



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

May 24, 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 March 2, 2012, and May 3, 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 changes do 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.

The majority of the amendments described in this letter and the attached chart relate to shifts due to differences between actual and estimated costs and reimbursements billed after the end of the budget year. A few additional requests shift funds as a result of timeline adjustments and refined implementation approaches.

I approve the following amendments as described below:

- In the "Integrating Data to Improve Instruction" budget, shift \$1,572,643 unspent in Year 1 into Year 2 and redirect \$589,690 to the "Teacher and Principal Evaluation Development" budget.
  - The State met the majority of its deliverables for the "Integrating Data to Improve Instruction" project in Year 1, but did not bill some of its vendors until after June 30, 2011 (i.e., in Year 2). Additionally, some local educational agencies (LEAs) did not use all of their available days of support from [www.ed.gov](http://www.ed.gov)

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regional value-added specialists in Year 1, but will instead receive these support services in Year 2. As a result, the State will shift this total of \$1,572,643 encumbered but not expended contractual funds to this project's Year 2 contractual budget.

- As part of a contract supporting its "Integrating Data to Improve Instruction" project, the State allocated funds to conduct research around the practices of highly-effective teachers and principals in the State. Work was completed on this deliverable through the contractor in Years 1 and 2, but the State has since determined that in the future this analysis will be conducted by the Tennessee Department of Education's (TDOE) Teachers and Leaders team and paid for with State funding. Of the \$864,964 budgeted for this deliverable in Years 3 and 4, the State will shift \$589,690 to the "Teacher and Principal Evaluation Development" budget and will submit an additional amendment to the Department to describe the proposed use of the remaining \$275,274.<sup>i</sup>
- In the "First to the Top Oversight" budget, the State will make budget refinements for Years 2-4 and redirect \$530,783 to the "Teacher and Principal Evaluation Development" budget.
  - Within the "First to the Top Oversight budget," the State will shift \$100,000 in contractual funds unspent in Year 1 due to actual costs being less than the estimated costs evenly across Years 3 and 4 to support an additional contract for performance evaluation and grant closeout activities. Additionally, the State will shift \$38,063 in unspent Year 1 travel funds due to actual costs being less than the estimated costs into Year 2 to support additional travel expenses in that year. The State will also adjust its personnel and fringe for this project to account for actual salaries and to include support for a portion (approximately 14 percent) of a Chief District Support Officer who will support districts' implementation of their Race to their Top Scopes of Work.
  - The State will redirect \$530,783 to the "Teacher and Principal Evaluation Development" budget. Of this total amount, \$250,000 was initially allocated for a Year 2 oversight and management consulting services contract, which the State completed using other internal resources. The remainder of this amount includes \$250,783 of personnel, fringe, supplies, other, and contractual funds unspent in Year 1 due to actual costs, and \$30,000 as a result of lowering the supplies budget for Years 2-4.
- In the "Education Delivery Unit (EDU)" budget, the State will refine its approach to implementation for Years 3 and 4 and redirect \$314,110 to the "Teacher and Principal Evaluation Development" budget.
  - In its initial plan, the State planned to contract with the U.S. Education Delivery Institute (EDI) to create a "delivery unit" within TDOE to increase

the capacity for efficient data-driven progress monitoring. The State has determined that the functions initially envisioned for the EDU can be performed by TDOE's Data and Communications and District Support teams. The State will therefore change the approach to its EDI contract for Years 3 and 4 to focus on support for Common Core State Standards implementation, data analysis, and performance management. Two TDOE staff members in the EDU budget will continue to support implementation, so this approach change will not affect the EDU budget for personnel, fringe, or travel in Years 2-4.

