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Office of Elementary and Secondary Education
Academic Improvement and Teacher Quality Programs
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APPLICATION FOR NEW GRANTS UNDER THE TEACHER INCENTIVE FUND (TIF) PROGRAM

CFDA 84.374A AND 84.374B

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If you have comments or concerns regarding the status of your individual submission of this form, write directly to: Miriam Lund**,** Teacher Incentive Fund program, U.S. Department of Education, 400 Maryland Avenue, SW, Rm. 3E245, Washington, D.C. 20202-6200.

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Dear Colleague:

Thank you for your interest in the Teacher Incentive Fund (TIF) program, administered by the Office of Elementary and Secondary Education of the U.S. Department of Education (Department).

Please take the time to review the applicable priorities, requirements, definitions, selection criteria, and all of the application instructions thoroughly. An application will not be evaluated for funding if the applicant does not comply with all of the procedural rules that govern the submission of the application or the application does not contain the information required under the program (The Education Department General Administrative Regulations §75.216 (b) and (c)).

This year, the Department will host two separate competitions: a General TIF Competition and a TIF Competition with a Focus on Stem. Applicants must identify in their project abstract (Part 3 of the application) for which competition they are applying. This application package includes instructions on which of the priorities, requirements, and selection criteria are relevant for the two competitions. Applicants applying for the General TIF Competition must respond to Absolute Priority 1 and Absolute Priority 2, all of the program requirements, and Selection Criteria (a) through (f). Applicants applying for the TIF Competition with a Focus on STEM must respond to Absolute Priority 1, Absolute Priority 2, and Absolute Priority 3, all of the program requirements, and all of the selection criteria. Applicants for both competitions may respond to Competitive Preference Priority 4 and Competitive Preference Priority 5 for additional points.

For these competitions it is **mandatory** for applicants to use the government-wide website, Grants.gov (http://www.grants.gov), to apply. Please note that the Grants.gov site works differently than the U.S. Department of Education's e-Application System. We strongly encourage you to familiarize yourself with Grants.gov and strongly recommend that you register *and* submit early.

Also be aware that applications submitted to Grants.gov for the Department of Education will now be posted using Adobe forms. Therefore, applicants will need to download the latest version of Adobe reader (at least Adobe Reader 8.1.2). Please review the "Submitting Applications with Adobe Reader Software" and "Grants.gov Submission Procedures" and "Tips for Applicants" sections within this package for further information and guidance related to this requirement.

Using FY 2012 funds, the Department expects to award $284,461,350 for new grants under these competitions. We will award discretionary grants on a competitive basis for the first year of a project period of up to 60 months. Grants are expected to be awarded in September.

Please visit our program website at http://www2.ed.gov/programs/teacherincentive/applicant.html for further information. If you have any questions about the program after reviewing the application package, please contact Miriam Lund by telephone at (202)205-5224 or via e-mail at TIF4@ed.gov.

Sylvia Lyles
Director

Program Information

Background and Purpose of the Program

The purpose of the TIF program is to provide financial support to develop and implement sustainable performance-based compensation systems (PBCSs) for teachers, principals, and other personnel in high-need schools in order to increase educator effectiveness and student achievement in those schools. The terms "performance-based compensation system" and "high-need school" are all defined in the "Definitions" section of the application package and in the Notice Inviting Applications (NIA) for this program.

PBCSs funded under the FY 2012 competition must be based on LEA-wide systems for evaluating teachers and principals. These systems must be based, in significant part, on student growth (see Absolute Priority 2). In addition, a grantee's systems for evaluating teacher and principal effectiveness must include multiple observations and other criteria as well (see Absolute Priority 2).

Moreover, the PBCSs that grantees develop must be part of a participating local educational agency's (LEA's) human capital management system (HCMS) that uses educator evaluation data to inform a variety of human capital decisions, such as recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion (see Absolute Priority 1). The evaluation systems that LEAs use to award performance-based compensation to teachers and principals will also provide key information that LEAs can use to develop recruitment strategies for high-need schools, identify educators for advancement, and tailor professional development for teachers and principals in a manner that can promote a more effective workforce. It is for this reason that the priorities, requirements, definitions, and selection criteria that govern the TIF program focus on (1) establishing a PBCS that is sustainable and informed by LEA-wide teacher and principal evaluation systems, and (2) using teacher and principal evaluations to inform decisions within an LEA's HCMS, of which the PBCS is a part.

Competition Highlights

The PBCSs funded through these competitions must conform to the definition of a PBCS set forth in the "Definitions" section of the NIA. Applicants are encouraged to review this definition carefully to ensure that the PBCS they describe in their applications conforms to this definition. The definition makes clear, for example, that a PBCS can only provide additional compensation to educators who are deemed effective under the evaluation systems described in the application. It also gives applicants flexibility in designing the basic features of their PBCS. The definition establishes other PBCS requirements that applicants need to understand.

While a PBCS is a central component of any project funded through these competitions, the competition rules do not require that a PBCS operate on an LEA-wide basis. At a minimum,

however, a proposed PBCS must operate in the high-need schools listed in response to Requirement 3.

Further, applicants should carefully review the requirements that affect their eligibility for these competitions. For example, although state educational agencies (SEAs) are eligible applicants, they may only apply with one or more LEAs. Further, any application involving two or more eligible applicants is a group application, and all group applications must include a Memorandum of Understanding (MOU) or other binding agreement that sets forth the responsibilities of the group members. Compliance with the application requirements, including requirements related to the submission of high-need school documentation, is critical to ensure that an application is eligible for the funds available through these competitions.

Another feature to highlight is the fact that this application package is relevant to two TIF competitions – the General TIF Competition and the TIF Competition with a Focus on STEM. The priorities, requirements, definitions, and selection criteria that apply to the General TIF Competition will also apply to the TIF Competition with a Focus on STEM. Through this approach, the Department intends to ensure that all applicants propose to undertake comprehensive and sustainable reforms to improve the educator workforce. Building on this common foundation, applications for the TIF Competition with a Focus on STEM will address Priority 3, which requires a plan for improving instruction in STEM subjects through various components of the LEA's HCMS, including its professional development, evaluation systems, and PBCS. The plan described in response to Absolute Priority 3 will be scored using an additional selection criterion designed only for the TIF Competition with a Focus on STEM.

The FY 2012 TIF competitions include two competitive preference priorities. Some applicants to both the General TIF Competition and the TIF Competition with a Focus on STEM may qualify for Competitive Preference Priorities 4 and 5. The Department will give competitive preference to an application depending on how well the application meets one or more of these competitive preference priorities.

Finally, applicants should become familiar with the requirements related to the costs that can be supported with funds from the FY 2012 TIF competitions. While TIF funds can be used to develop or improve systems and tools that benefit the entire LEA, they can only support the costs of providing performance-based compensation under their PBCS and professional development in the high-need schools listed in response to Requirement 3. Applicants should ensure that their proposed budgets conform to these and other "use of funds" requirements. The Department strongly encourages applicants to read the Frequently Asked Questions (FAQs) in this application package for further guidance on "use of funds".

Competition Information

General Competition and STEM Competition

The Department is holding two separate competitions: a General TIF Competition (84.374**A**) and a TIF Competition with a Focus on STEM (84.374**B**). Applicants must identify in their project abstract (Part 3 of the application) the competition for which they are applying.

Applicants applying for the General TIF Competition -- CFDA# 84.374A

- Applicants to the General TIF Competition must respond to the following:
  - Absolute Priority 1
  - Absolute Priority 2
  - All of the program requirements, and
  - Selection Criteria (a) through (f)
- General TIF Competition applicants **do not** need to respond to Absolute Priority 3 or Selection Criteria (g)
- Applicants applying to the General TIF Competition must submit their application under CFDA# 84.374**A**

Applicants applying for the TIF Competition with a Focus on STEM -- CFDA# 84.374B

- Applicants to the TIF Competition with a Focus on STEM must respond to the following:
  - Absolute Priority 1
  - Absolute Priority 2
  - Absolute Priority 3
  - All of the program requirements, and
  - All of the Selection Criteria (Selection Criteria (a) through (g))
- Applicants applying to the TIF Competition with a Focus on STEM must submit their application under CFDA# 84.374**B**

IMPORTANT NOTE:

Under Requirement 5, **LEAs** may apply to only one competition. Furthermore, for whichever competition it chooses, an LEA can be part of only one application.

SEAs may apply to both competitions, but, for each competition, they may apply as part of only one group application. Because an LEA can only submit one application, the LEAs included in any group application for one competition must be different than the LEAs included in the group application for the other competition.

Nonprofit organizations may apply to both competitions as part of different group applications. Additionally, for each competition, nonprofit organizations may be part of more than one group application. However, because an LEA may submit only one application, the LEAs included in one such group application must be different than the LEAs included in any other such group application.

Eligibility Criteria

In this section, information is provided on the entities that are eligible to apply for funds, as well as the absolute priorities and requirements each eligible entity must meet in order to be considered for funding for these competitions. An applicant that is eligible to apply to the FY 2012 TIF competitions based on its entity classification (e.g., the applicant is a local educational agency (LEA) or nonprofit organization) would not be considered for funding if the Department finds that it fails to meet an absolute priority or a requirement set forth in the NIA. For this reason, we strongly encourage each applicant to respond carefully and fully to each absolute priority that applies to the respective competitions and to each requirement.

Eligible applicants for the TIF program include:

(a) Local educational agencies (LEAs), including charter schools that are LEAs.
(b) States (SEAs) that apply with one or more LEAs.
(c) Non-profit organizations that apply in partnership with (i) one or more LEAs; or (ii) one or more LEAs *and* an SEA.

Local Educational Agencies (LEAs), Intermediary Units, and Charter Schools

LEAs

LEAs can apply independently or in a partnership with one or more LEAs, SEAs or non-profit organizations. The only eligible entity that may apply as a single applicant (i.e., that does not have to be part of a group application) is an LEA.

Intermediary Units

Intermediary units that are considered LEAs under State law are eligible to apply independently or in a partnership with one or more LEAs, SEAs or non-profit organizations. However, if the intermediary unit does not itself develop and implement educator evaluation systems and a related human capital

management system (HCMS) for all teachers and principals who work in the LEAs in which the TIF project would focus, it would need to apply as a group applicant with at least one LEA that does develop and implement such systems. In this case the focus of the project would be on assisting the LEA(s) that would be implementing the educator evaluation systems and related HCMS (including the LEA's PBCS).

Charter Schools

Charter schools that are considered LEAs in their State are eligible to apply. As indicated on the Electronic Application Submission Checklist, they should attach to their application a letter from their authorized chartering agency or SEA that confirms their status as an LEA.

Note: Under Requirement 3(a), the LEA must list in its application each high-need school in which it will implement the TIF-funded PBCS. Thus, if an LEA has no high-need schools, it cannot satisfy Requirement 3(a). Failure to meet the requirements of any absolute priority or requirement makes the applicant ineligible, on its own or as part of a group, for funding through the FY 2012 competitions.

States (SEAs)

Under paragraph (c) of Requirement 4 of the NIA, SEAs are required to apply with at least one LEA located in the same State as the SEA. Thus, an SEA must always apply as part of a group application (i.e., an application involving two or more eligible entities), and must submit an MOU. A sample MOU for Group Applicants is included in Appendix 1 of this application package. Such an applicant must identify the LEA(s) in which the project would be implemented. An SEA that does not include in its application at least one LEA from the same State is not eligible to apply for TIF funds.

Non-Profit Organizations

Under paragraph (b) of Requirement 4 of the NIA, a nonprofit organization must always apply as part of a group application (i.e., an application involving two or more eligible entities). Under the TIF authorizing statute, a nonprofit organization must always apply as part of a partnership involving one or more LEAs or one or more SEAs, or both, and must submit an MOU. A sample MOU for Group Applicants is included in Appendix 1 of this application package.

Requirement 4 further affects the eligibility of nonprofit organizations: If a nonprofit organization applies with one or more SEAs, then it also must follow the requirements for SEAs and must apply with at least one LEA located in the same state as each of those SEAs, because under paragraph (c) of Requirement 4, SEAs must apply with one or more LEA(s).

Current TIF Grantees

Generally, current TIF grantees are eligible to apply for FY 2012 TIF funds. However, they are subject to special restrictions on the costs that any new TIF funds can support. These restrictions are described in Requirement 7, which is set forth in the NIA and the "Application Requirements" section of this application package. Under this requirement, a current TIF grantee that is otherwise an eligible entity may apply for FY 2012 TIF funds if its application provides an assurance that, if successful, the grantee will use such grant funds only to implement the PBCS and provide professional development in the high-need schools that are not served, as of the beginning of the FY 2012 project period or later, by an existing TIF grant. Thus, for example, if a current LEA grantee will be using current grant funds to provide a PBCS in all of its high-need schools when the FY 2012 grant period begins or later, it would not be eligible to receive a new award in the FY 2012 competitions.

Past TIF Grantees

Generally, an applicant that has had a TIF grant in the past is eligible to compete for FY 2012 TIF funds.

Group Applications

A group application is an application from two or more eligible entities and must submit an MOU. A sample MOU for Group Applicants is included in Appendix 1 of this application package. Such an application may be any of the following:

1. Any application from two or more LEAs.

2. Any application that includes one or more SEAs. (Because, under Requirement 4, an SEA must apply with one or more LEAs, an SEA must always apply as part of a group application that also involves at least one LEA.)

3. Any application that includes a nonprofit organization. (Because, under Requirement 4 and the TIF statute, a nonprofit organization may apply only with one or more LEAs or with one or more LEAs and an SEA, a nonprofit organization must always apply as part of a group application.)

Group applicants should thoroughly review the special requirements that apply to group applications.

The TIF authorizing statute refers to partnerships when speaking of group applications that include a nonprofit organization as one of the partners. Thus, a partnership

application is a special type of group application that has a nonprofit organization as one of its members. Partnership applications must follow the same application rules as all other group applications.

As the chart in Appendix 2 illustrates, the possible combinations of members in any group application are as follows:

- 2 or more LEAs
- One or more SEAs and one or more LEAs
- One or more nonprofit organizations and one or more LEAs (no SEA)
- One or more nonprofit organizations and one or more LEAs and one or more SEAs

There are no limits on the number of SEAs, LEAs, or nonprofit organizations that may participate in a group application.

IMPORTANT NOTE: Applicants should review the applicable sections of the Frequently Asked Questions (FAQs) in Appendix 3 of this application package for more information about eligibility and group applications. In order to be eligible for receiving an award under these competitions, applicants must also meet any absolute priorities and application requirements set forth in the NIA. The priorities and application requirements are also included in the "Competition Priorities" and "Application Requirements" sections of this application package.

AWARD INFORMATION

Estimated Available Funds: $284,461,350

Estimated Range of Awards: $500,000 - $12,000,000 for the first year of the project. Funding for the second through fifth years is subject to the availability of funds and the approval of continuation awards (see 34 CFR 75.253).

Estimated Average Size of Awards: $10,000,000 for the first year of the project. Funding for the second through fifth years is subject to the availability of funds and the approval of continuation awards (see 34 CFR 75.253).

Estimated Number of New Awards Anticipated: 30

Project Period: Up to 60 months

DEADLINES AND SUBMISSION

Notice of Intent to Apply deadline: June 26, 2012.

We will be able to develop a more efficient process for reviewing grant applications if

we have a better understanding of the number of applications that we will receive. Therefore, we strongly encourage each potential applicant to send an e-mail notice of its intent to apply for funding by June 26, 2012. The notice of intent to apply is optional; you still may submit an application if you have not notified us of your intention to apply. Send the e-mail to TIF4@ed.gov with "Intent to Apply" in the e-mail subject line. In the body of the email, identify if you will apply for the General TIF Competition (84.374A) or the TIF Competition with a Focus on STEM (84.374B).

Final application deadline: July 27, 2012.

Applications must be submitted on or before the deadline date. Please note that the Department's grant application deadlines are 4:30:00 p.m. Washington, D.C. time. Late applications will not be accepted. *We strongly suggest that you submit your application several days before the deadline.* The Department is required to enforce the established deadline to ensure fairness to all applicants. No changes or additions to an application will be accepted after the deadline date and time.

Applications must be submitted electronically using Grants.gov. See "Application Submission Procedures" for information on how to submit applications electronically.

Review and Selection Process

The Department will screen applications submitted in accordance with the requirements set forth in the NIA and will determine which applications are eligible to be read by reviewers based on whether they have met eligibility and other requirements established by the statute and the NIA.

The Department intends to use independent reviewers from various backgrounds and professions, including those with expertise in: human capital decision making, teacher quality, data management and analysis, performance-based compensation, educational policy, science, technology, engineering or mathematics education, teaching/school leadership; and/or program evaluation. The Department will thoroughly screen all reviewers for conflicts of interest to ensure a fair and competitive review process.

Project Period

The project period for this grant is up to 60 months. Budgets should be developed for this entire project period. However, awards are made for a single budget period at a time, and that period is generally 12 months. The project period start date is expected to be October 1, 2012.

Following the initial award, any subsequent awards are known as "continuation awards," which are contingent on the level of Congressional appropriations for TIF. In making a continuation award, the Secretary may consider, under 34 CFR 75.253, the extent to which a grantee has

made "substantial progress toward meeting the objectives in its approved application." This consideration includes the review of a grantee's progress in meeting the targets and projected outcomes in its approved application, and whether the grantee has expended funds in a manner that is consistent with its approved application and budget. In making a continuation grant, the Secretary also considers whether the grantee is operating in compliance with the assurances in its approved application, including those applicable to Federal civil rights laws that prohibit discrimination in programs or activities receiving Federal financial assistance from the Department (34 CFR 100.4, 104.5, 106.4, 108.8, and 110.23).

COMPETITION PRIORITIES

The TIF application includes absolute and competitive preference priorities. In the case of an absolute priority, the Department will only approve applications that meet the absolute priority. In the case of a competitive preference priority, the Department will give competitive preference to an application by awarding additional points, depending on how well the application meets one or more of these competitive preference priorities.

The following two absolute priorities apply to **both** the General TIF Competition and the TIF Competition with a Focus on STEM. Under 34 CFR 75.105 (c)(3) we will **only** approve applications that meet the applicable absolute priorities.

Priority 1 (Absolute): An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center.

To meet this priority, the applicant must include, in its application, a description of its LEA-wide HCMS, as it exists currently and with any modifications proposed for implementation during the project period of the grant. The application must describe—

(1) How the HCMS is or will be aligned with the LEA's vision of instructional improvement;

(2) How the LEA uses or will use the information generated by the evaluation systems it describes in its application to inform key human capital decisions, such as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion;

(3) The human capital strategies the LEA uses or will use to ensure that high-need schools are able to attract and retain effective educators; and

(4) Whether or not modifications are needed to an existing HCMS to ensure that it includes the features described in response to paragraphs (1), (2), and (3) of this priority, and a timeline for implementing the described features, provided that the use

of evaluation information to inform the design and delivery of professional development and the award of performance-based compensation under the applicant's proposed PBCS in high-need schools begins no later than the third year of the grant's project period in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

Note: TIF funds can be used to support the costs of the systems and strategies described under this priority, Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM), and Priority 5--An Educator Salary Structure Based on Effectiveness only to the extent allowed under Requirement 6--Use of TIF Funds to Support the PBCS.

Priority 2 (Absolute): LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth.

To meet this priority, an applicant must include, as part of its application, a plan describing how it will develop and implement its proposed LEA-wide educator evaluation systems. The plan must describe—

(1) The frequency of evaluations, which must be at least annually;

(2) The evaluation rubric for educators that includes at least three performance levels and the following—

(i) Two or more observations during each evaluation period;
(ii) Student growth, which for the evaluation of teachers with regular instructional responsibilities must be growth at the classroom level; and
(iii) Additional factors determined by the LEA;

(3) How the evaluation systems will generate an overall evaluation rating that is based, in significant part, on student growth; and

(4) The applicant's timeline for implementing its proposed LEA-wide educator evaluation systems. Under the timeline, the applicant must implement these systems as the LEA's official evaluation systems for assigning overall evaluation ratings for at least a subset of educators or schools no later than the beginning of the second year of the grant's project period. The applicant may phase in the evaluation systems by applying them, over time, to additional schools or educators so long as the new evaluation systems are the official evaluation systems the LEA uses to assign overall evaluation ratings for all educators within the LEA no later than the beginning of the third year of the grant's project period.

In addition to Absolute Priority 1 and 2, applicants for the TIF Competition with a Focus on STEM must meet Absolute Priority 3.

Priority 3 (Absolute): Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM).

To meet this priority, an applicant must include a plan in its application that describes the applicant's strategies for improving instruction in STEM subjects through various components of each participating LEA's HCMS, including its professional development, evaluation systems, and PBCS. At a minimum, the plan must describe—

(1) How each LEA will develop a corps of STEM master teachers who are skilled at modeling for peer teachers pedagogical methods for teaching STEM skills and content at the appropriate grade level by providing additional compensation to teachers who—

(i) Receive an overall evaluation rating of effective or higher under the evaluation system described in the application;
(ii) Are selected based on criteria that are predictive of the ability to lead other teachers;
(iii) Demonstrate effectiveness in one or more STEM subjects; and
(iv) Accept STEM-focused career ladder positions;

(2) How each LEA will identify and develop the unique competencies that, based on evaluation information or other evidence, characterize effective STEM teachers;

(3) How each LEA will identify hard-to-staff STEM subjects, and use the HCMS to attract effective teachers to positions providing instruction in those subjects;

(4) How each LEA will leverage community support, resources, and expertise to inform the implementation of its plan;

(5) How each LEA will ensure that financial and non-financial incentives, including performance-based compensation, offered to reward or promote effective STEM teachers are adequate to attract and retain persons with strong STEM skills in high-need schools; and

(6) How each LEA will ensure that students have access to and participate in rigorous and engaging STEM coursework.

Some applicants to both the General TIF Competition and the TIF Competition with a Focus on STEM also may qualify for Competitive Preference Priorities 4 and 5. Under 34 CFR 75.105 (c)(2)(i) we may award up to an additional 30 points to an application, depending on how well the application meets one or more of these competitive preference priorities.

Priority 4 (Competitive Preference): New or Rural Applicants to the Teacher Incentive Fund (Up to 10 total points).

To meet this priority, an applicant must provide at least one of the two following assurances, which the Department accepts:

(a) An assurance that each LEA to be served by the project has not previously participated in a TIF-supported project.

(b) An assurance that each LEA to be served by the project is a rural local educational agency (as defined in this notice).

Note: An applicant that proposes to serve only LEAs that have not previously participated in a TIF-supported project may earn 6 points. An applicant that proposes to serve only rural LEAs may earn 10 points. An applicant may not receive more than 10 points under this priority. In other words, an applicant that meets both paragraph (a) and (b) of this priority may receive no more than 10 total points.

Priority 5 (Competitive Preference): An Educator Salary Structure Based on Effectiveness (up to 20 additional points).

To meet this priority, an applicant must propose, as part of its PBCS, a timeline for implementing no later than in the fifth year of the grant's project period a salary structure based on effectiveness for both teachers and principals. As part of this proposal, an applicant must describe—

(a) The extent to which and how each LEA will use overall evaluation ratings to determine educator salaries;

(b) How each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to Requirement 3(a); and

(c) The extent to which the proposed implementation is feasible, given that implementation will depend upon stakeholder support and applicable LEA-level policies.

Note: To meet Priority 2 (Absolute)-- LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, an applicant must implement its proposed PBCS in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools by the beginning of the third year of the grant's project period. If the timeline for implementing the salary structure proposed under this Priority 5 does not meet that deadline, the applicant must describe, under Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel, a proposed PBCS that the LEA will implement until the proposed salary structure is implemented.

APPLICATION REQUIREMENTS

These requirements are in addition to the statutory requirements that apply to the program and any priorities, definitions, and selection criteria included in this application package and the NIA.

> **NOTE:** Additional background information about these requirements or definitions will be included in the FAQs, the Notice of Final Priorities (NFP), Requirements, Definitions, and Selection Criteria, and the NIA published in the *Federal Register*. These notices are included in the "Legal and Regulatory Information" section of this application package.

All of the following requirements apply to **both** the General TIF Competition and TIF Competition with a Focus on STEM. **In order to be eligible for either competition**, applicants must address each of the items below.

Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel.

In its application, an applicant must describe, for each participating LEA, how its proposed PBCS will meet the definition of a PBCS set forth in this notice.

> **Note:** The following charts illustrate how an applicant can design its PBCS to meet the definition of a PBCS. Chart 1 describes the two types of design models that meet the statutory requirements. Chart 2 identifies additional optional features that could be implemented as part of a PBCS. To ensure that funded applications reflect a diversity of PBCSs, the Secretary reserves the right to fund a sufficient number of high-quality Design Model 1 and Design Model 2 projects, as shown in Chart 1.

Chart 1. PBCS Design Options to Meet Statutory Requirements.

Design Model	Mandatory Elements
1* *Corresponds to paragraph (a)(1) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers and principals who receive an overall rating of effective or higher under the evaluation systems described in the application. (2) Of those teachers and principals eligible for compensation under paragraph (1), additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles (as defined in this notice).

2* *Corresponds to paragraph (a)(2) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers who receive an overall rating of effective or higher under the evaluation system described in the application and who take on career ladder positions (as defined in this notice). (2) Additional compensation for one or both of the following: (A) Principals who receive an overall rating of effective or higher under the evaluation system described in the application, or (B) Principals who receive an overall rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles (as defined in this notice).

Chart 2. PBCS Optional Features.

	Optional Elements
Compensation for Transfers to High-Need Schools	Proposed PBCS provides additional compensation for educators (which at the applicant's option may be for teachers or principals or both) who receive an overall rating of effective or higher under the evaluation systems described in the application or under comparable evaluation systems in another LEA, and who either: (1) Transfer to a high-need school from a school of the LEA that is not high-need, or (2) For educators who previously worked in another LEA, are hired to work in a high-need school.
Compensation for Other Personnel	Proposed PBCS provides additional compensation for other personnel, who are not teachers or principals, based on performance standards established by the LEA so long as those standards, in significant part, include student growth, which may be school-level student growth.

Requirement 2--Involvement and Support of Teachers and Principals.

In its application, the applicant must include—

(a) Evidence that educators in each participating LEA have been involved, and will continue to be involved, in the development and implementation of the PBCS and evaluation systems described in the application;

(b) A description of the extent to which the applicant has educator support for the proposed PBCS and educator evaluation systems; and

(c) A statement indicating whether a union is the exclusive representative of either teachers or principals in each participating LEA.

Note: It is the responsibility of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of collective bargaining agreements, memoranda of understanding, or other agreements between these employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. In the event that a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project).

Requirement 3 -- Documentation of High-Need Schools.

Each applicant must demonstrate, in its application, that the schools participating in the implementation of the TIF-funded PBCS are high-need schools (as defined in this notice), including high-poverty schools (as defined in this notice), priority schools (as defined in this notice), or persistently lowest-achieving schools (as defined in this notice). Each applicant must provide, in its application--

(a) A list of high-need schools in which the proposed TIF-supported PBCS would be implemented;

(b) For each high-poverty school listed, the most current data on the percentage of students who are eligible for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or are considered students from low-income families based on another poverty measure that the LEA uses (see section 1113(a)(5) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 U.S.C. 6313(a)(5))). Data provided to demonstrate eligibility as a high-poverty school must be school-level data; the Department will not accept LEA- or State-level data for purposes of documenting whether a school is a high-poverty school; and

(c) For any priority schools listed, documentation verifying that the State has received approval of a request for ESEA flexibility, and that the schools have been identified by the State as priority schools.

Requirement 4--SEA and Other Group Applications.

(a) Applications from the following are group applications:
(1) Any application from two or more LEAs.
(2) Any application that includes one or more SEAs.
(3) Any application that includes a nonprofit organization.

(b) An applicant that is a nonprofit organization must apply in a partnership that includes one or more LEAs, and must identify in the application the LEA(s) and any SEA(s) with which the proposed project would be implemented.

(c) An applicant that is an SEA must apply for a grant under this program as part of a group application that includes one or more LEAs in the same State as the SEA, and must identify in the application the LEA(s) in which the project would be implemented.

(d) All group applications must include a Memorandum of Understanding (MOU) or other binding agreement signed by all of the members of the group. At a minimum, the MOU or other agreement must include--

(1) A commitment by each participating LEA to implement the HCMS, including the educator evaluation systems and the PBCS, described in the application;
(2) An identification of the lead applicant;
(3) A description of the responsibilities of the lead applicant in managing any grant funds and ensuring overall implementation of the proposed project as described in the application if approved by the Department;
(4) A description of the activities that each member of the group will perform; and
(5) A statement binding each member of the group to every statement and assurance made in the application.

(e) In any group application identified in paragraph (a) of this requirement, each entity in the group is considered a grantee.

Requirement 5--Limitations on Multiple Applications.

(a) An LEA applicant may participate in no more than one application in any fiscal year.

(b) An SEA applicant may participate in no more than one group application for the General TIF Competition, and no more than one group application for the TIF Competition with a Focus on STEM in any fiscal year.

(c) A nonprofit organization applicant may participate in one or more group applications for the General TIF Competition, and in one or more applications for the TIF Competition with a Focus on STEM, in any fiscal year.

Requirement 6--Use of TIF Funds to Support the PBCS.

(a) LEA-wide Improvements to Systems and Tools. TIF funds may be used to develop and improve systems and tools that support the PBCS and benefit the entire LEA.

(b) Performance-based Compensation and Professional Development.

(1) High-Need Schools. TIF funds may be used to provide performance-based compensation and related professional development in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools. TIF funds may not be used to provide performance-based compensation or related professional development in schools other than those high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

(2) PBCSs. TIF funds may be used to compensate educators only when the compensation is provided as part of the LEA's PBCS, as described in the application.

(3) For Additional Responsibilities and Leadership Roles. When a proposed PBCS provides additional compensation to effective educators who take on additional responsibilities and leadership roles, TIF funds may be used for either the entire amount of salary for career ladder positions, or for salary augmentations (i.e., an additional amount of compensation over and above what the LEA would otherwise pay the effective teacher), or both. TIF-funds may be used to fund additional compensation for additional responsibilities and leadership roles up to the cost of 1 full-time equivalent position for every 12 teachers, who are not in a career ladder position, located in the high-need schools listed in response to Requirement 3(a).

(c) Other Permissible Types of Compensation. Nothing in this requirement precludes the use of TIF funds to compensate educators who are hired by a grantee to administer or implement the TIF-supported PBCS, or to compensate educators who attend TIF-supported professional development outside their official duty hours, or to develop or improve systems and tools needed to support the PBCS.

Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants.

Each applicant must provide an assurance, in its application, that, if successful under this competition, it will use the grant award to implement the proposed PBCS and professional development only in high-need schools that are not served, as of the beginning of the grant's project period or as planned in the future, by an existing TIF grant.

DEFINITIONS

Additional responsibilities and leadership roles means:

(a) In the case of teachers, meaningful school-based responsibilities that teachers may voluntarily accept to strengthen instruction or instructional leadership in a systemic way, such as additional responsibilities related to lesson study, professional development, and peer evaluation, and may also include career ladder positions.

(b) In the case of principals, additional responsibilities and leadership roles that principals may voluntarily accept, such as a position in which an effective principal coaches a novice principal.

Career ladder positions means school-based instructional leadership positions designed to improve instructional practice, which teachers may voluntarily accept, such as positions described as master teacher, mentor teacher, demonstration or model teacher, or instructional coach, and for which teachers are selected based on criteria that are predictive of the ability to lead other teachers.

Educators means teachers and principals.

High-need school means:

(a) A high-poverty school, or

(b) A persistently lowest-achieving school, or

(c) In the case of States that have received the Department's approval of a request for ESEA flexibility, a priority school.

High-poverty school means a school with 50 percent or more of its enrollment from low-income families, based on eligibility for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act, or other poverty measures that LEAs use (see section 1113(a)(5) of the ESEA (20 U.S.C. 6313(a)(5)). For middle and high schools, eligibility may be calculated on the basis of comparable data from feeder schools. Eligibility as a high-poverty school under this definition is determined on the basis of the most currently available data.

Human capital management system (HCMS) means a system by which an LEA makes and implements human capital decisions, such as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion.

Other personnel means school-based personnel who are not serving in a teacher or principal position. Other personnel may include, for example, school counselors, media specialists, or para-educators.

Performance-based compensation system (PBCS) means a system that:

(a) Provides additional compensation for teachers and principals in one of the following circumstances--

(1)(i) Design Model 1. Additional compensation for teachers and principals who receive an overall evaluation rating of effective or higher under the evaluation systems described in the application; and

(ii) Of those teachers and principals eligible for compensation under paragraph (a)(1)(i) of this definition, additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles; or

(2)(i) Design Model 2. Additional compensation for teachers who receive an overall evaluation rating of effective or higher under the evaluation system described in the application and who take on career ladder positions; and

(ii) Additional compensation for (A) principals who receive an overall evaluation rating of effective or higher under the evaluation system described in the application, or (B) principals who receive an overall evaluation rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles.

(b) May provide the following compensation:

(1) Additional compensation for educators (which at the applicant's option may be for teachers or principals or both) who receive an overall evaluation rating of effective or higher under the evaluation systems described in the application or under comparable evaluation systems in another LEA, and who either: (i) transfer to a high-need school from a school of the LEA that is not high-need, or, (ii) for educators who previously worked in another LEA, are hired to work in a high-need school.

(2) Additional compensation for other personnel, who are not teachers or principals, based on performance standards established by the LEA so long as those standards, in significant part, include student growth, which may be school-level student growth.

Persistently lowest-achieving school means, as determined by the State:

(i) Any Title I school in improvement, corrective action, or restructuring that--

(a) Is among the lowest-achieving five percent of Title I schools in improvement, corrective action, or restructuring or the lowest-achieving five Title I schools in improvement, corrective action, or restructuring in the State, whichever number of schools is greater; or
(b) Is a high school that has had a graduation rate as defined in 34 CFR 200.19(b) that is less than 60 percent over a number of years; and

(ii) Any secondary school that is eligible for, but does not receive, Title I funds that—

(a) Is among the lowest-achieving five percent of secondary schools or the lowest-achieving five secondary schools in the State that are eligible for, but do not receive, Title I funds, whichever number of schools is greater; or
(b) Is a high school that has had a graduation rate as defined in 34 CFR 200.19(b) that is less than 60 percent over a number of years.
To identify the persistently lowest achieving schools, a State must take into account both:

(i) The academic achievement of the "all students" group in a school in terms of proficiency on the State's assessments under section 1111(b)(3) of the ESEA in reading/language arts and mathematics combined; and
(ii) The school's lack of progress on those assessments over a number of years in the "all students" group.

Principal means any person who meets the definition of that term under State or local law. At an LEA's discretion, it may also include an assistant or vice principal or a person in a position that contributes to the organizational management or instructional leadership of a school.

Priority school means a school that has been identified by the State as a priority school pursuant to the State's approved request for Elementary and Secondary Education Act (ESEA) flexibility.

Rural local educational agency means an LEA that is eligible under the Small Rural School Achievement program or the Rural and Low-Income School program authorized under Title VI, Part B of the ESEA. Applicants may determine whether a particular LEA is eligible for these programs by referring to information on the Department's Web site at http://www2.ed.gov/nclb/freedom/local/reap.html.

Student growth means the change in student achievement for an individual student between two or more points in time. For the purpose of this definition, student achievement means--

(a) For grades and subjects in which assessments are required under section 1111(b)(3) of ESEA: (1) a student's score on such assessments and may include (2) other measures of student learning, such as those described in paragraph (b) of this definition, provided those measures are rigorous and comparable across schools within an LEA.

(b) For grades and subjects in which assessments are not required under section 1111(b)(3) of ESEA: alternative measures of student learning and performance such as student results on pre-tests, end-of-course tests, and objective performance-based assessments; student learning objectives; student performance on English language proficiency assessments; and other measures of student achievement that are rigorous and comparable across schools within an LEA.

Teacher means any person who meets the definition of that term under State or local law.

Vision of instructional improvement means a summary of the key competencies and behaviors of effective teaching that an LEA views as necessary to produce high levels of student achievement, as well as how educators acquire or improve these competencies and behaviors.

Program Authority: The Department of Education Appropriations Act, 2012 (Division F, Title III of Public Law 112-74).

Applicable Regulations:

(a) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 77, 79, 80, 81, 82, 84, 86, 97, 98, and 99.

(b) The Education Department suspension and debarment regulations in 2 CFR part 3485.

(c) The notice of final priorities, requirements, definitions, and selection criteria for this program, published elsewhere in this issue of the Federal Register.

Note: The regulations in 34 CFR part 79 apply to all applicants except federally recognized Indian tribes.

Note: The regulations in 34 CFR part 86 apply to institutions of higher education only.

SELECTION CRITERIA

The maximum score for all of the **General TIF Competition** selection criteria is 200 points. The maximum score for the **TIF Competition with a Focus on STEM** is 225 points. The points or weights assigned to each criterion are indicated in parentheses. Non-Federal peer reviewers will review each application. They will be asked to evaluate and score each program narrative against the following selection criteria.

Selection Criteria **(a) through (f) apply to both** the General TIF Competition and the TIF Competition with a Focus on STEM. *(Selection Criteria (g) applies only to applicants applying to the TIF Competition with a Focus on STEM)*

(a) <u>A Coherent and Comprehensive Human Capital Management System (HCMS)</u>. (45 points)

We will consider the quality and comprehensiveness of each participating LEA's HCMS as described in the application. In determining the quality of the HCMS, as it currently exists and as the applicant proposes to modify it during the grant period, we will consider the extent to which the HCMS described in the application is--

(1) Aligned with each participating LEA's clearly described vision of instructional improvement (10 points); and

(2) Likely to increase the number of effective educators in the LEA's schools, especially in high-need schools, as demonstrated by (35 points)—

(i) The range of human capital decisions for which the applicant proposes to consider educator effectiveness – based on the educator evaluation systems described in the application.
(ii) The weight given to educator effectiveness--based on the educator evaluation systems described in the application--when human capital decisions are made;
(iii) The feasibility of the HCMS described in the application, including the extent to which the LEA has prior experience using information from the educator evaluation systems described in the application to inform human capital decisions, and applicable LEA-level policies that might inhibit or facilitate modifications needed to use educator effectiveness as a factor in human capital decisions;
(iv) The commitment of the LEA's leadership to implementing the described HCMS, including all of its component parts; and
(v) The adequacy of the financial and nonfinancial strategies and incentives, including the proposed PBCS, for attracting effective educators to work in high-need schools and retaining them in those schools.

(b) <u>Rigorous, Valid, and Reliable Educator Evaluation Systems</u>. (35 points)

We will consider, for each participating LEA, the quality of the educator evaluation systems described in the application. In determining the quality of each evaluation system, we will consider the extent to which—

(1) Each participating LEA has finalized a high-quality evaluation rubric, with at least three performance levels (e.g., highly effective, effective, developing, unsatisfactory), under which educators will be evaluated (2 points);

(2) Each participating LEA has presented (4 points)—

(i) A clear rationale to support its consideration of the level of student growth achieved in differentiating performance levels; and
(ii) Evidence, such as current research and best practices, supporting the LEA's choice of student growth models and demonstrating the rigor and comparability of assessments;

(3) Each participating LEA has made substantial progress in developing a high-quality plan for multiple teacher and principal observations, including identification of the persons, by position and qualifications, who will be conducting the observations, the observation tool, the events to be observed, the accuracy of raters in using observation tools and the procedures for ensuring a high degree of inter-rater reliability (13 points);

(4) The participating LEA has experience measuring student growth at the classroom level, and has already implemented components of the proposed educator evaluation systems (4 points);

(5) In the case of teacher evaluations, the proposed evaluation system (6 points) —

(i) Bases the overall evaluation rating for teachers, in significant part, on student growth;
(ii) Evaluates the practice of teachers, including general education teachers and teachers of special student populations, in meeting the needs of special student populations, including students with disabilities and English learners;

(6) In the case of principal evaluations, the proposed evaluation system (6 points) –

(i) Bases the overall evaluation rating on, in significant part, student growth; and
(ii) Evaluates, among other factors, a principal's practice in--
(A) Focusing every teacher, and the school community generally, on student growth;
(B) Establishing a collaborative school culture focused on continuous improvement; and

(C) Supporting the academic needs of special student populations, including students with disabilities and English learners, for example, by creating systems to support successful co-teaching practices, providing resources for research-based intervention services, or similar activities.

(c) Professional Development Systems to Support the Needs of Teachers and Principals Identified Through the Evaluation Process. (35 points)

We will consider the extent to which each participating LEA has a high-quality plan for professional development to help all educators located in high-need schools, listed in response to Requirement 3(a), to improve their effectiveness. In determining the quality of each plan for professional development, we will consider the extent to which the plan describes how the participating LEA will--

(1) Use the disaggregated information generated by the proposed educator evaluation systems to identify the professional development needs of individual educators and schools (8 points);

(2) Provide professional development in a timely way (2 points);

(3) Provide school-based, job-embedded opportunities for educators to transfer new knowledge into instructional and leadership practices (5 points); and

(4) Provide professional development that is likely to improve instructional and leadership practices, and is guided by the professional development needs of individual educators as identified in paragraph (c)(1) of this criterion (20 points).

(d) Involvement of Educators. (35 points)

We will consider the quality of educator involvement in the development and implementation of the proposed PBCS and educator evaluation systems described in the application. In determining the quality of such involvement, we will consider the extent to which—

(1) The application contains evidence that educator involvement in the design of the PBCS and the educator evaluation systems has been extensive and will continue to be extensive during the grant period (10 points); and

(2) The application contains evidence that educators support the elements of the proposed PBCS and the educator evaluation systems described in the application (25 points).

