nor will they substantially change the scope of work. 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](mailto:Jessie.Levin@ed.gov).

Sincerely,

//s//

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

cc: Dr. June Atkinson  
 Dr. William Harrison  
 Adam Levinson

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<sup>i</sup> Rather than two .5 full time equivalent policy analysts budgeted at \$40,000 annual salaries each, the State decided the needs for this position were better fulfilled by one full time position, hired at a \$70,000 annual salary. As a result of the hiring date and the impact of this salary adjustment on personnel and budget categories for related benefits, the four-year Evaluation budget total is \$48,868 less than initially budgeted. North Carolina will describe the use of these funds in a future amendment to be reviewed by the Department.