- The State will redirect \$164,110 unspent in personnel, fringe, travel, and "other," in Year 1 due to actual costs as well as \$150,000 initially budgeted in "other" across Years 2-4 for EDI convenings the State no longer plans to attend to the "Teacher and Principal Evaluation Development" budget.
- In the "Teach Tennessee" budget, the State refined its estimates for mentor support and redirects \$104,282 to the "Teacher and Principal Evaluation Development" budget.
  - As a result of refined estimates for the cost of mentor support, the State will reduce the Years 2-4 contractual budgets by \$15,000 each. The State will shift this \$45,000 to support supply and travel costs in Years 2-4 not included in the initial budget.
  - Also as a result of refined estimates and actual recruitment costs being less than estimated for Years 1 and 2, the State did not expend \$74,283 of its Year 1 contractual budget and does not plan to spend an additional \$30,000 of its Year 2 budget. The State will redirect these funds to the "Teacher and Principal Evaluation Development" budget.

The State believes the revised budget will still allow the State to reach its four-year goal of supporting 140 teachers through Race to the Top.

- The State will update its budget to reflect a decrease from the original 6.8% indirect cost rate to the current 6% approved rate leading to available funds in the following projects: Education Delivery Unit, Integrating Data to Improve Instruction, Oak Ridge STEM Training Academy, SITES M, State Longitudinal Data System, STEM Innovation Network, Teach Tennessee, TELL Survey. A total of \$97,631 from these reduced indirect cost budgets will be redirected to the "Teacher and Principal Evaluation" project.
- In the "Teacher and Principal Evaluation" budget, the State will increase the Years 2-4 budget by a total of \$3,425,755 to refine its approach for ongoing training for evaluators.
  - \$1,438,321 of the \$3,425,755 is a result of shifts within the "Teacher and Principal Evaluation Development" budget from Year 1 to Years 2-4. The

State's Year 1 activities took place in accordance with the State's Scope of Work, however several summer 2011 contractual activities were not billed until after June 30, 2011, and personnel related costs were covered from other funding sources.

- \$1,987,434 of the \$3,425,755 is a result of redirecting funds to the "Teacher and Principal Evaluation Development" project to refine its approach for ongoing training around the State's educator evaluation system. This amount includes \$1,636,496 redirected from other projects as outlined in this amendment as well as \$350,938 from the "Overall Supplemental Fund" as described in amendment 7 approved April 10, 2012.
- The State will redirect the \$3,425,755 described above, to the "Teacher and Principal Evaluation Development" budget for Years 2-4 as follows:
  - Add \$2,715,876 to the total contractual budget for Years 2-4. The State's initial plan included contractual support in Years 1 and 2 for the online Tennessee Educator Acceleration Model (TEAM) portal and face-to-face training for evaluators. Based on feedback from the field and analysis of Year 1 implementation, the State will use redirected funds to maintain the online portal and to add contracts with master certified observers to facilitate three types of additional training sessions: (1) recertification for previously certified observers, (2) training to certify additional individuals to conduct teacher observations, and (3) training on administrator and alternate educator (e.g., school services personnel, library media specialists) rubrics.
  - Add \$709,879 to support TDOE personnel and travel and printing costs associated with the additional evaluation trainings described above.

The attached table details the revised \$5,526,520 Years 2-4 total budget for "Teacher and Principal Evaluation Development."

- In the "State Longitudinal Data Systems (SLDS)" budget, the State will shift \$5,152,382 unspent Year 1 funds due to the timing of executing contracts to and revise its budget for Years 2-4 based on refined estimates and current obligations.
  - The State will shift \$2,430,000 of unused Year 1 contractual funds due to delays executing contracts and adjust the its Years 2-4 contractual budgets to account for future expected costs based on current encumbrances <sup>ii</sup>
  - The State will shift \$1,129,221 of unused Year 1 personnel, fringe, and travel funds due to the positions starting later than expected into the same categories in Year 4. The initial budget did not include funds to support TDOE personnel, fringe, and travel through Year 4.