(e) Project Management. (30 points)

We will consider the quality of the management plan of the proposed project. In determining the quality of the management plan, we will consider the extent to which the management

plan—

(1) Clearly identifies and defines the roles and responsibilities of key personnel (3 points);

(2) Allocates sufficient human resources to complete project tasks (5 points);

(3) Includes measurable project objectives and performance measures (5 points); and

(4) Includes an effective project evaluation plan (5 points);

(5) Specifies realistic and achievable timelines for:

(i) Implementing the components of the HCMS, PBCS, and educator evaluation systems, including any proposal to phase in schools or educators (8 points).

(ii) Successfully completing project tasks and achieving objectives (4 points).

(f) <u>Sustainability</u>. (20 points)

We will consider the quality of the plan to sustain the proposed project. In determining the quality of the sustainability plan, we will consider the extent to which the sustainability plan—

(1) Identifies and commits sufficient non-TIF resources, financial and nonfinancial, to support the PBCS and educator evaluation systems during and after the grant period (10 points); and

(2) Is likely to be implemented and, if implemented, will result in a sustained PBCS and educator evaluation systems after the grant period ends (10 points).

Selection criterion (g) applies **only** to the TIF Competition with a Focus on STEM.

(g) <u>Comprehensive Approach to Improving STEM Instruction</u>. (25 points)

To meet Priority 3, we will consider the quality of an applicant's plan for improving educator effectiveness in STEM instruction. In determining the quality of the plan, we will consider the extent to which—

(1) The financial and nonfinancial strategies and incentives, including the proposed PBCS, are adequate for attracting effective STEM educators to work in high-need schools and retaining them in these schools (4 points);

(2) The proposed professional development opportunities—

(a) Will provide college-level STEM skills and content knowledge to STEM teachers while modeling for teachers pedagogical methods for teaching those

skills and that content at the appropriate grade level (4 points); and
(b) Will enable STEM teachers to provide students in high-need schools with increased access to rigorous and engaging STEM coursework appropriate for their grade level, including college-level material in high schools (7 points);

(3) The applicant will significantly leverage STEM-related funds across other Federal, State, and local programs to implement a high-quality and comprehensive STEM plan (7 points); and

(4) The applicant provides evidence (e.g., letters of support) that the LEA has or will develop extensive relationships with STEM experts and resources in industry, academic institutions, or associations to effectively implement its STEM plan and ensure that instruction prepares students to be college-and-career ready (3 points).

Procurement Practices

Applicants that intend to use procurement transactions in implementing proposed projects should be familiar with the requirements in the Education Department General Administrative Regulations (EDGAR) that establish minimum standards for procurement activities of State and local governments (34 C.F.R. § 80.36). Applicants that are non-profit organizations should become familiar with comparable procurement requirements of EDGAR applicable to them in 34 C.F.R. § 74.43 and 34 C.F.R. § 74.44.

For example, as a general matter, 34 C.F.R. § 80.36, and the comparable requirements for non-profits organizations, govern competition in procurement transactions by grantees, including a requirement that all procurement transactions be conducted in a manner "providing full and open competition" consistent with the standards in that regulation. 34 C.F.R. § 80.36(c). Although grantees use "their own procurement procedures which reflect State and local laws and regulations" to the extent those procedures are consistent with the Federal requirements, all TIF grantees must follow the minimum requirements in 34 C.F.R. § 80.36. (See 34 C.F.R. 80.36(b)(1))

The requirements in 34 C.F.R. § 80.36 are designed to protect the competitive procurement process from undue influence, and have been in effect for many years. According to 34 C.F.R. § 80.36(c), all transactions must be conducted in a manner "providing full and open competition" consistent with the standards in the regulation. Several situations are listed in 34 C.F.R. § 80.36(c)(1) that would be considered to be restrictive of competition, although it is important to understand that the list is not exhaustive. Examples include:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Organizational conflicts of interest; and
4. Specifying only a "brand name" product instead of allowing "an equal" product to be offered.

If a vendor has already assisted the applicant in preparing an application for a grant, and subsequently is interested in providing contract services after the applicant receives the grant award, a close examination of all activities is warranted to ensure that the vendor did not act as an agent of the grantee, that the vendor does not have an organizational conflict of interest in the procurement, and that the requirements for full and open competition have not been violated.

Please note that the requirements regarding full and open competition could be violated even if a vendor's participation in the application process were limited and the vendor were not acting as an agent of the grantee. For example, a vendor that provides specifications that are then included in a grant application could have a competitive advantage over other vendors. Grantees should carefully examine all interactions with vendors to ensure that these interactions do not violate the requirement concerning full and open competition.

The grantee is responsible for complying with the procurement requirements in 34 C.F.R. § 80.36, which take precedence over State and local procedures in those cases where the minimum requirements in section 80.36 provide greater protection of the procurement process.

Because grantees must use appropriate procurement procedures to select contractors, an applicant should not preselect specific contractors or vendors, or identify the names of specific contractors or vendors in its grant application. An applicant may include information about the scope of work to be completed by outside contractors and the contractor qualifications; however, it should not pre-identify a specific contractor or enter into an agreement with any contractor(s) until after the grant has been awarded.

Cooperation with Potential Evaluation Studies

The Department is currently considering options for evaluating the activities that would be supported by the grants awarded through these competitions. Under 34 C.F.R. part 75.591, grantees are required to cooperate with any evaluations of Department programs conducted by the Secretary. Should the Department decide to undertake one or more evaluations of activities funded with FY 2012 TIF funds, grantees could be required to cooperate in a variety of ways, including but not limited to the following:

(1) Providing appropriate access by the Department, or its agent, to relevant program and project data (e.g., administrative data, student achievement data, and information on educator evaluation ratings);

(2) Hosting site visits to enable the Department, or its agent, to observe activities related to the educator evaluation process;

(3) Facilitating the collection of information from teachers, principals, and other stakeholders through interviews, focus groups, or surveys.

Reporting and Accountability

Successful applicants must submit an **annual performance report** demonstrating their progress in meeting approved project objectives during the reporting period. Grantees must also provide the most current financial and performance measure data for each year of the project.

At the end of the project period, applicants will also be required to submit a **final performance report**.

Under the Government Performance and Results Act (GPRA), the following performance indicators have been established to evaluate the overall effectiveness of the TIF Program:

> Measure 1. The number of teachers and principals, who are rated at the highest level, at least effective, and not effective, as measured by the district's evaluation system and the number who are not rated.
>
> Measure 2. The number of teachers teaching in a high-need field or subject, such as teaching English learners, students with disabilities, or STEM, who are rated at the highest level, at least effective, and not effective, as measured by the district's evaluation system and the number who are not rated.
>
> Measure 3. The number of teachers and principals who were rated at the highest level, at least effective, and not effective, as measured by the district's evaluation system, and the number who were not rated, in the previous year and who returned to serve in the same high-need school in the LEA.
>
> Measure 4. The number of school districts participating in a TIF grant that use educator evaluation systems to inform the following human capital decisions: recruitment; hiring; placement; retention; dismissal; professional development; tenure; promotion; or all of the above.

For specific requirements on grantee reporting, please go to the ED Performance Report Form 524B at http://www.ed.gov/fund/grant/apply/appforms/appforms.html

Technical Assistance

Pre-Application Webinars

The TIF program office will be hosting a series of Webinar trainings to provide technical assistance to applicants in preparing their applications and to respond to applicant questions. The purpose of the trainings is the to review competition priorities, requirements, and selection criteria with potential applicants, as well as for Department staff to answer questions about the Notice Inviting Applications (NIA) for this competition. The training dates and registration information are available on the TIF Web site website at

http://www2.ed.gov/programs/teacherincentive/applicant.html. Participation in the Webinars is voluntary. For those who are not able to attend, the trainings will be available via a link posted on the TIF Web site website at http://www2.ed.gov/programs/teacherincentive/applicant.html.

To register for the Applicant Training Webinars go to TIFWebinar@seiservices.com. Webinars that will be provided will include the following:

- Grants.gov
- General TIF Competition
- TIF Competition Targeting Rural Applicants
- TIF Competition with a Focus on STEM

Frequently Asked Questions (FAQs)

The Department has also prepared frequently asked questions (FAQs) in order to assist applicants in completing an application. We strongly encourage all applicants to read the FAQs. They are included in the Appendix 3 - FAQs section of this application and are available online at: http://www2.ed.gov/programs/teacherincentive/applicant.html.

Competition Contact Information

All questions regarding the TIF competition should be directed to Miriam Lund at: (202)205-5224 or via e-mail at TIF4@ed.gov. Applicants are asked to review the application package, the NIA, the NFP, and the FAQs in their entirety prior to forwarding questions pertaining to the competition.

Transparency

After awards are made under these competitions, all of the submitted applications, together with reviewer scores and comments for those applications, may be posted on the Department's web site.

Application Submission Procedures

The deadline for submission of TIF program applications through Grants.gov is July 27, 2012.

Application Transmittal Instructions

Attention Electronic Applicants

This program **requires** the electronic submission of applications--specific requirements and instructions can be found in the *Federal Register* notice. Please note that you **must** follow the Application Procedures as described in the *Federal Register* notice announcing these grant competitions.

We will reject your application if you submit it in paper format unless, as described in the *Federal Register* notice for these competitions, you qualify for one of the exceptions to the electronic submission requirement and submit, no later than two weeks before the application deadline date, a written statement to the Department that you qualify for one of these exceptions.

Applications Submitted Electronically

Applications for grants under this program must be submitted electronically using the government-wide site at http://www.Grants.gov. Through this site, you will be able to download a copy of the application package, complete it offline, and then upload and submit your application. You may **not** e-mail an electronic copy of a grant application to us.

Your application must be fully uploaded and submitted and must be date and time stamped by the Grants.gov system **no later than 4:30:00 p.m., Washington, DC time, on the application deadline date.** Except as otherwise noted in *Federal Register* notice for these competitions, we will not consider your application if it is date and time stamped by the Grants.gov system later than 4:30:00 p.m., Washington, DC time, on the application deadline date.

You should review and follow the Education Submission Procedures for submitting an application through Grants.gov that are included in this application package to ensure that you submit your application in a timely manner to the Grants.gov system.

Please note the following:

- You must upload any attachments, including the Project Narrative, in a **.pdf** (Portable Document) format. **If you upload a file type other than a .pdf file, or submit a password-protected file, we will not review that material**.

- Grants.gov cannot process an application that includes two or more files that have the same name within a grant submission.

- When attaching files, applicants should limit the size of their file names. Lengthy file names could result in difficulties with opening and processing your application. We recommend your file names be less than 50 characters. The amount of time it can take to upload an application will vary depending on a variety of factors, including the size of the application and the speed of your Internet connection. Therefore, we strongly recommend that you do not wait until the application deadline date to begin the submission process through Grants.gov.

- We encourage you to follow the page-limit guidelines as described in this application package.

- If you are experiencing problems submitting your application through Grants.gov, please contact the Grants.gov Support Desk, toll free, at 1-800-518-4726. You must obtain a Grants.gov Support Desk Case Number and must keep a record of it.

Exception to Electronic Submission Requirement

IMPORTANT NOTE: According to the instructions found in the *Federal Register* notice, only those requesting and qualifying for an exception to the electronic submission requirement may submit an application via mail, commercial carrier or by hand delivery.

You qualify for an exception to the electronic submission requirement, and may submit your application in paper format, if you are unable to submit an application through the Grants.gov system because—

- You do not have access to the Internet; or

- You do not have the capacity to upload large documents to the Grants.gov system;

And

- No later than two weeks before the application deadline date (14 calendar days or, if the fourteenth calendar day before the application deadline date falls on a Federal holiday, the next business day following the Federal holiday), you mail or fax a written statement to the Department, explaining which of the two grounds for an exception prevent you from using the Internet to submit your application.

If you mail your written statement to the Department, it must be postmarked no later than two weeks before the application deadline date. If you fax your written statement to the

Department, we must receive the faxed statement no later than two weeks before the application deadline date.

Address and mail your statement to:

Miriam Lund
U.S. Department of Education,
400 Maryland Avenue, SW., Room, 3E245,
Washington, DC, 20202-6200

Your paper application must be submitted in accordance with the mail or hand delivery instructions described in the NIA.

Submission of Paper Applications by Mail

If you qualify for an exception to the electronic submission requirement, you may mail (through the U.S. Postal Service or a commercial carrier) your application to the Department. You must mail the original and two copies of your application, on or before the application deadline date, to the Department at the following address:

U.S. Department of Education
Application Control Center
Attention: (CFDA Number 84.374A **or** 84.374B)
LBJ Basement Level 1
400 Maryland Avenue, SW.
Washington, DC 20202-4260

You must show proof of mailing consisting of one of the following:
(1) A legibly dated U.S. Postal Service postmark.
(2) A legible mail receipt with the date of mailing stamped by the U.S. Postal Service.
(3) A dated shipping label, invoice, or receipt from a commercial carrier.
(4) Any other proof of mailing acceptable to the Secretary of the U.S. Department of Education.

If you mail your application through the U.S. Postal Service, we do not accept either of the following as proof of mailing:
(1) A private metered postmark.
(2) A mail receipt that is not dated by the U.S. Postal Service.
If your application is postmarked after the application deadline date, we will not consider your application.

Note: The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, you should check with your local post office.

Submission of Paper Applications by Hand Delivery

If you qualify for an exception to the electronic submission requirement, you (or a courier service) may deliver your paper application to the Department by hand. You must deliver the original and two copies of your application by hand, on or before the application deadline date, to the Department at the following address:

U.S. Department of Education
Application Control Center
Attention: (CFDA Number 84.374**A** **or** 84.374**B**)
550 12th Street, SW.
Washington, DC 20202-4260

The Application Control Center accepts hand deliveries daily between 8:00 a.m. and 4:30:00 p.m., Washington, DC time, except Saturdays, Sundays, and Federal holidays.

Note for Mail or Hand Delivery of Paper Applications

If you mail or hand deliver your application to the Department--

(1) You must indicate on the envelope and--if not provided by the Department--in Item 11 of the SF 424 the CFDA number, including suffix letter, if any, of the competition under which you are submitting your application; and
(2) The Application Control Center will mail to you a notification of receipt of your grant application. If you do not receive this notification within 15 business days from the application deadline date, you should call the U.S. Department of Education Application Control Center at (202) 245-6288.

Submitting Applications with Adobe Reader Software

The Department of Education, working with Grants.gov, is currently moving from using PureEdge software to using Adobe Reader software exclusively and applications submitted to Grants.gov for the Department of Education will be posted using Adobe forms. Applicants will no longer need to use the PureEdge software to create or submit an application.

Please note: The compatible version of Adobe Reader is **required** for viewing, editing and submitting a complete grant application package for the Department of Education through Grants.gov. Applicants should confirm the compatibility of their Adobe Reader version **before** downloading the application. To ensure applicants have a version of Adobe Reader on their computer that is compatible with Grants.gov, applicants are encouraged to use the test package provided by Grants.gov that can be accessed at http://www.grants.gov/applicants/AdobeVersioningTestOnly.jsp.

Important issues to consider:

- If the applicant opened or edited the application package with any software other than the compatible version of Adobe Reader, the application package may contain errors that will be transferred to the new package even if you later download the compatible Adobe Reader version.
- Applicants **cannot** copy and paste data from a package initially opened or edited with an incompatible version of Adobe Reader and will need to download an **entirely new package** using the compatible version of Adobe Reader.
- Some applicants using an incompatible version of Adobe Reader **may have trouble** opening and viewing the application package while others may find they can open, view and complete the application package but **may not be able to submit** the application package through Grants.gov.
- Grants.gov **does not** guarantee to support versions of Adobe Reader that are not compatible with Grants.gov.
- Any and all edits made to the Adobe Reader application package **must** be made with the compatible version of Adobe Reader.

For your convenience, the latest version of Adobe Reader is available for free download at http://www.grants.gov/help/download_software.jsp.

We strongly recommend that you review the information on computer and operating system compatibility with Adobe available at http://www.grants.gov/applicants/applicant_faqs.jsp#software **before** downloading, completing or submitting your application.

Applicants are reminded that they should submit their application a day or two in advance of the closing date as detailed in the Federal Register Notice. If you have any questions regarding this matter please email the Grants.gov Contact Center at support@grants.gov or call 1-800-518-4726.

GRANTS.GOV SUBMISSION PROCEDURES AND TIPS FOR APPLICANTS

To facilitate your use of Grants.gov, this document includes important submission procedures you need to be aware of to ensure your application is received in a timely manner and accepted by the Department of Education.

ATTENTION – Adobe Forms and PDF Files Required

Applications submitted to Grants.gov for the Department of Education will be posted using Adobe forms. Therefore, applicants will need to download the latest version of Adobe reader (at least Adobe Reader 8.1.2). Information on computer and operating system compatibility with Adobe and links to download the latest version is available on Grants.gov. We strongly

recommend that you review these details on www.Grants.gov before completing and submitting your application. In addition, applicants should submit their application a day or two in advance of the closing date as detailed below. Also, applicants are required to upload their attachments in .pdf format only. (See details below under "Attaching Files – Additional Tips.") If you have any questions regarding this matter please email the Grants.gov Contact Center at support@grants.gov or call 1-800-518-4726.

1) **REGISTER EARLY** – Grants.gov registration may take five or more business days to complete. You may begin working on your application while completing the registration process, but you cannot submit an application until all of the Registration steps are complete. For detailed information on the Registration Steps, please go to: http://www.grants.gov/applicants/get_registered.jsp [Note: Your organization will need to update its Central Contractor Registry (CCR) registration annually.]

2) **SUBMIT EARLY** – **We strongly recommend that you do not wait until the last day to submit your application. Grants.gov will put a date/time stamp on your application and then process it after it is fully uploaded.** The time it takes to upload an application will vary depending on a number of factors including the size of the application and the speed of your Internet connection, and the time it takes Grants.gov to process the application will vary as well. If Grants.gov rejects your application (see step three below), you will need to resubmit successfully to Grants.gov before 4:30:00 p.m. Washington, DC time on the deadline date.

   Note: To submit successfully, you must provide the DUNS number on your application that was used when you registered as an Authorized Organization Representative (AOR) on Grants.gov. This DUNS number is typically the same number used when your organization registered with the CCR (Central Contractor Registry). If you do not enter the same DUNS number on your application as the DUNS you registered with, Grants.gov will reject your application.

3) **VERIFY SUBMISSION IS OK** – You will want to verify that Grants.gov received your application submission on time and that it was validated successfully. To see the date/time your application was received, login to Grants.gov and click on the Track My Application link. For a successful submission, the date/time received should be earlier than 4:30:00 p.m. Washington, DC time, on the deadline date, AND the application status should be: Validated, Received by Agency, or Agency Tracking Number Assigned. Once the Department of Education receives your application from Grants.gov, an Agency Tracking Number (PR/award number) will be assigned to your application and will be available for viewing on Grants.gov's Track My Application link.

   If the date/time received is later than 4:30:00 p.m. Washington, D.C. time, on the deadline date, your application is late. If your application has a status of "Received" it is still awaiting validation by Grants.gov. Once validation is complete, the status will either change to "Validated" or "Rejected with Errors." If the status is "Rejected with Errors,"

your application has not been received successfully. Some of the reasons Grants.gov may reject an application can be found on the Grants.gov site: http://www.grants.gov/applicants/applicant_faqs.jsp#54.

For more detailed information on troubleshooting Adobe errors, you can review the Adobe Reader Error Messages document at http://www.grants.gov/assets/AdobeReaderErrorMessages.pdf. If you discover your application is late or has been rejected, please see the instructions below. Note: You will receive a series of confirmations both online and via e-mail about the status of your application. Please do not rely solely on e-mail to confirm whether your application has been received timely and validated successfully.

Submission Problems – What should you do?

If you have problems submitting to Grants.gov before the closing date, please contact Grants.gov Customer Support at 1-800-518-4726 or http://www.grants.gov/contactus/contactus.jsp, or access the Grants.gov Self-Service web portal at: https://grants-portal.psc.gov/Welcome.aspx?pt=Grants

If electronic submission is optional and you have problems that you are unable to resolve before the deadline date and time for electronic applications, please follow the transmittal instructions for hard copy applications in the Federal Register notice and get a hard copy application postmarked by midnight on the deadline date.

If electronic submission is required, you must submit an electronic application before 4:30:00 p.m., unless you follow the procedures in the Federal Register notice and qualify for one of the exceptions to the electronic submission requirement and submit, no later than two weeks before the application deadline date, a written statement to the Department that you qualify for one of these exceptions. (See the Federal Register notice for detailed instructions.)

Helpful Hints When Working with Grants.gov

Please note, once you download an application from Grants.gov, you will be working offline and saving data on your computer. Please be sure to note where you are saving the Grants.gov file on your computer. You will need to logon to Grants.gov to upload and submit the application. **You must provide the DUNS number on your application that was used when you registered as an Authorized Organization Representative (AOR) on Grants.gov.**

Please go to http://www.grants.gov/contactus/contactus.jsp for help with Grants.gov. For additional tips related to submitting grant applications, please refer to the Grants.gov Submit Application FAQs found on the Grants.gov http://www.grants.gov/applicants/submit_application_faqs.jsp.

Dial-Up Internet Connections

When using a dial up connection to upload and submit your application, it can take significantly longer than when you are connected to the Internet with a high-speed connection, e.g. cable modem/DSL/T1. While times will vary depending upon the size of your application, it can take a few minutes to a few hours to complete your grant submission using a dial up connection.

If you do not have access to a high-speed connection and electronic submission is required, you may want to consider following the instructions in the Federal Register notice to obtain an exception to the electronic submission requirement no later than two weeks before the application deadline date. (See the Federal Register notice for detailed instructions.)

MAC Users

For MAC compatibility information, review the Operating System Platform Compatibility Table at the following Grants.gov link: http://www.grants.gov/help/download_software.jsp. **If electronic submission is required and you are concerned about your ability to submit electronically as a non-windows user, please follow instructions in the Federal Register notice to obtain an exception to the electronic submission requirement no later than two weeks before the application deadline date.** (See the Federal Register notice for detailed instructions.)

Attaching Files – Additional Tips

Please note the following tips related to attaching files to your application, especially the requirement that applicants **only include read-only, non-modifiable .PDF files** in their application:

1. Ensure that you attach ***.PDF files only*** for any attachments to your application, and they must be in a **read-only, non-modifiable format**. PDF files are the only Education approved file type accepted as detailed in the Federal Register application notice. Applicants must submit individual .PDF files only when attaching files to their application. Specifically, the Department will not accept any attachments that contain files within a file, such as PDF Portfolio files, or an interactive or fillable .PDF file. Any attachments uploaded that are not .PDF files or are password protected files will not be read. If you need assistance converting your files to a .pdf format, please refer to the following Grants.gov webpage with links to conversion programs under the heading of additional resources: http://www.grants.gov/applicants/app_help_reso.jsp

2. Grants.gov cannot process an application that includes two or more files that have the same name within a grant submission. Therefore, each file uploaded to your application package should have a unique file name.

3. When attaching files, applicants should follow the guidelines established by Grants.gov on the size and content of file names. Uploaded files must be less than 50 characters, contain no spaces, no special characters (example: -, &, *, %, /, #, \) including periods (.), blank spaces and accent marks. Applications submitted that do not comply with the Grants.gov guidelines will be rejected at Grants.gov and not forwarded to the Department.

4. Applicants should limit the size of their file attachments. Documents submitted that contain graphics and/or scanned material often greatly increase the size of the file attachments and can result in difficulties opening the files. For reference, the average discretionary grant application package totals 1 to 2 MB. Therefore, you may want to check the total size of your package before submission.

Application Instructions

Applications for grants under these competitions must be submitted electronically, unless you qualify for an exception to the electronic submission requirement in accordance with the instructions in this application package. For detailed instructions on how to submit a request for exemption on the electronic submission requirement, see the *Federal Register* notice and the "Application Transmittal" section in this application package.

In accordance with EDGAR §75.216 (b) and (c), an application will not be evaluated for funding if the applicant does not comply with all of the procedural rules that govern the submission of the application or the application does not contain the information required under the program.

Important note: Applications submitted to Grants.gov for the Department of Education will be posted using Adobe forms. Therefore, applicants will need to download the latest version of Adobe reader (at least Adobe Reader 8.1.2).

Information on computer and operating system compatibility with Adobe and links to download the latest version is available on Grants.gov. Also, please review the "Submitting Applications with Adobe Reader Software" and "Grants.gov Submission Procedures and Tips for Applicants" sections found within this package for further information and guidance related to this requirement.

We strongly recommend that you review these details on www.Grants.gov before completing and submitting your application. In addition, applicants should submit their application a day or two in advance of the closing date as detailed below. Applicants will no longer need to use the PureEdge software to create or submit an application. If you have any questions regarding this matter please email the Grants.gov Contact Center at support@grants.gov or call 1-800-518-4726.

Instructions for all parts and forms of the application are found either on the following pages of the application package or individually, for each form, on Grants.gov.

Note: Please do not attach any narratives, supporting files, or application components to any forms unless it is specifically required by the instructions for the individual section of the application. Although several forms accept attachments, the Department of Education will only review materials/files attached in accordance with the instructions provided within this application package.

Guidance Regarding the Application Format

Your electronic application should be organized in the format described in the "Electronic Application Submission Checklist" below. Following this section are detailed instructions regarding the items that appear on the checklist. Instructions for all sections of the application are found either on the following pages of this application package or, in the case of individual forms, on Grants.gov.

Electronic Application Submission Checklist

Review your electronic application to ensure you have completed all of the following forms and sections:

Part 1: Preliminary Documents

- ❑ Application for Federal Assistance (form SF 424)
- ❑ ED Supplemental Information for SF 424

Part 2: Budget Information

- ❑ ED Budget Information Non-Construction Programs (ED Form 524)
    - O Applicants should provide a break-down of U.S. Department of Education Funds in Section A of the 524 Form.
    - O Applicants should provide a break-down of non-Federal funds in Section B of the 524 Form.
    - O Applicants should refer to the NIA and FAQs on allowable program costs, and carefully read the instructions provided in Part 5, Budget Narrative.

Part 3: ED Abstract Form

- ❑ Project Abstract – Should include:
    - O Whether the application is for the General TIF Competition or the TIF Competition with a Focus on STEM;
    - O The name and eligibility classification of each applicant:
        - i. Provide a list of the names of all participating LEAs, SEAs, or nonprofits in the group; and
        - ii. Indicate if the application is from a single eligible applicant, and identify the applicant's eligibility classification (e.g., an LEA); Or
        - iii. Indicate if the application is from a group applicant, including a partnership, and identify the name of all of the group members and their eligibility classification (e.g., an SEA, an LEA, and a nonprofit);
    - O The total number of schools in the participating LEAs;
    - O The total number of high-need schools to be served by the proposed TIF funded PBCS;
    - O A summary statement of the project objectives and activities; and
    - O Any competitive preference priorities for which the applicant is applying.

Part 4: Project Narrative Attachment Form

- ❑ Table of Contents
- ❑ Project Narrative

Part 5: Budget Narrative Attachment Form

- ❑ Budget Narratives

Part 6: Other Required Attachments

- ❑ **Application Reference Chart describing where each priority and application requirement is addressed in the application, and the applicant's eligibility classification**
    - Applicants should reference the section and page in the application in which each priority and requirement is addressed.
    - In creating this chart, applicants should use the template provided in Appendix 2.
- ❑ **High Need Documentation**
    - Applicants must provide a list of the high-need schools in which the proposed PBCS will be implemented.
    - For each high-poverty school listed, applicants must provide the most current data on the percentage of each identified school's students who are eligible for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or are considered students from low-income families based on other measures that the LEA uses (see section 1113(a)(5) of the ESEA (20 U.S.C. 6313(a)(5)).
    - For each persistently lowest-achieving school, identify the school by name and indicate that it is a persistently lowest-achieving school.
    - For each priority school listed, applicants must provide documentation verifying that the State has received approval of a request for ESEA flexibility, and that the schools have been identified by the State as priority schools.
- ❑ **Charter School Documentation**, if applicable
    - Applicants, including group applicants, that are charter schools, should include a letter from the authorized chartering agency or SEA that confirms their status in the State as an LEA.
- ❑ **Memorandum of Understanding (MOU) or Binding Agreement**
    - Group applicants must provide an MOU or other binding agreement that specifies the roles and responsibilities of each applicant.
    - A sample MOU for group applicants is provided in Appendix 1.
- ❑ **Commitment letters, surveys, or other evidence** demonstrating educator support
- ❑ **Indirect Cost Rate Agreement**: All applicants should attach a copy of their current indirect cost rate agreement. Group applicants should only include the indirect cost rate agreement of the lead applicant. Similarly, group applicants should only budget for indirect costs under the lead applicant's agreement.
- ❑ **Individual Resumes for Project Directors and Key Personnel**: Provide brief resumes or job descriptions that describe their qualifications for the responsibilities they will carry out under the project.

Part 7: Assurances and Certifications

- ❑ Assurances for Non-Construction Programs (SF 424B Form)
- ❑ Disclosure of Lobbying Activities (Standard Form LLL)
- ❑ Grants.gov Lobbying Form
- ❑ General Education Provisions Act (GEPA) Requirements – Section 427 (ED GEPA427 form)
- ❑ Survey on Ensuring Equal Opportunity for Applicants (form 1890-0014)

Part 8: Intergovernmental Review (Executive Order 12372)

- ❑ State Single Point of Contact (SPOC) List

PART 1: PRELIMINARY DOCUMENTS

Applicants will be provided the following forms to complete when completing their electronic application.

- ❑ Application for Federal Assistance (Form SF 424)
- ❑ ED Supplemental Information for SF 424

These forms require basic identifying information about the applicant and the application. Please provide all requested applicant information (including name, address, e-mail address and DUNS number).

When applying electronically via Grants.gov, you will need to ensure that the DUNS number you enter on your application is the same as the DUNS number your organization used when it registered with the Central Contractor Registry.

Applicants are advised to complete the Application for Federal Assistance (Form SF 424) first. Grants.gov will automatically insert the correct CFDA and program name automatically wherever needed on other forms.

NOTE: Please do not attach any narratives, supporting files, or application components to the Standard Form (SF 424). Although this form accepts attachments, the Department of Education will only review materials/files attached in accordance with the instructions provided within this application.

INSTRUCTIONS FOR THE SF-424

This is a standard form required for use as a cover sheet for submission of pre-applications and applications and related information under discretionary programs. Some of the items are required and some are optional at the discretion of the applicant or the federal agency (agency). Required fields on the form are identified with an asterisk (*) and are also specified as "Required" in the instructions below. In addition to these instructions, applicants must consult agency instructions to determine other specific requirements.

Item	Entry:	Item:	Entry:
1.	**Type of Submission:** (Required) Select one type of submission in accordance with agency instructions. • Pre-application • Application • Changed/Corrected Application – Check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this form to submit changes after the closing date.	10.	**Name Of Federal Agency**: (Required) Enter the name of the federal agency from which assistance is being requested with this application.
		11.	**Catalog Of Federal Domestic Assistance Number/Title:** Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.
2.	**Type of Application**: (Required) Select one type of application in accordance with agency instructions. • New – An application that is being submitted to an agency for the first time. • Continuation - An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals. • Revision - Any change in the federal government's financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided. A. Increase Award D. Decrease Duration B. Decrease Award E. Other (specify) C. Increase Duration	12.	**Funding Opportunity Number/Title:** (Required) Enter the Funding Opportunity Number (FON) and title of the opportunity under which assistance is requested, as found in the program announcement.
		13.	**Competition Identification Number/Title:** Enter the competition identification number and title of the competition under which assistance is requested, if applicable.
		14.	**Areas Affected By Project:** This data element is intended for use only by programs for which the area(s) affected are likely to be different than the place(s) of performance reported on the SF-424 Project/Performance Site Location(s) Form. Add attachment to enter additional areas, if needed.
3.	**Date Received:** Leave this field blank. This date will be assigned by the Federal agency.	15.	**Descriptive Title of Applicant's Project:** (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For pre-applications, attach a summary description of the project.
4.	**Applicant Identifier:** Enter the entity identifier assigned by the Federal agency, if any, or the applicant's control number if applicable.		
5a.	**Federal Entity Identifier**: Enter the number assigned to your organization by the federal agency, if any.	16.	**Congressional Districts Of**: 16a. (Required) Enter the applicant's congressional district. 16b. Enter all district(s) affected by the program or project. Enter in the format: 2 characters state abbreviation – 3 characters district number, e.g., CA-005 for California 5th district, CA-012 for California 12 district, NC-103 for North Carolina's 103 district. If all congressional districts in a state are affected, enter "all" for the district number, e.g., MD-all for all congressional districts in Maryland. If nationwide, i.e. all districts within all states are affected, enter US-all. If the program/project is outside the US, enter 00-000. This optional data element is intended for use only by programs for which the area(s) affected are likely to be different than place(s) of performance reported on the SF-424 Project/Performance Site Location(s) Form. Attach an additional list of program/project congressional districts, if needed.
5b.	**Federal Award Identifier**: For new applications, enter NA. For a continuation or revision to an existing award, enter the previously assigned federal award identifier number. If a changed/corrected application, enter the federal identifier in accordance with agency instructions.		
6.	**Date Received by State:** Leave this field blank. This date will be assigned by the state, if applicable.		
7.	**State Application Identifier:** Leave this field blank. This identifier will be assigned by the state, if applicable.		
8.	**Applicant Information**: Enter the following in accordance with agency instructions:		
	a. Legal Name: (Required) Enter the legal name of applicant that will undertake the assistance activity. This is the organization that has registered with the Central Contractor Registry (CCR). Information on registering with CCR may be obtained by visiting www.Grants.gov.	17.	**Proposed Project Start and End Dates**: (Required) Enter the proposed start date and end date of the project.
	b. Employer/Taxpayer Number (EIN/TIN): (Required) Enter the employer or taxpayer identification number (EIN or TIN) as assigned by the Internal Revenue Service. If your organization is not in the US, enter 44-4444444.	18.	**Estimated Funding:** (Required) Enter the amount requested, or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.
	c. Organizational DUNS: (Required) Enter the organization's DUNS or DUNS+4 numbers received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting www.Grants.gov.	19.	**Is Application Subject to Review by State Under Executive Order 12372 Process?** (Required**)** Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. Select the appropriate box. If "a." is selected, enter the date the application was submitted to the State.
	d. Address: Enter address: Street 1 (Required); city (Required); County/Parish, State (Required if country is US), Province, Country (Required), 9-digit zip/postal code (Required if country US).	20.	**Is the Applicant Delinquent on any Federal Debt?** (Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative.

			Categories of federal debt include; but, may not be limited to: delinquent audit disallowances, loans and taxes. If yes, include an explanation in an attachment.
	e. Organizational Unit: Enter the name of the primary organizational unit, department or division that will undertake the assistance activity. **f. Name and contact information of person to be contacted on matters involving this application:** Enter the first and last name (Required); prefix, middle name, suffix, and title. Enter organizational affiliation if affiliated with an organization other than that in 7.a. Telephone number and email (Required); fax number.	21.	**Authorized Representative**: To be signed and dated by the authorized representative of the applicant organization. Enter the first and last name (Required); prefix, middle name, suffix. Enter title, telephone number, email (Required); and fax number. A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. (Certain federal agencies may require that this authorization be submitted as part of the application.)
9.	Type of Applicant: (Required) Select up to three applicant type(s) in accordance with agency instructions.		
	A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority M. Nonprofit N. Private Institution of Higher Education O. Individual P. For-Profit Organization (Other than Small Business) Q. Small Business R. Hispanic-serving Institution S. Historically Black Colleges and Universities (HBCUs) T. Tribally Controlled Colleges and Universities (TCCUs) U. Alaska Native and Native Hawaiian Serving Institutions V. Non-US Entity W. Other (specify)		

[**U.S Department of Education note**: As of spring, 2010, the FON discussed in Block 12 of the instructions can be found via the following URL: http://www.grants.gov/applicants/find_grant_opportunities.jsp.]

Instructions for U.S. Department of Education
Supplemental Information for the SF-424

1. Project Director. Name, address, telephone and fax numbers, and e-mail address of the person to be contacted on matters involving this application. Items marked with an asterisk (*) are mandatory.

2. Novice Applicant. Check "Yes" if you meet the definition for novice applicants specified in the regulations in 34 CFR 75.225 and included on the attached page entitled "Definitions for U.S. Department of Education Supplemental Information for the SF-424"). By checking "Yes" the applicant certifies that it meets these novice applicant requirements. Check "No" if you do not meet the definition for novice applicants**.**

This novice applicant information will be used by ED to: 1) determine the amount and type of technical assistance that a novice might need, if funded, and 2) determine novice applicant eligibility in discretionary grant competitions that give special consideration to novice applications. Certain ED discretionary grant programs give special consideration to novice applications, either by establishing a special competition for novice applicants or by giving competitive preference to novice applicants under the procedures in 34 CFR 75.105(c)(2). If special consideration is being given to novice applications under a particular discretionary grant competition, the application notice for the competition published in the Federal Register will specify this information

3. Human Subjects Research. (See I. A. "Definitions" in attached page entitled "Definitions for U.S. Department of Education Supplemental Information for the SF-424.")

3a. If Not Human Subjects Research. Check "**No**" if research activities involving human subjects are not planned at any time during the proposed project period. The remaining parts of Item 3 are then not applicable.

3a. If Human Subjects Research. Check "**Yes**" if research activities involving human subjects are planned at any time during the proposed project period, either at the applicant organization or at any other performance site or collaborating institution. Check "**Yes**" even if the research is exempt from the regulations for the protection of human subjects. (See I. B. "Exemptions" in attached page entitled "Definitions for U.S. Department of Education Supplemental Information for SF-424.")

3b. If Human Subjects Research is Exempt from the Human Subjects Regulations. Check "**Yes**" if all the research activities proposed are designated to be exempt from the regulations. Check the exemption number(s) corresponding to one or more of the six exemption categories listed in I. B. "Exemptions." In addition, follow the instructions in II. A. "Exempt Research Narrative" in the attached page entitled "Definitions for U.S. Department of Education Supplemental Information for the SF-424."

3b. If Human Subjects Research is Not Exempt from Human Subjects Regulations. Check "**No**" if some or all of the planned research activities are covered (not exempt). In addition, follow the instructions in II. B. "Nonexempt Research Narrative" in the attached page entitled "Definitions for U.S. Department of Education Supplemental Information for the SF-424."

3b. Human Subjects Assurance Number. If the applicant has an approved Federal Wide Assurance (FWA) on file with the Office for Human Research Protections (OHRP), U.S. Department of Health and Human Services, that covers the specific activity, insert the number in the space provided. **(A list of current FWAs is available at: http://ohrp.cit.nih.gov/search/asearch.asp#ASUR)** If the applicant does not have an approved assurance on file with OHRP, enter "None." In this case, the applicant, by signature on the SF-424, is declaring that it will comply with 34 CFR 97 and proceed to obtain the human subjects assurance upon request by the designated ED official. If the application is recommended/selected for funding, the designated ED official will request that the applicant obtain the assurance within 30 days after the specific formal request.

3c. If applicable, please attach your "Exempt Research" or "Nonexempt Research" narrative to your submission of the U.S Department of Education Supplemental Information for the SF-424 form as instructed in item II, "Instructions for Exempt and Nonexempt Human Subjects Research Narratives" in the attached page entitled "Definitions for U.S. Department of Education Supplemental Information for the SF-424."

Note about Institutional Review Board Approval. ED does not require certification of Institutional Review Board approval with the application. However, if an application that involves non-exempt human subjects research is recommended/selected for funding, the designated ED official will request that the applicant obtain and send the certification to ED within 30 days after the formal request. **No covered human subjects research can be conducted until the study has ED clearance for protection of human subjects in research.**

Paperwork Burden Statement. *According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1894-0007. The time required to complete this information collection is estimated to average between 15 and 45 minutes per response, including the time to review instructions, search existing data resources, gather the data needed and complete and review the information collection. If you have any comments concerning the accuracy of the estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, D.C. 20202-0170. If you have comments or concerns regarding the status of your individual submission of this form write directly to: Office of Elementary and Secondary Education, U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, D.C. 20202.*

Definitions for U.S. Department of Education
Supplemental Information for the SF-424

Definitions:

Novice Applicant (See 34 CFR 75.225)

For discretionary grant programs, novice applicant means any applicant for a grant from ED that—

- Has never received a grant or subgrant under the program from which it seeks funding;
- Has never been a member of a group application, submitted in accordance with 34 CFR 75.127-75.129, that received a grant under the program from which it seeks funding; and
- Has not had an active discretionary grant from the Federal government in the five years before the deadline date for applications under the program. For the purposes of this requirement, a grant is active until the end of the grant's project or funding period, including any extensions of those periods that extend the grantee's authority to obligate funds.

In the case of a group application submitted in accordance with 34 CFR 75.127-75.129, a group includes only parties that meet the requirements listed above.

PROTECTION OF HUMAN SUBJECTS IN RESEARCH

I. Definitions and Exemptions

A. Definitions.

A research activity involves human subjects if the activity is research, as defined in the Department's regulations, and the research activity will involve use of human subjects, as defined in the regulations.

—Research

The ED Regulations for the Protection of Human Subjects, Title 34, Code of Federal Regulations, Part 97, define research as "a systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Activities which meet this definition constitute research whether or not they are conducted or supported under a program that is considered research for other purposes. For example, some demonstration and service programs may include research activities.

