



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

September 18, 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 September 12, 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. 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 amendment, including an extension to the time period for implementation of one project, with the conditions described below.

- In the "NC Education Cloud" project, shift a total of \$16,312,401 in available Year 4 contractual and equipment funds to Year 5 in the same budget categories to support continued procurement, development, and implementation of Cloud-based information technology systems and services through June 30, 2015. Year 4

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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.

expenditures were lower than budgeted due to delays in the State's Information Technology Services procurement and approval processes as well as lower-than-expected costs for contracts and local educational agency (LEA) migrations to Cloud-based services. The project-level budget total of \$34,639,376 remains unchanged.ⁱ

The Cloud is intended to provide an array of district- and school-level shared technology infrastructure functions in order to improve service reliability, increase efficiency, and decrease long-term information technology costs for LEAs. The Cloud initiative also supports development of and educator access to standards-aligned resources and streamlined educator access to local and State technology systems.

In school year (SY) 2014-2015, North Carolina will continue to work toward these objectives by: 1) continuing to implement and support LEA use of services and systems established earlier in the grant period; 2) expand the services and systems available for LEA use, based on evolving needs in the field and funding availability; and 3) support LEAs' transition to digital learning.ⁱⁱ Specifically, in Year 5, the State plans to:

- Implement a wireless infrastructure grant program to provide funding for LEAs to establish or expand wireless infrastructure at the school building level. Using \$4,629,062 in Race to the Top funds in conjunction with E-Rate funding, North Carolina anticipates that it will be able to support the deployment of wireless infrastructure in over 120 schools and 10,000 classrooms in SY 2014-2015. It is the Department's understanding that the State will develop an application process and prioritize deploying wireless infrastructure based on school readiness and need. The State anticipates that it will focus on deploying wireless infrastructure in middle and high schools and schools with no wireless infrastructure in place. North Carolina believes that this program will provide schools with the infrastructure needed to support technology-enabled instruction, including by using the State's instructional improvement system, Home Base.
- Continue to collaborate with external partners to provide technical assistance and support to LEAs for migration to and use of Cloud-based services. In Year 5, North Carolina will work with a vendor to develop a comprehensive digital learning plan, which will assess current technology needs and infrastructure in the State and develop funding and support models to assist LEAs and schools in the transition to digital learning.
- Continue implementing existing Cloud-based business enterprise services (*e.g.*, email, content filtering) and make additional services available to meet LEA needs (*e.g.*, asset management, applicant tracking).

- Continue rollout of its identity and access management (IAM) service, which allows users to log into local and State services with the same username and password. Initial IAM rollout occurred in summer 2014, with five applications integrated. During SY 2014-2015, the State plans to integrate Home Base applications and provide training and support to LEAs for onboarding and implementation.
- Continue to provide LEAs with access to standards-aligned digital resources and curriculum content through the State's Learning Object Repository (LOR). In Year 5, the State plans to provide additional ways for LEAs to access such content (*e.g.*, integration of learning management systems to the LOR, allowing LEAs to access digital content in different ways).

The Department appreciates North Carolina's efforts to continue to support and enhance the services available to LEAs but is also concerned about the status of contracts and the State's rate of expenditures at this point in the grant period. Therefore, approval of this amendment is conditioned on the State providing monthly updates to the Department in this project area. Beginning in October 2014, North Carolina will provide the following information to the Department:

- 1) Status of LEA adoption of and migration to available Cloud-based systems and services;
- 2) The status of Requests for Proposals and contracts that have not yet been released or executed; and
- 3) Progress in obligating and expending funds in this project area.

North Carolina will also provide by January 13, 2015, an analysis of feedback from LEAs that have adopted and migrated to Cloud-based systems and services (*e.g.*, whether services are meeting local needs, and they plan to continue to use the systems).

Additionally, in order to align with the State's internal financial systems and processes, North Carolina is approved to adjust the end date of its four-year grant period from September 23, 2014, to September 30, 2014. The State reported that this adjustment will allow it to more efficiently and accurately record and report its Year 4 obligations and expenditures.

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.

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.

Sincerely,

//s//

Patrick Rooney
Acting 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

ⁱ The State's "NC Education Cloud" budget is derived from funds that Race to the Top participating LEAs contributed from their local Race to the Top allocations.

ⁱⁱ North Carolina legislation calls for the State to transition from textbooks to digital materials by 2017 and for the development of a plan to develop and implement digital teaching and learning standards for teachers and school administrators by 2017.