- The State will shift \$702,029 unused Year 1 equipment funds into Year 3. The improvements planned for Years 1 and 2 do not require equipment upgrades, so this shift updates the budget based on when the State expects to incur costs associated with upgrading operating functionality.
- The State will shift \$756,127 of unused Year 1 “other” funds into Year 4 as costs associated with the Year 1 budget were covered by the contractual budget. While the improvements of the SLDS were always planned to occur through Year 4, the project budget previously only included funding through Year 3, so the State will shift these funds to Year 4.
- In the “Innovation Acceleration Fund (IAF),” the State will update the Year 1-4 budgets to reflect timing of grantees submitting requests for reimbursement and updated plans to include a second round of awards to support additional LEAs.
  - In Year 1, the State awarded four LEAs a total of \$9.85 million in multi-year grants to create and implement comprehensive alternative salary structures. While design and planning took place in Year 1, LEAs did not request reimbursement requests toward their IAF grants before June 30, 2011, and thus no funds were expended in this project in Year 1. The State will update its budget for Year 1 to reflect \$0 actual expenditures and will shift \$250,000 unspent Year 1 planning funds to the Year 2 budget.
  - Based on total funding granted through the first round of awards, the State has \$2,150,000 remaining in the total IAF budget and will divide those funds between Years 3 and 4 to fund an additional IAF competition. The State plans to award the next round by November 2012 for implementation in fall 2013. The State believes that this budget adjustment will expand its reach to support approximately three additional LEAs in developing and implementing alternative compensation plans.
- In the “Teacher and Principal Residencies” budget, the State will shift \$2 million unspent in Year 1 due to timing of grantees submitting requests for reimbursement to Years 3 and 4.
  - In Year 1, as outlined in its approved application, the State ran a competition for LEAs to establish or expand teacher and principal residency programs to offer high-quality teacher and principal support and training. In January 2011, two pre-service and two exemplary leadership awards were made, each for approximately \$2 million for each of the four years of the Race to the Top grant period. While all \$8 million for the total four-year budget is obligated to LEAs, no reimbursements were requested as of June 30, 2011. Based on approved LEA plans and budgets, of the \$2 million unspent in Year 1, the State will shift \$1.5 million to Year 2 and \$500,000 to Year 3. Based on reimbursement request delays in Year 1, TDOE communicated revised

invoicing policies that require LEAs and vendors to request reimbursement or submit invoices at least quarterly but no more frequently than monthly.

- In the “Distinguished Professionals” budget, the State will shift \$100,000 unspent in Year 1 due to timeline delays to be divided evenly across Years 2-4 to support a refined strategy for implementation and sustainability.
  - In its application, Tennessee budgeted \$100,000 per year for four years to contract with Distinguished Professionals Education Institute (DPEI) to expand its program to support between 50 and 75 technical professionals to teach in three large and at least one rural district. Determining a fiscal agent for the contract led to delays and no funds were expended in Year 1. TDOE executed a contract with DPEI on February 1, 2012, and is currently working to recruit, select and train teachers for school year (SY) 2012-13.
  - The State will shift the entire budget from the supplemental funding for LEAs to contractual to better categorize the costs, and will now divide the budget across Years 2-4 as a result of an adjusted implementation approach. Initially, the State planned to pay the full \$7,500 cost for each educator. Now, to increase buy-in and commitment, districts will be required to pay \$5,000 per teacher for the cost of the teacher’s salary, and the State will pay the \$2,500 administration cost. The State believes this funding structure adjustment will increase participation beyond the three large and one rural district included in the initial commitment and help build sustainability for the program beyond the Race to the Top grant. By reducing the State’s cost per teacher, the State now plans to place 160 total teachers, 80 in SY 2012-2013 and 80 in SY 2013-2014.
- In the “Integrating PBS into Electronic Learning Center” budget, the State will shift \$1,075,500 unused contractual funds from Year 1 based on a year-long delay executing a contract to Years 3 and 4 contractual. The State has since executed the contract for access to online resources, customized learning objects, and TeacherLine enrollment and expects all deliverables to be met in Years 2-4.
- In the “Tennessee College Access and Success Network (TCASN)” budget, the State will shift \$797,446 unspent Year 1 funds based on a timeline delays into Years 2-4.
  - The State will shift \$457,000 Year 1 contractual funds that were not expended due to a contract delay into Years 3 and 4.
  - The delayed contract timeline also impacted supplemental funding to LEAs, so the State will shift \$300,000 in Year 1 supplemental funding to LEAs into Years 2-4. Additionally, based on additional details on the length of the award period and the number of award cycles from when the budget was initially created, the State will adjust the distribution of supplemental funding to LEAs budget across Years 2-4.