—Human Subject

The regulations define human subject as "a living individual about whom an investigator (whether professional or student) conducting research obtains (1) data through intervention or interaction with the individual, or (2) identifiable private information." *(1) If an activity involves obtaining information about a living person by manipulating that person or that person's environment, as might occur when a new instructional technique is tested, or by communicating or interacting with the individual, as occurs with surveys and interviews, the definition of human subject is met. (2) If an activity involves obtaining private information about a living person in such a way that the information can be* ***directly or indirectly*** *linked to that individual, the definition of human subject is met* [Private information includes information about behavior that occurs in a context in which an individual can reasonably expect that no observation or recording is taking place, and information which has been provided for specific purposes by an individual and which the individual can reasonably expect will not be made public (for example, a school health record).]

B. Exemptions.

Research activities in which the **only** involvement of human subjects will be in one or more of the following six categories of ***exemptions*** are not covered by the regulations:

(1) Research conducted in established or commonly accepted educational settings, involving normal educational practices, such as (a) research on regular and special education instructional strategies, or (b) research on the effectiveness of or the comparison among instructional techniques, curricula, or classroom management methods. ***If an educational practice is being introduced to the site and is not widely used <u>for similar populations</u>, it is not covered by this exemption***.

(2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless: (a) information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects; and (b) any disclosure of the human subjects' responses outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, or reputation. ***If the subjects are children, exemption 2 applies only to research involving educational tests and observations of public behavior when the investigator(s) do not participate in the activities being observed.***

Exemption 2 does not apply if children are surveyed or interviewed or if the research involves observation of public behavior and the investigator(s) participate in the activities being observed. [Children are defined as persons who have not attained the legal age for consent to treatments or procedures involved in the research, under the applicable law or jurisdiction in which the research will be conducted.]

(3) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior that is not exempt under section (2) above, if the human subjects are elected or appointed public officials or candidates for public office; or federal statute(s) require(s) without exception that the confidentiality of the personally identifiable information will be maintained throughout the research and thereafter.

(4) Research involving the collection or study of existing data, documents, records, pathological specimens, or diagnostic specimens, if these sources are publicly available or if the information is recorded by the investigator in a manner that subjects cannot be identified, directly or through identifiers linked to the subjects**.** ***[This exemption applies only to retrospective studies using data collected before the initiation of the research.]***

(5) Research and demonstration projects which are conducted by or subject to the approval of department or agency heads, and which are designed to study, evaluate, or otherwise examine: (a) public benefit or service programs; (b) procedures for obtaining benefits or services under those programs; (c) possible changes in or alternatives to those programs or procedures; or (d) possible changes in methods or levels of payment for benefits or services under those programs. ***[The standards of this exemption are rarely met because it was designed to apply only to specific research conducted by HHS at the time the regulations were established. We will strictly construe this exemption because it was not intended to apply to ED research.]***

(6) Taste and food quality evaluation and consumer acceptance studies, (a) if wholesome foods without additives are consumed or (b) if a food is consumed that contains a food ingredient at or below the level and for a use found to be safe, or agricultural chemical or environmental contaminant at or below the level found to be safe, by the Food and Drug Administration or approved by the Environmental Protection Agency or the Food Safety and Inspection Service of the U.S. Department of Agriculture.

II. Instructions for Exempt and Nonexempt Human Subjects Research Narratives

If the applicant marked "Yes" for Item 3.b. of the U.S. Department of Education Supplemental Information for the SF 424, the applicant must attach a human subjects "exempt research" or "nonexempt research" narrative to the U.S. Department of Education Supplemental Information for the SF-424 form. If you have multiple projects and need to provide more than one narrative, be sure to label each set of responses as to the project they address.

A. Exempt Research Narrative.

If you marked "Yes" for item 3.b. and designated exemption numbers(s), attach the "exempt research" narrative to the U.S. Department of Education Supplemental Information for the SF-424. The narrative must contain sufficient

information about the involvement of human subjects in the proposed research to allow a determination by ED that the designated exemption(s) are appropriate. The narrative must be succinct.

B. Nonexempt Research Narrative.
If you marked "No" for item 3.b. you must attach the "nonexempt research" narrative to the U.S. Department of Education Supplemental Information for the SF-424. The narrative must address the following seven points. Although no specific page limitation applies to this section of the application, be succinct.

(1) **Human Subjects Involvement and Characteristics**: Provide a detailed description of the proposed involvement of human subjects. Describe the characteristics of the subject population, including their anticipated number, age range, and health status. Identify the criteria for inclusion or exclusion of any subpopulation. Explain the rationale for the involvement of special classes of subjects, such as children, children with disabilities, adults with disabilities, persons with mental disabilities, pregnant women, prisoners, institutionalized individuals, or others who are likely to be vulnerable

(2) **Sources of Materials**: Identify the sources of research material obtained from individually identifiable living human subjects in the form of specimens, records, or data. Indicate whether the material or data will be obtained specifically for research purposes or whether use will be made of existing specimens, records, or data.

(3) **Recruitment and Informed Consent**: Describe plans for the recruitment of subjects and the consent procedures to be followed. Include the circumstances under which consent will be sought and obtained, who will seek it, the nature of the information to be provided to prospective subjects, and the method of documenting consent. State if the Institutional Review Board (IRB) has authorized a modification or waiver of the elements of consent or the requirement for documentation of consent.

(4) **Potential Risks**: Describe potential risks (physical, psychological, social, legal, or other) and assess their likelihood and seriousness. Where appropriate, describe alternative treatments and procedures that might be advantageous to the subjects.

(5) **Protection Against Risk**: Describe the procedures for protecting against or minimizing potential risks, including risks to confidentiality, and assess their likely effectiveness. Where appropriate, discuss provisions for ensuring necessary medical or professional intervention in the event of adverse effects to the subjects. Also, where appropriate, describe the provisions for monitoring the data collected to ensure the safety of the subjects.

(6) **Importance of the Knowledge to be Gained**: Discuss the importance of the knowledge gained or to be gained as a result of the proposed research. Discuss why the risks to subjects are reasonable in relation to the anticipated benefits to subjects and in relation to the importance of the knowledge that may reasonably be expected to result.

(7) **Collaborating Site(s)**: If research involving human subjects will take place at collaborating site(s) or other performance site(s), name the sites and briefly describe their involvement or role in the research.

Copies of the Department of Education's Regulations for the Protection of Human Subjects, 34 CFR Part 97 and other pertinent materials on the protection of human subjects in research are available from the Office of the Chief Financial Officer, U.S. Department of Education, Washington, D.C. 20202-4331, telephone: (202) 245-8090, and on the U.S. Department of Education's Protection of Human Subjects in Research Web Site: http://www.ed.gov/about/offices/list/ocfo/humansub.html

NOTE: The **State Applicant Identifier** on the SF-424 is for State Use only. Please complete it on the SF-424 in the upper right corner of the form (if applicable).

PART 2: BUDGET 524 FORM

Applicants should provide all requested budget information in lines 1-12 of the ED 524 Budget form for each year of the project (up to 60 months) in order to be considered for Federal funding. The annual budget period will be October 1 – September 30. For instance, the budget for year 1 should include the estimated costs for October 1, 2012 – September 30, 2013, and so forth. Applicants should refer to the NIA, and FAQs on allowable program costs, and carefully read the instructions provided in Part 5, Budget Narrative.

❑ **ED Budget Information Non-Construction Programs (ED Form 524)**

- **ED Form 524 Section A -- U.S. Department of Education Funds**
  This part of your application contains a standard Federal budget table called the ED 524 Form that will include information about the Federal funding you are requesting. Applicants should provide a break-down of the funds they are requesting from the U.S. Department of Education in ED Form 524 Section A by filling in the budget categories (listed below) in the ED Form 524.

- **ED Form 524 Section B -- Non-Federal Funds**
  This part of your application contains a standard Federal budget table called the ED 524 Form that will include information about any non-Federal funds you will be providing. Applicants should provide a break-down of non-Federal funds in ED Form 524 Section B by filling in the budget categories (listed below) in the ED Form 524. If a group member plans to contribute services or materials as part of the project's contribution of non-TIF resources, the value of these services or materials (calculated according to provisions of EDGAR and cost principles in applicable Office of Management and Budget (OMB) circulars) should be indicated in Section B of ED Form 524, and a detailed description of the services or materials should be provided in the budget narrative for Section B.

ED Form 524 Budget Categories
Instructions for the ED Form 524 are included in this application package and at http://www2.ed.gov/fund/grant/apply/appforms/appforms.html

For both Section A and Section B of the ED Form 524, applicants should provide the following information:

- Name of Institution/Organization: Enter the name of the applicant in the space provided.
- A break-down in the following budget categories of the ED 524 Form:
  - Personnel (line 1)
  - Fringe Benefits (line 2)
  - Travel (line 3)
  - Equipment (line 4)
  - Supplies (line 5)
  - Contractual (line 6)
  - Construction (line 7): Not applicable.
  - Other (line 8)

- Total Direct Costs (line 9): The sum of lines 1-8.
- Indirect Costs (line 10)
- Training Stipends (line 11): ***Not allowable for this program***
- Total Cost (line 12): This should equal the sum of lines 9-11 (total direct costs + indirect + stipends). The sum for column one, labeled *Project Year 1 (a),* should also be equal to item 15a on the application cover sheet (SF Form 424).

IMPORTANT NOTE: Information provided in Section A and Section B of the ED 524 budget form should be consistent with the budget narrative. Applicants should follow the instructions provided in Part 5, Budget Narrative, of this application package for instructions on what costs should be included in the various line items of the ED 524 budget forms. For example, the total line item dollar amount for year 1 in your Budget Narrative for the Federal funding you are requesting should be the same as the dollar amount for the same year and line item in ED Form 524 Section A. Specific instructions for completing the budget forms are below.

NON-TIF Federal Funds used for program match

Applicants who plan to provide support for the project with other non-TIF Federal funds should provide detailed information separately in the program match budget narrative provided in Part 5 of the application package.

Pre Award Costs

TIF funds are available to reimburse a grantee for pre-award costs that are reasonable, necessary, and otherwise allowable when these costs were incurred within 90 days prior to the beginning of the initial grant budget period. For instance, a grantee with a budget period start date of October 1 may begin carrying out tasks for the new project as early as July, although it cannot draw down any payments until the grant has been awarded and the initial budget period has begun.

However, if the applicant is not awarded a TIF grant, the Department **will not reimburse** the applicant for any costs the applicant incurred in anticipation of a possible grant award.

Instructions for ED 524

General Instructions

This form is used to apply to individual U.S. Department of Education (ED) discretionary grant programs. Unless directed otherwise, provide the same budget information for each year of the multi-year funding request. Pay attention to applicable program specific instructions, if attached. You may access the Education Department General Administrative Regulations, 34 CFR 74 – 86 and 97-99, on ED's website at: http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html

You must consult with your Business Office prior to submitting this form.

Section A - Budget Summary
U.S. Department of Education Funds

All applicants must complete Section A and provide a break-down by the applicable budget categories shown in lines 1-11.

Lines 1-11, columns (a)-(e): For each project year for which funding is requested, show the total amount requested for each applicable budget category.

Lines 1-11, column (f): Show the multi-year total for each budget category. If funding is requested for only one project year, leave this column blank.

Line 12, columns (a)-(e): Show the total budget request for each project year for which funding is requested.

Line 12, column (f): Show the total amount requested for all project years. If funding is requested for only one year, leave this space blank.

Indirect Cost Information: If you are requesting reimbursement for indirect costs on line 10, this information is to be completed by your Business Office. (1): Indicate whether or not your organization has an Indirect Cost Rate Agreement that was approved by the Federal government.
If you checked "no," ED generally will authorize grantees to use a temporary rate of 10 percent of budgeted salaries and wages subject to the following limitations:

(a) The grantee must submit an indirect cost proposal to its cognizant agency within 90 days after ED issues a grant award notification; and

(b) If after the 90-day period, the grantee has not submitted an indirect cost proposal to its cognizant agency, the grantee may not charge its grant for indirect costs until it has negotiated an indirect cost rate agreement with its cognizant agency.

(2): If you checked "yes" in (1), indicate in (2) the beginning and ending dates covered by the Indirect Cost Rate Agreement. In addition, indicate whether ED, another Federal agency (Other) or State agency issued the approved agreement. If you check "Other," specify the name of the Federal or other agency that issued the approved agreement.

(3): If you are applying for a grant under a Restricted Rate Program (34 CFR 75.563 or 76.563), indicate whether you are using a restricted indirect cost rate that is included on your approved Indirect Cost Rate Agreement or whether you are using a restricted indirect cost rate that complies with 34 CFR 76.564(c)(2). Note: State or Local government agencies may not use the provision for a restricted indirect cost rate specified in 34 CFR 76.564(c)(2). Check only one response. Leave blank, if this item is not applicable.

Section B - Budget Summary
Non-Federal Funds

If you are required to provide or volunteer to provide cost-sharing or matching funds or other non-Federal resources to the project, these should be shown for each applicable budget category on lines 1-11 of Section B.

Lines 1-11, columns (a)-(e): For each project year, for which matching funds or other contributions are provided, show the total contribution for each applicable budget category.

Lines 1-11, column (f): Show the multi-year total for each budget category. If non-Federal contributions are provided for only one year, leave this column blank.

Line 12, columns (a)-(e): Show the total matching or other contribution for each project year.

Line 12, column (f): Show the total amount to be contributed for all years of the multi-year project. If non-Federal contributions are provided for only one year, leave this space blank.

Section C - Budget Narrative [Attach separate sheet(s)]
Pay attention to applicable program specific instructions, if attached.

1. Provide an itemized budget breakdown, and justification by project year, for each budget category listed in Sections A and B. For grant projects that will be divided into two or more separately budgeted major activities or sub-projects, show for each budget category of a project year the breakdown of the specific expenses attributable to each sub-project or activity.
2. For non-Federal funds or resources listed in Section B that are used to meet a cost-sharing or matching requirement or provided as a voluntary cost-sharing or matching commitment, you must include:
   a. The specific costs or contributions by budget category;
   b. The source of the costs or contributions; and
   c. In the case of third-party in-kind contributions, a description of how the value was determined for the donated or contributed goods or services.

   [Please review ED's general cost sharing and matching regulations, which include specific limitations, in 34 CFR 74.23, applicable to non-governmental entities, and 80.24, applicable to governments, and the applicable Office of Management and Budget (OMB) cost principles for your entity type regarding donations, capital assets, depreciation and use allowances. OMB cost principle circulars are available on OMB's website at: http://www.whitehouse.gov/omb/circulars/index.html]

3. If applicable to this program, provide the rate and base on which fringe benefits are calculated.

4. If you are requesting reimbursement for indirect costs on line 10, this information is to be completed by your Business Office. Specify the estimated amount of the base to which the indirect cost rate is applied and the total indirect expense. Depending on the grant program to which you are applying and/or your approved Indirect Cost Rate Agreement, some direct cost budget categories in your grant application budget may not be included in the base and multiplied by your indirect cost rate. For example, you must multiply the indirect cost rates of "Training grants" (34 CFR 75.562) and grants under programs with "Supplement not Supplant" requirements ("Restricted Rate" programs) by a "modified total direct cost" (MTDC) base (34 CFR 75.563 or 76.563). Please indicate which costs are included and which costs are excluded from the base to which the indirect cost rate is applied.

   When calculating indirect costs (line 10) for "Training grants" or grants under "Restricted Rate" programs, you must refer to the information and examples on ED's website at: http://www.ed.gov/fund/grant/apply/appforms/appforms.html.

   You may also contact (202) 377-3838 for additional information regarding calculating indirect cost rates or general indirect cost rate information.

5. Provide other explanations or comments you deem necessary.

Paperwork Burden Statement
According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1894-0008. The time required to complete this information collection is estimated to vary from 13 to 22 hours per response, with an average of 17.5 hours per response, including the time to review instructions, search existing data sources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, D.C. 20202-4537. If you have comments or concerns regarding the status of your individual submission of this form, write directly to (insert program office), U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, D.C. 20202..

PART 3: ED ABSTRACT FORM

This section should be attached as a single document to the ED Abstract Form in accordance with the instructions found on Grants.gov and should be organized in the following manner and include the following parts in order to expedite the review process.

Ensure that you only attach the Education approved file types detailed in the Federal Register application notice (read-only, non-modifiable .pdf files). Also, do not upload any password-protected files to your application.

Please note that Grants.gov cannot process an application that includes two or more files that have the same name within a grant submission.

When attaching files, applicants should limit the size of their file names. Lengthy file names could result in difficulties with opening and processing your application. We recommend your file names be less than 50 characters.

❑ **Project Abstract**

The project abstract should not exceed **two** pages and should include a concise description of the following information in the order presented here:

- Whether the application is for the General TIF Competition or the TIF Competition with a Focus on STEM;
- The name and eligibility classification of each applicant:
  - i. Provide a list of the names of all participating LEAs, SEAs, or nonprofits in the group; and
  - ii. Indicate if the application is from a single eligible applicant, and identify the applicant's eligibility classification (e.g., an LEA); Or
  - iii. Indicate if the application is from a group applicant, including a partnership, and identify the name of all of the group members and their eligibility classification (e.g., an SEA, an LEA, and a nonprofit);
- The total number of schools in the participating LEAs;
- The total number of high-need schools to be served by the proposed TIF funded PBCS;
- A summary statement of the project objectives and activities; and
- Any competitive preference priorities for which the applicant is applying.

NOTE: Grants.gov may include a note that indicates that the project abstract may not exceed one page; however, an abstract of more than one page may be uploaded.

PART 4: PROJECT NARRATIVE ATTACHMENT FORM

*This section should be attached as a **single** document to the Project Narrative Attachment Form in accordance with the instructions found on Grants.gov and should be organized in the following manner and include the following parts in order to expedite the review process.*

Ensure that you only attach the Education approved file types detailed in the Federal Register application notice (read-only, non-modifiable .pdf files). Also, do not upload any password-protected files to your application.

When attaching files, applicants should limit the size of their file names. Lengthy file names could result in difficulties with opening and processing your application. We recommend your file names be less than 50 characters.

- ❑ **Table of Contents**
  The Table of Contents shows where and how the important sections of your proposal are organized and should not exceed **one** double spaced page.

- ❑ **Project Narrative**
  The Project Narrative should respond to the selection criteria found in this application package and should, as a general matter, follow the order of the selection criteria. It should contain clear headings to help the Department staff and peer reviewers match the narrative with the selection criteria.

  It is also important that applicants clearly address the absolute priorities and requirements and any competitive preference priorities for which they wish to apply. Depending on the priority or requirement, an applicant may be able to address a priority or requirement fully within the context of its selection criteria discussion. In other cases, an applicant may wish to address a priority or requirement outside of the selection criteria discussion.

  IMPORTANT NOTE: All applicants should include the Application Reference Chart attachment as described in Part 6, Other Attachment Forms, in which applicants are to clearly indicate where each of the priorities and requirements are discussed in the application. This will be helpful to the Department staff and peer reviewers during the application eligibility and review processes.

Page Guidelines

We encourage applicants to limit this section of the application to the equivalent of no more than **60** pages and adhere to the following guidelines:

A "page" is 8.5" x 11", on one side only, with 1" margins at the top, bottom, and both sides.

- Double space (no more than three lines per vertical inch) all text in the application narrative, including titles, headings, footnotes, quotations, references, and captions, as

well as all text in charts, tables, figures, and graphs

- Use a font that is either 12 point or larger or no smaller than 10 pitch (characters per inch).
- Use one of the following fonts: Times New Roman, Courier, Courier New, or Arial.

NOTE: The page recommendation does not apply to the cover sheet; the budget section, including the Budget Narrative justification; the assurances and certifications; the one-page abstract; the resumes, the bibliography, or the letters of support. However, the recommended page limit does apply to the entire "Project Narrative" section.

PART 5: BUDGET NARRATIVES

*This section should be attached as a **single** document to the Budget Narrative Attachment Form in accordance with the instructions found on Grants.gov. It should be organized in the following manner and include the following parts in order to expedite the review process.*

Ensure that you only attach the Education approved file types detailed in the Federal Register application notice (read-only, non-modifiable .pdf files). Also, do not upload any password-protected files to your application.

When attaching files, applicants should limit the size of their file names. Lengthy file names could result in difficulties with opening and processing your application. We recommend your file names be less than 50 characters.

❑ **Budget Narratives**

In accordance with 34 CFR 75.232, Department of Education staff perform a cost analysis of the each recommended project to ensure that costs relate to the activities and objectives of the project, are **reasonable, allowable and allocable**. We may delete or reduce costs from the budget during this review.

The budget narratives in each application should be consistent with the ED 524 Form and provide **sufficient detail** to:

- Give an **itemized budget breakdown** for each year of the proposed project (up to 60 months);
- Show the **basis for estimating the costs** of personnel salaries, benefits, project staff travel, materials and supplies, consultants and subcontracts, indirect costs and any other projected expenditures;
- Show the **relationship** between the requested funds and project activities and outcomes;
- Show the total amount that will be expended as shown in the ED 524 Form;
- Enable reviewers and project staff to understand how the requested funds **in the ED 524 Form** will be used.

Budget Narrative Guidelines

Remember that you must provide all requested budget information for each year of the project (up to 60 months) and the total amount in the ED 524 Form in order to be considered for Federal funding. The annual budget period will be October 1 – September 30. For instance, the budget for year 1 should include the estimated costs for October 1, 2012 – September 30, 2013, and so forth.

In a single document attached to the Budget Narrative Attachment Form, each application must provide the **following two budget narratives**:

1. **TIF Grant Funds Budget Narrative**
   The first budget narrative **must align with** and break down the costs budgeted in **Section A of ED Form 524**. Section A relates to costs to be supported by the requested TIF grant. The applicant should provide sufficient detail to enable reviewers and project staff to understand how requested funds will be used, how much will be expended, and the relationship between the requested funds and project activities and outcomes. The following section, "Instructions for the Budget Narratives," illustrates the expected format and level of detail. This budget narrative will serve to meet the requirements of Section C of ED Form 524.

2. **Non-Federal and Non-TIF Federal Program Funds Budget Narrative**
   There is no specific match requirement in the FY 2012 competition. However, during the application review process, reviewers will consider the significance of an applicant's proposed contribution of non-TIF funds or in-kind resources when evaluating an applicant's sustainability plan (Selection Criterion (f)). This budget narrative must include a breakdown of the costs budgeted in Section B of ED Form 524, which reflects **non-Federal program funds**, and should include any **non-TIF Federal resources** that will used to support the program. More information about non-Federal and non-TIF Federal program funds is below.

   IMPORTANT NOTE: Section 75.700 of the Education Department General Administrative regulations (EDGAR) (34 C.F.R. 75.700) requires each grantee to comply with the content of its approved application. Therefore, if an application is approved, the grantee is responsible for fulfilling the commitment of non-TIF funds or in-kind resources set forth in Section B of ED Form 524 included in its application and any commitment of non-TIF Federal funds identified in the application.

   - **Non-Federal Funds**
     In this Budget Narrative, applicants should include detailed information about any non-Federal resources, financial and non-financial, that will be used to support the PBCS, the educator evaluation systems, and other project costs during the grant period. In this Budget Narrative, applicants should reflect all of

the applicable non-Federal resources referenced in their Project Narrative related to Selection Criteria (f), Sustainability. If a group member plans to contribute services or materials as part of the project's contribution of non-TIF resources, the value of these services or materials should be indicated in Section B of ED Form 524. The value of these services or materials should be calculated according to provisions of EDGAR (§80.24 for LEA and SEA contributions and §74.23 for non-profit organizations) and cost principles in applicable OMB Circulars. In addition, the application should include a detailed description of these services or materials in the budget narrative for Section B.

- **Non-TIF Federal Funds**
  If the non-TIF funds are Federal, the applicant should include in the budget narrative section of the application a table that clearly describes, by year, the source, amount, and proposed use of any non-TIF Federal funds that the applicant proposes to contribute to the proposed TIF project. In this Budget Narrative, applicants should include detailed information about *non-TIF* Federal resources, financial and non-financial, that will be used to support the PBCS, the educator evaluation systems, and other project costs during the grant period. Applicants should reflect all of the applicable non-TIF Federal resources referenced in their Project Narrative related to Selection Criteria (f), Sustainability. If a group member plans to contribute services or materials as part of the project's contribution of non-TIF Federal resources, the value of these services or materials (calculated according to section 80.24 and 74.23 of EDGAR (34 C.F.R. 80.24 and 74.23) for LEAs and SEAs, and nonprofit organizations, respectively, and cost principles in applicable Office of Management and Budget (OMB) circulars)) should be indicated in detail.

IMPORTANT NOTE: Applicants should refer to Requirements 6 and 7 in the "Application Requirements" section of this application package for more information about the allowable uses of TIF funds.

IMPORTANT NOTE:
Applicants are encouraged to review applicable OMB cost circulars when preparing their budget and budget narrative.

- ***Cost Principles for Nonprofit Organizations*** or OMB Circular A-87 may be found at the following link:
  http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html
- ***Cost Principles for State, Local, and Indian Tribal Governments*** or OMB Circular A-122 may be found at the following link:
  http://www.whitehouse.gov/omb/circulars/a122/a122_2004.html

Use of Funds

(Below is some information on allowable use of funds. All applicants should read NIA and all of the FAQs for more guidance on allowable use of funds)

- **TIF Funds to Support the PBCS**
  - TIF funds may be used to support the costs of performance-based compensation and related professional development in the high-need schools identified under Requirement 3(a).
  - TIF funds may not be used to provide performance-based compensation or related professional development in schools that are not identified in response to Requirement 3.
  - TIF funds may also be used to pay costs that are reasonable and necessary to develop and improve systems and tools that support the PBCS and benefit the entire LEA as well as the costs of project administration.
  - The professional development is "related" to the PBCS if it is designed to address the educator needs that have been identified through the evaluation systems described in the application.
  - Under Requirement 6, TIF funds cannot be used to compensate educators except as part of the PBCS in high-need schools identified under Requirement 3. There are only two exceptions to this restriction:
    - TIF funds can be used to compensate educators who have been hired to administer the TIF-funded project.
    - TIF funds can also be used to compensate educators who attend professional development or training but only if the professional development or training is designed to address needs identified through the educator evaluation process and occurs outside the educators' regular duty day.

- **Restrictions on the amount of additional compensation that LEAs may provide teachers in career ladder positions or teachers who assume other types of additional roles and responsibilities**
  - Under Requirement 6, applicants may propose to use TIF funds to support the cost of full-time salaries for teachers in career ladder positions in the high-need schools listed in response to Requirement 3(a).
  - **However, TIF funds may support only the cost of up to one full-time equivalent career ladder position for every 12 teachers who are not in a career ladder position in the high-need schools listed in response to Requirement 3(a).**

    <u>Example of TIF Funded Career Ladder Positions</u>
    For example, if there are 48 classroom teachers who are not in career ladder positions in the participating high-need schools, TIF funds may be used to support the full-time salary of up to 4 career ladder positions. This approach is designed to give an LEA flexibility to design its program of additional responsibilities and leadership roles using only full-time career ladder positions, only part-time positions,

or some combination of both, as it deems appropriate to implement either PBCS Design Model 1 or Design Model 2.

In the example given above, TIF funds could support 4 full-time master teacher positions, or 2 full-time positions and 4 half-time positions, or an equivalent combination. Further, this limitation applies to the additional compensation for both career ladder positions and for additional responsibilities and leadership roles in the high-need schools listed in response to Requirement 3(a).

Instructions for Explaining Performance-Based Compensation Costs

- **In the ED form 524 Section A and the budget narrative, applicants must budget incentive costs in the year that these expenses are earned**. While we realize that in many cases the actual payment of these funds will not occur until the next budget period (i.e., incentives for Year 1 are not paid until Year 2), the budget form requires applicants to list expenses using a 5 year budget period. As such, applicants must include **performance-based compensation costs *in the year that the award will be earned*.** For instance, if an applicant anticipates using the TIF grant to make performance-based awards to educators for their performance in Year 1 with the TIF grant, the applicant should include those expenses in Year 1 budget. Likewise, if an applicant anticipates using the TIF grant to make performance-based awards to educators for their performance in Year 5 of the grant, the applicant should include those expenses in the Year 5 TIF budget.

- There are two options for how an applicant treats the compensation provided to teachers, principals, and other personnel under its proposed PBCS.

  - If a fringe benefits rate will be applied to the added compensation or incentives for teachers, principals, and other personnel, an applicant should include the performance-based compensation in the "personnel" line item and the costs generated by applying the fringe benefit rate in the "fringe benefits" line item.

  - If you do not plan to apply a fringe rate to the performance-based compensation costs, you should include this cost in the "other" line item.

  An applicant must clearly explain in the Budget Narrative why it has chosen to list performance-based compensation costs in the "personnel" and "fringe benefits" line items or the "other" line item. See the section below for more information.

- Applicants must state the number of positions designated for teachers and principals who take on additional responsibilities and leadership roles (including career ladders) and how they will be compensated (e.g. salary or salary augmentation amount per person). This information should be clearly displayed in the budget section of the application and explained in the narrative.

- Performance-based compensation costs should not be listed in the "training stipends" line item. "Training stipends" are not allowable for this program.

Instructions for the Budget Narratives

To facilitate the review of your Budget Narratives, we encourage each applicant to include the following information for each year of the project.

1. Personnel: *Include fees and expenses for consultants under contractual.*

- Provide the title and duties of each position to be compensated under this project.
- Provide the salary for each position under this project.
- Provide the total number of teachers in the all of the high-need schools listed in response to Requirement 3(a), the total number of career ladder positions (and positions involving educators assuming other additional responsibilities and leadership roles), the total number of FTEs for these positions, and the amount of TIF funds requested for these positions.
- Provide the amounts of time, such as hours or percentage of time to be expended by each position under this project.
- Explain the importance of each position to the success of the project.
- Provide the basis for cost estimates or computations.
- Provide performance-based compensation costs if fringe benefits will be applied.
- If applicable, provide a detailed explanation of the performance-based compensation costs. These costs should be clearly broken out by teachers, principals, and other personnel.
- An example includes:

The following scenario assumes that there are 96 teachers in the school and that 80 of those teachers will earn an award. In this scenario, 8 FTE career ladder positions will be paid TIF funds.

Personnel: The following requested personnel will all be hired as employees of the project.	% FTE	Base Salary	Total
Project Director (1): John Doe will be responsible for the overall leadership and management of the Performance-Based Teacher and Principal Compensation Program. His qualifications are described in detail in the project on page 24 of the application.	.8 FTE (or 80%)	$65,000	$52,000

Performance-based compensation costs for effective teachers: 80 teachers will earn an average award amount of $3,000/year.			$240,000
Full-time Career Ladder Positions for Effective Teachers: There are 96 teacher positions in all the schools identified under Requirement 3(a). In addition to these positions, we will fill 8 FTE career ladder positions. Each position is budgeted at a $75,000 salary per year. (This creates an allowable ratio of 8/96, or 1 FTE career ladder position for every 12 non-career ladder teaching positions.)	8 x 1.0 FTE	$75,000 x 8	$600,000
Salary Augmentations for part-time mentor teachers: : 20 teachers will serve in a mentor position during 10% of their time (20 x .1 = 2 FTEs). Each teacher will earn $8,000year.			$160,000

2. Fringe Benefits

- Give the fringe benefit percentages of all personnel included under Personnel.
- Include fringe benefits applied to incentive awards if such expenditures are included under Personnel.
- Provide the rate and base on which fringe benefits are calculated.
- Do not include fringe benefits for salaries and wages that are treated as part of the indirect cost.

3. Travel

- Explain the purpose of the travel, how it relates to project success, how it aligns with the project goals and objectives and which program participants or staff will participate.
- Submit an estimate for the number of trips, points of origin and destination, and purpose of travel.
- Submit an itemized estimate of transportation and/or subsistence costs for each trip.
- Provide the basis for cost estimates or computations.
- Applicants must budget for attendance at two required annual meetings. There are no registration fees for these meetings. For planning purposes, applicants should include funds for transportation, lodging, and per diem costs for the following meetings:

  Required Meeting: ***Teacher Incentive Fund Grantee Meeting***
  This 1.5 day meeting will provide participants with key information needed to manage and implement a discretionary grant awarded by ED and technical assistance from experts. Grantee meetings will be held annually in a major U.S. city.

- Include travel of persons such as consultants under consultants, in line 6 of the 524 budget form and budget narrative.

Required Participants: Please budget for three participants including the project director.

Expenses for this meeting include:
- Round-trip airfare for three participants to a major U.S. city
- Lodging expenses for three participants for up to four nights in a major U.S. city
- Per diem expenses for three participants for up to five days in a major U.S. city
- Funds for local ground transportation

Required Meeting: ***Teacher Incentive Fund Topical Meeting***
This 1.5 day meeting will provide participants with in depth information on a topic related to implementing PBCSs. Topical meetings will be held annually in a major U.S. city.

Required Participants: Please budget for two participants including the project director.

Expenses for this meeting include:
- Round-trip airfare for two participants to a major U.S. city
- Lodging expenses for two participants for up to four nights in a major U.S. city
- Per diem expenses for two participants for up to five days in a major U.S. city
- Funds for local ground transportation

Example:

Travel: Travel expenses include the average airfare of $400 each, in addition to a hotel room at $150/night for two nights, local transportation of $50, and per diem of $40	# Trips	$ per Trip	Total
TIF Annual Grantee Meeting: This meeting will provide technical assistance for our grant site and provide collaboration among all TIF grantees. The total trip will last 1.5 full days.	3 (1 Project Dir. & 2 other key personnel)	$790	$2,370

4. Equipment

- Indicate the cost of tangible, non-expendable personal property that has a usefulness greater than one year and acquisition costs that are the lesser of the capitalization level established by the applicant entity for financial statement purposes or $5,000 per article. Lower limits may be established to maintain consistency with the applicant's policy.
- Indicate the estimated unit cost for each item to be purchased.
- Identify each type of equipment.
- Provide adequate justification of the need for items of equipment to be purchased.
- Explain the purpose of the equipment, and how it relates to project success.
- Provide the basis for cost estimates or computations.
- One example includes:

Example:

Equipment: Consistent with our organization's policy, equipment is defined as tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $1,000 or more per unit.	Cost of Item	Item Description	Total
Desktop Computers (3): Three desktop computers will be needed to expand our current office and supply the needs of 3 new employees.	$1,500	Desktop computer including monitor & printer	$4,500

5. Supplies

- Show all tangible, expendable personal property. Direct supplies and materials differ from equipment in that they are consumable, expendable, and of a relatively low unit cost. *Supplies purchased with grant funds should directly benefit the grant project and be necessary for achieving the goals of the project.*
- Provide an itemized estimate of materials and supplies by nature of expense or general category (e.g., instructional materials, office supplies, etc.).
- Explain the purpose of the supplies and how they relate to project success.
- Provide the basis for cost estimates or computations.
- Individual pieces of equipment that are under $5,000 per unit are generally considered supplies. However, as noted in the example under Equipment, an applicant's organization may have a different equipment policy.

6. Contractual

- The contractual category should include all costs specifically incurred with actions that the applicant takes in conjunction with an established internal procurement system. Include consultant fees, expenses, and travel costs in this category if the consultant's services are obtained through a written binding agreement or contract.
- Provide the purpose and relation to project success.

- Describe the products to be acquired, and/or the professional services to be provided.
- Provide a brief justification for the use of the contractors selected.

Contractors are not to be named in an application since contracts will be competed following the award of a grant. If an applicant proposes in its application to use an existing contract or prior selection of any vendor for any activities to be supported with Federal TIF funds (or other Federal grant funds), the applicant must be prepared to demonstrate how it is in compliance with the "Procurement Practices" described in the "Application Information" section of this application package. Among other things, in awarding any contract or selecting any vendor prior to submission of the application, the applicant must have met the same EDGAR requirements that govern the need of fair and open competition that apply after receipt of a TIF award.

- Provide the projected cost per contractor.
- Provide the amount of time that the project will be working with the contractor(s).
- For professional services contracts, provide the amounts of time to be devoted to the project, including the costs to be charged to this proposed grant award.
- Provide a brief statement that you have followed the procedures for procurement under 34 CFR Parts 74.40 - 74.48 and Part 80.36.
- Provide the basis for cost estimates or computations.
- One example includes:

Contractual:	Timing of Costs	Total
ABC District plans to contract with an external evaluator to conduct the local evaluation, using both qualitative and quantitative data analysis. ABC expects to receive bi-annual evaluation reports and surveys from the new contractor. Please see page 37 of the project proposal for more information on the evaluation design.	Bi-Annual	$XXXX

7. Construction

- Not applicable.

8. Other

- Provide performance-based compensation costs if fringe benefits will not be applied.
- Indicate all direct costs not covered on lines 1-6. For example, include costs such as space rental, required fees, honoraria and travel (where a contract is not in place for services), training, and communication and printing costs. *Do not include costs that are included in the indirect cost rate.*
- List and identify items by major type or category (e.g., communications, printing, postage, equipment rental, etc.).
- Provide the cost per item (printing = $500, postage = $750).
- Provide the purpose for the expenditures and relation to project success.

- Provide the basis for cost estimates or computations.

9. Total Direct Costs

- The sum total of all direct expenditures, per budget category, of lines 1-8.

10. Indirect Costs

- Indicate the applicant's approved indirect cost rate, per sections 75.560 – 75.564 of EDGAR. If an applicant does not have an approved indirect cost rate agreement with a cognizant Federal agency, the applicant must apply to the Department for a temporary indirect cost rate if it wishes to charge indirect costs to the grant. Applicants should read the FAQs for more guidance on indirect costs. For more information, go to the Department's website at: http://www.ed.gov/about/offices/list/ocfo/fipao/icgindex.html.
- Identify indirect cost rate (if the applicant will charge indirect costs to the grant).

***Note*:** remember to provide a copy of the most recent approved indirect cost agreement in the "Other Attachments form" section of the application.

11. Training Stipends

- This line item is not applicable to this program. The training stipend line item only pertains to costs associated with long term training programs and college or university coursework, not workshops or short-term training supported by this program. All applicants should enter 0 for this line item.

12. Total Costs

- Sum total of direct costs, indirect costs, and stipends.
- Please provide total costs for each year of the project as well as grand total cost for the entire project period (up to 60 months).

Important Information Regarding Indirect Cost Rates

The Department of Education (ED) reimburses grantees for its portion of indirect costs that a grantee incurs on projects funded by the Teacher Incentive Fund program (CFDA 84.374A or 84.374B). The applicant should include any proposed indirect costs in its proposed TIF-supported budget and budget narrative. In order to charge indirect costs to this program, a grantee must have a currently approved Indirect Cost Rate (ICR) agreement.

If an applicant does not have a current indirect cost rate agreement, it does not need to submit any documentation regarding indirect costs with its application. These proposed indirect costs should be calculated using a temporary rate of ten percent and that rate should be applied to all direct salaries and wages. See 34 C.F.R §75.560(c). However, the applicant must expeditiously take steps to obtain an indirect cost rate agreement after the grant award is made. The rules allow for a temporary ICR of 10% of budgeted salaries and wages and require the grantee to submit an ICR proposal within 90 days after issuance of the grant award notification.

An applicant selected for funding, that does not have a currently approved ICR, must review and follow the final regulations published at 34 CFR 75.560 in the Federal Register on December 7, 2007 (72 FR 69145). To get an indirect cost rate agreement, a successful applicant that is an SEA or nonprofit organization must submit an indirect cost proposal to its cognizant Federal agency within 90 days of receiving its TIF grant award notification. See section 75.560(b) of EDGAR (34 C.F.R. §75.560(b)). (The cognizant Federal agency is generally the Federal department or agency providing the grantee with the most Federal funding subject to indirect cost support or an agency otherwise designated by OMB.) If the grantee is an LEA, however, the grantee should contact its State education agency (SEA) to obtain an indirect cost agreement. The grantee should inform ED that it has taken this step and forward to the ED program office the indirect cost rate agreement that it eventually obtains.

For additional information about obtaining an approved indirect cost rate or applying for an indirect cost rate, contact the Department's Office of the Chief Financial Officer at (202) 245-8035.

The ICR must be negotiated with and approved by the grantee's cognizant agency, i.e., either (1) the federal agency from which it has received the most direct funding, subject to indirect cost support; (2) the federal agency specifically assigned cognizance by the Office of Management and Budget; or (3) the State agency that provides the most subgrant funds to the grantee (if no direct federal awards are received).

Note: Applicants should pay special attention to specific questions on the application budget form (ED 524) about their cognizant agency and the ICR being used in the budget. Applicants should be aware that ED is very often not the cognizant agency for its grantees. Rather, ED accepts the currently approved ICR established by the appropriate cognizant agency.

Applicants are encouraged to have an accountant calculate a proposed ICR using current information in the audited financial statements, actual cost data or the Internal Revenue Service Form 990. Applicants should use this proposed rate in the application materials and indicate the documentation used to calculate the rate. Guidance related to calculating an ICR can be found on ED's website at http://www.ed.gov/about/offices/list/ocfo/fipao/icgindex.html.

Applicants should include their indirect cost rate agreement in Part 6: Other Attachment Form.

If the requested budget does not include these estimated indirect costs, they will not be included in the budget approved by the Department that forms the basis of the grant award. This means that, after award, a grantee would only have funds with which to charge indirect costs to the grant if the approved direct costs of the grantee's project for any budget period exceed the grantee's actual direct costs. Where this occurs, the grantee may submit a requested budget revision to the Department program office to use the excess funds budgeted for direct costs to cover its indirect costs.

Group Applicants

The entity that applies on behalf of the group, whether or not the group is a partnership that includes a nonprofit organization, is the lead applicant and fiscal agent. Any eligible entity – an SEA, an LEA, or a nonprofit organization -- can be the lead applicant and fiscal agent in a group application.

Because Requirement 4 makes each member of a group a grantee, each member of the group may charge indirect costs at a rate not to exceed its own approved indirect cost rate on the direct cost base of TIF funds that it obligates. I.e., the lead applicant only charges indirect costs on funds that it obligates, not on funds that it provides to another member of the group for that member to obligate.

