



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

April 10, 2012

The Honorable Bill Haslam
Office of the Governor
State Capitol
Nashville, Tennessee 37243-0001

Dear Governor Haslam:

I am writing in response to Tennessee's request to amend its approved Race to the Top grant project. Between February 24, 2012, and March 28, 2012, the State submitted documentation to and held conversations with the U.S. Department of Education 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 that such a change does not alter the scope or objectives of the approved proposal. On October 4, 2011, the Department sent a letter and revised "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 approve the following amendments, as described below:

- The State will shift \$4,449,062 of the total "Overall Supplemental Fund" budget to the "Common Core Standards Professional Development" budget.ⁱ In its initial application, the State planned to increase overall funding to local educational agencies (LEAs) by administering a general supplemental fund of \$1.2 million per year that would be distributed to participating LEAs according to the Title I formula through a project called the "Overall Supplemental Fund." Over the first year of the grant, the State determined that this was not the most strategic use of these funds and that the \$4.8 million budget could be leveraged to more purposefully support the reform initiatives underway in the State.

Additionally, the State acknowledged that in addition to the \$250,370,609 allocated across all 140 LEAs in the State (all of which are participating in Race to

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the Top), LEAs also have competitive funding opportunities through the State's 50 percent through projects including the STEM Innovation Network, Innovation Acceleration Fund, and Renewal and Focus Schools. The State has determined that repurposing the "Overall Supplemental Fund" to expand its support in "Common Core Standards Professional Development" will more effectively serve LEAs and better enable the State to meet its goals.

- The State will refine its approach for transitioning LEAs, school leaders, and teachers to the Common Core State Standards (CCSS) as described below.

In its initial application, the State committed \$382,820 in each year of the grant, for a total of \$1,531,280, to contract to provide professional development to between 10,000 and 15,000 educators each year prior to full implementation of the CCSS in school year (SY) 2014-2015. The State used other funds to support professional development to raise awareness about CCSS in Year 1 and thus did not expend the funds in its Race to the Top project budget.

The State determined that the initial cost basis and plan for supporting implementation of new standards and assessments is not sufficient to support the State's goals for improving student achievement. Based on further planning and in alignment with State's request for ESEA Flexibility approved on February 9, 2012, the State now plans to fully implement CCSS in SY 2013-2014.

The State will thus utilize the unspent Year 1 funds (\$1,531,280) and the repurposed "Overall Supplemental Fund" monies (\$4,449,062, described above) for a more robust strategy to support the transition of LEAs, school leaders, and teachers to the CCSS. This strategy will include large-scale trainings for approximately 17,000 educators in summer 2012, a plan to contract with 338 master teachers and principals in Tennessee to serve as "Core Coaches" who will facilitate the summer training sessions and build regional capacity for ongoing support, and the creation of a Common Core Leadership Council consisting of educators from LEAs across the State who will provide input to the design of the summer training and ongoing transition plan.

Based on historical achievement data and in alignment with its request for ESEA Flexibility, the State will begin implementation statewide with grades 3-8 mathematics in SY 2012-2013. Accordingly, the State plans to focus the content of the three-day 2012 summer trainings for school teams and hire nearly 75 percent of the "Core Coaches" to focus on 3-8 mathematics. The other 85 coaches will provide support for implementation training pilots in other CCSS content areas including English language arts, early grades (K-2), high school mathematics, and middle and high school literacy in other content areas (e.g., music, physical education, fine arts, social studies, career-technical education).

The attached table details the revisions to the "Common Core Standards Professional Development" budget, which now totals \$5,980,342 in Years 2-4.

- For the “Achievement School District (ASD)” project, update the State’s implementation strategy based on additional planning and a refined theory of action. Tennessee’s approach to turning around the lowest achieving schools includes the creation of a State-run ASD consisting of Tennessee’s persistently lowest-achieving schools. In its application, Tennessee indicated that SY 2010-2011 would serve as a planning year prior to implementation in SY 2011-2012. The State previously requested, and was approved on September 27, 2011, to shift its timeline for full implementation of the ASD to SY 2012-2013, and to adjust its approach to SY 2011-2012 to learn more deeply about the schools identified for the ASD, to phase in the necessary functions of the ASD as a school district, and to assume a greater level of engagement with ASD eligible schools. The current request provides additional information on how the State will implement this updated timeline and meet its commitment to create a State-run ASD consisting of Tennessee’s persistently lowest-achieving schools. Specifically, this request provides updates to ASD eligibility and adjustments to the Race to the Top budget to align with a revised approach to building capacity and managing the ASD.

ASD eligibility: In its initial application, the State identified 13 schools eligible for the ASD in SY 2011-2012, the year the State initially intended to make the ASD operational, based on their status in the State’s accountability system as persistently lowest achieving or in “restructuring 2.” In alignment with State’s accountability system outlined in its the State’s ESEA Flexibility Request approved on February 9, 2012, the State will update the list of schools eligible for the ASD to include all schools in the bottom five percent in overall student achievement in the State, which also make up the State’s “priority” category in its accountability system and are considered the State’s persistently lowest-achieving schools.ⁱⁱ Based on SY 2010-2011 student achievement data, 85 schools are currently eligible for inclusion in the ASD. While the Commissioner may use his discretion to add additional schools to the ASD from the eligible list at any time, the State plans to place six schools in the ASD SY 2012-2013, an additional 12 schools in SY 2013-2014 and 17 more by SY 2014-2015 for a total of 35 schools in the ASD by SY 2014-2015.