- The State will also shift \$13,899 in unspent Year 1 personnel, fringe, travel, and indirect costs along with \$11,520 budgeted for indirect costs for Years 2-4 to increase staff support on this project.<sup>iii</sup> An additional \$26,547 unspent Year 1 other and supplies funds will be rolled over equally into the same categories in Years 2-4 to support a revised timeline.
- In the “STEM Professional Development” budget, the State will shift a total of \$1,534,041 unspent Year 1 funds based on a timeline delay and revised implementation strategy to Years 2-4.
  - Initially, the State planned to have four funding cycles for STEM professional development grants to institutions of higher education (IHEs), each with a one-year grant period. Based on additional planning, the State determined that two 18-month grant periods would better enable grant recipients provide follow-up support to classroom teachers after summer training.
  - The State will shift \$1,499,730 budgeted in Year 1 contractual into Year 3 contractual to account for the overlap of the two 18-month grant cycles and contract start dates.<sup>iv</sup> In Year 1, the State awarded 11 IHEs a total of \$1,825,379 with contract start dates of July 1, 2011. In Year 2, the State awarded six IHEs a total of \$3.2 million with anticipated contract start dates of July 1, 2012.
  - The State will also shift \$34,311 in unspent Year 1 personnel, fringe, travel, supplies, other, and indirect costs, as well as \$47,400 budgeted for indirect costs in Years 2-4 into travel, supplies, and other in Years 2-4 support implementation of the STEM professional development grants.

The State expects the STEM professional development grants to serve a total of 800 teachers: 300 teachers through the first round and 500 teachers through the second round of grants.

- The State will shift the “STEM Platform Schools,” formerly a stand-alone project budget, into the “STEM Innovation Network Infrastructure” project budget. The State will then shift a total of a total of \$4,745,320 unspent Year 1 funds to Years 2-4 to support an updated timeline.
  - Based on an amendment approved January 19, 2011, the State moved the “STEM Hubs” project budget into the “STEM Network Infrastructure Project.” The State will now also move the \$9 million four-year budget for “STEM Platform Schools,” formerly a stand-alone project budget, into the “STEM Innovation Network Infrastructure” project budget. All initiatives related to the Tennessee STEM Innovation Network are now contained in a single project budget.
  - The State will shift \$3,637,500 unspent Year 1 contractual in the combined “Tennessee STEM Innovation Network Infrastructure” project to Years 2-4

contractual. The State experienced a six-month delay executing its contract with Battelle Memorial and establishing the second Platform School, and no invoices were submitted prior to June 30, 2011. While these funds have been encumbered, no expenditures were incurred in Year 1. Based on a refined schedule for making Platform School and Hub awards, the State will also adjust the distribution of contractual funds across Years 2-4.

- The State will also shift a total of \$363,027 to the contractual budget for Years 2-4. This total includes a total of \$107,819 shifted from unspent Year 1 personnel, fringe, and indirect costs and \$255,208 available from adjusting the indirect cost budget for Years 2-4 to reflect one contract per year and the current 6.0% approved rate. The State will apply this \$363,027 alongside additional in-kind support from the contractor to award a total of seven Platform Schools and Hubs during the grant period rather than six as initially planned.
- The State will shift \$1 million unspent in year 1 supplemental funding to LEAs to Year 2 based on timing of reimbursement requests.

The State will also make adjustments to “Funding Subgranted to Participating LEAs” (line 14) in its overall budget summary table based on LEA expenditures through June 30, 2011 and the State’s approval of LEA’s Year 2 Scopes of Work. The State will shift \$32,194,876 initially budgeted for Year 1 to Years 2-4. The State will review LEA Scopes of Work and budgets annually; however, the total four-year amount obligated to LEAs will remain at \$250,370,610 or 50 percent of the State’s total award.