PART 6: OTHER ATTACHMENT FORM

Attach one or more documents to the Other Attachments Form in accordance with the instructions found on Grants.gov. You may provide all of the required information in a single document, or in multiple documents.

Ensure that you only attach the Education approved file types detailed in the Federal Register application notice (read-only, non-modifiable .pdf files). Also, do not upload any password-protected files to your application.

Please note that Grants.gov cannot process an application that includes two or more files that have the same name within a grant submission.

When attaching files, applicants should limit the size of their file names. Lengthy file names could result in difficulties with opening and processing your application. We recommend your file names be less than 50 characters.

- ❑ **Application Reference Chart describing where each priority and application requirement is addressed in the application, and the applicant's eligibility classification**
  - O Applicants should reference the section and page in the application in which each priority and requirement is addressed.
  - O In creating this chart, applicants should use the template provided in Appendix 2.
- ❑ **High Need Documentation**
  - O Applicants must provide a list of the high-need schools in which the proposed PBCS will be implemented.
  - O For each high-poverty school listed, applicants must provide the most current data on the percentage of each identified school's students who are eligible for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or are considered students from low-income families based on other measures that the LEA uses (see section 1113(a)(5) of the ESEA (20 U.S.C. 6313(a)(5)).
  - O For each persistently lowest-achieving school, identify the school by name and indicate that it is a persistently lowest-achieving school.
  - O For each priority school listed, applicants must provide documentation verifying that the State has received approval of a request for ESEA flexibility, and that the schools have been identified by the State as priority schools.
- ❑ **Charter School Documentation**, if applicable
  - O Applicants, including group applicants, that are charter schools, should include a letter from the authorized chartering agency or SEA that confirms their status in the State as an LEA.
- ❑ **Memorandum of Understanding (MOU) or Binding Agreement**

- Group applicants must provide an MOU or other binding agreement that specifies the roles and responsibilities of each applicant.
- A sample MOU for group applicants is provided in Appendix 1.

- ❑ **Commitment letters, surveys, or other evidence** demonstrating educator support
- ❑ **Indirect Cost Rate Agreement**: All applicants should attach a copy of their current indirect cost rate agreement. Group applicants should only include the indirect cost rate agreement of the lead applicant. Similarly, group applicants should only budget for indirect costs under the lead applicant's agreement.
- ❑ **Individual Resumes for Project Directors and Key Personnel**: Provide brief resumes or job descriptions that describe their qualifications for the responsibilities they will carry out under the project.

PART 7: ASSURANCES AND CERTIFICATIONS

Be certain to complete all required assurances and certifications in Grants.gov, and include all required information in the appropriate place on each form. The assurances and certifications required for this application are:

- ❑ Assurances for Non-Construction Programs (SF 424B Form)
- ❑ Disclosure of Lobbying Activities (SF LLL Form)
- ❑ Certification Regarding Lobbying (ED 80-0013 Form)
- ❑ General Education Provisions Act (GEPA) Requirements – Section 427
- ❑ Survey on Ensuring Equal Opportunity for Applicants (form 1890-0014)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks “Subawardee,” then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.

6. Enter the name of the federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.

7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitations for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Included prefixes, e.g., “RFP-DE-90-001.”

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.

10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10(a). Enter Last Name, First Name, and Middle Initial (MI).

11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503

Instructions for Meeting the General Education Provisions Act (GEPA) Section 427 Requirements

All applicants for new awards **must** include information in their applications to address this new provision in order to receive funding under this program.

Section 427 **requires** each applicant for funds (other than an individual person) to include in its application a description of the steps the applicant proposes to take to ensure equitable access to, and participation in, its Federally-assisted program for students, teachers, and other program beneficiaries with special needs.

This provision allows applicants discretion in developing the required description. The statute highlights six types of barriers that can impede equitable access or participation: gender, race, national origin, color, disability, or age.

A general statement of an applicant's nondiscriminatory hiring policy is **not** sufficient to meet this requirement. Applicants must identify potential barriers and explain steps they will take to overcome these barriers.

Please review the Notice to all Applicants (included in the electronic application package in Grants.gov) for further information on meeting the provisions in the Department of Education's General Education Provisions Act (GEPA).

Applicants are **required** to address this provision by attaching a statement (not to exceed three pages) to the **ED GEPA427 form** that is included in the electronic application package in Grants.gov.

Survey Instructions on Ensuring Equal Opportunity for Applicants

Provide the applicant's (organization) name and DUNS number and the grant name and CFDA number.

1. Self-explanatory.

2. Self-identify.

3. Self-identify.

4. 501(c)(3) status is a legal designation provided on application to the Internal Revenue Service by eligible organizations. Some grant programs may require nonprofit applicants to have 501(c)(3) status. Other grant programs do not.

5. Self-explanatory.

6. For example, two part-time employees who each work half-time equal one full-time equivalent employee. If the applicant is a local affiliate of a national organization, the responses to survey questions 2 and 3 should reflect the staff and budget size of the local affiliate.

7. Annual budget means the amount of money your organization spends each year on all of its activities.

Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1890-0014. The time required to complete this information collection is estimated to average five (5) minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:** The Agency Contact listed in this grant application package.

OMB No. 1894-0010 Exp. 05/31/2012

PART 8: INTERGOVERNMENTAL REVIEW OF FEDERAL PROGRAMS (EXECUTIVE ORDER 12372)

This program falls under the rubric of Executive Order 12372 (Intergovernmental Review of Federal Programs) and the regulations in 34 CFR Part 79. One of the objectives of the Executive order is to strengthen federalism--or the distribution of responsibility between localities, States, and the Federal government--by fostering intergovernmental partnerships. This idea includes supporting processes that State or local governments have devised for coordinating and reviewing proposed Federal financial grant applications.

The process for doing this requires grant applicants to contact State Single Points of Contact for information on how this works. Multi-state applicants should follow procedures specific to each state.

Further information about the State Single Point of Contact (SPOC) process and a list of names by State can be found at:

http://www.whitehouse.gov/omb/grants_spoc

Absent specific State review programs, applicants may submit comments directly to the Department. All recommendations and comments must be mailed or hand-delivered by the date indicated in the actual application notice to the following address: The Secretary, EO 12372--CFDA# 84.374A or 84.375A, U.S. Department of Education, room 7E200. 400 Maryland Avenue, SW., Washington, DC 20202.

Proof of mailing will be determined on the same basis as applications (see 34 CFR §75.102). Recommendations or comments may be hand-delivered until 4:30 p.m. (eastern time) on the closing date indicated in the NIA.

Important note: The above address is not the same address as the one to which the applicant submits its completed applications. ***Do not send applications to the above address.***

Not all states have chosen to participate in the intergovernmental review process, and therefore do not have a SPOC. If you are located in a State that does not have a SPOC, you may send application materials directly to the Department as described in the *Federal Register* notice.

Legal and Regulatory Information

NOTICE INVITING APPLICATIONS

The NIA has been provided as a resource for potential applicants in this application package. The official version of this document is the document published in the Federal Register on June 14, 2012.

4000-01-U
DEPARTMENT OF EDUCATION
Applications for New Awards; Teacher Incentive Fund
AGENCY: Office of Elementary and Secondary Education, Department of Education.
ACTION: Notice.

Overview Information:

Teacher Incentive Fund; General TIF Competition and TIF Competition with a Focus on STEM
Notice inviting applications for new awards for fiscal year (FY) 2012.
Catalog of Federal Domestic Assistance (CFDA) Numbers: 84.374A and 84.374B.

Dates:

Applications Available: June 14, 2012.

Deadline for Notice of Intent to Apply: June 26, 2012.

Dates of Pre-Application Workshops: Visit the Teacher Incentive Fund's Web site at: http://www2.ed.gov/programs/teacherincentive/applicant.html for more information about TIF Pre-Application Workshops.

Deadline for Transmittal of Applications: July 27, 2012.

Deadline for Intergovernmental Review: September 25, 2012.

Full Text of Announcement

I. Funding Opportunity Description

Purpose of Program:

The purpose of the TIF program is to support the development and implementation of sustainable performance-based compensation systems (PBCSs) for teachers, principals, and other personnel in high-need schools in order to increase educator effectiveness and student achievement in those schools. Priorities:

This notice contains five priorities, three of which are absolute priorities and two of which are competitive preference priorities. These priorities are from the notice of final priorities, requirements, definitions, and selection criteria for this program, published elsewhere in this issue of the Federal Register.

Absolute Priorities:

For FY 2012 and any subsequent year in which we make awards from the list of unfunded applicants from the General TIF Competition and the TIF Competition with a Focus on STEM (CFDA 84.374A and 84.374B), the first two priorities, Priority 1--A Local educational agency (LEA)-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center and Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, are absolute priorities. For FY 2012 and any subsequent year in which we make awards from the list of unfunded applicants from the TIF Competition with a Focus on STEM (CFDA 84.374B), the third priority, Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM), is an absolute priority. Under 34 CFR 75.105(c)(3) we will only approve applications that meet either the first two or all three of these applicable absolute priorities. The following chart illustrates which absolute priorities apply to each competition:

Competition	Absolute Priorities
TIF General Competition (CFDA 84.374A)	• Priority 1--An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center • Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth
TIF Competition with a Focus on STEM (CFDA 84.374B)	• Priority 1--An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center • Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth • Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM)

These priorities are:

Priority 1 (Absolute): An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center.

To meet this priority, the applicant must include, in its application, a description of its LEA-wide HCMS, as it exists currently and with any modifications proposed for implementation during the project period of the grant. The application must describe--

(1) How the HCMS is or will be aligned with the LEA's vision of instructional improvement;

(2) How the LEA uses or will use the information generated by the evaluation systems it describes in its application to inform key human capital decisions, such as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion;

(3) The human capital strategies the LEA uses or will use to ensure that high-need schools are able to attract and retain effective educators; and

(4) Whether or not modifications are needed to an existing HCMS to ensure that it includes the features described in response to paragraphs (1), (2), and (3) of this priority, and a timeline for implementing the described features, provided that the use of evaluation information to inform the design and delivery of professional development and the award of performance-based compensation under the applicant's proposed PBCS in high-need schools begins no later than the third year of the grant's project period in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

Note: TIF funds can be used to support the costs of the systems and strategies described under this priority, Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM), and Priority 5--An Educator Salary Structure Based on Effectiveness only to the extent allowed under Requirement 6--Use of TIF Funds to Support the PBCS.

Priority 2 (Absolute): LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth.

To meet this priority, an applicant must include, as part of its application, a plan describing how it will develop and implement its proposed LEA-wide educator evaluation systems. The plan must describe--

(1) The frequency of evaluations, which must be at least annually;

(2) The evaluation rubric for educators that includes at least three performance levels and the following--

(i) Two or more observations during each evaluation period;

(ii) Student growth, which for the evaluation of teachers with regular instructional responsibilities must be growth at the classroom level; and

(iii) Additional factors determined by the LEA;

(3) How the evaluation systems will generate an overall evaluation rating that is based, in significant part, on student growth; and

(4) The applicant's timeline for implementing its proposed LEA-wide educator evaluation systems. Under the timeline, the applicant must implement these systems as the LEA's official

evaluation systems for assigning overall evaluation ratings for at least a subset of educators or schools no later than the beginning of the second year of the grant's project period. The applicant may phase in the evaluation systems by applying them, over time, to additional schools or educators so long as the new evaluation systems are the official evaluation systems the LEA uses to assign overall evaluation ratings for all educators within the LEA no later than the beginning of the third year of the grant's project period.

Priority 3 (Absolute): Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM).

To meet this priority, an applicant must include a plan in its application that describes the applicant's strategies for improving instruction in STEM subjects through various components of each participating LEA's HCMS, including its professional development, evaluation systems, and PBCS. At a minimum, the plan must describe--

(1) How each LEA will develop a corps of STEM master teachers who are skilled at modeling for peer teachers pedagogical methods for teaching STEM skills and content at the appropriate grade level by providing additional compensation to teachers who—

(i) Receive an overall evaluation rating of effective or higher under the evaluation system described in the application;

(ii) Are selected based on criteria that are predictive of the ability to lead other teachers;

(iii) Demonstrate effectiveness in one or more STEM subjects; and

(iv) Accept STEM-focused career ladder positions;

(2) How each LEA will identify and develop the unique competencies that, based on evaluation information or other evidence, characterize effective STEM teachers;

(3) How each LEA will identify hard-to-staff STEM subjects, and use the HCMS to attract effective teachers to positions providing instruction in those subjects;

(4) How each LEA will leverage community support, resources, and expertise to inform the implementation of its plan;

(5) How each LEA will ensure that financial and non-financial incentives, including performance-based compensation, offered to reward or promote effective STEM teachers are adequate to attract and retain persons with strong STEM skills in high-need schools; and

(6) How each LEA will ensure that students have access to and participate in rigorous and engaging STEM coursework.

Competitive Preference Priorities:

For FY 2012 and any subsequent year in which we make awards from the list of unfunded applicants from the competitions announced in this notice, the following two priorities are competitive preference priorities:

Priority 4 (Competitive Preference) --New or Rural Applicants to the Teacher Incentive Fund and Priority 5 (Competitive Preference) --An Educator Salary Structure Based on Effectiveness.

Under 34 CFR 75.105 (c)(2)(i) we award up to an additional 30 points to an application, depending on how well the application meets one or more of these priorities.

Priority 4 (Competitive Preference): New or Rural Applicants to the Teacher Incentive Fund (Up to 10 total points).

To meet this priority, an applicant must provide at least one of the two following assurances, which the Department accepts:

(a) An assurance that each LEA to be served by the project has not previously participated in a TIF-supported project.

(b) An assurance that each LEA to be served by the project is a rural local educational agency (as defined in this notice).

Note: An applicant that proposes to serve only LEAs that have not previously participated in a TIF-supported project may earn 6 points. An applicant that proposes to serve only rural LEAs may earn 10 points. An applicant may not receive more than 10 points under this priority. In other words, an applicant that meets both paragraph (a) and (b) of this priority may receive no more than 10 total points.

Priority 5 (Competitive Preference): An Educator Salary Structure Based on Effectiveness (up to 20 additional points).

To meet this priority, an applicant must propose, as part of its PBCS, a timeline for implementing no later than in the fifth year of the grant's project period a salary structure based on effectiveness for both teachers and principals. As part of this proposal, an applicant must describe--

(a) The extent to which and how each LEA will use overall evaluation ratings to determine educator salaries;

(b) How each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to Requirement 3(a); and

(c) The extent to which the proposed implementation is feasible, given that implementation will depend upon stakeholder support and applicable LEA-level policies.

Note: To meet Priority 2 (Absolute)-- LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, an applicant must implement its proposed PBCS in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools by the beginning of the third year of the grant's project period. If the timeline for implementing the salary structure proposed under this Priority 5 does not meet that deadline, the applicant must describe, under Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel, a proposed PBCS that the LEA will implement until the proposed salary structure is implemented.

Requirements:

The following requirements, which are from the notice of final priorities, requirements, definitions, and selection for this program, published elsewhere in this issue of the Federal Register, apply to the

competitions announced in this notice.

Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel.

In its application, an applicant must describe, for each participating LEA, how its proposed PBCS will meet the definition of a PBCS set forth in this notice.

> **Note:** The following charts illustrate how an applicant can design its PBCS to meet the definition of a PBCS. Chart 1 describes the two types of design models that meet the statutory requirements. Chart 2 identifies additional optional features that could be implemented as part of a PBCS. To ensure that funded applications reflect a diversity of PBCSs, the Secretary reserves the right to fund a sufficient number of high-quality Design Model 1 and Design Model 2 projects, as shown in Chart 1.

Chart 1. PBCS Design Options to Meet Statutory Requirements.

Design Model	Mandatory Elements
1* *Corresponds to paragraph (a)(1) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers and principals who receive an overall rating of effective or higher under the evaluation systems described in the application. (2) Of those teachers and principals eligible for compensation under paragraph (1), additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles (as defined in this notice).
2* *Corresponds to paragraph (a)(2) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers who receive an overall rating of effective or higher under the evaluation system described in the application and who take on career ladder positions (as defined in this notice). (2) Additional compensation for one or both of the following: (A) Principals who receive an overall rating of effective or higher under the evaluation system described in the application, or (B) Principals who receive an overall rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles (as defined in this notice).

Chart 2. PBCS Optional Features.

	Optional Elements
Compensation for Transfers to High-Need Schools	Proposed PBCS provides additional compensation for educators (which at the applicant's option may be for teachers or principals or both) who receive an overall rating of effective or higher under the evaluation systems described in the application or under comparable evaluation systems in another LEA, and who either: (1) Transfer to a high-need school from a school of the LEA that is not high-need, or (2) For educators who previously worked in another LEA, are hired to work in a high-need school.
Compensation for Other Personnel	Proposed PBCS provides additional compensation for other personnel, who are not teachers or principals, based on performance standards established by the LEA so long as those standards, in significant part, include student growth, which may be school-level student growth.

Requirement 2--Involvement and Support of Teachers and Principals.

In its application, the applicant must include--

(a) Evidence that educators in each participating LEA have been involved, and will continue to be involved, in the development and implementation of the PBCS and evaluation systems described in the application;
(b) A description of the extent to which the applicant has educator support for the proposed PBCS and educator evaluation systems; and
(c) A statement indicating whether a union is the exclusive representative of either teachers or principals in each participating LEA.

Note: It is the responsibility of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of collective bargaining agreements, memoranda of understanding, or other agreements between these employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. In the event that a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project).

Requirement 3 -- Documentation of High-Need Schools.

Each applicant must demonstrate, in its application, that the schools participating in the implementation of the TIF-funded PBCS are high-need schools (as defined in this notice), including high-poverty schools (as defined in this notice), priority schools (as defined in this notice), or persistently lowest-achieving schools (as defined in this notice). Each applicant must provide, in its application--

(a) A list of high-need schools in which the proposed TIF-supported PBCS would be implemented;

(b) For each high-poverty school listed, the most current data on the percentage of students who are eligible for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or are considered students from low-income families based on another poverty measure that the LEA uses (see section 1113(a)(5) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 U.S.C. 6313(a)(5))). Data provided to demonstrate eligibility as a high-poverty school must be school-level data; the Department will not accept LEA- or State-level data for purposes of documenting whether a school is a high-poverty school; and

(c) For any priority schools listed, documentation verifying that the State has received approval of a request for ESEA flexibility, and that the schools have been identified by the State as priority schools.

Requirement 4--SEA and Other Group Applications.

(a) Applications from the following are group applications:

(1) Any application from two or more LEAs.

(2) Any application that includes one or more SEAs.

(3) Any application that includes a nonprofit organization.

(b) An applicant that is a nonprofit organization must apply in a partnership that includes one or more LEAs, and must identify in the application the LEA(s) and any SEA(s) with which the proposed project would be implemented.

(c) An applicant that is an SEA must apply for a grant under this program as part of a group application that includes one or more LEAs in the same State as the SEA, and must identify in the application the LEA(s) in which the project would be implemented.

(d) All group applications must include a Memorandum of Understanding (MOU) or other binding agreement signed by all of the members of the group. At a minimum, the MOU or other agreement must include--

(1) A commitment by each participating LEA to implement the HCMS, including the educator evaluation systems and the PBCS, described in the application;

(2) An identification of the lead applicant;

(3) A description of the responsibilities of the lead applicant in managing any grant funds and ensuring overall implementation of the proposed project as described in the application if approved by the Department;

(4) A description of the activities that each member of the group will perform; and

(5) A statement binding each member of the group to every statement and assurance made in the application.

(e) In any group application identified in paragraph (a) of this requirement, each entity in the group is considered a grantee.

Requirement 5--Limitations on Multiple Applications.

(a) An LEA applicant may participate in no more than one application in any fiscal year.
(b) An SEA applicant may participate in no more than one group application for the General TIF Competition, and no more than one group application for the TIF Competition with a Focus on STEM in any fiscal year.
(c) A nonprofit organization applicant may participate in one or more group applications for the General TIF Competition, and in one or more applications for the TIF Competition with a Focus on STEM, in any fiscal year.

Requirement 6--Use of TIF Funds to Support the PBCS.

(a) LEA-wide Improvements to Systems and Tools. TIF funds may be used to develop and improve systems and tools that support the PBCS and benefit the entire LEA.
(b) Performance-based Compensation and Professional Development.
(1) High-Need Schools. TIF funds may be used to provide performance-based compensation and related professional development in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools. TIF funds may not be used to provide performance-based compensation or related professional development in schools other than those high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.
(2) PBCSs. TIF funds may be used to compensate educators only when the compensation is provided as part of the LEA's PBCS, as described in the application.
(3) For Additional Responsibilities and Leadership Roles. When a proposed PBCS provides additional compensation to effective educators who take on additional responsibilities and leadership roles, TIF funds may be used for either the entire amount of salary for career ladder positions, or for salary augmentations (i.e., an additional amount of compensation over and above what the LEA would otherwise pay the effective teacher), or both. TIF-funds may be used to fund additional compensation for additional responsibilities and leadership roles up to the cost of 1 full-time equivalent position for every 12 teachers, who are not in a career ladder position, located in the high-need schools listed in response to Requirement 3(a).
(c) Other Permissible Types of Compensation. Nothing in this requirement precludes the use of TIF funds to compensate educators who are hired by a grantee to administer or implement the TIF-supported PBCS, or to compensate educators who attend TIF-supported professional development outside their official duty hours, or to develop or improve systems and tools needed to support the PBCS.

Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants.

Each applicant must provide an assurance, in its application, that, if successful under this competition, it will use the grant award to implement the proposed PBCS and professional development only in

high-need schools that are not served, as of the beginning of the grant's project period or as planned in the future, by an existing TIF grant.

Definitions:

The following definitions, which are from the notice of final priorities, requirements, definitions, and selection criteria for this program, published elsewhere in this issue of the Federal Register, apply to the competitions announced in this notice.

Additional responsibilities and leadership roles means:
(a) In the case of teachers, meaningful school-based responsibilities that teachers may voluntarily accept to strengthen instruction or instructional leadership in a systemic way, such as additional responsibilities related to lesson study, professional development, and peer evaluation, and may also include career ladder positions.
(b) In the case of principals, additional responsibilities and leadership roles that principals may voluntarily accept, such as a position in which an effective principal coaches a novice principal.

Career ladder positions means school-based instructional leadership positions designed to improve instructional practice, which teachers may voluntarily accept, such as positions described as master teacher, mentor teacher, demonstration or model teacher, or instructional coach, and for which teachers are selected based on criteria that are predictive of the ability to lead other teachers.

Educators means teachers and principals.

High-need school means:

(a) A high-poverty school, or
(b) A persistently lowest-achieving school, or
(c) In the case of States that have received the Department's approval of a request for ESEA flexibility, a priority school.

High-poverty school means a school with 50 percent or more of its enrollment from low-income families, based on eligibility for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act, or other poverty measures that LEAs use (see section 1113(a)(5) of the ESEA (20 U.S.C. 6313(a)(5)). For middle and high schools, eligibility may be calculated on the basis of comparable data from feeder schools. Eligibility as a high-poverty school under this definition is determined on the basis of the most currently available data.

Human capital management system (HCMS) means a system by which an LEA makes and implements human capital decisions, such as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion.

Other personnel means school-based personnel who are not serving in a teacher or principal position. Other personnel may include, for example, school counselors, media specialists, or para-educators.

Performance-based compensation system (PBCS) means a system that:

(a) Provides additional compensation for teachers and principals in one of the following circumstances--

(1)(i) Design Model 1. Additional compensation for teachers and principals who receive an overall evaluation rating of effective or higher under the evaluation systems described in the application; and

(ii) Of those teachers and principals eligible for compensation under paragraph (a)(1)(i) of this definition, additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles; or

(2)(i) Design Model 2. Additional compensation for teachers who receive an overall evaluation rating of effective or higher under the evaluation system described in the application and who take on career ladder positions; and

(ii) Additional compensation for (A) principals who receive an overall evaluation rating of effective or higher under the evaluation system described in the application, or (B) principals who receive an overall evaluation rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles.

(b) May provide the following compensation:

(1) Additional compensation for educators (which at the applicant's option may be for teachers or principals or both) who receive an overall evaluation rating of effective or higher under the evaluation systems described in the application or under comparable evaluation systems in another LEA, and who either: (i) transfer to a high-need school from a school of the LEA that is not high-need, or, (ii) for educators who previously worked in another LEA, are hired to work in a high-need school.

(2) Additional compensation for other personnel, who are not teachers or principals, based on performance standards established by the LEA so long as those standards, in significant part, include student growth, which may be school-level student growth.

Persistently lowest-achieving school means, as determined by the State:

(i) Any Title I school in improvement, corrective action, or restructuring that--

(a) Is among the lowest-achieving five percent of Title I schools in improvement, corrective action, or restructuring or the lowest-achieving five Title I schools in improvement, corrective action, or restructuring in the State, whichever number of schools is greater; or

(b) Is a high school that has had a graduation rate as defined in 34 CFR 200.19(b) that is less than 60 percent over a number of years; and

(ii) Any secondary school that is eligible for, but does not receive, Title I funds that--

(a) Is among the lowest-achieving five percent of secondary schools or the lowest-achieving five secondary schools in the State that are eligible for, but do not receive, Title I funds, whichever number of schools is greater; or

(b) Is a high school that has had a graduation rate as defined in 34 CFR 200.19(b) that is less than 60 percent over a number of years.

To identify the persistently lowest achieving schools, a State must take into account both:

(i) The academic achievement of the "all students" group in a school in terms of proficiency on the State's assessments under section 1111(b)(3) of the ESEA in reading/language arts and mathematics combined; and
(ii) The school's lack of progress on those assessments over a number of years in the "all students" group.

Principal means any person who meets the definition of that term under State or local law. At an LEA's discretion, it may also include an assistant or vice principal or a person in a position that contributes to the organizational management or instructional leadership of a school.

Priority school means a school that has been identified by the State as a priority school pursuant to the State's approved request for Elementary and Secondary Education Act (ESEA) flexibility.

Rural local educational agency means an LEA that is eligible under the Small Rural School Achievement program or the Rural and Low-Income School program authorized under Title VI, Part B of the ESEA. Applicants may determine whether a particular LEA is eligible for these programs by referring to information on the Department's Web site at http://www2.ed.gov/nclb/freedom/local/reap.html.

Student growth means the change in student achievement for an individual student between two or more points in time. For the purpose of this definition, student achievement means--

(a) For grades and subjects in which assessments are required under section 1111(b)(3) of ESEA: (1) a student's score on such assessments and may include (2) other measures of student learning, such as those described in paragraph (b) of this definition, provided those measures are rigorous and comparable across schools within an LEA.
(b) For grades and subjects in which assessments are not required under section 1111(b)(3) of ESEA: alternative measures of student learning and performance such as student results on pre-tests, end-of-course tests, and objective performance-based assessments; student learning objectives; student performance on English language proficiency assessments; and other measures of student achievement that are rigorous and comparable across schools within an LEA.

Teacher means any person who meets the definition of that term under State or local law.

Vision of instructional improvement means a summary of the key competencies and behaviors of effective teaching that an LEA views as necessary to produce high levels of student achievement, as well as how educators acquire or improve these competencies and behaviors.

Program Authority: The Department of Education Appropriations Act, 2012 (Division F, Title III of Public Law 112-74).

Applicable Regulations: (a) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 77, 79, 80, 81, 82, 84, 86, 97, 98, and 99. (b) The Education Department suspension and debarment regulations in 2 CFR part 3485. (c) The notice of final priorities, requirements, definitions, and selection criteria for this program, published elsewhere in this issue of the Federal Register.

Note: The regulations in 34 CFR part 79 apply to all applicants except federally recognized Indian tribes. **Note:** The regulations in 34 CFR part 86 apply to institutions of higher education only.

II. Award Information

Type of Award: Discretionary grants.

Estimated Available Funds: $284,461,350.
Contingent upon the availability of funds and the quality of applications, we may make additional awards in FY 2013 from the list of unfunded applicants from the competitions announced in this notice.

Estimated Range of Awards: $500,000 - $12,000,000 for the first year of the project period. Funding for the second through fifth years of the project period is subject to the availability of funds and the approval of continuation awards (see 34 CFR 75.253).

Estimated Average Size of Awards: $10,000,000 for the first year of the project period. Funding for the second through fifth years of the project period is subject to the availability of funds and the approval of continuation awards (see 34 CFR 75.253).

Estimated Number of Awards: 30.

Note: The Department is not bound by any estimates in this notice.

Project Period: Up to 60 months.

III. Eligibility Information

1. Eligible Applicants:
(a) LEAs, including charter schools that are LEAs.
(b) States that apply with one or more LEAs.
(c) Nonprofit organizations that apply in partnership with an LEA or an LEA and State.

2. Cost Sharing or Matching: This program does not require cost sharing or matching.

IV. Application and Submission Information

1. **Address to Request Application Package:**
Miriam Lund, U.S. Department of Education,
400 Maryland Avenue, SW., room 3E245,

LBJ Building, Washington,
DC 20202-6200.
Telephone: (202)205-5224
or by e-mail: TIF4@ed.gov.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

Individuals with disabilities can obtain a copy of the application package in an accessible format (e.g., braille, large print, audiotape, or compact disc) by contacting the program contact person listed in this section.

2. <u>Content and Form of Application Submission</u>:

Requirements concerning the content of an application, together with the forms you must submit, are in the application package for this program.

Notice of Intent to Apply:

We will be able to develop a more efficient process for reviewing grant applications if we understand the number of applicants that intend to apply for funding under these competitions. Therefore, the Secretary strongly encourages each potential applicant to notify us of the applicant's intent to submit an application for funding by sending a short e-mail message. This short e-mail should provide (1) the applicant organization's name and address, (2) the competition for which the applicant intends to apply (i.e., the TIF General Competition or the TIF Competition with a Focus on STEM), and (3) all competitive preference priorities the applicant intends to address. The Secretary requests that this e-mail notification be sent to tif4@ed.gov with "Intent to Apply" in the e-mail subject line. Applicants that do not provide this e-mail notification may still apply for funding.

Page Limit: The application narrative is where you, the applicant, address the selection criteria that reviewers use to evaluate your application. Please limit the application narrative to no more than 60 pages, using the following standards:

- A "page" is 8.5" x 11", on one side only, with 1" margins at the top, bottom, and both sides.
- Double space (no more than three lines per vertical inch) all text in the application narrative, including titles, headings, footnotes, quotations, references, and captions, as well as all text in charts, tables, figures, and graphs.
- Use a font that is either 12 point or larger or no smaller than 10 pitch (characters per inch).
- Use one of the following fonts: Times New Roman, Courier, Courier New, or Arial.

The suggested page limit does not apply to the cover sheet; the budget section, including the narrative budget justification; the assurances and certifications; or the one-page abstract, the resumes, the bibliography, or the letters of support. However, the suggested page limit does apply to all of the application narrative section.

3. **Submission Dates and Times:**

Applications Available: June 14, 2012.

Deadline for Notice of Intent to Apply: June 26, 2012.

Deadline for Transmittal of Applications: July 27, 2012.

Pre-application workshops will be held for this competition **in** June. The workshops are intended to provide technical assistance to all interested grant applicants. Detailed information regarding the pre-application workshops times, and on-line registration form, can be found on the Teacher Incentive Fund's Web site at http://www2.ed.gov/programs/teacherincentive/applicant.html.

Applications for grants under this program must be submitted electronically using the Grants.gov Apply site (Grants.gov). For information (including dates and times) about how to submit your application electronically, or in paper format by mail or hand delivery if you qualify for an exception to the electronic submission requirement, please refer to section IV. 7. Other Submission Requirements of this notice.

We do not consider an application that does not comply with the deadline requirements.

Individuals with disabilities who need an accommodation or auxiliary aid in connection with the application process should contact the person listed under For Further Information Contact in section VII of this notice. If the Department provides an accommodation or auxiliary aid to an individual with a disability in connection with the application process, the individual's application remains subject to all other requirements and limitations in this notice.

Deadline for Intergovernmental Review: September 25, 2012.

4. **Intergovernmental Review:**

This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. Information about Intergovernmental Review of Federal Programs under Executive Order 12372 is in the application package for this program.

5. Funding Restrictions:

We reference regulations outlining funding restrictions in the Applicable Regulations section of this notice.

6. Data Universal Numbering System Number, Taxpayer Identification Number, and Central Contractor Registry:

To do business with the Department of Education, you must—

a. Have a Data Universal Numbering System (DUNS) number and a Taxpayer Identification Number (TIN);
b. Register both your DUNS number and TIN with the Central Contractor Registry (CCR), the Government's primary registrant database;
c. Provide your DUNS number and TIN on your application; and
d. Maintain an active CCR registration with current information while your application is under review by the Department and, if you are awarded a grant, during the project period.

You can obtain a DUNS number from Dun and Bradstreet. A DUNS number can be created within one business day.

If you are a corporate entity, agency, institution, or organization, you can obtain a TIN from the Internal Revenue Service. If you are an individual, you can obtain a TIN from the Internal Revenue Service or the Social Security Administration. If you need a new TIN, please allow 2-5 weeks for your TIN to become active.

The CCR registration process may take five or more business days to complete. If you are currently registered with the CCR, you may not need to make any changes. However, please make certain that the TIN associated with your DUNS number is correct. Also note that you will need to update your CCR registration on an annual basis. This may take three or more business days to complete.

In addition, if you are submitting your application via Grants.gov, you must (1) be designated by your organization as an Authorized Organization Representative (AOR); and (2) register yourself with Grants.gov as an AOR. Details on these steps are outlined at the following Grants.gov Web page: www.grants.gov/applicants/get_registered.jsp.

7. Other Submission Requirements:

Applications for grants under this program must be submitted electronically unless you qualify for an exception to this requirement in accordance with the instructions in this section.

a. Electronic Submission of Applications.

Applications for grants under the Teacher Incentive Fund, CFDA number 84.374A, the General TIF Competition and 84.374B, the TIF Competition with a Focus on STEM, must be submitted electronically using the Governmentwide Grants.gov Apply site at www.Grants.gov. Through this site, you will be able to download a copy of the application package, complete it offline, and then upload and submit your application. You may not e-mail an electronic copy of a grant application to us.

We will reject your application if you submit it in paper format unless, as described elsewhere in this section, you qualify for one of the exceptions to the electronic submission requirement and submit, no later than two weeks before the application deadline date, a written statement

to the Department that you qualify for one of these exceptions. Further information regarding calculation of the date that is two weeks before the application deadline date is provided later in this section under Exception to Electronic Submission Requirement.

You may access the electronic grant application for the Teacher Incentive Fund competitions at www.Grants.gov. You must search for the downloadable application package for this program by the CFDA number. Do not include the CFDA number's alpha suffix in your search (e.g., search for 84.374, not 84.374A).

Please note the following:

• When you enter the Grants.gov site, you will find information about submitting an application electronically through the site, as well as the hours of operation.

• Applications received by Grants.gov are date and time stamped. Your application must be fully uploaded and submitted and must be date and time stamped by the Grants.gov system no later than 4:30:00 p.m., Washington, DC time, on the application deadline date. Except as otherwise noted in this section, we will not accept your application if it is received--that is, date and time stamped by the Grants.gov system--after 4:30:00 p.m., Washington, DC time, on the application deadline date. We do not consider an application that does not comply with the deadline requirements. When we retrieve your application from Grants.gov, we will notify you if we are rejecting your application because it was date and time stamped by the Grants.gov system after 4:30:00 p.m., Washington, DC time, on the application deadline date.

• The amount of time it can take to upload an application will vary depending on a variety of factors, including the size of the application and the speed of your Internet connection. Therefore, we strongly recommend that you do not wait until the application deadline date to begin the submission process through Grants.gov.

• You should review and follow the Education Submission Procedures for submitting an application through Grants.gov that are included in the application package for this program to ensure that you submit your application in a timely manner to the Grants.gov system. You can also find the Education Submission Procedures pertaining to Grants.gov under News and Events on the Department's G5 system home page at http://www.G5.gov.

• You will not receive additional point value because you submit your application in electronic format, nor will we penalize you if you qualify for an exception to the electronic submission requirement, as described elsewhere in this section, and submit your application in paper format.

• You must submit all documents electronically, including all information you typically provide on the following forms: the Application for Federal Assistance (SF 424), the Department of Education Supplemental Information for SF 424, Budget Information--Non-Construction Programs (ED 524), and all necessary assurances and certifications.

• You must upload any narrative sections and all other attachments to your application as files in a PDF (Portable Document) read-only, non-modifiable format. Do not upload an interactive or fillable PDF file. If you upload a file type other than a read-only, non-modifiable PDF or submit a password-protected file, we will not review that material.

• Your electronic application must comply with any page-limit requirements described in this notice.

• After you electronically submit your application, you will receive from Grants.gov an automatic notification of receipt that contains a Grants.gov tracking number. (This notification indicates receipt by Grants.gov only, not receipt by the Department.) The Department then will retrieve your application from Grants.gov and send a second notification to you by e-mail. This second notification indicates that the Department has received your application and has assigned your application a PR/Award number (an ED-specified identifying number unique to your application).

• We may request that you provide us original signatures on forms at a later date.

Application Deadline Date Extension in Case of Technical Issues with the Grants.gov System:

If you are experiencing problems submitting your application through Grants.gov, please contact the Grants.gov Support Desk, toll free, at 1-800-518-4726. You must obtain a Grants.gov Support Desk Case Number and must keep a record of it.

If you are prevented from electronically submitting your application on the application deadline date because of technical problems with the Grants.gov system, we will grant you an extension until 4:30:00 p.m., Washington, DC time, the following business day to enable you to transmit your application electronically or by hand delivery. You also may mail your application by following the mailing instructions described elsewhere in this notice.

If you submit an application after 4:30:00 p.m., Washington, DC time, on the application deadline date, please contact the person listed under For Further Information Contact in section VII of this notice and provide an explanation of the technical problem you experienced with Grants.gov, along with the Grants.gov Support Desk Case Number. We will accept your application if we can confirm that a technical problem occurred with the Grants.gov system and that that problem affected your ability to submit your application by 4:30:00 p.m., Washington, DC time, on the application deadline date. The Department will contact you after a determination is made on whether your application will be accepted.

Note: The extensions to which we refer in this section apply only to the unavailability of, or technical problems with, the Grants.gov system. We will not grant you an extension if you failed to fully register to submit your application to Grants.gov before the application deadline date and time or if the technical problem you experienced is unrelated to the Grants.gov system.

Exception to Electronic Submission Requirement:

You qualify for an exception to the electronic submission requirement, and may submit your application in paper format, if you are unable to submit an application through the Grants.gov system because—

- You do not have access to the Internet; or
- You do not have the capacity to upload large documents to the Grants.gov system;

and

- No later than two weeks before the application deadline date (14 calendar days or, if the fourteenth calendar day before the application deadline date falls on a Federal holiday, the next business day following the Federal holiday), you mail or fax a written statement to the Department, explaining which of the two grounds for an exception prevent you from using the Internet to submit your application.

If you mail your written statement to the Department, it must be postmarked no later than two weeks before the application deadline date. If you fax your written statement to the Department, we must receive the faxed statement no later than two weeks before the application deadline date.

Address and mail your statement to:

Miriam Lund,
U.S. Department of Education,
400 Maryland Avenue, SW., room, 3E245,
Washington, DC,
20202-6200.

Your paper application must be submitted in accordance with the mail or hand delivery instructions described in this notice.

b. Submission of Paper Applications by Mail.

If you qualify for an exception to the electronic submission requirement, you may mail (through the U.S. Postal Service or a commercial carrier) your application to the Department. You must mail the original and two copies of your application, on or before the application deadline date, to the Department at the following address:

U.S. Department of Education
Application Control Center
Attention: (CFDA Number 84.374A for the General TIF Competition or CFDA Number 84.374B for the TIF Competition with a Focus on STEM)
LBJ Basement Level 1
400 Maryland Avenue, SW.
Washington, DC 20202-4260

You must show proof of mailing consisting of one of the following:

(1) A legibly dated U.S. Postal Service postmark.
(2) A legible mail receipt with the date of mailing stamped by the U.S. Postal Service.
(3) A dated shipping label, invoice, or receipt from a commercial carrier.
(4) Any other proof of mailing acceptable to the Secretary of the U.S. Department of Education.

If you mail your application through the U.S. Postal Service, we do not accept either of the following as proof of mailing:
(1) A private metered postmark.
(2) A mail receipt that is not dated by the U.S. Postal Service.
If your application is postmarked after the application deadline date, we will not consider your application.

Note: The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, you should check with your local post office.

c. Submission of Paper Applications by Hand Delivery.

If you qualify for an exception to the electronic submission requirement, you (or a courier service) may deliver your paper application to the Department by hand. You must deliver the original and two copies of your application by hand, on or before the application deadline date, to the Department at the following address:

U.S. Department of Education
Application Control Center
Attention: (CFDA Number 84.374A for the General TIF Competition or CFDA Number 84.374B for the TIF Competition with a Focus on STEM)
550 12th Street, SW.
Room 7041, Potomac Center Plaza
Washington, DC 20202-4260

The Application Control Center accepts hand deliveries daily between 8:00 a.m. and 4:30:00 p.m., Washington, DC time, except Saturdays, Sundays, and Federal holidays.
Note for Mail or Hand Delivery of Paper Applications: If you mail or hand deliver your application to the Department--

(1) You must indicate on the envelope and--if not provided by the Department--in Item 11 of the SF 424 the CFDA number, including suffix letter, if any, of the competition under which you are submitting your application; and
(2) The Application Control Center will mail to you a notification of receipt of your grant application. If you do not receive this notification within 15 business days from the application deadline date, you should call the U.S. Department of Education Application Control Center at (202) 245-6288.