The State believes this design will be more sustainable than the initial eligibility pattern that, based on the previous requirements for 100 percent of schools meeting adequate yearly progress by SY 2014-2015, would have created an exponential number of schools in “restructuring 2” in the State’s accountability system eligible for the ASD. Additionally, in coordination with the State’s revised theory of action around its “priority” schools as described in its ESEA Flexibility Request, the ASD will now function as part of a broader approach targeting feeder pattern concentrations of low achieving schools.

Once a school becomes a part of the ASD, it will either be directly run by the ASD or converted to a charter by the ASD. The list of ASD eligible schools will be

updated periodically as the State reruns its “priority” list every three years. Pending legislation, once a school becomes a part of the ASD it will remain under ASD authority for a minimum of five years, shifting to a transition plan if it moves off the “priority” list prior to the end of the five-year period.

ASD operational capacity and budget adjustments: The State has also updated its approach to building its capacity to run the ASD. The State’s initial four-year budget of \$45,550,681 was approximately 96 percent contractual funding. While the State still plans to collaborate with non-profit human capital partners and consultants as a part of the implementation effort, the State has determined that building additional support within the State education agency is necessary to ensure operational efficiency and long-term sustainability of the ASD.

- The State will update its contractual costs to reflect current obligations and refined estimates for future expected costs, which total \$19,599,585 over four years. As outlined in the original plan, the State’s contracts include partners to provide operational support to the ASD and to support highly effective teachers and school leaders.
- The State will shift \$2,734,509 from contractual to personnel and fringe, in order to update its budget for Years 2-4 to a total of \$6,290,094 to support 22 positions in the ASD support team. Specific roles of the ASD support team range from providing IT service and support, fiscal management, and human resource management to recruiting teachers, delivering new teacher training and offering resources and professional development, to engaging with the community and managing marketing and public relations. It is the Department’s understanding that the ASD anticipates that it will be able to support these positions with per pupil allocations available from the schools expected to be in the ASD in SY 2014-2015.
- The State will also shift \$284,168 from contractual to support supplies and travel in order to update its budget for Years 2-4 to a total of \$444,168 to support costs for additional staff for the remaining grant period.
- The State has also identified a need to build a technology infrastructure for the ASD. The State will shift \$4,745,000 from contractual to the existing \$5,000 equipment budget to cover infrastructure costs across Years 2-4 associated with building financial management, student information, web portal, and human resource systems and supporting hardware and software costs for the schools run by the ASD.
- The State will update its indirect cost budget to align with its current 6.0% approved rate. This results in a four-year indirect cost budget of \$453,146.

Additionally, while the First to the Top Act of 2010 provided the Commissioner with authority to create the ASD, pending legislation will provide the ASD with authority

necessary to fully operate (e.g., ability to directly procure services and employ school-level staff). The approval for this amendment is conditioned on the ASD being formally established as a local educational agency (LEA) as evidenced by the following: (1) passage and enactment of Senate Bill 2208/House Bill 2346; (2) establishment of LEA number from the State, a secure tax identification number (FEIN), and a bank account; and (3) establishment of systems to provide and manage employee payroll and benefits. By August 30, 2012, the State will submit evidence that these processes have been completed and that the ASD is formally established as an LEA.

Also, note that to provide additional clarity on expected project deliverables, the State will shift \$14,013,500 from ASD-contractual funds (not included in the \$19,599,585 described above that will remain in the ASD budget) to a separate project budget. The State's initial application plan for turning around the lowest-achieving schools explained that the State would "create and expand high quality charter schools." In alignment with this commitment, the State executed contracts for charter development and operations in Year 1. While the State considers these activities to be a part of its overall strategy for turning around the lowest-achieving schools, the entities contracted for charter development and operations do not directly serve the ASD. For example, while the ASD has chartering authority as of spring 2011, the charter schools developed and supported through the aforementioned contracts are not required to apply to serve schools in the ASD. Thus, to provide greater clarity on the expectations of the charter school development in relation to the ASD, the State will shift funds associated with obligations in these contracts and manage these contracts through a new budget called the "Charter School Fund." The activities and commitments to expand charters will remain unchanged.

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.

If you need any assistance or have any questions regarding Race to the Top, please do not hesitate to contact Tennessee's Race to the Top program officer, Jessie Levin, at 202-453-6651 or Jessie.Levin@ed.gov.

Sincerely,

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Ann Whalen
Director, Policy and Program Implementation

cc: Kevin Huffman, Commissioner
Meghan Curran, Race to the Top Lead

Tennessee Race to the Top
Common Core Standards Professional Development

Budget line item(s)	Updated budget and description
Contractual	\$4,270,500 budgeted in Years 2 and 3 to support stipends for the 338 “Core Coaches” (\$3,573,000), stipends for 13 members of the Common Core Leadership Council (\$247,500), and additional contracts with consultants and for the State’s CCSS resource website (\$450,000)
Personnel and fringe	\$639,659 budgeted to support three positions at TDOE for Years 2-4
Travel and supplies	\$548,122 budgeted in Years 2 and 3 based on approximately 150 travel days and the costs for printing materials for summer and follow-up trainings
Other	\$17,985 budgeted for potential facility costs for up to 60 training sessions in Year 2
Supplemental funding to LEAs	\$187,500 budgeted to support participation of 75 LEAs in the middle and high school literacy pilot
Indirect costs	\$316,576 budgeted in Years 2-4 based on the State’s current 6.0% approved rate

ⁱ The Department is currently reviewing an additional amendment for a proposed use of \$350,938 of the \$4,800,000 “Overall Supplemental Fund” total.

ⁱⁱ The State requested, and was approved on February 27, 2012, to use its “priority” list as its persistently lowest-achieving list for the School Improvement Grant (SIG).