It is our understanding that these amendments will not result in a change in outcomes, nor will they substantially change the Scope of Work.

I am confident that Tennessee 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 your 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: Commissioner Kevin Huffman  
 Meghan Curran, Race to the Top Lead



## Tennessee Race to the Top: Additional Approved Amendments

Grant project area affected	Specific project	Description of change
(A)(2)	Tennessee Consortium on Research, Evaluation, and Development (TNCRED)	<ul style="list-style-type: none"> <li>The State will shift \$407,998 in unspent year 1 contractual funds due to a delay in executing a contract and completing some deliverables to Year 2. The State expects all deliverables related to research of various aspects of the State’s plan including alternative compensation systems, STEM professional development, the Achievement School District, and data quality that did not occur in Year 1 to be completed in Year 2.</li> </ul>
(B)(3)	Integrating Common Core Standards into Pre-Service	<ul style="list-style-type: none"> <li>The State will shift a total of \$10,267 unspent Year 1 personnel, fringe, travel and indirect costs due to actual expenses along with \$21,000 budgeted for indirect costs for Years 2-4 to increase support for staff providing training to IHEs on the transition to Common Core State Standards.</li> </ul>
(B)(3)	Integrating TVAAS into Pre-Service	<ul style="list-style-type: none"> <li>The State will shift a total of \$10,151 unspent Year 1 personnel, travel, and indirect costs due to actual expenses along with \$21,000 budgeted for indirect costs for Years 2-4 to increase staff support. The State will also clarify its Scope of Work timelines for the TVAAS modules. The State will target completion of the development of TVAAS modules in SY 2011-2012 and implementation of the modules in SYs 2012-2013 and 2013-2014 for 2,000 and 4,000 pre-service teachers, respectively.</li> </ul>
(D)(1)	School Leader Supply and Demand Study	<ul style="list-style-type: none"> <li>Per an approved amendment (September 20, 2011), the State expanded the Scope of Work of the “School Leader Supply and Demand Study” to include an evaluation in the form of a report card of principal preparation programs across the State. To ensure alignment with the broadened plan, the State did not execute contracts as quickly as initially planned and thus will shift \$101,775 of Year 1 contractual funds across the Years 2-4 contractual budgets to support upcoming deliverables.</li> </ul>
(D)(1)	UTeach	<ul style="list-style-type: none"> <li>The State will reallocate the \$10,008 that was not expended in Year 1 due to personnel changes as well as \$47,400 initially allocated for indirect costs across Years 1-4, to personnel, fringe, travel, and supplies in Year 2-4. These additional funds will support additional staff time and revised budget estimates for travel and supplies.</li> </ul>

Grant project area affected	Specific project	Description of change
(D)(2)	Competitive Supplemental Fund	<ul style="list-style-type: none"> <li>• Tennessee’s application included an opportunity for LEAs with grant awards within the bottom 20 percent of the total share of the LEA portion of funds to apply for additional funds. In Year 1, 28 eligible districts applied and a total of \$310,000 was awarded to LEAs to implement strategic compensation systems and turnaround work. As of June 30, 2011, LEAs only submitted reimbursement requests for \$121,169 of the total \$310,000 obligated. Therefore, the State will shift \$188,831 of obligated but unexpended funds from Year 1 to Year 2 and the State will consider LEA extension requests based on performance. Additionally, the State will shift \$50,000 from the Year 1 budget that was not awarded in the first grant competition equally between Years 3 and 4 to support two additional rounds of LEA awards in summer 2012 and summer 2013.</li> </ul>
(D)(3)	Teacher and Principal Evaluation	<p>The updated Years 2-4 budget includes:</p> <ul style="list-style-type: none"> <li>• <i>Contractual</i>: \$4,309,104 budgeted in Years 2-4 to support stipends for a total of 72 facilitators for recertification training (\$180,000), new teacher evaluator training (\$63,000), and administrator/alternative rubrics training (\$129,600); and continued support on the online portal from the National Institute for Excellence in Teaching (\$3,936,504)</li> <li>• <i>Personnel and fringe</i>: \$391,248 budgeted in Years 2-4 to support positions at TDOE</li> <li>• <i>Travel and supplies</i>: \$785,927 budgeted in Years 2-4 based on approximately 52 travel days for 140 individuals including facilitators, TDOE staff, and members of the non-tested grades and subject groups days and the costs for printing materials for summer and follow-up trainings</li> <li>• <i>Other</i>: \$40,240 budgeted for potential facility costs for up to 135 training days in Years 2 and 3</li> </ul>
(D)(3)	Teacher Working Conditions	<ul style="list-style-type: none"> <li>• Timeline and budget shifts in the “Teacher Working Conditions” project, The State will shift \$64,516 unspent Year 1 funds due to a timeline delay. While the majority of Year 1 deliverables related to the survey were completed on time, the final stage of data analysis and reporting was delayed. The State anticipates this task will be completed by the end of Year 2 and thus will move \$50,000 in contractual funds to Year 2. The delay in the final analysis has also impacted the delivery of technical assistance based on the report. The State will also shift \$12,000 in unspent “other” funds from Year 1 across Years 2-4 and will adjust its indirect cost budget to account for \$0 charged in Year 1 and a 6.0% rate for future years.</li> </ul>