V. Application Review Information

1. Selection Criteria:

The selection criteria for this program are from the notice of final priorities, requirements, definitions, and selection criteria for this program, published elsewhere in this edition of the Federal Register. The points or weights assigned to each criterion are indicated in parentheses. Non-Federal peer reviewers will review each application. They will be asked to evaluate and score each program narrative against the following selection criteria.
Selection Criteria (a) through (f) apply to both the General TIF Competition and the TIF Competition with a Focus on STEM. Selection Criteria (g) applies only to applicants applying to the TIF Competition with a Focus on STEM.

The maximum score for all of the General TIF Competition selection criteria is 200 points. The maximum score for the TIF Competition with a Focus on STEM is 225 points. The maximum score for each criterion and subcriterion is indicated in parentheses. The selection criteria for these competitions are as follows:

(a) A Coherent and Comprehensive Human Capital Management System (HCMS). (45 points)

We will consider the quality and comprehensiveness of each participating LEA's HCMS as described in the application. In determining the quality of the HCMS, as it currently exists and as the applicant proposes to modify it during the grant period, we will consider the extent to which the HCMS described in the application is--

(1) Aligned with each participating LEA's clearly described vision of instructional improvement (10 points); and
(2) Likely to increase the number of effective educators in the LEA's schools, especially in high-need schools, as demonstrated by (35 points)--
(i) The range of human capital decisions for which the applicant proposes to consider educator effectiveness – based on the educator evaluation systems described in the application.
(ii) The weight given to educator effectiveness--based on the educator evaluation systems described in the application--when human capital decisions are made;
(iii) The feasibility of the HCMS described in the application, including the extent to which the LEA has prior experience using information from the educator evaluation systems described in the application to inform human capital decisions, and applicable LEA-level policies that might inhibit or facilitate modifications needed to use educator effectiveness as a factor in human capital decisions;
(iv) The commitment of the LEA's leadership to implementing the described HCMS, including all of its component parts; and
(v) The adequacy of the financial and nonfinancial strategies and incentives, including the proposed PBCS, for attracting effective educators to work in high-

need schools and retaining them in those schools.

(b) <u>Rigorous, Valid, and Reliable Educator Evaluation Systems</u>. (35 points)

We will consider, for each participating LEA, the quality of the educator evaluation systems described in the application. In determining the quality of each evaluation system, we will consider the extent to which--

(1) Each participating LEA has finalized a high-quality evaluation rubric, with at least three performance levels (e.g., highly effective, effective, developing, unsatisfactory), under which educators will be evaluated (2 points);

(2) Each participating LEA has presented (4 points)--

(i) A clear rationale to support its consideration of the level of student growth achieved in differentiating performance levels; and

(ii) Evidence, such as current research and best practices, supporting the LEA's choice of student growth models and demonstrating the rigor and comparability of assessments;

(3) Each participating LEA has made substantial progress in developing a high-quality plan for multiple teacher and principal observations, including identification of the persons, by position and qualifications, who will be conducting the observations, the observation tool, the events to be observed, the accuracy of raters in using observation tools and the procedures for ensuring a high degree of inter-rater reliability (13 points);

(4) The participating LEA has experience measuring student growth at the classroom level, and has already implemented components of the proposed educator evaluation systems (4 points);

(5) In the case of teacher evaluations, the proposed evaluation system (6 points) —-

(i) Bases the overall evaluation rating for teachers, in significant part, on student growth;

(ii) Evaluates the practice of teachers, including general education teachers and teachers of special student populations, in meeting the needs of special student populations, including students with disabilities and English learners;

(6) In the case of principal evaluations, the proposed evaluation system (6 points) --

(i) Bases the overall evaluation rating on, in significant part, student growth; and

(ii) Evaluates, among other factors, a principal's practice in--

(A) Focusing every teacher, and the school community generally, on student growth;

(B) Establishing a collaborative school culture focused on continuous improvement; and

(C) Supporting the academic needs of special student populations, including students with disabilities and English learners, for example, by creating systems to support successful co-teaching practices, providing resources for research-based intervention services, or similar activities.

(c) <u>Professional Development Systems to Support the Needs of Teachers and Principals Identified Through the Evaluation Process</u>. (35 points)

We will consider the extent to which each participating LEA has a high-quality plan for professional development to help all educators located in high-need schools, listed in response to Requirement 3(a), to improve their effectiveness. In determining the quality of each plan for professional development, we will consider the extent to which the plan describes how the participating LEA will--

(1) Use the disaggregated information generated by the proposed educator evaluation systems to identify the professional development needs of individual educators and schools (8 points);
(2) Provide professional development in a timely way (2 points);
(3) Provide school-based, job-embedded opportunities for educators to transfer new knowledge into instructional and leadership practices (5 points); and
(4) Provide professional development that is likely to improve instructional and leadership practices, and is guided by the professional development needs of individual educators as identified in paragraph (c)(1) of this criterion (20 points).

(d) Involvement of Educators. (35 points)

We will consider the quality of educator involvement in the development and implementation of the proposed PBCS and educator evaluation systems described in the application. In determining the quality of such involvement, we will consider the extent to which--

(1) The application contains evidence that educator involvement in the design of the PBCS and the educator evaluation systems has been extensive and will continue to be extensive during the grant period (10 points); and
(2) The application contains evidence that educators support the elements of the proposed PBCS and the educator evaluation systems described in the application (25 points).

(e) Project Management. (30 points)

We will consider the quality of the management plan of the proposed project. In determining the quality of the management plan, we will consider the extent to which the management plan--

(1) Clearly identifies and defines the roles and responsibilities of key personnel (3 points);
(2) Allocates sufficient human resources to complete project tasks (5 points);
(3) Includes measurable project objectives and performance measures (5 points); and
(4) Includes an effective project evaluation plan (5 points);
(5) Specifies realistic and achievable timelines for:
    (i) Implementing the components of the HCMS, PBCS, and educator evaluation systems, including any proposal to phase in schools or educators (8 points).
    (ii) Successfully completing project tasks and achieving objectives (4 points).

(f) Sustainability. (20 points)

We will consider the quality of the plan to sustain the proposed project. In determining the quality of the sustainability plan, we will consider the extent to which the sustainability plan--

(1) Identifies and commits sufficient non-TIF resources, financial and nonfinancial, to support the PBCS and educator evaluation systems during and after the grant period (10 points); and

(2) Is likely to be implemented and, if implemented, will result in a sustained PBCS and educator evaluation systems after the grant period ends (10 points).

(g) <u>Comprehensive Approach to Improving STEM Instruction</u>. (25 points)

To meet Priority 3, we will consider the quality of an applicant's plan for improving educator effectiveness in STEM instruction. In determining the quality of the plan, we will consider the extent to which--

(1) The financial and nonfinancial strategies and incentives, including the proposed PBCS, are adequate for attracting effective STEM educators to work in high-need schools and retaining them in these schools (4 points);

(2) The proposed professional development opportunities--

(a) Will provide college-level STEM skills and content knowledge to STEM teachers while modeling for teachers pedagogical methods for teaching those skills and that content at the appropriate grade level (4 points); and

(b) Will enable STEM teachers to provide students in high-need schools with increased access to rigorous and engaging STEM coursework appropriate for their grade level, including college-level material in high schools (7 points);

(3) The applicant will significantly leverage STEM-related funds across other Federal, State, and local programs to implement a high-quality and comprehensive STEM plan (7 points); and

(4) The applicant provides evidence (e.g., letters of support) that the LEA has or will develop extensive relationships with STEM experts and resources in industry, academic institutions, or associations to effectively implement its STEM plan and ensure that instruction prepares students to be college-and-career ready (3 points).

2. Review and Selection Process:

We remind potential applicants that in reviewing applications in any discretionary grant competition, the Secretary may consider, under 34 CFR 75.217(d)(3), the past performance of the applicant in carrying out a previous award, such as the applicant's use of funds, achievement of project objectives, and compliance with grant conditions. The Secretary may also consider whether the applicant failed to submit a timely performance report or submitted a report of unacceptable quality.

In addition, in making a competitive grant award, the Secretary also requires various assurances including those applicable to Federal civil rights laws that prohibit discrimination in programs or activities receiving Federal financial assistance from the Department of Education (34 CFR 100.4, 104.5, 106.4, 108.8, and 110.23).

3. Special Conditions:

Under 34 CFR 74.14 and 80.12, the Secretary may impose special conditions on a grant if the applicant or grantee is not financially stable; has a history of unsatisfactory performance; has a financial or other management system that does not meet the standards in 34 CFR parts 74 or 80, as applicable; has not fulfilled the conditions of a prior grant; or is otherwise not responsible.

VI. Award Administration Information

1. Award Notices:

If your application is successful, we notify your U.S. Representative and U.S. Senators and send you a Grant Award Notification (GAN). We may notify you informally, also.

If your application is not evaluated or not selected for funding, we notify you.

2. Administrative and National Policy Requirements:

We identify administrative and national policy requirements in the application package and reference these and other requirements in the Applicable Regulations section of this notice.

We reference the regulations outlining the terms and conditions of an award in the Applicable Regulations section of this notice and include these and other specific conditions in the GAN. The GAN also incorporates your approved application as part of your binding commitments under the grant.

3. Reporting:

(a) If you apply for a grant under one the competitions announced in this notice, you must ensure that you have in place the necessary processes and systems to comply with the reporting requirements in 2 CFR part 170 should you receive funding under one of the competitions. This does not apply if you have an exception under 2 CFR 170.110(b).

(b) At the end of your project period, you must submit a final performance report, including financial information, as directed by the Secretary. If you receive a multi-year award, you must submit an annual performance report that provides the most current performance and financial expenditure information as directed by the Secretary under 34 CFR 75.118. The Secretary may also require more frequent performance reports under 34 CFR 75.720(c). For specific requirements on reporting, please go to www.ed.gov/fund/grant/apply/appforms/appforms.html.

4. Performance Measures:

Pursuant to the Government Performance and Results Act of 1993, the Department has established the following performance measures that it will use to evaluate the overall effectiveness of the grantee's project, as well as the TIF program as a whole:

Measure 1. The number of teachers and principals, who are rated at the highest level, at least effective, and not effective, as measured by the district's evaluation system and the number who are not rated.

Measure 2. The number of teachers teaching in a high-need field or subject, such as teaching English learners, students with disabilities, or STEM, who are rated at the highest level, at least effective, and not effective, as measured by the district's evaluation system and the number who are not rated.

Measure 3. The number of teachers and principals who were rated at the highest level, at least effective, and not effective, as measured by the district's evaluation system, and the number who were not rated, in the previous year and who returned to serve in the same high-need school in the LEA.

Measure 4. The number of school districts participating in a TIF grant that use educator evaluation systems to inform the following human capital decisions: recruitment; hiring; placement; retention; dismissal; professional development; tenure; promotion; or all of the above.

5. Continuation Awards:

In making a continuation award, the Secretary may consider, under 34 CFR 75.253, the extent to which a grantee has made "substantial progress toward meeting the objectives in its approved application." This consideration includes the review of a grantee's progress in meeting the targets and projected outcomes in its approved application, and whether the grantee has expended funds in a manner that is consistent with its approved application and budget. In making a continuation grant, the Secretary also considers whether the grantee is operating in compliance with the assurances in its approved application, including those applicable to Federal civil rights laws that prohibit discrimination in programs or activities receiving Federal financial assistance from the Department (34 CFR 100.4, 104.5, 106.4, 108.8, and 110.23).

VII. Agency Contact

For Further Information Contact:

Miriam Lund,
U.S. Department of Education,
400 Maryland Avenue, SW
room 3E245, LBJ Building,

Washington,
DC 20202-6200.
Telephone: (202) 205-5224
or by e-mail: TIF4@ed.gov.

If you use a TDD or a TTY, call the FRS, toll free, at 1-800-877-8339.

VIII. Other Information

Accessible Format: Individuals with disabilities can obtain this document and a copy of the application package in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to the program contact person listed under For Further Information Contact in section VII of this notice.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available via the Federal Digital System at: www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the Federal Register by using the article search feature at: www.federalregister.gov. Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Delegation of Authority: The Secretary of Education has delegated authority to Michael Yudin, Deputy Assistant Secretary for Policy for Elementary and Secondary Education to perform the functions and duties of the Assistant Secretary for Elementary and Secondary Education.

Dated:

_____

Michael Yudin,
Deputy Assistant Secretary for Policy
and Strategic Initiatives, delegated
the authority to perform the functions
and duties of the Assistant
Secretary for Elementary and Secondary
Education.

NOTICE OF FINAL PRIORITIES

The NFP has been provided as a resource for potential applicants in this application package. The official version of this document is the document published in the Federal Register on June 14, 2012.

4000-01-U
DEPARTMENT OF EDUCATION
RIN 1810-AB12
[Docket ID ED-2012-OESE-0001]

CFDA Numbers: 84.374A and 84.374B.

Final priorities, requirements, definitions, and selection criteria--Teacher Incentive Fund (TIF) Program

AGENCY: Office of Elementary and Secondary Education, Department of Education.
ACTION: Notice.

SUMMARY: The Assistant Secretary for Elementary and Secondary Education announces priorities, requirements, definitions, and selection criteria under the TIF program. The Assistant Secretary may use one or more of these priorities, requirements, definitions, and selection criteria for competitions in fiscal year (FY) 2012 and later years. We are taking this action so that TIF-funded performance-based compensation systems (PBCSs) will be successful and sustained mechanisms that contribute to continual improvement of instruction, to increases in teacher and principal effectiveness, and, ultimately, to improvements in student achievement in high-need schools. To accomplish these goals, we are establishing priorities, requirements, definitions, and selection criteria that are designed to ensure that TIF grantees use high-quality LEA-wide evaluation and support systems that identify effective educators in order to improve instruction by informing performance-based compensation and other key human capital decisions.

EFFECTIVE DATE: These priorities, requirements, and definitions are effective June 14, 2012.

FOR FURTHER INFORMATION CONTACT:

Miriam Lund,
U.S. Department of Education,
400 Maryland Avenue, SW., room 3E245,
Washington, DC
20202-6450.

Telephone: (202) 401-2871
or by e-mail: miriam.lund@ed.gov.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Purpose of Program: The purpose of the TIF program is to support the development and implementation of sustainable PBCSs for teachers, principals, and other personnel in high-need schools in order to increase educator effectiveness and student achievement in those schools.

Program Authority: The Department of Education Appropriations Act, 2012 (Division F, Title III of Public Law 112-74).

The Statutory Requirements

The Department's FY 2012 appropriation provides TIF funds for competitive grants to eligible entities to develop and implement PBCSs for teachers, principals, and other personnel in high-need schools. Eligible entities for these funds are:

(a) Local educational agencies (LEAs), including charter schools that are LEAs.
(b) States.
(c) Partnerships of--
(1) An LEA, a State, or both; and
(2) At least one nonprofit organization.

Eligible entities must use TIF funds to develop and implement, in high-need schools, a PBCS that--

(a) Considers gains in student academic achievement, as well as classroom evaluations conducted multiple times during each school year, among other factors; and
(b) Provides educators with incentives to take on additional responsibilities and leadership roles.

A grantee (1) must demonstrate that its PBCS is developed with the input of teachers and school leaders in the schools and LEAs that the grant will serve, and (2) may use TIF funds to develop or improve systems and tools that would enhance the quality and success of the PBCS, such as high-quality teacher evaluations and tools that measure growth in student achievement. In addition, an applicant must include a plan to sustain financially the activities conducted and the systems developed under the grant once the grant period has expired.

We published a notice of proposed priorities, requirements, definitions, and selection criteria for this program in the Federal Register on February 29, 2012 (77 FR 12257) (NPP). The NPP contained background information and our reasons for proposing the particular priorities, requirements, definitions, and selection criteria.

There are differences between the NPP and this notice of final priorities, requirements, definitions, and selection criteria (NFP) as discussed in the Major Changes in the Final Priorities, Requirements, Definitions, and Selection Criteria and Analysis of Comments and Changes sections elsewhere in this notice.

Public Comment:

In response to our invitation in the NPP, 32 parties submitted comments on the proposed priorities, requirements, definitions, and selection criteria. We used these comments to revise, improve, and clarify the priorities, requirements, definitions, and selection criteria.

We group major issues according to subject and discuss other substantive issues under the title of the item to which they pertain. Generally, we do not address technical and other minor changes. In addition, we do not address general comments that raised concerns not directly related to the proposed priorities, requirements, definitions, or selection criteria.

Major Changes in the Final Priorities, Requirements, Definitions, and Selection Criteria

In addition to minor technical and editorial changes, there are several substantive differences between the priorities, requirements, definitions, and selection criteria proposed in the NPP and the final priorities, requirements, definitions, and selection criteria that we establish in this notice. Those substantive changes are summarized in this section and discussed in greater detail in the Analysis of Comments and Changes section that follows.
Priorities

We have made the following changes to the priorities for this program:

- We have revised Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, to clarify that the LEA-wide evaluation system must use classroom-level growth data to evaluate teachers (as defined in this notice) with regular instructional responsibilities consistent with paragraph (2)(ii) of the priority. An applicant must use classroom-level growth, rather than school-level or grade-level growth, in significant part, when evaluating teachers with regular instructional responsibilities because we believe classroom-level student growth data is the most appropriate for evaluating the individual effectiveness of these teachers. If an applicant wishes to use school-level or grade-level growth to evaluate teachers with regular instructional responsibilities, it may do so, but the Department will consider the use of those data to be the use of "additional factors" under paragraph (2)(iii) of Priority 2.

- We have revised paragraph (2) of Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM), to better align this priority with the language in Selection Criterion (g)--Comprehensive Approach to Improving STEM Instruction. With this change, while applicants will be required to describe how

each participating LEA will identify and develop the unique competencies that characterize effective STEM teachers, they will not need to describe how those LEAs will evaluate those competencies to meet this priority.

• We have amended Priority 4--New or Rural Applicants to the Teacher Incentive Fund, (referred to as Priority 4--New Applicants to the Teacher Incentive Fund in the NPP) to give priority to projects serving rural LEAs (as defined in this notice). An applicant can meet this priority if it provides--and the Department accepts--an assurance that each LEA to be served by the project is a rural LEA or an LEA not served by a current or past TIF grant.

• We have revised Priority 5--An Educator Salary Structure Based on Effectiveness, by removing the language requiring applicants to propose a comprehensive revision to each participating LEA's salary structure. The revised priority no longer requires an applicant to describe the salary increase that educators (as defined in this notice) with an evaluation rating of effective or higher would receive, or how TIF funds used for salary increases would be used only to support the additional cost of the revised salaries. Instead, the priority now requires that the applicant propose a timeline for implementing a salary structure based on educator effectiveness, and describe the extent to which and how each LEA will use overall evaluation ratings to determine educator salaries as well as how TIF funds will support the salary structure based on effectiveness in high-need schools identified in response to Requirement 3--Documentation of High-Need Schools. While we have eased the application requirements related to this priority, to implement their new salary structures many applicants after award will need to design and implement comprehensive revisions to their salary structures. Further, we have amended the priority to require applicants to describe the feasibility of implementing the proposed salary structure and by removing language requiring that implementation begin no later than the third year of the project period.

Requirements

We have made the following changes to the requirements for this program:

• We have revised Requirement 5--Limitations on Multiple Applications, to specify that an LEA may participate in no more than one application in any fiscal year, an SEA may participate in no more than one group application for the General TIF Competition and no more than one group application for the TIF Competition with a Focus on STEM in any fiscal year, and a nonprofit organization may participate in multiple group applications under either one or both competitions in any fiscal year.

• We have revised Requirement 6--Use of TIF Funds to Support the PBCS, to clarify that TIF funds may be used to support the costs of both salaries and salary augmentations for teachers who take on additional responsibilities and leadership roles (as defined in

this notice), including career ladder positions (as defined in this notice), up to the salary cost of 1 full-time equivalent position for every 12 teachers who are not in a career ladder position in the high-need schools (as defined in this notice) identified in response to Requirement 3--Documentation of High-Need Schools. Further, we have added an exception to the limitation on educator compensation to allow applicants to compensate educators who attend TIF-supported professional development outside of official duty hours.

Definitions

- We have defined "rural local educational agency", to mean an LEA that is eligible under the Small Rural School Achievement program or the Rural and Low-Income School program authorized under Title VI, Part B of the ESEA.

Selection Criteria

We have made the following changes to the selection criteria for this program:

- We have amended Selection Criterion (a)(2)(iii)--A Coherent and Comprehensive Human Capital Management System, to evaluate the feasibility of an applicant's proposed human capital management system (HCMS) (as defined in this notice) based, in part, on any applicable LEA-level policies that might inhibit or facilitate the use of educator effectiveness as a factor in human capital decisions.

- We have amended Selection Criterion (b)(2)(ii)--Rigorous, Valid, and Reliable Educator Evaluation Systems to evaluate the quality of each participating LEA's evaluation system based, in part, on the evidence provided by an applicant to demonstrate the rigor and comparability of the assessment tools used for educator evaluation.

- We have amended Selection Criterion (c)--Professional Development Systems to Support the Needs of Teachers and Principals Identified Through the Evaluation Process, to evaluate the quality of each participating LEA's plan for professional development based, in part, on the extent to which the plan provides for school-based, job-embedded opportunities for educators to transfer new knowledge into practice.

Analysis of Comments and Changes: An analysis of the comments and of any changes in the priorities, requirements, definitions, and selection criteria since publication of the NPP follows.

General Comments

Comment: Several commenters expressed strong support for the TIF program, as outlined in the NPP, both for its overall effort to improve evaluation, to provide educators with support, and to provide additional compensation for effective educators and for specific components of

the NPP, including the emphasis on STEM under Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM).

Discussion: The Department appreciates the support of these commenters for the priorities, requirements, definitions, and selection criteria proposed in the NPP.

Changes: None.

Comment: Several commenters recommended designations of absolute, competitive preference, or invitational for the proposed priorities.

Discussion: The Department appreciates these recommendations, and has considered them in developing the notice inviting applications for the fiscal year 2012 TIF competition (NIA). To preserve future flexibility to adjust priority designations as needed to better serve the needs of LEAs, the Department is not designating in this notice whether priorities are absolute, competitive preference, or invitational.

Changes: None.

Comment: We received several comments regarding the LEA-wide provisions, such as Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center and Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, included in the NPP. One commenter expressed support for Priority 1, and recommended that we designate it as absolute. According to the commenter, the priority underscores the importance of comprehensive approaches to human capital management and takes advantage of economies of scale in promoting LEA-wide strategies.

However, several commenters opposed the LEA-wide provisions in Priority 1 and Priority 2, and requested that we remove from the notice any requirement that applicants implement LEA-wide human capital management and educator evaluation systems. One commenter stated that it would be premature to require LEAs to undertake LEA-wide human capital management reform while also working to implement a new PBCS. Another commenter argued that LEA-wide requirements may discourage LEAs from attempting new reforms. According to this and other commenters, pilot efforts are a preferable alternative to requiring LEA-wide reform because pilot efforts introduce change in manageable steps, and LEAs are often willing to bring reforms to scale after implementing a pilot demonstration.

Further, one commenter argued against requiring an LEA-wide evaluation system and PBCS, because, according to the commenter, performance-based compensation and evaluation reforms work best for high-need schools when they provide opportunities to educators in those schools that are not also available to educators in non-high-need schools.

Finally, some commenters expressed concern that an LEA-wide approach may encourage applicants to abandon rigorous measures of educator buy-in, such as teacher votes, in favor of less rigorous measures. One commenter expressed concern that Priority 1 promotes a top-down approach to human capital management reform, when, according to the commenter, these efforts are most effectively driven by teachers. One commenter predicted that these provisions would essentially eliminate applications from strong union areas.

Discussion: As noted in the NPP, we believe that, to be successful and sustainable, any PBCS must be an integral part of an HCMS that is well-designed and implemented LEA-wide. In the absence of sustainable, LEA-wide educator evaluation systems that focus on educator effectiveness and underlie key parts of the LEA's HCMS, the TIF-supported PBCS is not likely to be sustainable. For this reason, we believe it to be both reasonable and advantageous to require LEAs to undertake, under Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center and Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, LEA-wide human capital management reforms that support each LEA's PBCSs. Further, while we agree that pilot projects may provide an LEA with the opportunity to explore the benefits of an innovative approach, and may create the possibility for long-term, large-scale implementation, we disagree with the assertion that the LEA-wide implementation requirements in this notice will discourage LEAs from attempting reform. We have designed the priorities, requirements, and definitions included in this notice to align with the provisions of the Department's Elementary and Secondary Education Act of 1965, as amended (ESEA) Flexibility initiative. Under that initiative, States that receive flexibility must agree to implement LEA-wide educator evaluation systems, and, to date, the Department has received 38 requests from States for flexibility and has granted 11 requests. Based on our experience with the ESEA Flexibility initiative, we believe that requiring LEA-wide implementation will further, rather than inhibit, LEA reform efforts.

While we wish to clarify that nothing in this notice requires applicants to implement an LEA-wide PBCS, we disagree with the assertion that an LEA-wide PBCS and evaluation system would provide fewer benefits to high-need schools than would a smaller-scale implementation plan that focuses solely on high-need schools. To the contrary, we believe that an LEA-wide evaluation system will strengthen the capacity of high-need schools, which are the only schools that may implement a TIF-funded PBCS, to use performance-based compensation to identify and attract educators from other schools in an LEA. Further, for an applicant that proposes to expand its PBCS to educators in non-high-need schools in the LEA, using non-TIF funds, nothing in this notice would preclude the applicant from designing its PBCSs to offer educators in high-need schools larger salary augmentations than those educators in non-high-need schools.

With regard to educator evaluation reform, we believe that evaluation systems are more likely to receive the broad LEA commitment that is crucial to their success and sustainability if those systems are used to evaluate every educator within the LEA. We designed the priorities, requirements, definitions, and selection criteria in this notice so

that applications will be evaluated based on the extent to which the proposed project has educator involvement and support. Therefore, applicants will be less likely to receive funding if they abandon rigorous measures of teacher buy-in or use a top-down approach to project development and implementation that does not include high-quality teacher and principal involvement. Furthermore, we disagree with the assertion that the LEA-wide provisions included in this notice will inhibit unionized LEAs from applying. The Department believes that for those LEAs the process for securing widespread, high-quality educator support is more straightforward than for LEAs where unions are not designated as the exclusive representative of educators for the purposes of collective bargaining.

For these reasons, the Department declines to revise the provisions in Priorities 1 and 2 that require applicants to implement an LEA-wide HCMS and educator evaluation systems.

Changes: None.

Comment: One commenter noted that it may be difficult for charter school consortia to satisfy Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center. The commenter expressed concern that, because charter schools are LEAs, we would require each charter school to develop its own HCMS.

Discussion: For charter-school LEAs, the HCMS described in response to Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center must apply to the entire charter school, but, depending on the organization of the charter consortia or the involvement of a charter management organization, the HCMS may extend to more than one charter school. In the case of a charter-school LEA consortium with a single shared HCMS, an applicant could describe how the various components of the HCMS apply to each charter-school LEA, and would not need to implement a separate HCMS for each individual charter school.

Changes: None.

Comment: One commenter stated that there is insufficient evidence that evaluation systems are ready for large-scale implementation, and no evidence that evaluation systems are more important for school improvement than other investments. This commenter argued that we can help LEAs to implement educator incentive programs without requiring evaluation systems, which, according to the commenter, will be unsustainable without continued Federal assistance.

Discussion: The Department rejects the contention that there is insufficient evidence that reformed educator evaluation systems can be implemented at scale; the current efforts of numerous States and LEAs to reform their evaluation systems provide ample

evidence of the viability of this strategy. The Department also does not agree that it would be worthwhile to invest in educator incentive programs that are not linked to a comprehensive educator evaluation system that meaningfully differentiates educator performance. Performance-based compensation systems (as defined in this notice) that are disconnected from an LEA's official evaluation system have proven difficult to sustain and require a costly and burdensome duplication of effort.

Changes: None.

Comment: A few commenters stated that our encouragement of LEA-wide performance systems was laudable, but unrealistic, as TIF provides funding for only a portion of an LEA's schools. Further, one commenter argued that implementing LEA-wide educator evaluation systems would place a large financial burden on LEAs during tight budget times.

Discussion: TIF funds may be used for the development or improvement of systems and tools that would enhance the quality and success of the PBCS and benefit the entire LEA. TIF is, therefore, a potential source of funding for LEAs seeking to reform their HCMS and educator evaluation systems in what one commenter noted are tight budget times. With these and other resources, we believe that the development and implementation of LEA-wide performance systems is a very attainable goal.

Changes: None.

Comment: A few commenters noted that the LEA-wide provisions in this notice would favor small districts, charter schools, and charter management organizations over large districts because larger districts would face difficulty securing the educator support and outreach needed for implementation. To avoid penalizing larger LEAs, one commenter recommended that we relax the LEA-wide provisions of the notice to allow LEAs to participate if a substantial number of their schools, to be determined by the Department, agree to participate in the TIF-supported PBCS.

Discussion: The Department does not agree that the LEA-wide provisions in this notice disadvantage large districts. Larger LEAs typically have greater human capital, technology, and other resources needed to implement the systemic reforms promoted by the TIF program than smaller LEAs have. We also note that, to address difficulties in implementation in any type of LEA, we permit the LEA-wide educator evaluation system requirements to be phased in over time, with full implementation required at the beginning of the third project year. We decline to accept the commenter's recommendation that the Department permit an LEA to implement reformed educator evaluation systems on a non-LEA-wide basis because this approach would not result in the system-wide change we believe is necessary to support the sustainability and success of the TIF-funded PBCS.

Changes: None.

Comment: Two commenters recommended that we amend the priorities, requirements, definitions, and selection criteria so as to more strongly emphasize educator development and support as the central purpose of human capital management. One of the commenters suggested that we amend paragraph (3) of Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center, to require applicants to describe human capital strategies the LEA uses or will use to ensure that high-need schools are able to support effective teachers. Further, the commenter recommended that we add a new paragraph in Priority 2 to require applicants to describe how the LEA's evaluation systems will be used to identify and address the professional development needs of educators.

A second commenter stated that evidence-based professional development is more effective in improving student outcomes than performance-based compensation, and, therefore, should be the foundation of proposed HCMSs. According to this commenter, an HCMS should focus on diagnosing areas in need of improvement, providing timely and targeted professional development to address those areas, and monitoring progress to ensure the success of educators and students. Further, this commenter noted that punitive HCMS that focus on educator dismissal are ineffective for promoting educator competency or student growth.

Discussion: The Department fully agrees that professional development must be a key component of any HCMS, and that evaluation systems are critical tools that should guide LEA- and school-level decisions regarding instructional supports. In this notice, as in the NPP, we clarify that a well-designed HCMS, including the evaluation system supporting it, must be aligned with the LEA's vision of instructional improvement (as defined in this notice) that summarizes: (1) the key competencies and behaviors of effective teaching needed to produce high levels of student achievement, and (2) how educators acquire or improve these competencies and behaviors. Accordingly, the Department believes that LEA-wide evaluation systems aligned with this vision are an extremely valuable tool for professional development and improvement. When the evaluation rubrics used in these systems include the key competencies the LEA has identified in its vision of instructional improvement, the feedback and professional learning inherent in the evaluation process will give all educators a clearer understanding of what the LEA has identified as the key competencies needed to be effective educators. Given these linkages between evaluation, professional development, and vision of instructional improvement that are provided for in this notice, we believe it is unnecessary to modify the priorities, requirements, definitions, and selection criteria to further highlight the use of evaluation information for providing educator support.

The Department disagrees with the second commenter's assertion that professional development alone is more effective in improving student outcomes than a PBCS that recognizes and rewards educators who have an impact on student achievement.

Rather, it is the Department's view that student outcomes are most likely to improve when an LEA implements a coherent and comprehensive HCMS that is aligned to its vision of instructional improvement and that integrates both professional development and a PBCS.

Changes: None.

Comment: Three commenters provided feedback regarding the timeline for implementing TIF-funded projects that was included in the NPP. One commenter recommended that we revise the priorities, requirements, definitions, and selection criteria so that the first year of a TIF-funded project's implementation would take place in 2013-2014 following an optional planning period of one year. The commenter stated that this shift in the timeline would be appropriate given that the Department is likely to award grants during the most difficult time of year for applicants to begin implementation. A second commenter encouraged us to allow LEAs to pilot evaluation systems in a sample of schools prior to full implementation, rather than require LEAs to fully implement the evaluation systems in all schools simultaneously. A third commenter expressed support for the timeline for implementing of the evaluation system, and stated that the requirements provided applicants with adequate time to gain competence in building and using the new evaluation system before the LEA uses the evaluations to make decisions.

Discussion: Under the proposed priorities, requirements, definitions, and selection criteria, a grantee must begin the implementation of its TIF project at the beginning of the first year of the project period. However, we have included provisions in Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center and Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth to allow grantees to delay the implementation of certain components of their projects. For example, under Priority 2, a grantee must implement its proposed evaluation system in at least a subset of an LEA's schools, as the official system for assigning overall evaluation ratings, by no later than the beginning of the second year of the project period. Because LEA-wide implementation would not need to begin for another year, we believe that the flexibility included in these priorities already addresses the concerns raised by the commenter because it allows for implementation of the LEA-wide evaluation system over a long period of time.

Further, the Department understands that the implementation of effective and sustained TIF-funded PBCSs requires substantial effort on the part of its grantees. For this reason, applicants under a TIF competition using the priorities, requirements, definitions, and selection criteria in this notice will be asked to provide additional information regarding their capacity for implementation (e.g., on the extent to which they have developed their evaluation system rubric, and on the extent to which they have obtained educator support), which will allow reviewers to evaluate the strength of their applications. Applicants will also provide timelines for their projects to satisfy the provisions of Priority 1 and Priority 2; these timelines will better meet local needs than

would a uniform planning period for all grantees. For these reasons, we decline to allow applicants an optional planning period prior to implementation.

Changes: None.

Comment: A few commenters encouraged us to require that applicants use performance measures that are valid and reliable for use in educator evaluation, while one commenter stressed that performance measures should be validated and found reliable for each type of human capital decision prior to their use for that decision.

Discussion: The Department believes that the validity and reliability of performance measures for the determination of educator effectiveness are key for maintaining the credibility of the measures, first, among stakeholders who will use them to inform their practice and manage human capital, and, second, among the educators affected by the outcome of the evaluation using the measures and any consequences or rewards that follow. With this in mind, the Department will evaluate applicants, under Selection Criterion (b)(2)--Rigorous, Valid, and Reliable Educator Evaluation Systems, based on the extent to which they have provided (1) a clear rationale to support their approach to differentiating performance levels based on the level of student growth (as defined in this notice) achieved and (2) evidence, such as current research and best practices, that supports the LEA's choice of student growth models and demonstrates the rigor and comparability of assessment tools. Further, the Department will evaluate applicants, under Selection Criterion (b)(3), based on the extent to which they have made substantial progress in developing a high-quality plan for multiple teacher and principal (as defined in this notice) observations, including the procedures for ensuring a high-degree of inter-rater reliability.
We do not believe it is necessary to require that measures validated for use in evaluation be validated further for use in other human capital decisions. Rather, once measures are used to develop an educator's overall evaluation rating, we expect that the rating will be used to inform other human capital decisions in accordance with the LEA's vision of instructional improvement.

Changes: None.

Comment: We received many comments regarding the use of student growth measures to inform human capital decisions, such as the requirement, under Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, to use these measures as a significant factor in educator evaluation systems. Three commenters expressed support for the use of student growth for informing educator evaluation, though one stated that student growth should not be used for other types of human capital decisions, including decisions regarding compensation.

One commenter stated that student growth should be introduced gradually into educator evaluation systems, and that both the weight given to student growth and the prevalence of its use among educators should increase following the availability of new assessments for evaluating educators and the availability of professional development aligned with the evaluation system.

Several other commenters expressed concern that the NPP relied excessively on indicators of student achievement and student growth as predictors of teacher and principal effectiveness, and offered arguments against the use of student growth to inform human capital management. One commenter, in particular, recommended that we neither require nor encourage the use of student growth in educator evaluation, and advised that we, at most, allow grantees the option of incorporating student growth into educator evaluation. A few commenters stated that the NPP put a disproportionate weight on student growth as compared with performance measures that the commenters regarded as more reliable, such as classroom observations and student surveys.

The commenters provided a number of arguments against the use of student growth. First, a few commenters cautioned against the use of value-added measures due to inaccuracy, bias, instability, and lack of precision, while others cautioned against the use of student growth, irrespective of the model used, for any human capital decision-making, including for evaluation. Second, commenters argued that the use of student growth for human capital decisions would make educators reluctant to teach or enroll English learners, students with disabilities, students of color, low-income students, and students connected with either child welfare or released from juvenile detention, or otherwise encourage educators to push students out of school using formal disenrollment, discouragement, or the excessive and disparate use of discipline. Third, some commenters stressed that an emphasis on student growth would encourage educators to teach to the test, engage in cheating behaviors, and narrow the scope of the curriculum offered to students.

> **Discussion:** To meet Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, an applicant must describe its timeline for implementing its proposed LEA-wide educator evaluation systems. Consistent with this priority, an applicant must implement the evaluation system for at least a subset of educators or in at least a subset of schools no later than the beginning of the second year of the grant's project period, and must use the evaluation system to evaluate all educators in the LEA by no later than the beginning of the third year of the grant's project period. We find this timeline, which allows for gradual implementation, to be consistent with the recommendation presented by one of the commenters. However, from the start of this implementation, each educator's overall evaluation rating must be based, in significant part, on student growth. We believe that student growth data is a meaningful measure of educator effectiveness and that its use in TIF projects is wholly consistent with the statutory requirement that TIF-funded PBCSs consider gains in student academic achievement. We wish to clarify for the commenters that, for the purposes of this notice, "student growth" means the change in student achievement for

an individual student between two or more points in time, and, further, that nothing in this notice requires an applicant to use value-added measures to assess student growth.

Furthermore, student growth is just one of the multiple measures that are required under the rigorous, valid, and reliable educator evaluation systems required under Priority 2; this priority also requires two or more observations during each evaluation period and the use of additional factors determined by the LEA. While the Department agrees with commenters that student growth should not be used in isolation to make human capital management decisions, we also believe that student growth, as a meaningful measure of effectiveness, should be weighed significantly when making a number of human capital decisions, including decisions on professional development and performance-based compensation. The Department further believes that, from the start of the evaluation system's implementation, including student growth as one of multiple measures is important so that human capital decisions, such as those regarding professional development, are based upon a range of measures and do not consider any one measure in isolation. We believe the use of multiple measures, as provided for under Priority 2, ensures that no one measure is relied upon disproportionately, as some commenters fear might occur.

Further, the use of multiple measures is essential to evaluate educators based on a range of important measures, beyond student achievement, so that they may improve instruction for students with diverse learning needs and provide all students with a well-rounded, complete education that will prepare them for college and a career. Accordingly, the Department will evaluate applicants, under paragraphs (5) and (6) of Selection Criterion (b)--Rigorous, Valid, and Reliable Educator Evaluation Systems, based on whether the proposed educator evaluation systems evaluate the practice of teachers and principals in meeting the needs of special student populations, such as students with disabilities and English learners. While we find it worthwhile to highlight the needs of these two student subgroups, we would encourage applicants to consider how their evaluation systems might assess the competencies and behaviors of teachers, principals, and other personnel (as defined in this notice) so as to improve the capacity of school staff to instruct and support various types of students. In response to the commenters' concerns regarding school pushout and excessive or disparate use of discipline, we believe that the priorities, requirements, definitions, and selection criteria in this notice provide applicants with a unique opportunity to build comprehensive and robust evaluation systems that may monitor for these behaviors and provide the professional development that teachers and principals need to end these practices. In particular, we encourage applicants to consider how the "additional factors" requirement, under paragraph (2)(iii) of Priority 2, will allow for comprehensive assessments.

Regarding the comments about the use of standardized tests and potentially encouraging dishonest behavior among educators, the Department strongly disagrees with the notion that the existence of cheating or "teaching to the test" reflects on the merits of standardized testing or the use of standardized test data for accountability purposes. Instead, cheating robs students of their fair shot at a world-class education,

and cheating reflects a willingness to lie at children's expense to avoid accountability. It is the Department's belief that standardized testing is no more vulnerable to cheating behaviors than other forms of instructional accountability; rather, under any educational performance assessment designed for either schools or educators, we must work to develop high-quality, rigorous assessment tools and work to ensure that performance metrics are fair, transparent, and rigorous.

Lastly, we disagree with the commenters' assertion that the use of student growth in educator evaluation, as provided for in the priorities, requirements, definitions, and selection criteria included in this notice, may lead to a narrowing of student curriculum. To meet Priority 2, an applicant must propose LEA-wide educator evaluation systems that generate an overall evaluation rating for every teacher in the LEA, irrespective of grade or subject taught and in accordance with applicable State and local definitions of "teacher". Because TIF funds may be used, under Requirement 6--Use of TIF Funds to Support the PBCS, to develop and improve systems and tools, such as assessments, that support the PBCS and benefit the entire LEA, TIF presents a unique opportunity for applicants to modify their existing evaluation systems so that they properly account for the full range of curriculum, be it math instruction, health instruction, arts instruction, or instruction in other subjects. It is our belief that the priorities and requirements in this notice will encourage applicants to design evaluation systems that use a range of performance assessments, both in subjects in which assessments are required and not required under section 1111(b)(3) of ESEA, to evaluate educator effectiveness. Therefore, there is no reason to assume that the use of student growth, as a factor in determining overall evaluation ratings, will lead to a narrowing of student curriculum.

Changes: None.

Comment: Four commenters recommended that we invest in research related to the impact of various human capital management decisions on educators and students. One commenter encouraged us to invest in research on effective, evaluation-driven professional development. Another commenter expressed support for the continued evaluation of TIF-funded projects. Two other commenters requested that we conduct research to determine whether performance-based compensation has had disparate impact, considering graduation rates and disciplinary action, on students of color, students from low-income communities, English learners, or students with disabilities.

Discussion: The Department recognizes that there are many aspects of performance-based compensation and human capital management systems in LEAs and schools that would benefit from additional research. The Department will continue to look to recommendations from the field, such as those made by the commenters, when determining which research questions are of the greatest significance.

Changes: None.

Comment: One commenter strongly opposed the proposed priorities, requirements, definitions, and selection criteria due to a concern that, according to the commenter, they would directly affect issues and provisions that are subject to collective bargaining under State statutes. The commenter stated that the proposed action may encourage applicants to circumvent the provisions of collectively bargained agreements, where they exist, or exclude stakeholders from providing ongoing input into subjects governed by these provisions. A second commenter recommended that we require that the elements of the applicant's proposed HCMS, including the student growth measures and their use for human capital management, be collectively bargained where unions have been designated the exclusive representative of educators for the purposes of collective bargaining.

> **Discussion:** The Department frequently issues regulations that may impact education-related matters that are subject to collective bargaining. Further, we disagree with the commenter's speculation that the TIF program may encourage applicants to circumvent the provisions of collectively bargained agreements or exclude stakeholders from providing ongoing input into subjects governed by these provisions. To the contrary, applicants must provide evidence that educator involvement in the design of the PBCS and the educator evaluation systems has been extensive and will continue to be extensive during the grant period. To clarify the relationship between other Federal, State, and local laws and the regulations that govern the TIF program, we have added a "Note" to Requirement 2--Involvement and Support of Teachers and Principals to inform applicants of their responsibilities if they become grantees under the TIF program. The note states that it is the responsibility of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of collective bargaining agreements, memoranda of understanding, or other agreements between those employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. The note goes on to clarify that in the event that a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project). With regard to the request that we require that the elements of an applicant's HCMS, including student growth measures and their use, be collectively bargained, we decline to make this change because we believe it would constitute inappropriate Federal involvement in local matters.
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> **Changes:** We have added a Note to Requirement 2 that clarifies the relationship between existing Federal, State, and local law and collective bargaining agreements and similar agreements between employees and employers, and the priorities, requirements, and definitions established in this notice.

Comment: Five commenters opposed the Department using Federal funds to support performance-based compensation. These commenters stated that there is a lack of evidence demonstrating that additional educator compensation results in improved academic outcomes

for students. Of these commenters, four also objected to funding performance-based compensation systems due to concerns that a PBCS might encourage teachers and principals to push struggling and at-risk youth out of their classrooms and schools.

Discussion: The Department acknowledges the concerns raised by these commenters, and continues to invest in the research to assess the impact of performance-based compensation systems on student growth and educator behavior. However, in The Department of Education Appropriations Act, 2012 (Division F, Title III of Public Law 112-74), Congress authorized and appropriated funding for the TIF program specifically to support the development and use of PBCSs in high-need schools. Through the TIF program, the Department is implementing the provisions of this law.

Changes: None.

Comment: Two commenters recommended that the Department revise the priorities, requirements, definitions, and selection criteria to promote evidence-based programs. These commenters stated that, in making these changes, we would encourage applicants to direct their scarce resources toward programs that are evidence-based, sustainable, and scalable.

Discussion: The Department fully agrees that applicants should use TIF funds to support evidence-based, sustainable, and scalable approaches for improving educator effectiveness. To meet Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center and Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, applicants must implement an LEA-wide HCMS, including LEA-wide evaluation systems, which will support the implementation of a PBCS to be implemented in high-need schools under the grant. As mentioned elsewhere in this notice, it is the Department's belief that these LEA-wide systems will support the sustainability and scalability of all TIF-funded PBCSs. Moreover, we also intend, under Selection Criterion (f)--Sustainability, to award points to applicants that develop a feasible sustainability plan that identifies non-TIF resources that would support the PBCS and evaluations systems during and after the grant period. As Congress has authorized and appropriated funding for the TIF program specifically to support the development and implementation of PBCSs in high-need schools, we encourage applicants to embed evidence-based approaches into their plans to evaluate, develop, and reward educators as they respond to the priorities, requirements, definitions, and selection criteria in this notice. Under Selection Criterion (b)-- Rigorous, Valid, and Reliable Educator Evaluation Systems, in particular, we intend to award points to those applicants that provide evidence supporting the LEA's (or LEAs') selection of student growth models and assessments, and to those applicants that have made substantial progress in developing procedures for ensuring a high-degree of inter-rater reliability between observers. For these reasons, we do not believe any changes are necessary; we believe that that priorities and selection criteria already address the concerns raised by the commenters.

Changes: None.

Comment: Two commenters requested that the Department further clarify the local match requirements applicable to this program.

Discussion: Nothing in the NPP or this notice requires applicants to provide a non-Federal or non-TIF match, local or otherwise, for their TIF projects. That said, it is true that we have designed the selection criteria to award points to applicants that will leverage non-TIF funds to support their projects. We have done this in view of the statutory requirement that applications for TIF grants include a plan to sustain financially the activities conducted and systems developed under the grant once the grant period has ended, and because we believe that applicants should work to ensure that TIF-funded PBCSs, and the evaluation systems that support them, are themselves sustainable. Specifically, under Selection Criterion (f)--Sustainability, we will award points to applicants that develop a feasible sustainability plan that identifies non-TIF resources that will be used to support the PBCS and evaluations systems during and after the grant period.

In addition, for applicants applying to the TIF Competition with a Focus on STEM, under Selection Criterion (g)--Comprehensive Approach to Improving STEM Instruction, we will award points to applicants that propose to significantly leverage STEM-related funds across other Federal, State, and local programs when implementing a high-quality and comprehensive STEM plan.

Changes: None.

Comment: One commenter encouraged us to safeguard the privacy of educators, and the integrity of performance evaluations, by taking a stand against the publishing of individual evaluation data. The commenter expressed concern that providing individual evaluation data to the public injures the professional relationship needed to conduct meaningful evaluations and provide substantive feedback to educators. Further, in cases where evaluation systems are still under development, the data may not yet provide an accurate assessment of individual effectiveness.

Discussion: While the Department acknowledges the concerns raised by the commenter, we decline to address the release of individual educator's evaluation data in this notice. The release of this type of data is governed by State or local law and policies. We believe that directing grantees to release or withhold this type of information would constitute inappropriate Federal involvement in State and local matters.

Changes: None.

Comment: One commenter recommended that, in funding TIF applications, we give priority to applicant capacity over the quality of project design or project scope, and fund those applicants that can demonstrate the capacity to implement high-quality project design or project scope above applicants without this capacity.

> **Discussion:** While the Department fully agrees that TIF should support applicants that have the capacity to implement an effective and sustainable PBCS, we also believe it is important to encourage applicants to propose high-quality project designs. For example, under Selection Criterion (a)(2)(iii)--A Coherent and Comprehensive Human Capital Management System, we will evaluate applications based on the extent to which the participating LEAs have experience using evaluation data to inform human capital decision-making. Further, under Selection Criterion (b)(3)--Rigorous, Valid, and Reliable Educator Evaluation Systems, we will award points to those applications that demonstrate that the participating LEAs have made substantial progress in developing a high-quality plan for completing multiple teacher and principal observations. Lastly, we have devoted all of Selection Criterion (e)--Project Management to project management, and will give points to applicants that have carefully considered issues such as staff and timeline for implementation.
> Further, we do not designate in this notice the point values for these selection criteria. With this approach, we retain the flexibility to adjust the point allocation in future TIF competitions to achieve the appropriate balance between capacity for implementation and quality of project design in any given year. For the 2012 competition, the Department has considered the commenter's recommendations in designating point values in the NIA.
>
> **Changes:** None.

Comment: One commenter requested that we broaden the eligibility requirements for the TIF program to allow more schools and LEAs to participate in TIF-funded projects. Specifically, the commenter stated that we should allow schools and LEAs located in economically depressed counties (i.e., counties identified by the U.S. Department of Commerce as having a per-capita personal income below the national average, below the State average, and ranked in the bottom twenty-five percent of counties within the State in per-capita income) to be eligible for TIF funding. The commenter stated that, by broadening eligibility in this way, TIF could better assist high-need areas where Federal aid participation is low due to the cultural stigma associated with public assistance.

> **Discussion:** While we acknowledge the concerns raised by the commenter, we decline to change the definition of high-need school or otherwise change the eligibility requirements. Congress has authorized and appropriated funding for the TIF program specifically to support the development and use of PBCSs in high-need schools, as opposed to schools in high-need regions, and has designated all LEAs that have those schools as entities eligible to receive TIF funds.

Changes: None.

Comment: Two commenters requested that we clarify the implications of the priorities for nonprofit applicants. Specifically, the commenters asked (1) whether, for the purposes of Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center, Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, and Priority 5--An Educator Salary Structure Based on Effectiveness, nonprofit applicants partnering with charter schools that are considered LEAs under State law (charter-school LEAs) are required to describe and propose reforms for the LEAs in which the charter school partners reside; (2) whether nonprofit applicants may provide a table or chart to summarize each LEA partner's HCMS in order to remain within maximum page limits; and (3) whether nonprofit applicants partnering with more than one charter school may, for the purposes of Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center, describe how each charter school's HCMS aligns with a vision of instructional improvement shared across the consortium.

Discussion: To meet the priorities in this notice, nonprofit applicants that partner with charter-school LEAs must describe the vision of instructional improvement and HMCS, including the evaluation systems and professional development, of each charter school included in a group application. Because the charter-school LEA is not administered by the LEA within whose boundaries the charter school is located, an applicant need not, in these cases, provide a description of the HCMS (or other features) of that LEA beyond what the applicant considers to be useful in explaining the project proposal. Regarding the details of application submission, which are not addressed in this notice, we encourage interested applicants to read the TIF Application Package for the 2012 competition.

Changes: None.

Comment: One commenter suggested that the proposed priorities, requirements, definitions, and selection criteria include provisions that exceed the scope of the TIF authorizing language. Another commenter observed that the focus of TIF has moved from performance-based compensation to developing human management systems based on educator evaluation.

Discussion: Congress has authorized and appropriated funding for the TIF program specifically to support the development and use of effective and sustainable PBCSs. As we explain in the NPP and this notice, the purpose of these priorities, requirements, definitions, and selection criteria is to ensure that TIF-funded PBCSs will be successful and sustained mechanisms that contribute to continual improvement of instruction, to increases in teacher and principal effectiveness and, ultimately, to improvements in student achievement in high-need schools. To accomplish these goals, we have designed the priorities, requirements, definitions, and selection criteria to ensure that TIF grantees use high-quality LEA-wide evaluation and support systems that identify

effective educators in order to improve instruction by informing performance-based compensation and other key human capital decisions.

Changes: None.

Comment: One commenter requested that we allow STEM specialty schools to participate in TIF projects, even if they are located in LEAs that are not engaged in system-wide compensation reforms.

Discussion: In years when we designate Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center and Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth as absolute, all applicants must implement LEA-wide HCMSs and LEA-wide evaluation systems. If the STEM specialty schools are charter-school LEAs, then they may satisfy Priority 1 and Priority 2 by implementing school-wide HCMSs and evaluation systems. However, if the STEM specialty schools are not themselves LEAs, they may not participate in the TIF project unless the LEA of which they are a part participates in the project. Because we believe that LEA-wide HCMSs and educator evaluation systems are critical for the sustainability and success of TIF-supported PBCSs, we decline to create an exception for single schools that, whether they are specialty schools or not, are not themselves LEAs so that they may participate in TIF projects in years we designate either Priority 1 or Priority 2 as absolute.

Further, given the commenter's reference to system-wide compensation reform, we wish to clarify that it is not our intent to require applicants to implement an LEA-wide PBCS. Under Requirement 1--Performance Based Compensation for Teachers, Principals, and Other Personnel and Requirement 6--Use of TIF Funds to Support the PBCS, applicants must implement a PBCS, but may only use TIF funds to provide additional compensation to educators in high-need schools identified in the application in response to Requirement 3--Documentation of High-Need Schools.

Changes: None.

Comment: One commenter recommended that we encourage applicants to propose evaluation systems that use consistent and sustainable observation methods implemented by school leadership. According to the commenter, the formal training of principals, including their certification and testing, is necessary for developing and sustaining an effective teaching force, and will ensure that judgments about the quality of teachers' practice are valid and reliable for use in various human capital decisions. To embed this approach into TIF projects, the commenter recommended that we encourage applicants to construct evaluation systems that measure principal effectiveness using, in part, meaningful evidence of regular teacher observations.

Discussion: The Department agrees that the training of principals may be one approach for ensuring high-quality, reliable observations, but declines to prescribe that this method be used by all grantees. While some LEAs may select principals to be the observers for teacher observations, it is also likely that other LEAs will assign that responsibility to external observers, or to those peers taking on career ladder positions. In either case, applicants should carefully consider the implications of their proposal for observation quality and sustainability; applicants will receive additional points for their proposed project based, under Selection Criterion (b)(3)--Rigorous, Valid, and Reliable Educator Evaluation Systems, on whether they have made substantial progress in developing a high-quality plan for conducting teacher and principal observations.

Changes: None.

Comment: A few commenters suggested that we require grantees to collect and report the discipline indicators included in the Department's Civil Rights Data Collection, and require them to take measures to improve their performance as measured by those indicators. Two commenters encouraged the Department to promote equity in schools by requiring applicants to monitor school discipline indicators and use that data to guide professional development.

Discussion: The Department fully agrees that schools should monitor student outcome data--including discipline indicators--and use those data to inform improvement efforts. Starting with the 2011-2012 school year, the Department will conduct a Civil Rights Data Collection every two years that includes every school district in the Nation where data for any one school year are collected and reported the subsequent year. As the discipline indicators included in the Civil Rights Data Collection will be provided to the public, disaggregated by LEA and by school, we find it unnecessary and burdensome to require TIF applicants to duplicate their reporting for the purposes of this program. While we encourage applicants to monitor school discipline indicators and develop appropriate human capital strategies to address this important area and thereby promote equity and improve practice in their high-need schools, we do not agree that the Department should mandate the specific additional factors that LEAs include in their educator evaluation systems. Thus, we decline to make the suggested changes, but we encourage LEAs to carefully consider how school and classroom discipline will be incorporated into evaluation and educator support systems, including professional development.

Changes: None.

Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center

Comment: One commenter recommended that we require applicants to involve the curriculum and instructional staff of the LEA in the management, design, and implementation of the PBCS.

Discussion: The Department agrees that these central office staff are essential to the development of a well-designed and well-implemented HCMS. The knowledge and expertise needed to design and implement an LEA's HCMS will come from many individuals within the central office, including those responsible for curriculum and instruction. However, the Department believes each LEA should be free to identify the central office staff who will be best able to design and implement whatever HCMS changes may be necessary. Given the variation in organizational structure among LEAs throughout the country, we have determined that individual LEAs--not the Department--should identify the appropriate personnel for this task.

Changes: None.

Comment: One commenter recommended that we require TIF projects to have HCMSs that provide a minimum level of compensation for new teachers and paraprofessionals and a minimum rate of increase in compensation based on their years of service.

Discussion: To attract high-quality candidates into teaching and to retain effective educators in the profession (and, in particular, in high-need schools), the Department believes that compensation for educators must be competitive with other professions requiring a similar level of skill and educational attainment. Even so, compensation at the local level will vary depending on the cost of living, the labor market, and other factors unique to that area. LEAs must consider these local factors when determining the levels of compensation that will attract and retain the best and brightest to the teaching profession. Moreover, the Nation does not have a single labor market for educators. Not only will there be different geographic labor markets, but there may be (and arguably should be) different labor markets by content area, as evidenced by shortages in particular subjects.

Further, we do not believe it is consistent with TIF's statutorily-defined purpose--supporting performance-based compensation--to require that applicants provide educators a specified salary or a specified rate of salary increase based on years of service. Congress authorized TIF to assist LEAs in developing and implementing PBCSs and, through this final notice, the Department recognizes that TIF-supported PBCSs should align with a broader HCMS if they are to be successful and sustainable. We believe that HCMSs are likely, over time, to offer competitive salaries when they are designed to attract and retain effective teachers consistent with Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center.

Changes: None.

Comment: One commenter recommended that we add language to the NFP to clarify that the rights, remedies, and procedures, including due process rights, afforded school or school district employees under existing Federal, State, or local laws supersede any and all provisions established in this notice, and that, in instances where a conflict exists, non-compliance with the TIF final priorities, requirements, definitions, and selection criteria will not result in grant termination.

> **Discussion:** The Department agrees that it should clarify the relationship between other Federal, State, and local laws and the priorities, requirements, definitions, and selection criteria that govern the TIF program. We have added a "Note" to Requirement 2--Involvement and Support of Teachers and Principals to inform applicants of their responsibilities if they were to become a grantee under the TIF program. The note states that it is the responsibility of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of collective bargaining agreements, memoranda of understanding, or other agreements between those employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. It also states that in the event that a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project).
>
> **Changes:** We have added a Note to Requirement 2 that clarifies the relationship between existing Federal, State, and local law and collective bargaining agreements and similar agreements between employees and employers, and the priorities, requirements, and definitions established in this notice.

Comment: One commenter advised the Department to use the TIF program to make large grant awards to entities with fully-designed HCMSs. The commenter stated that fully-designed HCMSs (i.e., those systems that bring the full range of personnel decisions into alignment with a vision of instructional improvement) are a better investment than are separate smaller grants focusing on separate, siloed components of an HCMS.

> **Discussion:** The Department believes that a well-designed and well-implemented HCMS will be the best mechanism to support a successful and sustainable PBCS, which is the statutorily defined purpose of the TIF program. For this reason, we have designed Priority 1 to support State and LEA efforts to strengthen LEAs' HCMSs. Although we believe that every LEA already has a system in place for making hiring and related personnel decisions (that is, an HCMS), we know that some systems are less coherent or comprehensive than others.
>
> LEA needs may vary with respect to aligning the HCMS with the LEA's instructional vision and building into the HCMS human capital decisions that are based on ratings generated

by educators evaluation systems consistent with Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth. This being said, the Department wants to support reform-oriented LEAs wherever they may be on the continuum as they work to align their HCMS with their vision of instructional improvement. Although we do not require applicants to include the full range of personnel decisions in their proposed HCMS revisions, under Selection Criterion (a)--A Coherent and Comprehensive Human Capital Management System reviewers will consider the quality and comprehensiveness of each participating LEA's HCMS as described in the application, including the range of human capital decisions for which the applicant proposes to factor in educator effectiveness and the weight given to educator effectiveness when human capital decisions are made.

Changes: None.

Comment: One commenter recommended that we clarify the provisions regarding professional development that are in Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center, and that we require applicants to address individual professional development, school or team improvement, and program implementation as part of their proposed professional development systems.

Discussion: To meet Priority 1, applicants must propose a timeline for implementing an HCMS such that applicants use evaluation information to inform the design and delivery of performance-based compensation by no later than the third year of the project period. Further, as professional development is one component of an HCMS, an applicant may choose to describe in its response to Priority 1 how it will use evaluation information to inform professional development, whether professional development is or will be part of its strategy for attracting and retaining effective teachers, and how professional development fits into the LEAs vision of instructional improvement.

Further, Selection Criterion (c) applies to an LEA's professional development plan for educators in the high-need schools that are part of a TIF-funded PBCS. Under Selection Criterion (c)(1), reviewers will specifically evaluate the extent to which the proposed plan will use disaggregated information from the educator evaluation systems "to identify the professional development needs of individual educators and schools." Thus, we expect applicants to design professional development plans that strive for the improvement of individual educators, teams, and the broader school community, but we leave the ultimate decision on how to do that to applicants. Reviewers will evaluate and provide points under Selection Criterion (c)(1) based on the quality and comprehensiveness of applicant's proposals in this area. For this reason, we find it unnecessary to change Priority 1 because the commenter's concern is adequately addressed through the selection criteria.

Changes: None.

Comment: None.

Discussion: Upon further review of Priority 1, we have determined that it may be helpful to clarify the restrictions on the use TIF funds to support the components of the HCMS (which includes the PBCS, professional development, and LEA systems and strategies to recruit, retain, and reward effective educators). In response to Priority 1, an applicant must describe each LEA's HCMS as it exists currently and with any planned modifications as well as the human capital strategies each LEA uses or will use to ensure that high-need schools are able to attract and retain effective educators. Applicants will be evaluated on the adequacy of the financial and nonfinancial strategies and incentives, including the PBCS, in its HCMS for attracting effective educators to work in high-need schools and retaining them in those schools. Therefore, in providing a description of the HCMS in response to Priority 1, an applicant may describe a range of systems, strategies, and incentives of which some may be supported by TIF funds while others may not. We have added the "Note" following Priority 1 to clarify that TIF funds may not support all of the systems, strategies, and incentives that an applicant describes in response to these and other elements of the priorities. Whether a cost can be supported with TIF funds is governed by the rules set forth in Requirement 6--Use of TIF Funds to Support the PBCS.

Upon review of the Priority, we also have determined that paragraph (4) of Priority 1 may not be clear that even if an applicant does not need to make modifications to an existing LEA-wide HCMS, the applicant will need to describe a timeline for using evaluation information to inform the design and delivery of professional development an award of performance-based compensation beginning in identified high-need schools no later than the third year of the grant's project period. We have revised the beginning phrase of the paragraph to clarify that all applicants must include such a timeline regardless of whether it has modification to make in its LEA-wide HCMS to meet other provisions of the Priority.

Changes: We have added a Note to Priority 1 stating that TIF funds can be used to support the costs of the systems and strategies described under Priority 1--An LEA-Wide HCMS With Educator Evaluation Systems at the Center, Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM), and Priority 5--An Educator Salary Structure Based on Effectiveness only to the extent allowed under Requirement 6--Use of TIF Funds to Support the PBCS. We also have revised paragraph (4) to clarify that all applicants must submit the timeline regardless of whether modifications are needed to an existing HCMS to ensure that it comports with paragraphs (1), (2), and (3) of the Priority.

Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth

Comment: One commenter noted that its LEA currently operates two different evaluation systems, each of which meets the needs of schools using different instructional approaches. The commenter asked that, when establishing final priorities, requirements, and definitions for the TIF program, we take this into consideration.

Discussion: By requiring an LEA-wide approach to evaluation reform under Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, we seek to prevent situations in which a TIF-funded PBCS relies upon evaluations that are separate from the official educator evaluation systems the LEA uses to provide overall evaluation ratings. With these ancillary evaluations, an LEA might evaluate the educators in high-need schools once to determine eligibility for TIF-funded performance-based compensation and then again under separate criteria that the LEA uses for purposes of the educators' overall performance ratings. Consequently, when TIF funding ends, the ancillary evaluations that had been supported by a TIF-funded project, and which are needed to inform the PBCS, are also likely to end. To avoid this scenario and increase the sustainability and impact of the TIF-funded PBCS, Priority 2 requires applicants to use the evaluation systems described in response to the priority to both inform TIF-funded performance-based compensation and assign overall evaluation ratings to every educator in an LEA. Further, these overall evaluation ratings will provide an LEA with a single index--one for teachers and one for principals--with which to identify effective educators and, using their TIF-funded PBCS, recruit them to high-need schools.

Nothing in this notice precludes an applicant from using its own funds to implement an evaluation system in addition to the systems described in response to Priority 2 if, for example, the applicant finds that such an additional system would meet the needs of unique schools or groups of educators. However, those evaluations may not be supported by TIF funds, used to inform the TIF-funded PBCS, or used to assign overall evaluation ratings.

Changes: None.

Comment: Three commenters urged us to require applicants to propose, as part of their evaluation rubrics, a minimum of four performance levels so that those rubrics align with current, evidence-based evaluation models and encourage more meaningful performance-based differentiation.

Discussion: We proposed and are now finalizing the requirement in Priority 2 that applicants include a minimum of three performance levels in their evaluation rubrics because we want to align this program with the requirements of other Department initiatives, including the ESEA Flexibility initiative. States that receive approval for ESEA flexibility will be developing, piloting, and implementing educator evaluation systems that differentiate performance using at least three levels of performance. The

Department believes that an evaluation rubric that uses three performance levels provides for adequate differentiation of educator effectiveness and is a significant improvement over the binary rating system that continues to be used by many LEAs. We note that nothing in this notice precludes an applicant from proposing an evaluation rubric that uses more than three performance levels.

Changes: None.

Comment: One commenter recommended that we require TIF-funded evaluation systems to assess educator performance twice annually. The commenter stated that this would provide educators a baseline performance rating, identify early on areas in need of improvement, and allow educators greater opportunity to demonstrate professional growth.

Discussion: While the Department agrees with the commenter that educators can benefit from regular and frequent feedback on their performance, we do not believe it is necessary to require summative evaluations twice annually. Rather, we expect that the various educator evaluation systems that applicants describe in their TIF applications in response to Priority 2 will present many different models for securing multiple opportunities for performance feedback. For example, under paragraph (2)(ii) of Priority 2, applicants are required to incorporate two or more observations during each evaluation period. The observations, which will occur multiple times each year, should generate abundant feedback. Moreover, applicants that find it desirable to evaluate educators twice annually will have the flexibility to propose to do so.

Changes: None.

Comment: A few commenters recommended that we revise Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth to require comprehensive evaluations that consider multiple factors without specifically requiring that the evaluations consider student growth in significant part. One commenter recommended that we require applicants to consider several factors--teacher portfolios, contributions to the school community, parent feedback, and professionalism--to improve the predictive power of their evaluation tools and strengthen the utility of performance assessment for identifying areas of weakness. A few commenters recommended that the Department require consideration of student and parent surveys, and one commenter cited research concluding that student surveys, in particular, correlate as strongly with student learning as classroom observation. Two commenters advised the Department to emphasize the use of observation over student growth for educator evaluation. One commenter advised the Department to require applicants to embed classroom management, conflict prevention and resolution, and cultural competence into their teacher evaluation rubrics.

Discussion: As we have noted throughout this notice, Congress has required that any TIF-funded PBCS consider gains in student achievement (i.e., student growth), and this

requires that student growth be part of an educator evaluation system that would determine which educators are eligible for performance-based compensation. We have stated previously, in announcing priorities, requirements, definitions, and selection criteria for the FY 2010 TIF competition (75 FR 28713, 28718-19), that given the wide range of possible factors that might be included in an LEA's teacher evaluation system as well as the fact that improving student achievement is the underlying purpose of the TIF program, we believe it is both appropriate and consistent with the statute to ensure that TIF grantees give student growth significant weight among the factors included in these systems.

As the comments indicate, there are many points of view, as well as many valid practices, that may guide an LEA's decision regarding the factors to include in its educator evaluation systems. Given the statutory requirement that grantees also base their educator evaluations on multiple annual observations, among other factors, the LEA, in consultation with school staff and with the support of any teacher's union that represents teachers in collective bargaining, is in the best position to determine the relative weight to give these other factors. The Department believes that it is important to preserve for applicants the flexibility to identify the additional factors that will be included in their educator evaluation systems. Providing applicants this discretion will help ensure that the systems they establish are responsive to local needs, circumstances, and perspectives. For this reason, we decline to change paragraph (2)(iii) of Priority 2 to prescribe the additional factors which applicants must include in their evaluation systems. Further, we decline to change Priority 2 to indicate the relative weight that observation should carry, in relation to other factors such as student growth, in the determination of educator effectiveness.

Changes: None.

Comment: One commenter recommended that we revise Priority 2 to require TIF-funded evaluation systems to include monthly observations.

Discussion: While paragraph (2)(ii) of Priority 2 requires at least two observations during each evaluation period, the Department believes that applicants should retain the discretion to decide whether a greater number of observations should occur. We believe that a minimum of two observations per year would be sufficient if the observations and resulting feedback are high-quality: two comprehensive observations by a well-prepared evaluator may provide a more accurate picture of teacher performance than five cursory classroom visits. For this reason, the Department declines to make the change recommended by the commenter. However, we note that under Priority 2, applicants have the flexibility to propose additional observations beyond two per year, if they choose.

Changes: None.

Comment: One commenter recommended that we require applicants to clarify how they will define student growth for the purpose of educator evaluation. This commenter recommended that we require applicants to describe how their definition of student growth will help students achieve proficiency, how their definition will help teachers to better understand their performance, and how the definition will identify educator strengths.

Discussion: The Department defines "student growth" as the change in student achievement for an individual student between two or more points in time. This definition, and the various options it provides for determining "student achievement" for grades and subjects for which assessments are and are not required under section 1111(b)(3) of the ESEA, aligns with the use of the term in other Department initiatives, including the recent ESEA Flexibility initiative. It allows applicants to choose a student growth model that best meets their needs in developing rigorous, valid, and reliable educator evaluation systems. Applications will then be evaluated, in part, under Selection Criterion (b)(2)(ii)--Rigorous, Valid, and Reliable Educator Evaluation Systems on the evidence they present, including current research and best practices, to support the LEA's choice of student growth models. In their response to this selection criterion, we expect that applicants will provide a full justification for their selection, which may include such considerations as those described by the commenter (e.g., how the model will help students achieve proficiency, how it will help teachers to better understand their performance) or include other evidence to support their choice of student growth models. For these reasons, we find it unnecessary to further require applicants to clarify their definition of student growth.

Changes: None.

Comment: One commenter recommended that we require LEA applicants to use widely-accepted formalized assessments to determine student growth.

Discussion: The Department believes that the definition of student growth in this notice is adequate to ensure the use of valid and reliable assessments and other methods that the definition includes for measuring student growth. Under this definition, applicants must use, at minimum, the formal assessments required under section 1111(b)(3) of the ESEA to measure student growth for certain grades and subjects. For grades and subjects not covered by section 1111(b)(3) of the ESEA, the definition requires that the alternative measures of student learning and performance, such as student results on assessments, be rigorous and comparable across schools. Beyond these requirements, we do not agree that these measures of student growth need to be based on assessments that, as the commenter proposes, are widely accepted and formalized.

Further, the Department has determined that TIF grantees need the flexibility to develop or adopt new assessments for certain grades and subjects. Where new assessment tools may be needed to measure student achievement, applicants should

consider LEA capacity, costs, and the project timeline when determining whether to adopt readily available, valid, and reliable instruments, rather than develop new assessment tools.

For these reasons, we decline to require applicants to use widely-accepted formalized assessments to determine student growth.

Changes: None.

Comment: Several commenters expressed concerns regarding the use of classroom-level growth for measuring teacher performance, and recommended that we allow LEAs to determine the level of student growth, be it classroom-level, school-level, or grade-level growth, appropriate for assessing educators. These commenters were particularly concerned that, under Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, applicants must use classroom-level student growth for the evaluation of teachers with regular instructional responsibilities. The commenters asserted that this provision might encourage the evaluation of teachers in non-tested grades and subjects based on their students' achievement in other subjects or based on new assessments not yet tested for reliability, standardization, or validity. Additionally, one commenter stated that requiring classroom-level growth in each subject and grade could create conflict between teachers in tested subjects and grades, who are evaluated using accepted assessment instruments, and those in non-tested grades and subjects, who might be evaluated using instruments that have not been validated.

Discussion: The Department believes that the improved educator evaluation systems implemented under Priority 2--which depend upon generating an evaluation rating that is an appropriate reflection of each educator's effectiveness--are a central component of the reforms upon which the PBCS and other human capital decisions must be based. In order to produce educator evaluation data that are reflective of an educator's effectiveness, at least for teachers with regular classroom responsibilities for whom paragraph (2)(ii) of Priority 2 requires consideration of classroom-level growth, applicants must base the student growth component of the evaluation rating on the growth of the students in a teacher's own classroom, rather than the growth of students in other classrooms. Therefore, for the vast majority of teachers, student growth must be determined at the classroom level.

Further, the Department recognizes that some teachers do not have regular instructional responsibilities, which makes evaluation based on classroom-level student growth inappropriate. For these teachers' overall evaluation ratings, LEAs are free to identify another level of student growth measurement.

Lastly, the Department does not agree with the commenter that an evaluation system that treats all classroom teachers the same, evaluating each, in significant part, on the basis of the achievement of the students they teach, will create conflict among teachers

who teach different subjects. Conflict is more likely among teachers when only some teachers are evaluated using the achievement of students in their classrooms, while others are not. At the same time, the Department agrees with the commenters that the assessments used to determine student growth must, for all grades and subjects, be rigorous and comparable across the schools in the LEA, and this is reflected in our definition of student growth. By requiring that all measures of student growth that an LEA uses be rigorous and comparable across the LEA's schools, we believe that the definition levels the playing field sufficiently between teachers of tested grades and subjects, on the one hand, and teachers of non-tested grades and subjects, on the other. To help ensure that applicants focus their applications on this issue, we have added language to Selection Criterion (b)(2)(ii)--Rigorous, Valid, and Reliable Educator Evaluation Systems to make clear that reviewers will examine the rigor and comparability of assessment tools an applicant proposes to use.

Changes: The Department has added language to Selection Criterion (b)(2)(ii) so that, in considering the extent to which an applicant has provided evidence, such as current research and best practices, supporting the LEA's choice of student growth models, the Department also considers how those models demonstrate the rigor and comparability of assessment tools used.

Comment: Several commenters advised us to further clarify paragraph (3) of Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, which requires that applications include a plan for how the evaluation systems will generate an overall evaluation rating that is based, in significant part, on student growth. The commenters requested that we set clear expectations regarding how student growth must be incorporated into the proposed evaluation rubric, and otherwise promote the strong use of student growth for differentiating educators based on their performance. Of these commenters, three requested that we require that student growth comprise 50 percent of an educator's evaluation, and two commenters requested that we not specify a minimum percentage or otherwise restrict the applicant's flexibility to determine significance.

Discussion: LEAs have wide discretion in determining how to weight or otherwise combine the evaluation factors to derive an overall evaluation rating under Priority 2. However, a key requirement relates to the student growth component of the evaluation rubric: the overall evaluation rating must be based, in significant part, on an educator's student growth outcomes. While understanding the commenters' desire that student growth comprise 50 percent of an educator's evaluation, the Department has decided that such a requirement would be too inflexible, and so has not established a specific minimum weight for the student growth component of the overall rating. This is, in part, because there are reasonable ways to derive an overall rating that considers student growth, in significant part, without relying on a weighting approach. For example, an LEA may decide that student growth outcomes below an established minimum will always generate an overall rating of ineffective – regardless of the other measures included in the evaluation rubric. Generally, however, an overall rating is not

based, in significant part, on student growth if the growth measure has little effect on the overall rating or will affect an overall rating in only the most extreme circumstances. Under paragraphs (b)(5)(i) and (b)(6)(i) of Selection Criterion--Rigorous, Valid, and Reliable Educator Evaluation Systems, peer reviewers will consider whether an applicant bases its overall evaluation rating on student growth, in significant part. In response to this criterion, applicants should carefully explain why they believe that the student growth component of their proposed overall rating calculation is significant.

While the Department appreciates the concerns of commenters who argued for giving greater weight to student growth in TIF-funded PBCSs, we continue to require that this factor be given "significant" weight in this final notice. In light of the statutory requirement that grantees also base their evaluations on multiple annual observations among other factors, we believe that the LEA, in consultation with school staff and with the support of any teacher's union that represents teachers in collective bargaining, is in the best position to determine the relative weight to give these other factors.

Changes: None.

Comment: One commenter requested that we clarify in the priority that, for charter-school consortia applicants, the proposed evaluation system may extend to the entire consortium, rather than to the entire LEA in which the charter schools are located.

Discussion: In a consortium of charter schools in which each charter school is considered an LEA in its State, each of the charter schools listed in the partnership application is an LEA for purposes of Federal grants. Accordingly, each charter school in the consortium could implement its own evaluation system because doing so would result in implementing an LEA-wide evaluation system. Alternatively, all charter schools in the consortium (or group application) may choose to implement the same evaluation system in all charter schools in the consortium. In either case, the application would meet the LEA-wide requirement of Priority 2.

For the purposes of this notice, the evaluation system in a charter school that is considered an LEA has nothing to do with the evaluation system of the LEA in which the charter school is located (which might not be a part of the charter schools' TIF application).

Changes: None.

Comment: Two commenters expressed concern regarding the background statement provided for proposed Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth in the NPP. Specifically, the commenters questioned the statement that our intent behind this priority is to ensure that educators eligible for performance-based compensation meet minimum performance thresholds on all measures included in an

evaluation rubric. One of the commenters stated that interpreting Priority 2 to require that educators meet minimum thresholds on all measures in an evaluation rubric would be too restrictive for applicants that propose to use many performance measures in their evaluation rubric. Another commenter suggested that such an interpretation would require that any one of an educator's performance measures override any of the others, rather than permit applicants to propose evaluation systems that distribute weight more evenly across the various performance measures.

Discussion: In the background discussion of proposed Priority 2 contained in the NPP, we did not intend to suggest that, to consider an educator effective, LEAs must find the educator's performance to be satisfactory on each of the performance measures the LEA adopts for its evaluation systems. Rather, the LEA must determine the educator to be effective overall, taking into consideration his or her performance on all measures. Each LEA will determine the degree or weight to be given to each measure in the evaluation systems, bearing in mind that the overall rating must be based, in significant part, on student growth.

The Department believes that requiring payments made under the PBCS to be based upon an overall rating of effective or higher will ensure that grantees will provide compensation to educators eligible for performance-based compensation in high-need schools based on an evaluation of effectiveness that considers both practice and student outcome data. While the Department believes that compensating educators with very low scores on key aspects of the evaluation rubric may send the wrong message as to who should be compensated based on performance, Priority 2 leaves to applicants to determine how an LEA should ensure that its overall evaluation ratings for educators are based, in significant part, on student growth. Doing so provides great flexibility to an applicant on how to design its evaluation systems and PBCS while ensuring that an educator's impact on student achievement is central to the overall determination.

Changes: None.

Comment: None.

Discussion: Upon further consideration of the language in proposed paragraph 2(ii) of Priority 2, we believe that a slight wording change would better reflect what we intended this provision to mean. We intended this paragraph to require applicants to determine overall evaluation ratings for teachers with regular instructional responsibilities based, in part, on student growth at the classroom level. To ensure that this component of Priority 2 is sufficiently clear, we have revised this paragraph to state that, for the purpose of determining overall evaluation ratings for those teachers, student growth "must be", rather than "must include", the growth of the students included in an individual teacher's own classroom. We note that as long as applicants

are using classroom-level growth to determine the overall evaluation ratings for teachers with regular instructional responsibilities to meet paragraph (2)(ii) of the priority, they may also consider whole-school growth as an additional factor under paragraph (2)(iii) of the priority.

Changes: The Department has revised paragraph (2)(ii) of Priority 2 to clarify that, for the purpose of determining overall evaluation ratings for teachers with regular instructional responsibilities, student growth must be, rather than must include, classroom-level growth.

Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM)

Comment: Several commenters recommended that we not conduct a separate TIF Competition with a Focus on STEM. The commenters expressed concern that encouraging applicants to single out educators in specific fields, such as the STEM fields, for additional compensation could cause misalignment in components of an LEA's HCMS.

Discussion: In the past several months, Federal agencies and private partners have launched national efforts, such as Educate to Innovate, to increase the number of effective STEM teachers in the Nation over the next few years. While we appreciate the commenters' concerns, the Department believes it is necessary to help States and LEAs attract and retain highly-effective STEM teachers to schools, particularly high-need schools where students are in greatest need of academic improvement. As TIF provides applicants a unique opportunity to rethink LEA-wide human capital management and revamp educator compensation, we believe it is appropriate to use the TIF program to encourage applicants to leverage this opportunity to recruit and develop top-quality STEM educators, and thereby improve STEM instruction. On the other hand, it is not our intent to prohibit, or even discourage, applicants proposing to meet Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM) from expanding performance-based compensation to non-STEM educators, principals, or other personnel.

Changes: None.

Comment: Several commenters requested that we designate Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM) as either competitive preference or invitational, but not absolute.

Discussion: As mentioned elsewhere in this notice, to preserve future flexibility to designate priorities as absolute, competitive preference, or invitational, as needed to serve the intended goals of any TIF competition, we will not designate in this notice

whether the final priorities are absolute, competitive preference, or invitational. Rather, we will make these designations in the notice inviting applications for any competition in which we use one or more of the priorities. While we have considered the commenter's suggestions in designing the TIF 2012 competition, we have determined that, consistent with our announcement in the NPP, we will designate Priority 3 as an absolute priority in the NIA and hold a separate TIF with a Focus on STEM competition in 2012.

Changes: None.

Comment: One commenter recommended replacing Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM) with a priority focused on providing additional pay to all teachers in high-need schools. The commenter opposed providing educators in a single field additional compensation, because doing so would create inherently unequal pay systems and communicate to educators that some fields are more important than others. In making this statement, the commenter pointed to a number of hard-to-staff fields, such as special education, bilingual education, and specialized instructional support, that are not addressed by our proposed priorities, requirements, definitions, and selection criteria.

Discussion: We do not prescribe, in either Priority 3 or Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel, the proportion of educators in high-need schools that must be served by the applicant's proposed PBCS. Rather, we provide applicants the flexibility to propose a PBCS that best serves the human capital needs of its high-need schools, has the full support of the school community, and considers the feasibility of sustaining the PBCS past the five-year project period. While we acknowledge that applicants proposing to meet Priority 3 may choose to limit opportunities for performance-based compensation to STEM educators, applicants would not be prohibited from expanding performance-based compensation to other educators, principals, or other personnel, such as those in the types of hard-to-staff fields mentioned by the commenter. Accordingly, applicants with shortages in the areas of special education and bilingual education would have the option to use TIF funds on performance-based compensation to attract new staff in those fields to their high-need schools. While we recognize the merits of the commenter's recommendation, and agree that comprehensive compensation systems would be ideal, we find it more important to offer applicants the flexibility to tailor their proposals to local need. We decline to replace Priority 3 with a priority focused on providing competitive pay to all teachers in high-need schools.