Grant project area affected	Specific project	Description of change
(D)(4)	Teacher Preparation Program Report Card	<ul style="list-style-type: none"> <li>• The State will shift a total of \$37,369 unspent Year 1 personnel, fringe, travel, and indirect costs due to actual expenses to Years 2-4 to increase staff support.</li> <li>• The State will shift \$74,496 budgeted for indirect costs in Years 1-4 to Year 3 contractual to support expand a contract to develop individual program report cards for more than 40 teacher preparation programs as described in the State’s initial plan.</li> </ul>
(D)(5)	Rural Literacy	<ul style="list-style-type: none"> <li>• While the total four-year project budget of \$1,555,606 remains unchanged, the State will make updates to more accurately categorize costs and to reflect adjustments based on the timing for processing Year 1 reimbursement requests. The State will shift Years 1-4 funds budgeted in other to contractual to reflect that all funds are being expended through a contract with Save the Children. Additionally, while all deliverables related to expanding the State’s targeted efforts to improve literacy in rural school districts occurred in Year 1, reimbursement requests were not processed until after June 30, 2011. Thus, the State will adjust its Years 1 contractual budget to reflect actual expenditures (\$20,932) and will shift the funds that were reimbursed after June 30, 2011 to Year 2.</li> </ul>
(D)(5)	Oak Ridge STEM Training Academy	<ul style="list-style-type: none"> <li>• The State will shift \$372,750 unused Year 1 contractual funds due to contracting processes that caused a one-year delay in the implementation of the STEM training academy to Years 2-4. Despite the initial delay in contract execution, the State still plans to recruit and train 150 teachers and/or administrators representing all 140 LEAs through three three-day summer training academies during June 2012, 2013, and 2014.</li> </ul>

<sup>i</sup> The State will submit an additional amendment to the Department to describe the proposed use of a total of \$581,237 from this project. This total includes \$275,274 from the contract adjustment described in this letter as well as the \$305,962 left to be allocated after amendment 4 (\$292,785 from personnel fringe, and contractual and an additional \$13,177 from indirect cost budget adjustments).

<sup>ii</sup> After recalculating benefits and indirect costs associated with budget shifts, the State indicated that \$409,549 remains in Year 4 contractual. The State plans to submit an additional amendment to the Department to propose a use for these funds.

<sup>iii</sup> The Tennessee Higher Education Commission (THEC) supports TDOE in this project as well as “STEM Professional Development,” “Integrating TVAAS into Pre-Service,” “UTeach,” and “Teacher Preparation Program Report Card.” THEC will not be charging indirect costs on Race to the Top projects; the funds shifted from the indirect cost budgets in these projects will be used to support THEC oversight staff.

<sup>iv</sup> The State will submit an amendment to the Department to describe the proposed use of \$770,000 that was not funded in the two grant award cycles.