Changes: None.

Comment: None.

Discussion: The Department determined that a minor edit to Priority 3 will improve its alignment with Selection Criterion (g)--Comprehensive Approach to Improving STEM Instruction and avoid duplicating elements required under Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth. As applicants must describe their evaluation systems under Priority 2, we do not believe it necessary to ask that applicants provide a separate description of how they propose to evaluate STEM teachers. Instead, we will require applicants to describe how each participating LEA will identify and develop the unique competencies that characterize effective STEM teachers. We will assess this description, in part, under Selection Criterion (g)(2), which makes reference to STEM-specific professional development opportunities, but not evaluation.

Changes: We have removed the term "evaluate" from paragraph (2) of Priority 3.

Priority 4--New Applicants to the Teacher Incentive Fund (now New or Rural Applicants to the Teacher Incentive Fund)

Comment: Several commenters requested that we remove Priority 4 from the final priorities, or that we designate it as either competitive preference or invitational, in order to allow previous TIF cohorts to apply for a new grant. Many commenters that are recipients of a TIF grant expressed concern that they would not be able to sustain their current programming without the financial support that TIF provides. Many commenters stated that, if Priority 4 were an absolute priority, it would slow momentum in those LEAs that have already demonstrated their willingness to pursue challenging reform efforts. Many commenters also noted that, given the provisions in the TIF NPP, the next competition would help previously served LEAs to bring their projects to scale. Further, one commenter recommended that we allow SEAs and Regional Education Service Agencies to apply as lead applicants, even if an entity were the lead applicant under a previous TIF project, as SEAs and Regional Education Service Agencies have the capacity to serve a diverse group of LEAs. The commenter noted that it was unclear whether these entities would be ineligible to apply for a new TIF grant under Priority 4. One commenter asked whether a nonprofit applicant could meet Priority 4 if it proposed to serve charter schools located in an LEA that previously participated in a TIF-supported project, but that had excluded its charter schools from participation in the previous TIF project.

Discussion: As mentioned elsewhere in this notice, to preserve future flexibility to designate priorities as absolute, competitive preference, or invitational, as needed to serve the intended goals of any TIF competition, we do not designate in this notice whether priorities are absolute, competitive preference, or invitational. We will make these designations in the notice inviting applications for any TIF competition that uses one or more of these priorities.

Priority 4 applies to all applicants, including SEAs, LEAs, and nonprofit applicants. To the extent that a regional educational service center or the like is "a public board of

education or other public authority legally constituted within a State ... to perform a service function for, public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a State, or of or for a combination of school districts or counties that is recognized in a State as an administrative agency for its public elementary schools or secondary schools" it is an LEA (See section 9101(23)(A) of the ESEA (20 U.S.C. §7801(26)(A))). Therefore, since a regional educational service center or like agency that meets this definition is an LEA, it may apply for a TIF grant and Priority 4 applies to it.

In years we designate Priority 4 as absolute, applicants would not be eligible to receive TIF funds unless they provide an assurance, which the Department accepts, that each LEA to be served by the project has not previously participated in a TIF-supported project. In years we designate Priority 4 as a competitive preference priority, applicants that fail to meet this priority would be eligible to receive TIF funds; however, applicants that meet this priority would receive additional points or preference over an application of comparable merit that did not meet this priority. Regardless of whether this priority is designated competitive preference or absolute, SEAs and nonprofit organization applicants that have previously participated in a TIF-supported project may meet this priority, and, if they so choose, apply as a lead applicant, if they propose to serve only LEAs that have not previously participated in a TIF-supported project. In years when we designate this priority as absolute, LEA applicants (which may include regional education service agency applicants) may meet this priority, and, if they so choose, apply as a lead applicant, only if they have not previously participated in a TIF-supported project. In years when we designate this priority as competitive preference, LEA applicants that have previously participated in a TIF-supported project may apply as a lead applicant, but may not meet this priority or receive competitive preference. Further, group applications that include charter schools in the application may meet this priority only if each charter school included is either: an LEA that has not previously participated in a TIF-supported project, or, if not an LEA, is located in an LEA that has not previously participated in a TIF-supported project.

With this priority, it is our intent to direct TIF resources to those LEAs that are ready to pursue compensation reform, but have not yet benefited from the Federal financial assistance available under TIF to help support effective and sustained PBCSs and related areas of reform. We agree that this year's notice inviting applications would provide current and former TIF grantees a unique opportunity to bring their projects to scale, and, in years this priority is designated either competitive or invitational, we would encourage entities to submit an application. At the same time, the Department notes that, consistent with the TIF authorizing statute, all current and former TIF grantees were expected to sustain their PBCSs past the conclusion of the project period. As they have already implemented a PBCS with Federal TIF funding, these grantees have already had an opportunity to convince stakeholders of the merits of performance-based compensation and thereby solicit the local investment needed for sustainability and scale up. In order to provide new LEAs with the same opportunity, we decline to remove Priority 4 from this notice.

Changes: None.

Comment: One commenter recommended that we amend proposed Priority 4--New Applicants to the Teacher Incentive Fund to give preference to rural applicants because these applicants are often not able to successfully compete for Federal discretionary grants.

Discussion: We agree that this notice should help the Department ensure geographic diversity among TIF grantees, and have modified Priority 4 to give priority to applicants that propose to serve only rural LEAs. We have limited the rural component of the priority to applicants that propose to serve only rural LEAs in order to ensure that the priority is not undermined by applicants that might otherwise seek to include only one or some rural LEAs in the project. We also have modified the title of the priority accordingly.

Changes: The Department has modified Priority 4 to give priority to applicants that agree to serve either only LEAs that have not previously participated in a TIF-supported project, or only rural LEAs.

Priority 5--An Educator Salary Structure Based on Effectiveness

Comment: Several commenters requested that we revise Priority 5 to allow applicants to choose between performance-based compensation systems that either award bonuses or are implemented through a salary structure, rather than require that all applicants revise their salary schedules. While two commenters expressed support for our effort to encourage salary schedule reform so that salary is linked to performance--one because adjustments to the salary schedule would influence base pay, increase career earnings, and factor into pension calculations--they and other commenters expressed concern about making Priority 5 absolute (i.e., requiring that applicants meet it). One commenter disagreed with these views, and suggested that we require applicants to include a plan to transition from performance-based compensation to a salary structure based on effectiveness. Many other commenters expressed concern that such a requirement may lead to negative consequences. For example, a commenter stated that such a requirement might dissuade LEAs from applying for a TIF grant because teacher salary schedules are often subject to collective bargaining, and many LEAs would be unwilling to commit to a scope of work that has not been negotiated. A second commenter cited one State's laws regarding performance-based compensation--which requires the implementation of performance-based compensation, but allows compensation to take the form of a bonus or new salary--and argued that greater flexibility for TIF applicants would enable high-need schools to satisfy both State law and the priorities, requirements, definitions, and selection criteria included in this notice. A third commenter expressed concern that requiring all applicants to revise their salary schedules would reduce overall TIF participation, as it would create significant resource and stakeholder challenges.

A fourth commenter advised against promoting any tie between newly developed evaluation systems and educator salary before the new evaluation system has been tested for reliability, and cautioned that linking educator salary to what could be flawed evaluation ratings may work against TIF's goal of teacher retention. A fifth commenter expressed concern that it would be difficult to convince teachers in schools not participating in the TIF grant to support changes to their salary schedule, and such an effort would require significant outreach at the outset of the project.

Discussion: As mentioned elsewhere in this notice, to preserve future flexibility to designate priorities as absolute, competitive preference, or invitational, as needed to serve the goals of the TIF program, we do not designate in this notice whether priorities are absolute, competitive preference, or invitational. We will make these designations in the notice inviting applications for any TIF competition that uses one or more of these priorities. In response to the first comment, in years when Priority 5 is designated as a competitive preference or invitational priority, applicants would be able to choose whether their proposed PBCS would be implemented through a salary structure based on educator effectiveness or through a bonus structure. In years when Priority 5 is designated as an absolute priority, applicants would be required to implement their proposed PBCS through a salary structure based on educator effectiveness.

The Department agrees with many of the commenters about the practical concerns that applicants will need to address in responding to Priority 5. We also recognize the challenges local laws and collective bargaining can pose to such a change within an LEA. However, the Department believes one way to increase the likelihood that a PBCS continues after the end of the grant period, and is sustained through local budget fluctuations, is to award additional compensation not as incentive awards or bonuses, but rather as part of an educator's salary. In response to the challenges raised by commenters, the Department has modified the priority by removing the language that would have required implementation of the salary structure beginning no later than the third year of the project period. Instead, to meet this priority, applicants must describe a timeline for implementing a salary structure based on effectiveness as well as the extent to which the proposed implementation is feasible, given that implementation will depend upon stakeholder support and applicable LEA-level policies. We believe that these changes will provide LEAs with the flexibility needed for this type of work. As a result of these changes, LEAs addressing Priority 5 will not be held to a uniform deadline. Rather, proposed timelines will be based on local contexts. Thus, we believe Priority 5 will not dissuade LEAs from applying to the program.

The flexibility when Priority 5 is designated as a competitive preference or invitational priority addresses a commenter's concern regarding an applicant's ability to meet both State law and the priorities, requirements, definitions, and selection criteria included in the notice as well as one commenter's concern that requiring applicants to revise their salary schedules would reduce overall TIF participation by creating significant resource and stakeholder challenges. Our revision to the timeline requirement will allow an applicant to ensure a high-quality implementation of the evaluation system and the

subsequent linkages to the salary structure. In addition, we believe that a sustained performance-based salary structure will enhance an LEA's ability to retain effective teachers.

We understand the commenter's concern about the Department's making Priority 5 an absolute priority and will take that concern into consideration in any decision to designate the Priority as absolute, a competitive preference, or invitational. Finally, we agree with the commenter who expressed concern that change of this scope would require significant outreach at the outset of the project. The Department believes that significant outreach is required for all types of performance-based compensation reform and has designed this notice so that applicants must include evidence that educators in each participating LEA have been involved, and will continue to be involved, in the development and implementation of the PBCS and evaluation systems described in the application.

Changes: We have revised Priority 5 to require that each applicant describe, as part of its plan for implementing the PBCS, a timeline for implementing the proposed LEA salary structure as well as a rationale for why the applicant views its implementation plan as feasible. We also have removed language from the priority that would have required implementation of the salary structure beginning no later than the third year of the project period.

Comment: One commenter recommended that we add language to Priority 5--An Educator Salary Structure Based on Effectiveness to require that the proposed salary structure be collectively bargained or agreed upon by the organization representing educators. Further, the commenter recommended that the priority stipulate that the process for creating any new salary structure be transparent to ensure that performance-based compensation is attainable and that teachers clearly understand the criteria for earning additional compensation.

Discussion: With regard to the request that we require that elements of an applicant's proposal, including a proposal for a salary schedule based on educator effectiveness, be collectively bargained, we decline to make this change because we believe it would constitute inappropriate Federal involvement in local matters. With regard to the comment about the transparency of the new salary structure, we believe that a transparent and inclusive process is essential for a change of this scope and scale to be successful. To this end, applicants must provide evidence that educator involvement in the design of the PBCS and the educator evaluation systems has been extensive and will continue to be extensive during the grant period. Thus, we do not believe that any change is required at this time.

Changes: None.

Comment: A few commenters expressed concerns regarding the impact of a salary schedule, based on effectiveness, on educator behaviors and TIF's objective of attracting and retaining effective educators. The commenters argued that salary structures based on effectiveness, compared with performance-based bonuses, do not give educators the same incentive to remain in high-need schools or to maintain high-levels of performance. Moreover, the commenters noted that, under a salary schedule based on effectiveness, if an effective teacher decides to move from a high-need school to a school that is not high-need, it may prove difficult to reduce the teacher's salary. Similarly, if an effective teacher earns a higher salary due to performance, but lags in performance at a later point, it may again be difficult, and potentially impermissible, to remove the performance increment from the teacher's salary. Further, one commenter noted that there would be a significant delay between performance and compensation, which would potentially weaken the performance incentive. This is because, quite often, student growth does not become available until six months following the end of the school year. Once the data is received, it is unlikely that an LEA would be able to change base salary until the beginning of the next school year.

> **Discussion:** The Department believes a salary structure based on effectiveness will not negatively impact the goal of attracting and retaining effective educators in high-need schools. In fact, we believe the opposite is likely to occur where the proposed salary structure results in a highly sustainable PBCS that may be more resistant to budgetary fluctuations at the local level than other PBCS designs. The concerns expressed by commenters generally do not consider the flexibility an applicant has in developing a salary structure based on educator effectiveness. We disagree with the commenters who expressed concern that a salary structure based on effectiveness does not give educators the same incentive to remain in high-need schools or to maintain high levels of performance. Salary structures may contain many performance-based incentives, including potential for greater base-pay progression at high-need schools or career-ladder position opportunities only at high-need schools. Although an LEA may not lower the salary of an educator moving from a high-need school to a low-need school, in this instance, the move would result in lower income potential. The concern that a salary structure based on effectiveness does not provide an incentive for educators to maintain high-levels of performance or is problematic in addressing lags in performance does not acknowledge that the typical salary structure provides educators with an annual increase in income based on years of service with no consideration given to effectiveness. Lastly, the potential delay between performance and receipt of performance-based compensation (often due to delays in an LEA's receipt of student growth data) is no greater for a PBCS delivered through a salary structure than through a bonus system. In both instances, applicants need to consider how best to address this challenge in designing an effective PBCS.
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> **Changes:** None.

Comment: Two commenters provided feedback regarding the impact of a salary schedule, based on effectiveness, on sustainability and educator evaluation. One commenter speculated

that, to sustain a new salary structure during tough budget times, municipalities might raise the criteria for a determination of effectiveness so that fewer teachers would be awarded a higher salary. Under this scenario, according to the commenter, bonuses would become less accessible and this, in turn, could undermine educator collaboration and result in declines in educator base pay. A second commenter expressed concern that salary schedules, based on effectiveness, would be harder to sustain than bonuses, because adjustments to base pay would increase pension obligations while bonuses would not.

Discussion: The Department believes a new salary structure will enhance sustainability and secure educator performance-based compensation past the duration of the TIF grant. We further believe that a PBCS delivered through a salary structure based on effectiveness will be more likely to be maintained during periods of budget fluctuations as compared with a bonus structure that is ancillary to an LEA's official salary structure and, therefore, easily discontinued during such periods. As one commenter speculated, during tough budget times an LEA could respond by attempting to reduce educator salaries. We do not believe this would be either unique to a salary structure based on effectiveness or more likely to occur under such a salary structure. Further, we believe that a salary structure based on effectiveness may impact pension obligations, but, as previously discussed, a typical salary schedule provides for annual increases to an educator's salary with no consideration for educator effectiveness. These increases have the same impact on pension obligations as increases that do take effectiveness into consideration.

Changes: None.

Comment: One commenter requested clarification of whether Priority 5--An Educator Salary Structure Based on Effectiveness pertained only to schools supported under the TIF grant or to all schools in the LEA.

Discussion: Under Priority 5, applicants will have the discretion to choose how broadly to implement the comprehensive salary schedule based on effectiveness. At a minimum, the salary schedule discussed in Priority 5 must include educators participating in the PBCS in the high-need schools identified in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools. We have revised paragraph (b) of Priority 5 to make this clear. The LEA may choose to extend the salary schedule to cover additional teachers or additional schools but should carefully consider the restrictions on the use of TIF funds described in Requirement 6--Use of TIF Funds to Support the PBCS.

Changes: We have revised paragraph (b) of Priority 5 to require applicants to describe in their proposal how each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

Comment: None.

Discussion: Upon further review, the Department has determined that paragraph (b) of proposed Priority 5--An Educator Salary Structure Based on Effectiveness--which required applicants to describe how TIF funds used for salary increases would be used only to support the additional cost of the revised salaries for educators in high-need schools--might erroneously suggest to applicants that TIF funds may not be used to support the entire cost of salary for effective educators who accept career ladder positions. Under Requirement 6--Use of TIF Funds to Support the PBCS, applicants may use TIF funds to support the entire cost of salary, up to 1 full-time equivalent position for every 12 teachers who are not in a career ladder position. As paragraph (b) of proposed Priority 5 seemed to conflict with Requirement 6, we have revised Priority 5 to require applicants to describe how each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools.

Changes: We have removed from this priority language that would have required applicants to describe how TIF funds used for salary increases would be used only to support the additional cost of the revised salaries. Further, we have revised paragraph (b) of Priority 5 to require applicants to describe in their proposal how each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

Comment: None.

Discussion: Upon further review, the Department has determined that additional revisions are necessary to improve Priority 5--An Educator Salary Structure Based on Effectiveness. First, after publishing the NPP, we realized that some LEAs may already have salary structures that meet or are close to satisfying the requirements of this priority. For this reason, we have removed the language requiring a comprehensive revision of an existing salary schedule. Second, the Department recognizes that there might be instances where only a discrete portion of an educator's salary increase would be based on the educator's overall evaluation rating and that the remaining increase would be based on other factors. In such a case, an applicant may use TIF funds to pay for only the discrete portion of the educator's salary increase that would be based on the educator's overall evaluation rating. By revising this priority to require applicants to describe the extent to which each LEA will use these evaluation ratings to determine educator salaries, the Department intends that applicants should describe only the part of the salary structure that constitutes the increase attributable to the PBCS.

Changes: We have revised Priority 5 by removing the requirement that an applicant propose "a comprehensive revision" of an existing salary schedule. In paragraph (b) of the priority, we have added language requiring the applicant to describe the extent to

which each LEA will use the overall rating of the evaluation to determine educator salaries.

Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel

Comment: A few commenters stated that applicants should not be allowed to propose PBCSs based solely on Design Model 2; instead these commenters urged us to require all applicants to implement a PBCS consistent with Design Model 1. Three commenters expressed concern that Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel is inconsistent with the TIF authorizing statute, which requires both performance-based compensation and incentives to encourage educators to take on additional responsibilities and leadership roles. According to these commenters, each applicant must offer both components, and the Department may not allow applicants to select only one for their TIF project. Further, a number of commenters expressed concern that Design Model 2 would support a very limited concept of performance-based compensation, and stated that any TIF-funded PBCS should provide all educators, not simply teacher leaders or principals, an opportunity to receive additional compensation.

Discussion: We disagree that Design Model 2 is inconsistent with the TIF authorizing statute. As the commenters stated, the TIF statute requires the Department to make funding available to applicants to support their implementation of PBCSs for educators in high-need schools and offer educators incentives to take on additional leadership roles and responsibilities. More specifically, the FY 2012 TIF authorizing statute (Pub. L. 112-74) provides that TIF-supported PBCSs must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on additional responsibilities and leadership roles.

Under Design Model 1, applicants would establish a PBCS under which they provide performance-based compensation to effective educators and would provide those educators with incentives to take on additional leadership roles and responsibilities. Under Design Model 2, applicants would include additional leadership roles and responsibilities in the PBCS, and then provide performance-based compensation to teachers who have received an overall evaluation rating of effective or higher and who accept a career ladder position as both another factor in the PBCS and an additional role or responsibility. Consistent with Priority 2 of this notice, applicants under either design model must propose to use student growth, multiple observations, and other factors in the determination of each educator's overall evaluation rating, which aligns with the statutory requirements governing educator eligibility for performance-based compensation. We also note in response to the last comment that an applicant has the option to offer performance-based compensation to other personnel who work in identified high-need schools under either design model.

Further, it is our intent to give an LEA flexibility to use its best judgment in designing a PBCS that will increase educator effectiveness and student achievement. While a PBCS under Design Model 2 could make a smaller number of teachers eligible for performance-based compensation than a PBCS under Design Model 1, as some commenters suggest, a PBCS under Design Model 2 might still produce greater gains in teacher effectiveness and student achievement. Achieving these important goals does not depend solely on the number of teachers eligible for compensation. It depends on a variety of factors, including the quality of the evaluation system and the job-embedded professional development the career ladder teachers provide. For these reasons, we decline to remove Design Model 2 from this notice.

Changes: None.

Comment: A few commenters recommended that we allow applicants to award forms of compensation not described in Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel. A few commenters recommended that we allow applicants to provide separate performance-based incentives to educators based on the outcome of separate measures of performance, such as classroom observation and student growth. One of the commenters explained that performance-based compensation systems offering separate awards for student performance and practice are attractive to teachers, who can easily recognize the relationship between their work and the resulting award. Additionally, one commenter recommended that we allow applicants to propose whole-school awards, based on school-level performance, as part of their PBCS. The commenter expressed concerns about the effects of individual performance-based compensation on turnaround schools, which could erode collegiality in fragile schools. The commenter asserted that whole-school awards may help to promote a shared sense of ownership of reform amongst educators in high-need schools.

Discussion: We acknowledge the potential merits of either providing whole-school compensation based on school-level performance or rewarding educators based on separate measures of performance, as these approaches may prove effective for encouraging specific practices or behaviors. However, we believe that the effectiveness and sustainability of a PBCS, and its impact on increasing student achievement in high-need schools is much greater if TIF dollars reward only individual educators determined to be effective based on a comprehensive evaluation that uses multiple factors, student growth, and observations of educator practice. We believe that, by using rigorous evaluations to identify the highest quality educators, and then rewarding these educators with opportunities for advancement and additional compensation, high-need schools will be in the best position to attract and retain the highly-skilled workforce needed to help students achieve. Further, we recognize the importance of communicating to educators the nuances of any proposed PBCS or evaluation system so that educators may recognize the relationship between their efforts and accomplishments and the resulting rewards and other consequences. We note, however, that this challenge is present regardless of the design of the proposed reform.

Accordingly, we decline to revise Requirement 1 to allow for either whole-school compensation or compensation based on separate measures for performance. That said, nothing in this notice prohibits applicants from providing performance-based compensation outside of the proposed TIF-funded PBCS, provided that non-TIF funds are used for performance-based compensation.

Changes: None.

Comment: One commenter recommended that we fund additional compensation for teachers and principals who take on additional responsibilities and leadership roles, even if they have not shown a record of classroom effectiveness. This commenter noted that teacher attrition and turnover has created challenges for many schools, and claimed that additional compensation for additional responsibilities should enable schools to compensate teachers for their work, encourage them to advance based on their interests and accomplishments, and provide them with opportunities for leadership while maintaining the teacher's instructional responsibilities. A second commenter expressed support for the requirement limiting awards for taking on additional responsibilities to those who have demonstrated effectiveness, but noted that implementation of career ladder programs may be delayed in areas where the evaluation system has not yet been developed.

Discussion: The purpose of the TIF program is to support LEA implementation of an effective and sustainable PBCS that rewards educators determined to be effective based on student growth, multiple observations, and other factors, and to provide educators with incentives to take on additional responsibilities and leadership roles. The Department believes that, to best meet this purpose, all payments made to educators under a PBCS, including those provided to take on additional responsibilities and leadership roles, must be made to educators determined to be effective. Requirement 2, like all of the priorities, requirements, definitions, and selection criteria contained in this notice are designed to do this.

As mentioned elsewhere in this notice, it is the Department's belief that, by using rigorous evaluations to identify the highest quality educators, and, subsequently, rewarding these educators with opportunities for advancement and additional compensation, high-need schools will be in the best position to attract and retain the highly-skilled workforce needed to help students in those schools to achieve. While grantees may wish to supplement their TIF project, using local dollars, so that educators who have not been determined to be effective under the LEA's evaluation system are rewarded for accepting additional responsibilities, they may do so, but they may only use TIF dollars for educators who have been determined to be effective.

We fully recognize that the development of the required PBCSs and related evaluation systems as well as the procedures for directing TIF funds to purposes permitted under this notice will require applicants to consider carefully their timelines for implementing

the evaluation systems and PBCSs. Moreover, some applicants, if awarded a TIF grant, will need time to implement their PBCSs and evaluation systems, and meet the other requirements and priorities we have established for this program. We believe that the timelines we have established provide sufficient time for grantees to do so. Under Priority 2, applicants must propose a plan to implement their evaluations for at least a subset of teachers or schools in the LEA by the beginning of the second project year. Under paragraph (4) of Priority 1, applicants must use evaluation information to inform the design and delivery of professional development and the award of performance compensation under their proposed PBCS (to educators in high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools) by the third project year. While applicants may, at their discretion, begin implementation sooner, we have established these timelines as base requirements to help applicants that need time to put their PBCSs and evaluation systems in place, for reasons such as those noted by one of the commenters.

Comment: One commenter opposed our restricting applicants from offering effective educators an opportunity to receive additional compensation for taking on career ladder positions and for taking on additional responsibilities and leadership roles.

Discussion: Applicants proposing to implement Design Model 1 must provide, as part of their PBCS, additional compensation to effective teachers (and, at their discretion, effective principals) who voluntarily accept additional responsibilities and leadership roles. To satisfy Design Model 1, therefore, applicants must compensate effective teachers (and, at their discretion, effective principals) for taking on additional responsibilities and leadership roles, which may include career ladder positions. However, under Design Model 2, applicants are required to offer effective teachers career ladder positions and do not have the option of offering other types of additional responsibilities and leadership roles. Through this restriction, we intend to reserve this design model for LEAs that wish to move ahead with an improvement strategy that relies heavily on career ladder positions and the comprehensive career ladder program that these positions require to be successful in improving teacher practice and student achievement. We expect that an LEA opting for this design model will develop a comprehensive plan through which career ladder teachers will get the extensive training and release time they need to make a significant difference in teacher practice in each participating high-need school. By contrast, the other types of additional responsibilities and leadership roles contemplated under the definition of that term in the NIA may be very limited in their scope and effect. To ensure that any career ladder program proposed under Design Model 2 is both comprehensive and coherent, we decline to expand the model to allow applicants to provide additional compensation to effective teachers who take on other types of additional responsibilities and leadership roles.

Changes: None.

Comment: One commenter opposed limitations restricting applicants to only one of the two PBCS design models, and recommended that we revise Requirement 1 to allow applicants to include both components in their PBCS proposal.

> **Discussion:** We fully agree that applicants should have the flexibility to implement any of the allowable PBCS components included in Design Models 1 and 2. We view Design Model 1 as inclusive of all of the components of Design Model 2, because career ladder positions, which are specifically referenced in Design Model 2, are included in the definition of additional responsibilities and leadership roles. For this reason, we do not believe any change is necessary to respond to this comment.
>
> **Changes:** None.

Comment: One commenter suggested that we encourage applicants to offer career ladder positions to a team of educators, rather than individuals, to build team collaboration among instructional leadership and thereby increase the impact of their work.

> **Discussion:** The Department recognizes the merit of offering career ladder positions to a team of educators, rather than doing so to selected individuals, and encourages applicants to consider the benefits of this approach. However, we believe that applicants should have the flexibility to tailor their proposed PBCSs to best meet the needs of their high-need schools.
>
> **Changes:** None.

Comment: One commenter recommended that we require teachers and principals who receive performance-based compensation to share their effective practices with other educators.

> **Discussion:** We fully agree that effective teachers and principals should be provided opportunities to demonstrate instructional leadership and share their practices with peers. We believe that this is adequately addressed by Requirement 1—Performance-Based Compensation for Teachers, Principals, and Other Personnel, which requires applicants proposing to implement Design Model 1 to offer effective teachers, and, at their discretion, effective principals, opportunities to take on additional responsibilities and leadership roles. Similarly, Design Model 2 requires applicants to offer career ladder positions to effective teachers and allows applicants to offer additional compensation to principals, at their discretion, for taking on additional responsibilities and leadership roles. We have defined additional responsibilities and leadership roles, including career ladder positions, to mean meaningful, school-based opportunities to strengthen instruction and instructional leadership in a systemic way. While this certainly may include responsibilities to share effective practices with other educators,

we believe that how to define these responsibilities, too, is best left to each participating LEA and those with whom it collaborates on the components of its PBCS.

Changes: None.

Comment: One commenter recommended that we revise the proposed priorities, requirements, definitions, and selection criteria to provide applicants with the flexibility to propose collaboratively developed compensation systems that integrate the following salary schedule principles: (a) a professional growth salary schedule must start with a professional-level salary of at least $40,000 for all beginning teachers entering the classroom, a minimum of $25,000 for education support professionals, and educators should be able to reach their "maximum" salary on the schedule within 10 years; (b) a professional growth salary schedule must be co-created or designed with educators through collective bargaining or, where there is no collective bargaining, agreed to by the organization representing educators, and it must allow for the strictly voluntary participation of current educators; (c) a professional growth salary schedule must contain several levels through which educator progress is based on prescribed skills, knowledge, licenses, certifications, degrees, responsibilities, and accomplishments; (d) each level of any professional growth salary schedule should build on previous ones and contain salary increases for specified time periods within each level; (e) generally, early levels on any professional growth salary schedule should be linked to the probationary period of employment, advancement through the initial levels should be required, and movement through later levels may be voluntary; (f) a professional growth salary schedule must be linked to a professional development system that has been locally developed with educators and tied to high-quality professional development standards; (g) any professional growth salary schedule should clearly define what will be measured and how those measurements will be conducted; (h) any professional growth salary schedule should be tied to locally developed, research-based, professional learning opportunities targeted to the needs of the students; (i) a professional growth salary schedule must have adequate and sustainable sources of funding, both initially and on an ongoing basis, and grants should be viewed only as temporary resources that are not capable of sustaining a career salary program; (j) any professional growth salary schedule should be accessible to everyone who is eligible, without quotas; (k) any professional growth salary schedule should be locally bargained or, where there is no collective bargaining, agreed to with the organization representing the educators, flexible and structured for the contexts in which they will be implemented; (l) a professional growth salary schedule must be understandable to educators and the public; (m) an annual assessment of any professional growth salary schedule should be undertaken to determine its effectiveness in improving educator salaries, teaching quality, and the recruitment and retention of high-quality staff; and (n) all parties must agree on, and clarify, who is eligible to participate in a professional growth salary schedule.

Discussion: We believe that the proposed priorities, requirements, definitions, and selection criteria encourage applicants to collaboratively develop compensation systems. Under Requirement 2--Involvement and Support of Teachers and Principals, we require each applicant to provide evidence that educators have been involved, and

will continue to be involved, in the development and implementation of the PBCS and evaluation systems described in the application. Under Selection Criterion (d)--Involvement of Educators, we will evaluate applicants based on the quality of educator involvement in the development of those same PBCSs and evaluation systems.

Further, the Department has reviewed the salary schedule principles submitted by the commenter, and has determined that the final priorities, requirements, definitions, and selection criteria allow applicants to develop compensation systems in ways that align with these principles. Given that applicants will have the flexibility requested by the commenters, we do not believe a change is necessary.

Changes: None.

Comment: None.

Discussion: Upon further review, we have determined that the "Note" in Requirement 1 should be amended to provide additional context for the charts provided in that Requirement. These charts illustrate how applicants can design their PBCS to meet the definition of a PBCS.

Changes: We have amended the note in Requirement 1 to provide an applicant with additional context for the charts found in the Requirement.

Requirement 2--Involvement and Support of Teachers and Principals

Comment: One commenter appeared to interpret Priority 1 as requiring LEAs to make significant modifications to their HCMSs, and expressed concern that applicants would not be able to secure educator support for systems still in their development stages. While the commenter acknowledged that educator support was important, the commenter stated that this support is only one of multiple factors that should be considered in the decision to implement a PBCS.

Discussion: The TIF authorizing statute requires that each TIF grantee demonstrate that its PBCS has been developed with the input of teachers and principals in the schools and LEAs to be served by the grant. Further, it is the Department's belief that ongoing involvement by educators in the development and implementation of the PBCS and evaluation systems is critical to the success and sustainability of the PBCS, and that educators are more likely to embrace these reforms if they have had a role in developing and implementing them. Accordingly, we believe it is appropriate and consistent with the statute to require each applicant to include in its application evidence of the involvement of educators in participating LEAs in the design of the PBCS, as well as in the design of the underlying evaluation systems that inform the PBCS. Further, under this requirement, an applicant must include in its application evidence

demonstrating how educators in the participating LEAs will be involved in an ongoing basis with the implementation of the PBCS and evaluation systems. Beyond educator involvement, an applicant must also provide a description of the extent to which the applicant has educator support for the proposed PBCS and evaluation systems.

In requiring this description in the application, it is not our intent to require that applicants demonstrate in their applications that they have already secured a specific level of educator support; rather, under Selection Criterion (d), we will evaluate applications based on the strength of educator support that those applications describe in response to Requirement 2--Involvement and Support of Teachers and Principals. Applications that reflect low levels of educator support can be expected to receive a lower score under Selection Criterion (d). Conversely, applications that reflect higher levels of educator support can be expected to receive a higher score.

Changes: None.

Comment: Three commenters recommended that we prescribe the forms of evidence that an applicant must submit, and the processes in which applicants must engage, to meet Requirement 2--Involvement and Support of Teachers and Principals. One commenter suggested that we require applicants to conduct an educator vote, as such a process would be a definitive method for assessing whether there is sufficient support to implement a PBCS. A second commenter recommended that we require applicants to collaborate with effective teachers and a diverse cross-section of stakeholders in designing and implementing the PBCS. According to this commenter, involving these stakeholders would help to create professional education communities where top performers help to solve complex challenges. This commenter also recommended that we provide strong guidelines for submitting letters of support to ensure that these letters are genuine and represent a significant portion of educators. A third commenter recommended that we require applicants to collaborate with recognized educator representatives.

Discussion: While applicants must submit evidence of educator involvement to meet Requirement 2--Involvement and Support of Teachers and Principals, we do not believe it is necessary or appropriate to prescribe the composition of educators that an applicant must include in the collaboration. We anticipate that some high-scoring applicants may engage in ongoing collaborative efforts where a handful of effective teachers and principals continuously work with district officials to manage the design and implementation of the PBCS and evaluations systems. Conversely, some high-scoring applicants may seek less substantive or formal involvement and input, but pursue feedback on a larger scale, and provide all educators in high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools with opportunities to provide feedback on the development and implementation of the project. Thus, while the commenters' recommendations regarding the form of collaboration are all reasonable and may be very appropriate for certain LEAs, we do not

accept any of them as procedures the Department should mandate for all LEAs that would participate in a TIF project.

Further, while evidence of educators' support in the form of letters or other communications that endorse the specifics of the applicant's proposal may make a stronger application for TIF funds, the Department has chosen not to require applicants to submit evidence of educator support in their applications in order to satisfy Requirement 2. Rather, to meet this requirement, applicants must provide a description of the extent to which the applicant has educator support for the proposed PBCS and educator evaluation systems. We will then evaluate the evidence provided to support this description, under paragraph (2) of Selection Criterion (d)--Involvement of Educators; applications that include strong evidence of educator support can be expected to receive a greater number of points under paragraph (2) than applications that do not include this level of support.

As the Department is letting applicants decide how best to describe educator support in their applications without requiring applicants to submit evidence of educator support in their TIF applications, we decline to prescribe the methods an applicant may use to submit evidence for the purposes of Selection Criterion (d)(2).

Changes: None.

Comment: One commenter recommended that we not allow educator representation to influence determinations of applicant eligibility. This commenter also stated that, to ensure the highest return on the TIF investment, we should not award funds to applicants when union policy would prohibit implementation of the PBCS or evaluation system.

Discussion: As mentioned elsewhere in this notice and in the NPP, educator involvement and support is critical to the successful implementation and sustainability of any applicant's proposed PBCS and evaluation systems. For this reason, each applicant must provide evidence of educator involvement in the development and implementation of both components of its project, and must describe the extent to which it has educator support for both of these components. Further, under Selection Criterion (d)--Involvement of Educators, applications that demonstrate strong evidence of educator involvement and support can be expected to receive more points than those that do not.

With these requirements and selection criteria, we believe it unnecessary to include the additional restriction, recommended by the commenter, which would prohibit the involvement of LEAs whose unions have policies prohibiting implementation of the PBCS or evaluation system. We hope that those unions would be willing to reconsider their positions and see the benefit of the reforms that we are proposing through the priorities, requirements, definitions, and selection criteria described in this notice. In addition, we have added a "Note" to Requirement 2 to clarify that it is the responsibility

of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of collective bargaining agreements, memoranda of understanding, or other agreements between these employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. Further, this "Note" clarifies that if a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project).

At the same time, the Department agrees that local policies, including union policies, may have a strong impact on the feasibility of an applicant's proposal. For this reason, we have revised both Priority 5--An Educator Salary Structure Based on effectiveness and Selection Criterion (a)--A Coherent and Comprehensive Human Management Capital System (HMCS) to address the impact of local policies on project feasibility.

Changes: Under Priority 5--An Educator Salary Structure Based on effectiveness, we have included new language (in paragraph (c)) directing applicants to describe the feasibility of its proposed salary structure's implementation, considering, in part, applicable local policies. In addition, under Selection Criterion (a)(2)(iii)--A Coherent and Comprehensive Human Capital Management System, we have added language to allow the Secretary to consider LEA-level policies that might inhibit or facilitate modifications needed to use educator effectiveness as a factor in human capital decisions when evaluating project feasibility. We have also added a Note to Requirement 2 to clarify that it is the responsibility of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of collective bargaining agreements, memoranda of understanding, or other agreements between these employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. Further, this

Note clarifies that, in the event that a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project).

Requirement 3--Documentation of High-Need Schools

We received no comments regarding Requirement 3.

Requirement 4--SEA and Other Group Applications

Comment: One commenter asked whether an LEA that was part of a group application in a previous TIF project, but not the lead applicant for that project, is eligible to apply for TIF funding under the priorities, requirements, definitions, and selection criteria in this notice.

Discussion: Priority 4--New or Rural Applicants to the Teacher Incentive Fund and Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants address eligibility for LEA applicants that previously participated in a TIF-supported project. As noted elsewhere in this notice, we designate whether a priority is absolute, competitive preference, or invitational in the notice inviting applications for a competition. For competitions in which we designate Priority 4 as absolute, applicants would not be eligible to receive TIF funds unless they provide an assurance, which the Department accepts, that each LEA to be served by the project has not previously participated in a TIF-supported project. In years when we designate Priority 4 as a competitive preference, LEA applicants that fail to provide this assurance would still be eligible to receive TIF funds although ineligible to receive the additional points available under the Priority. We consider an LEA to have previously participated in a TIF-supported project if it participated, or was included, in a previous or current TIF grant. For example, an LEA has previously participated if a previous TIF application that the Department funded identified it as a recipient of services under a previous TIF competition--even if the funded project did not move into full implementation, did not continue to receive funding throughout the entire performance period, or the LEA for some reason did not directly benefit from its participation in the project. Similarly, we consider an LEA to have previously participated if the grantee added the LEA as a participant in the project after a TIF project's initial funding.

Where Priority 4 is designated as a competitive preference, Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants will impact the permissible scope of an application, submitted under a new TIF competition, that involves an LEA that is currently participating in a TIF project at the beginning of the new grant's project period. Under Requirement 7, applicants must provide an assurance that TIF funds received under the competition will only be used to implement the PBCS in high-need schools that are not served, as of the beginning of the grant's project period or as planned in the future, by an existing TIF grant. Thus, if all the high-need schools in an LEA are already being served--or will be served--by a current TIF grant as of the beginning of the grant's project period, that LEA would not be eligible to receive funds or otherwise participate in a grant funded under this competition. Current TIF grantees with one or more high-need schools that are not served--and will not be served--by the current grant as of the beginning of the grant's project period would be eligible to receive funds under this notice.

Changes: None.

Comment: One commenter recommended that we remove the requirement that SEAs or other group applicants must implement a full HCMS when partnering with LEAs. According to the commenter, this change would allow SEAs and other group applicants to form partnerships with LEAs while also maintaining their flexibility to apply for a different scope of work, such as a PBCS, educator evaluation system, or salary structure overhaul.

Discussion: We are not certain that we understand this comment fully. We believe that the commenter recommended that we not require SEAs or nonprofit organizations that apply as part of group application to enter into an MOU with participating LEAs. It appears that the commenter believes that, in entering into such an MOU, SEAs and nonprofit organizations would thereby take on responsibility for the development of the LEAs' HCMSs. The commenter stated that, if we did not require SEAs or nonprofit organizations to execute such an MOU, we would enable them to have a different scope of work, such as the PBCS, educator evaluation system, or salary structure overhaul.

It appears that the commenter misinterpreted the purpose of the MOU that group applicants would execute under Requirement 4. Under paragraph (1) the MOU would contain a commitment by each participating LEA to implement the HCMS, including the educator evaluation systems and the PBCS, described in the application, and under paragraph (5) the MOU must contain a description of the activities that each member of the group will perform. Requirement 4 does not require that an SEA or nonprofit organization partner must take responsibility for developing the HCMS. While the participating LEA(s) in the group or partnership application must do so, the responsibility of SEA or nonprofit organization partners, if any, to assist the LEA(s) would be determined by the partners and described in the MOU.

Under Priority 1--An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center, and Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel, each participating LEA must have a TIF-funded PBCS that is implemented as part of an LEA-wide HCMS. As we have explained elsewhere in this notice, we believe that integrating a PBCS within an LEA's larger HCMS will help ensure that the PBCS is a successful mechanism for improving classroom instruction and educator effectiveness, and that an LEA is more likely to sustain a PBCS that is embedded within a comprehensive HCMS. All TIF applications, whether from individual LEAs or from groups of LEAs, SEAs, or nonprofit organizations, must propose ways to ensure that the participating LEA(s) implement this responsibility, but how a group does this is up to the group to decide. We, therefore, decline to make a change in the requirement based on this comment.

Changes: None.

Requirement 5--Submitting an Application for One Competition

Comment: None.

Discussion: In reviewing proposed Requirement 5-- Submitting an Application for One **Competition**, under which all eligible applicants were prohibited from applying to both competitions offered in any fiscal year, the Department has determined that this restriction was overly broad. With this restriction, our original intent was to encourage each applicant to develop one high-quality application that reflects the goals of the participating LEAs that will implement the new evaluation systems, HCMS, and PBCS. Based on this rationale, we have now determined that the restriction of one application per fiscal year need only apply to LEAs. Further, the Department has decided to rephrase this restriction to clarify that an LEA can participate in only one application--an application in the General TIF Competition or an application in the TIF Competition with a Focus on STEM. This means that an LEA may be included in only one application for one competition in any fiscal year--whether it applies on its own or with a group of LEAs, an SEA, or a nonprofit organization. Because the LEA will be the primary actor in any TIF project, the Department believes that this clarification is essential to avoid multiple awards for the same project.

The Department has also determined that its goals can be achieved by allowing an SEA to participate in a group application for one competition (General) and to participate in another group application for the other competition (TIF Competition with a Focus on STEM) so long as the LEAs in each group application are different. To minimize the risk of double funding, an SEA can participate in only one application for each competition.

Similarly, with the focus on not having multiple applications from any one LEA, the Department has decided not to restrict the number of group applications in which a nonprofit organization can participate. If two or more applications from the same entity (an SEA or a non-profit) are successful, the Department will allocate any overlapping costs to the appropriate grant during the post-award period.

Changes: The Department has revised Requirement 5-- Submitting an Application for One Competition to stipulate the number of applications, and the number of competitions, that any applicant may participate in during any fiscal year, with special rules for LEAs, SEAs, and nonprofits. In new paragraph (a) of this requirement, we state that an LEA may participate in only one application in any fiscal year. In new paragraph (b) of this requirement, we state that an SEA may participate in a group application for each of the competitions in any fiscal year. In new paragraph (c) of this requirement, we state that a non-profit organization may participate in an unlimited number of group applications for each competition in any fiscal year. Finally, to be consistent with the substantive changes to this requirement, we have changed the name of the requirement to "Limitations on Multiple Applications."

Requirement 6--Use of TIF Funds to Support the PBCS

Comment: In the NPP, we requested comments regarding the use of TIF funds to support the full amount of salary and salary augmentations associated with career ladder positions and other additional responsibilities and leadership roles. We received several comments responding to this request. Two commenters recommended that we fund only salary augmentations, and not full salaries, for career ladder positions. One of those two commenters noted that this approach would be more consistent with our goal of enhancing project sustainability. At the same time, the commenter recommended that we place no limit on salary augmentations associated with additional responsibilities and leadership roles because this compensation may be more effective for improving student outcomes than compensation awarded strictly on the basis of educator performance.

Several commenters recommended that we support the cost of both salaries and salary augmentations, even in spite of, according to one commenter, the potential risks to project sustainability. These commenters noted that master teachers have the greatest impact when they are fully released from instructional responsibilities to provide full-time support to other teachers (e.g., by analyzing data, conducting evaluations, coaching teachers individually, and facilitating instructional team meetings); however, LEAs often do not have the funding to support non-instructional positions. Therefore, without TIF support, most LEAs could not fully release their master teachers from instructional responsibilities. One commenter shared that its LEA could not continue to support full-time master teacher positions without TIF support, even though the LEA currently relies on an assortment of Federal, State, and local funds. Several commenters recommended that we fund one salary augmentation and one salary for a given number of classroom teachers to allow for appropriate TIF support that meets the needs of small and large schools.

Specifically, a few commenters recommended that we fund the full-time salary of one fully-released master teacher for every 15 classroom teachers and, additionally, the salary augmentation for one mentor teacher, who would retain some instructional responsibilities, for every eight regular classroom teachers. One commenter recommended a ratio of one master teacher for every 12 to 15 classroom teachers and one mentor teacher for every six to eight classroom teachers. While acknowledging this approach may cause concern for project sustainability, one commenter argued that financial support is critical for ensuring that career ladder positions have a strong foundation for lasting implementation.

> **Discussion**: We greatly appreciate all of the thoughtful comments provided on this critical issue. After careful consideration of the recommendations provided, we have revised Requirement 6--Use of TIF Funds to Support the PBCS to limit the amount of TIF funds available to support the costs of career ladder positions and other additional responsibilities and leadership roles for teachers.
>
> In setting this limit, we balance several considerations, including the desire to promote the sustainability of projects funded by the TIF program while also promoting the routine delivery of job-embedded professional development in the high-need schools. While the availability of TIF support should not encourage applicants to propose

projects too large to sustain beyond the grant's project period, TIF funds should provide applicants, and their stakeholders, an opportunity to realize the benefits of full-time, fully-released career ladder positions for providing high-quality, job-embedded professional development. By providing this opportunity, we believe Requirement 6 will increase the likelihood that career ladder positions will garner the support, including financial support, needed to sustain the applicant's PBCS once grant funds are spent.

For these reasons, we are revising Requirement 6 to allow applicants to use TIF funds for full-time salaries of teachers in career ladder positions in participating high-need schools up to a ceiling. As suggested by several commenters, this ceiling is expressed as a ratio. We carefully considered the recommendations made by commenters based on current work in the field regarding individuals in career ladder positions, such as master teacher, mentor teacher, and others, taking on additional roles and responsibilities. Our approach differs from commenters' recommendations by providing one ratio for both career ladder positions and other additional roles and responsibilities to allow for the greatest flexibility for project design to best meet local needs.

In light of these recommendations, we have determined that TIF funds may support the cost of up to one full-time equivalent position for every 12 teachers who are not in a career ladder position in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools. This ratio falls within the range of the commenters recommendations. Further, we believe that the ratio reflects an appropriate use of TIF dollars for additional responsibilities and leadership roles, particularly in view of the flexibility provided to grantees to configure the various positions that TIF funds would support.

Thus, if there are 48 classroom teachers in these participating high-need schools, TIF funds may be used to support the full-time salary of up to four career ladder positions. This approach provides applicants with significant flexibility by enabling an LEA to design its program of additional responsibilities and leadership roles using only full-time career ladder positions, only part-time positions, or some combination of both, as necessary to implement either PBCS Design Model 1 or Design Model 2. Thus, in the preceding example, while TIF funds could support four full-time positions, the applicant could elect instead to use the amount of available funds differently. For example, rather than supporting four full-time positions, the applicant could use TIF funds to support two full-time positions and four half-time positions. In the latter case, TIF funds would support two salaries and four salary augmentations (i.e., an additional amount of compensation over and above what the LEA would otherwise pay the effective teacher).

Further, we intend for this limitation to apply to compensation for both career ladder positions and educators who take on additional responsibilities and leadership roles in accordance with the priorities, requirements, and definitions in this notice. In the preceding example, an applicant using Design Model 1 may use TIF-funds to support the costs of two full-time positions, and four salary augmentations for effective teachers who accept additional responsibilities and leadership roles. As several commenters

noted, both full-time and part-time career ladder positions, and similar activities, can play a critical role in supporting teacher growth and student outcomes.

Changes: We have revised Requirement 6--Use of TIF Funds to Support the PBCS to clarify that applicants may use TIF funds to support the costs of both salaries and salary augmentations up to the cost of one full-time equivalent position for every 12 teachers who are not in a career ladder position in the high-need schools identified in response to paragraph (a) of Requirement 3—Documentation of High-Need Schools. This new element of the requirement appears in paragraph (b)(3) of Priority 5.

Comment: Two commenters requested that we allow TIF funds to be used to assist schools that are not high-need. One commenter requested that we allow applicants to use TIF funds to assist all schools within an LEA or a State. A second commenter requested that we allow TIF funds to be used to provide professional development to schools that are not high-need because doing so would allow for the efficient use of scarce resources without harm to the high-need schools.

Discussion: While the Department does not dispute the potential advantages of LEA-wide PBCSs or professional development opportunities, the statutory authority for the TIF program does not allow applicants to use TIF funds to support performance-based compensation for educators working in schools that are not high-need. By law, TIF funds may be used only for additional compensation to teachers, principals, and other personnel who work in high-need schools. While the authorizing statute also permits TIF funds to be used to help develop and implement the tools and systems, such as evaluation systems, that would be needed to implement a PBCS in non-high-need schools and that would help to identify what professional development educators in non-high-need schools may need, additional compensation and professional development for teachers, principals, and other personnel who work in non-high-need schools must be paid for with non-TIF funds.

Changes: None.

Comment: One commenter asked whether TIF funds may be used for direct services for students. Specifically, the commenter asked whether TIF funds could be used to support a STEM Academy for students run by effective teachers taking on career ladder positions or other additional responsibilities and leadership roles.

Discussion: Under the priorities, requirements, and definitions in this notice, TIF funds generally may not be used to provide direct services to students. Given the purpose of the TIF program, we have trouble envisioning how TIF funds may be used to provide direct services for students except perhaps, under PBCS Design Model 1, as part of an LEA's incentives for effective teachers to take on additional leadership roles and responsibilities. In this regard, the definition of additional responsibilities and leadership roles provides that these are "meaningful school-based responsibilities that

teachers may voluntarily accept to strengthen instruction or instructional leadership in a systemic way". So any direct services to students would need to be provided within the context of strengthening instruction or instructional leadership in a systemic way.

To the extent that (1) the additional responsibilities and leadership roles assumed by the teachers in a STEM academy involve the provision of direct services to students, and (2) the STEM academy is located in a high-need school that is identified in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools, TIF funds may be used for incentives for the academy's teachers to take on these additional responsibilities and leadership roles.

Changes: None.

Comment: One commenter requested that the Department allow grantees to use TIF funds to address specific components of an LEA's broader HCMS. For example, the commenter stated that the Department should allow an LEA that already has a robust teacher evaluation system to use TIF funds to build and implement a principal evaluation system as long as the LEA demonstrates alignment between the two.

Discussion: TIF funds may be used to support the development and implementation of the PBCS in the high-need schools identified in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools. TIF funds may also be used both to support (1) the development and improvement of systems and tools that are necessary to implement the PBCS under the priorities, requirements, and definitions contained in this notice, and (2) the processes the LEA uses to act on the information generated by these systems and tools, for example, in determining to whom to award performance-based compensation. In keeping with these general principles, TIF funds may be used for costs needed to make proposed modifications to an LEA's HCMS that are needed to address Priority 1-- An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center, where these costs are reasonable and necessary for the development or improvement of systems and tools that support the PBCS.

Further, consistent with the TIF authorizing statute, TIF funds may be used for the development and improvement of systems and tools that support the PBCS and benefit the entire LEA, but not for the LEA-wide implementation of these systems and tools. Therefore, the salaries of staff who are charged with implementing these systems and tools that would be charged to TIF funds are subject to basic principles regarding allocation of costs charged to Federal grant funds among different programs or cost objectives. For example, given the timelines in this notice, the costs related to new evaluation systems can be considered development and improvement costs up to the first year of LEA-wide implementation. From the beginning of the first year of LEA-wide implementation, these costs would no longer be considered development or improvement costs for purposes of the TIF program; rather, they are implementation

costs, which TIF funds cannot support on an LEA-wide basis. Under generally applicable Federal cost principles related to cost allocation, TIF funds may only support that proportion of the total implementation costs that benefit the high-need schools identified in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

Changes: None.

Comment: None.

Discussion: As proposed, Requirement 6--Use of TIF Funds to Support the PBCS generally restricted grantees from using TIF funds to compensate educators except in two circumstances: when the compensation is part of the PBCS or involves compensating an educator who is employed or hired to help administer the TIF project. The Department has determined that a third exception to the general restriction is appropriate. This third exception would allow grantees to use TIF funds to compensate educators who work in high-need schools identified in the application as included in the TIF project for attending professional development that addresses needs identified through the educators' evaluation results and that educators need to enable them to benefit from the PBCS. As the provision of professional development to these educators with TIF funds is itself permissible, we view payment of reasonable and necessary compensation to educators for their time attending TIF-related professional development outside of official duty hours as likewise permissible. In this situation, TIF funds may only be used to compensate educators if the PBCS-related professional development they attend occurs outside of the educators' official duty hours.

Changes: We have revised the last paragraph of this requirement (paragraph (c)) to clarify that TIF funds may be used to compensate educators for attending TIF-related professional development outside their official duty hours.

Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants

We received no comments regarding Requirement 7.

Definitions

Performance-based Compensation System (PBCS)

Comment: One commenter requested that we clarify paragraph (b)(1) of the definition of performance-based compensation system (PBCS). This paragraph describes the optional

recruitment components of a PBCS. This commenter recommended that we revise this paragraph to specify that additional compensation may be provided to educators transferring from one high-need school to another and to first-year teachers in a high-need school. The commenter stated that this change would help high-need schools address common challenges with recruitment and retention.

Discussion: It was not our intent in the NPP to allow TIF-funded PBCSs to support either educator recruitment for first year teachers, for whom there may be no evaluation information available, or educator transfers between high-need schools. These proposals would not necessarily support the overall purpose of the TIF program--to improve educator effectiveness and student achievement in high-need schools. However, nothing in this notice precludes applicants from proposing to use non-TIF funds to provide additional compensation to first-year teachers or to effective educators who transfer from one high-need school to another.

Changes: None.

Comment: One commenter requested that we revise paragraph (b)(1) of the definition of performance-based compensation by removing the requirement that compensation for educators who previously worked in another LEA and who are hired to work in a high-need school be based on an overall evaluation rating of effective or higher under evaluation systems that are comparable to the applicant's proposed evaluation systems. The commenter expressed concern that this element of the definition would increase applicant burden, as applicants would have to investigate the evaluation systems of other LEAs.

Discussion: The TIF authorizing statute requires that TIF-funded performance-based compensation be provided on the basis of a PBCS that considers student growth, multiple observations, and other factors. In the case of an educator hired from another LEA, payment of performance-based compensation would thus be based on the new LEA's PBCS – not the former LEA in which the educator had worked. Accordingly, applicants may not use TIF funds to provide additional compensation to educators transferring from another LEA, where those educators have not been evaluated using factors that are comparable to the receiving LEA's proposed evaluation system and the provisions of the TIF authorizing statute. While we acknowledge that there is some burden associated with investigating another LEA's educator evaluation system, the only alternative to the exception we have provided would be to prohibit payment of additional compensation to educators who previously worked in another LEA and who are hired to work in a high-need school. We believe the exception we have provided is preferable.

Changes: None.

Rural Local Educational Agency

Comment: None

Discussion: We have modified Priority 4 to give priority to applicants that propose to serve only rural LEAs to help ensure geographic diversity. The Department needs to define the term "rural local educational agency" for the purpose of this notice. In developing this definition, the Department chose to highlight those LEAs eligible to receive funds under the Department's Rural Education Achievement Program, including the Small Rural School Achievement program and the Rural and Low-Income School program.

Changes: We have defined "rural local educational agency" in this notice as an LEA that is eligible under the Small Rural School Achievement program or the Rural and Low-Income School program authorized under Title VI, Part B of the ESEA.

Student Growth

Comment: One commenter recommended that we amend the definition of student growth to reduce the emphasis on standardized tests, and promote the use of other assessment instruments and other measures, in order to avoid incenting teachers to teach to the test and to ensure that educators provide instruction that promotes 21st century skills.

Discussion: As mentioned elsewhere in this notice, Congress has authorized and appropriated funds for the TIF program to support the development of PBCSs that consider gains in student achievement (i.e., student growth), and the Department believes that student growth is a meaningful measure of teacher and principal effectiveness that should be a significant part of rigorous, transparent, and fair evaluation systems that include multiple measures. The Department strongly disagrees with the notion that the existence of cheating reflects on the merits of standardized testing or the usage of standardized test data for accountability purposes. Moreover, the Department believes that standardized testing has no special vulnerability to this type of behavior; rather, under any system of educational accountability, we must work to ensure that the metrics used are as fair, transparent, and rigorous as possible. Further, under the definition of student growth in this notice, applicants have broad flexibility to select the assessments used to measure student achievement for those grades and subjects not required to be assessed under section 1111(b)(3) of the ESEA, and to supplement the assessments in grades and subjects that are required under section 1111(b)(3) with other measures of student learning. For these reasons, we decline to amend the definition of student growth as requested by the commenter.

Changes: None.

Vision of instructional improvement

Comment: Two commenters requested that we expand the definition of vision of instructional improvement to include cultural competency, classroom management, social and emotional learning, and conflict prevention and resolution among the key competencies for which LEAs must evaluate educators. One of the commenters noted that school safety, school discipline, and academic achievement are interlinked, and cited research showing that positive, evidence-based and preventative approaches to discipline resulted in higher attendance, achievement, and teacher morale.

> **Discussion**: The Department agrees that competencies related to school climate may support educator efforts to help students attain higher levels of academic achievement. At the same time, however, we do not believe it is necessary or appropriate to require LEAs participating in a TIF project to develop or amend their vision of instructional improvement in any particular way. Rather, to meet Priority 1, applicants must articulate how their HCMS aligns or will align with the LEA's vision, leaving to the LEA whether it chooses to adjust it for purposes of implementing a TIF-funded project. Therefore, we decline to amend the definition of vision of instructional improvement to include specific competencies as recommended by the commenters.
>
> **Changes**: None.

Selection Criteria

Comment: One commenter recommended that we revise Selection Criterion (a)-- A Coherent and Comprehensive Human Capital Management System (HCMS), to reward applicants who have in place policies that support the usage of evaluation information from human capital decision-making.

> **Discussion**: The Department agrees with the commenter's recommendation, and has amended Selection Criterion (a)(2)(iii) to allow the Secretary to provide more points to applicants whose local policies would support the usage of evaluation information for human capital decision-making.
>
> **Changes**: The Department has amended Selection Criterion (a)(2)(iii) to allow the Secretary to consider the extent to which the LEA has applicable LEA-level policies that might either inhibit or facilitate modifications needed to use educator effectiveness as a factor in human capital decision-making.

Comment: Two commenters recommended the addition of new measures to Selection Criteria (b)(5) and (b)(6)(Rigorous, Valid, and Reliable Educator Evaluation Systems). One commenter requested that we amend Selection Criterion (b) to encourage applicants to use a range of prescribed factors, reflective of a principal's many responsibilities, to evaluate principal

performance. Another commenter suggested that we amend Selection Criterion (b) to encourage applicants to develop comprehensive evaluations, where multiple factors are equally weighted in each applicant's proposed evaluation rubric, instead of evaluations where student growth receives significant weight. According to this commenter, comprehensive evaluations will properly assess whether students are provided the opportunities to learn 21st century skills without giving educators incentives to push students out of school or take steps to artificially raise test scores.

Discussion: We agree with the commenters that there are merits to using a range of factors to evaluate principal and teacher effectiveness. However, the Department believes that applicants should have the flexibility to select which other factors, apart from student growth and multiple evaluations, that they will use as part of their evaluation rubrics. We decline to prescribe factors beyond those required by statute, and outlined in Selection Criterion (b).

Changes: None.

Comment: Two commenters recommended that we make changes to Selection Criterion (c)--Professional Development Systems to Support the Needs of Teachers and Principals Identified Through the Evaluation Process, to encourage applicants to propose strong, evidence-based professional development supports as part of their TIF project. One commenter stated that, to remain consistent with research and best practice, we should amend Selection Criterion (c) to encourage applicants to propose professional development opportunities that are both job-embedded and ongoing. Another commenter recommended that we amend Selection Criterion (c) to award additional points to applicants who provide a methodology for examining the impact of their proposed professional development on student growth and instructional practice.

Discussion: We agree that applicants should propose ongoing, job-embedded supports as part of the professional development opportunities offered to educators, and have amended Selection Criterion (c)(3) accordingly. With respect to the comment regarding awarding additional points to applicants who provide a methodology for examining the impact of the proposed professional development on student growth and instructional practice, we believe such a change is unnecessary. We believe that our new Selection Criterion (c)(3) is sufficient to encourage applicants to propose school-based, job-embedded professional development opportunities likely to improve instructional and leadership practice, without prescribing how applicants should demonstrate that these supports are effective.

Changes: The Department has revised Selection Criterion (c) by adding a new paragraph (3) under which the Department will consider the extent to which each participating LEA has a high-quality plan to provide school-based, job-embedded opportunities for educators to transfer new knowledge into instructional and leadership practices.

Comment: One commenter suggested that we amend Selection Criterion (f)--Sustainability, to allow an applicant to make adjustments and improvements to its PBCS, as needed, during and after the project period has ended. Citing what the commenter considered a model performance-based compensation system, which differs significantly from the pilot project that preceded it, the commenter expressed concern that proposed Selection Criterion (f) would not allow for the continual improvement that was critical for bringing that system to its current state.

Discussion: We do not agree that Selection Criterion (f) precludes an applicant from making adjustments and improvements to its educator evaluation systems and PBCS.

Moreover, the Department certainly agrees that it is important to continually improve projects based on a formal project evaluation. In this regard, under Selection Criterion (e)--Project Management, an applicant will be awarded points depending on the extent to which its management plan includes an effective evaluation plan. The Department also believes that any adjustments and improvements made to a project based on the results of a formal evaluation that examines the project during various phases of implementation can help ensure the project's long-term sustainability.

Regardless of how applications are evaluated, grantees are free to work to continually improve their projects once awarded a TIF grant. We fully expect all grantees to make adjustments and improvements in their projects subject to the following conditions: that any changes that might affect the scope of the project first receive Department approval, and that the project remain consistent with their approved applications and the priorities, requirements and definitions contained in this notice.

Changes: None.

Comment: One commenter expressed concern that minimal attention is given to project evaluation under Selection Criterion (e)--Project Management; this commenter requested that we add a new selection criterion focused on project evaluation. The commenter noted that, as many educators and school officials are skeptical of performance-based compensation, rigorous and independent evaluation of each project would help to increase the credibility of compensation reforms.

Discussion: The Department fully agrees that an evaluation of each TIF project would help to build the evidence supporting performance-based compensation, and, therefore, local support both for sustaining the PBCS beyond the project period and, more generally, for compensation reform based on PBCSs. For this reason, we proposed and have included Selection Criterion (e)(4) so that when evaluating applications, we can award points based on the effectiveness of the project evaluation plans included in the applications. Further, the Department has recently invested in two rigorous, national evaluations of performance-based compensation--one of which is an evaluation

of grantees that received funds under the TIF fiscal year 2010 competition (the TIF 2010 competition) -- that will provide the field with information related to the commenter's request. For these reasons, we decline to include a new selection criteria focused on project evaluation.

Changes: None.

Comment: One commenter recommended that we add a new selection criterion, under which we would award points to those applicants that articulate how they will modify and improve their project, as needed, with the goal of continual improvement.

Discussion: The Department agrees that it is important for TIF grantees to continually improve projects, whether based on a formal project evaluation or other data the grantee gathers about project implementation. That said, the Department does not believe it is necessary to include a new selection criterion solely focused on the goal of continual improvement. Under Selection Criterion (e)--Project Management, an applicant will receive points depending on the extent to which the proposed project's management plan includes an effective evaluation plan. In addition, we expect all grantees during the course of their project period to work to secure and examine data with which to continually improve their projects and project outcomes, consistent with their approved applications and the priorities, requirements, and definitions contained in this notice.

Changes: None.

FINAL PRIORITIES: The Assistant Secretary establishes the following 5 priorities for the TIF program. The Assistant Secretary may apply one or more of these priorities in FY 2012 and later years in which this program is in effect.

Priority 1--An LEA-wide Human Capital Management System (HCMS) with Educator Evaluation Systems at the Center.

To meet this priority, the applicant must include, in its application, a description of its LEA-wide HCMS, as it exists currently and with any modifications proposed for implementation during the project period of the grant. The application must describe--

(1) How the HCMS is or will be aligned with the LEA's vision of instructional improvement;

(2) How the LEA uses or will use the information generated by the evaluation systems it describes in its application to inform key human capital decisions, such as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion;

(3) The human capital strategies the LEA uses or will use to ensure that high-need schools are able to attract and retain effective educators; and
(4) Whether or not modifications are needed to an existing HCMS to ensure that it includes the features described in response to paragraphs (1), (2), and (3) of this priority, a timeline for implementing the described features, provided that the use of evaluation information to inform the design and delivery of professional development and the award of performance-based compensation under the applicant's proposed PBCS in high-need schools begins no later than the third year of the grant's project period in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

Note: TIF funds can be used to support the costs of the systems and strategies described under this priority, Priority 3--Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM), and Priority 5--An Educator Salary Structure Based on Effectiveness only to the extent allowed under Requirement 6--Use of TIF Funds to Support the PBCS.

Priority 2: LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth.

To meet this priority, an applicant must include, as part of its application, a plan describing how it will develop and implement its proposed LEA-wide educator evaluation systems. The plan must describe--

(1) The frequency of evaluations, which must be at least annually;
(2) The evaluation rubric for educators that includes at least three performance levels and the following--
  (i) Two or more observations during each evaluation period;
  (ii) Student growth, which for the evaluation of teachers with regular instructional responsibilities must be growth at the classroom level; and
  (iii) Additional factors determined by the LEA;
(3) How the evaluation systems will generate an overall evaluation rating that is based, in significant part, on student growth; and
(4) The applicant's timeline for implementing its proposed LEA-wide educator evaluation systems. Under the timeline, the applicant must implement these systems as the LEA's official evaluation systems for assigning overall evaluation ratings for at least a subset of educators or schools no later than the beginning of the second year of the grant's project period. The applicant may phase in the evaluation systems by applying them, over time, to additional schools or educators so long as the new evaluation systems are the official evaluation systems the LEA uses to assign overall evaluation ratings for all educators within the LEA no later than the beginning of the third year of the grant's project period.

Priority 3: Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM).

To meet this priority, an applicant must include a plan in its application that describes the applicant's strategies for improving instruction in STEM subjects through various components of each participating LEA's HCMS, including its professional development, evaluation systems, and PBCS. At a minimum, the plan must describe--

(1) How each LEA will develop a corps of STEM master teachers who are skilled at modeling for peer teachers pedagogical methods for teaching STEM skills and content at the appropriate grade level by providing additional compensation to teachers who--

(i) Receive an overall evaluation rating of effective or higher under the evaluation system described in the application;

(ii) Are selected based on criteria that are predictive of the ability to lead other teachers;

(iii) Demonstrate effectiveness in one or more STEM subjects; and

(iv) Accept STEM-focused career ladder positions;

(2) How each LEA will identify and develop the unique competencies that, based on evaluation information or other evidence, characterize effective STEM teachers;

(3) How each LEA will identify hard-to-staff STEM subjects, and use the HCMS to attract effective teachers to positions providing instruction in those subjects;

(4) How each LEA will leverage community support, resources, and expertise to inform the implementation of its plan;

(5) How each LEA will ensure that financial and non-financial incentives, including performance-based compensation, offered to reward or promote effective STEM teachers are adequate to attract and retain persons with strong STEM skills in high-need schools; and

(6) How each LEA will ensure that students have access to and participate in rigorous and engaging STEM coursework.

Priority 4: New or Rural Applicants to the Teacher Incentive Fund.

To meet this priority, an applicant must provide at least one of the two following assurances, which the Department accepts:

(a) An assurance that each LEA to be served by the project has not previously participated in a TIF-supported project.

(b) An assurance that each LEA to be served by the project is a rural local educational agency (as defined in this notice).

Priority 5: An Educator Salary Structure Based on Effectiveness.

To meet this priority, an applicant must propose, as part of its PBCS, a timeline for implementing no later than in the fifth year of the grant's project period a salary structure based on effectiveness for both teachers and principals. As part of this proposal, an applicant must describe--

(a) The extent to which and how each LEA will use overall evaluation ratings to determine educator salaries;
(b) How each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to Requirement 3(a); and
(c) The extent to which the proposed implementation is feasible, given that implementation will depend upon stakeholder support and applicable LEA-level policies.

Note: To meet Priority 2--LEA-wide Educator Evaluation Systems Based, in Significant Part, on Student Growth, an applicant must implement its proposed PBCS in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools by the beginning of the third year of the grant's project period. If the timeline for implementing the salary structure proposed under this Priority 5 does not meet that deadline, the applicant must describe, under Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel, a proposed PBCS that the LEA will implement until the proposed salary structure is implemented.

Types of Priorities:

When inviting applications for a competition using one or more priorities, we designate the type of each priority as absolute, competitive preference, or invitational through a notice in the Federal Register. The effect of each type of priority follows:

Absolute priority: Under an absolute priority, we consider only applications that meet the priority (34 CFR 75.105(c)(3)).

Competitive preference priority: Under a competitive preference priority, we give competitive preference to an application by (1) awarding additional points, depending on the extent to which the application meets the priority (34 CFR 75.105(c)(2)(i)); or (2) selecting an application that meets the priority over an application of comparable merit that does not meet the priority (34 CFR 75.105(c)(2)(ii)).

Invitational priority: Under an invitational priority, we are particularly interested in applications that meet the priority. However, we do not give an application that meets the priority a preference over other applications (34 CFR 75.105(c)(1)).

FINAL REQUIREMENTS:

The Assistant Secretary establishes the following requirements for the TIF program. The Assistant Secretary may apply one or more of these requirements in FY 2012 and later years in

which this program is in effect. These requirements are in addition to the statutory requirements that apply to the program and any priorities, definitions, and selection criteria we announce in the notice inviting applications for a TIF competition.

Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel.

In its application, an applicant must describe, for each participating LEA, how its proposed PBCS will meet the definition of a PBCS set forth in this notice.

> **Note:** The following charts illustrate how applicants can design their PBCS to meet the definition of PBCS. Chart 1 describes the two types of design models that meet the statutory requirements. Chart 2 identifies additional optional features that could be implemented as part of a PBCS. To ensure that funded applications reflect a diversity of PBCSs, the Secretary reserves the right to fund a sufficient number of high-quality Design Model 1 and Design Model 2 projects, as shown in Chart 1.

Chart 1. PBCS Design Options to Meet Statutory Requirements.

Design Model	Mandatory Elements
1* *Corresponds to paragraph (a)(1) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers and principals who receive an overall rating of effective or higher under the evaluation systems described in the application. (2) Of those teachers and principals eligible for compensation under paragraph (1), additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles (as defined in this notice).
2* *Corresponds to paragraph (a)(2) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers who receive an overall rating of effective or higher under the evaluation system described in the application and who take on career ladder positions (as defined in this notice). (2) Additional compensation for one or both of the following: (A) Principals who receive an overall rating of effective or higher under the evaluation system described in the application, or

	(B) Principals who receive an overall rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles (as defined in this notice).

Chart 2. PBCS Optional Features.

	Optional Elements
Compensation for Transfers to High-Need Schools	Proposed PBCS provides additional compensation for educators (which at the applicant's option may be for teachers or principals or both) who receive an overall rating of effective or higher under the evaluation systems described in the application or under comparable evaluation systems in another LEA, and who either: (1) Transfer to a high-need school from a school of the LEA that is not high-need, or (2) For educators who previously worked in another LEA, are hired to work in a high-need school.
Compensation for Other Personnel	Proposed PBCS provides additional compensation for other personnel, who are not teachers or principals, based on performance standards established by the LEA so long as those standards, in significant part, include student growth, which may be school-level student growth.

Requirement 2--Involvement and Support of Teachers and Principals.

In its application, the applicant must include--

(a) Evidence that educators in each participating LEA have been involved, and will continue to be involved, in the development and implementation of the PBCS and evaluation systems described in the application;
(b) A description of the extent to which the applicant has educator support for the proposed PBCS and educator evaluation systems; and
(c) A statement indicating whether a union is the exclusive representative of either teachers or principals in each participating LEA.

Note: It is the responsibility of the grantee to ensure that, in observing the rights, remedies, and procedures afforded school or school district employees under Federal, State, or local laws (including applicable regulations or court orders) or under terms of

collective bargaining agreements, memoranda of understanding, or other agreements between these employees and their employers, the grantee also remains in compliance with the priorities, requirements, and definitions included in this notice. In the event that a grantee is unable to comply with these priorities, requirements, and definitions, the Department may take appropriate enforcement action (e.g., discontinue support for the project).

Requirement 3--Documentation of High-Need Schools.

Each applicant must demonstrate, in its application, that the schools participating in the implementation of the TIF-funded PBCS are high-need schools (as defined in this notice), including high-poverty schools (as defined in this notice), priority schools (as defined in this notice), or persistently lowest-achieving schools (as defined in this notice). Each applicant must provide, in its application—

(a) A list of high-need schools in which the proposed TIF-supported PBCS would be implemented;

(b) For each high-poverty school listed, the most current data on the percentage of students who are eligible for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or are considered students from low-income families based on another poverty measure that the LEA uses (see section 1113(a)(5) of the ESEA (20 U.S.C. 6313(a)(5))). Data provided to demonstrate eligibility as a high-poverty school must be school-level data; the Department will not accept LEA- or State-level data for purposes of documenting whether a school is a high-poverty school; and

(c) For any priority schools listed, documentation verifying that the State has received approval of a request for ESEA flexibility, and that the schools have been identified by the State as priority schools.

Requirement 4--SEA and Other Group Applications.

(a) Applications from the following are group applications:

(1) Any application from two or more LEAs.

(2) Any application that includes one or more SEAs.

(3) Any application that includes a nonprofit organization.

(b) An applicant that is a nonprofit organization must apply in a partnership that includes one or more LEAs, and must identify in the application the LEA(s) and any SEA(s) with which the proposed project would be implemented.

(c) An applicant that is an SEA must apply for a grant under this program as part of a group application that includes one or more LEAs in the same State as the SEA, and must identify in the application the LEA(s) in which the project would be implemented.

(d) All group applications must include a Memorandum of Understanding (MOU) or other binding agreement signed by all of the members of the group. At a minimum, the MOU or other agreement must include --

(1) A commitment by each participating LEA to implement the HCMS, including the educator evaluation systems and the PBCS, described in the application;

(2) An identification of the lead applicant;

(3) A description of the responsibilities of the lead applicant in managing any grant funds and ensuring overall implementation of the proposed project as described in the application if approved by the Department;

(4) A description of the activities that each member of the group will perform; and

(5) A statement binding each member of the group to every statement and assurance made in the application.

(e) In any group application identified in paragraph (a) of this requirement, each entity in the group is considered a grantee.

Requirement 5--Limitations on Multiple Applications.

(a) An LEA applicant may participate in no more than one application in any fiscal year.

(b) An SEA applicant may participate in no more than one group application for the General TIF Competition, and no more than one group application for the TIF Competition with a Focus on STEM in any fiscal year.

(c) Nonprofit organization applicants may participate in one or more group applications for the General TIF Competition, and in one or more applications for the TIF Competition with a Focus on STEM, in any fiscal year.

Requirement 6--Use of TIF Funds to Support the PBCS.

(a) LEA-wide Improvements to Systems and Tools. TIF funds may be used to develop and improve systems and tools that support the PBCS and benefit the entire LEA.

(b) Performance-based Compensation and Professional Development.

(1) High Need Schools. TIF funds may be used to provide performance-based compensation and related professional development in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools. TIF funds may not be used to provide performance-based compensation or professional development in schools other than those high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.

(2) PBCSs. TIF funds may be used to compensate educators only when the compensation is provided as part of the LEA's PBCS, as described in the application.

(3) For Additional Responsibilities and Leadership Roles. When a proposed PBCS provides additional compensation to effective educators who take on additional responsibilities and leadership roles, TIF funds may be used for either the entire amount of salary for career ladder positions, or for salary augmentations (i.e., an additional amount of compensation over and above what the LEA would otherwise pay the effective teacher), or both. TIF-funds may be used to fund additional compensation for additional responsibilities and leadership roles up to the cost of 1 full-time equivalent position for every 12 teachers, who are not in a career ladder position, located in the high-need schools listed in response to Requirement 3(a).

(c) Other Permissible Types of Compensation. Nothing in this requirement precludes the use of TIF funds to compensate educators who are hired by a grantee to administer or implement the TIF-supported PBCS, or to compensate educators who attend TIF-supported professional development outside their official duty hours, or to develop or improve systems and tools needed to support the PBCS.

Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants.

Each applicant must provide an assurance, in its application, that, if successful under this competition, it will use the grant award to implement the proposed PBCS and professional development only in high-need schools that are not served, as of the beginning of the grant's project period or as planned in the future, by an existing TIF grant.

FINAL DEFINITIONS:

The Assistant Secretary establishes the following definitions for the TIF program. The Assistant Secretary may apply one or more of these definitions in FY 2012 and later years in which this program is in effect.

Additional responsibilities and leadership roles means:

(a) In the case of teachers, meaningful school-based responsibilities that teachers may voluntarily accept to strengthen instruction or instructional leadership in a systemic way, such as additional responsibilities related to lesson study, professional development, and peer evaluation, and may also include career ladder positions.

(b) In the case of principals, additional responsibilities and leadership roles that principals may voluntarily accept, such as a position in which an effective principal coaches a novice principal.

Career ladder positions means school-based instructional leadership positions designed to improve instructional practice, which teachers may voluntarily accept, such as positions described as master teacher, mentor teacher, demonstration or model teacher, or instructional

coach, and for which teachers are selected based on criteria that are predictive of the ability to lead other teachers.

Educators means teachers and principals.

High-need school means:

(a) A high-poverty school, or

(b) A persistently lowest-achieving school, or

(c) In the case of States that have received the Department's approval of a request for ESEA flexibility, a priority school.

High-poverty school means a school with 50 percent or more of its enrollment from low-income families, based on eligibility for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act, or other poverty measures that LEAs use (see section 1113(a)(5) of the ESEA (20 U.S.C. 6313(a)(5)). For middle and high schools, eligibility may be calculated on the basis of comparable data from feeder schools. Eligibility as a high-poverty school under this definition is determined on the basis of the most currently available data.

Human capital management system (HCMS) means a system by which an LEA makes and implements human capital decisions, such as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion.

Other personnel means school-based personnel who are not serving in a teacher or principal position. Other personnel may include, for example, school counselors, media specialists, or para-educators.

Performance-based compensation system (PBCS) means a system that--

(a) Provides additional compensation for teachers and principals in one of the following circumstances--

(1)(i) Design Model 1. Additional compensation for teachers and principals who receive an overall evaluation rating of effective or higher under the evaluation systems described in the application; and

(ii) Of those teachers and principals eligible for compensation under paragraph (a)(1)(i) of this definition, additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles; or

(2)(i) Design Model 2. Additional compensation for teachers who receive an overall evaluation rating of effective or higher under the evaluation system described in the application and who take on career ladder positions; and

(ii) Additional compensation for (A) principals who receive an overall evaluation rating of effective or higher under the evaluation system described in the application, or (B) principals who receive an overall evaluation rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles.

(b) May provide the following compensation:

(1) Additional compensation for educators (which at the applicant's option may be for teachers or principals or both) who receive an overall evaluation rating of effective or higher under the evaluation systems described in the application or under comparable evaluation systems in another LEA, and who either: (i) transfer to a high-need school from a school of the LEA that is not high-need, or, (ii) for educators who previously worked in another LEA, are hired to work in a high-need school.

(2) Additional compensation for other personnel, who are not teachers or principals, based on performance standards established by the LEA so long as those standards, in significant part, include student growth, which may be school-level student growth.

Persistently lowest-achieving school means, as determined by the State:

(i) Any Title I school in improvement, corrective action, or restructuring that--

(a) Is among the lowest-achieving five percent of Title I schools in improvement, corrective action, or restructuring or the lowest-achieving five Title I schools in improvement, corrective action, or restructuring in the State, whichever number of schools is greater; or

(b) Is a high school that has had a graduation rate as defined in 34 CFR 200.19(b) that is less than 60 percent over a number of years; and

(ii) Any secondary school that is eligible for, but does not receive, Title I funds that--

(a) Is among the lowest-achieving five percent of secondary schools or the lowest-achieving five secondary schools in the State that are eligible for, but do not receive, Title I funds, whichever number of schools is greater; or

(b) Is a high school that has had a graduation rate as defined in 34 CFR 200.19(b) that is less than 60 percent over a number of years.

To identify the persistently lowest achieving schools, a State must take into account both:

(i) The academic achievement of the ''all students'' group in a school in terms of proficiency on the State's assessments under section 1111(b)(3) of the ESEA in reading/language arts and mathematics combined; and

(ii) The school's lack of progress on those assessments over a number of years in the ''all students'' group.

Principal means any person who meets the definition of that term under State or local law. At an LEA's discretion, it may also include an assistant or vice principal or a person in a position that contributes to the organizational management or instructional leadership of a school.

Priority school means a school that has been identified by the State as a priority school pursuant to the State's approved request for Elementary and Secondary Education Act (ESEA) flexibility.

Rural local educational agency means an LEA that is eligible under the Small Rural School Achievement program or the Rural and Low-Income School program authorized under Title VI,

Part B of the ESEA. Applicants may determine whether a particular LEA is eligible for these programs by referring to information on the Department's Web site at http://www2.ed.gov/nclb/freedom/local/reap.html.

Student growth means the change in student achievement for an individual student between two or more points in time. For the purpose of this definition, student achievement means--
(a) For grades and subjects in which assessments are required under section 1111(b)(3) of ESEA: (1) a student's score on such assessments and may include (2) other measures of student learning, such as those described in paragraph (b) of this definition, provided those measures are rigorous and comparable across schools within an LEA.
(b) For grades and subjects in which assessments are not required under section 1111(b)(3) of ESEA: alternative measures of student learning and performance such as student results on pre-tests, end-of-course tests, and objective performance-based assessments; student learning objectives; student performance on English language proficiency assessments; and other measures of student achievement that are rigorous and comparable across schools within an LEA.

Teacher means any person who meets the definition of that term under State or local law.

Vision of instructional improvement means a summary of the key competencies and behaviors of effective teaching that an LEA views as necessary to produce high levels of student achievement, as well as how educators acquire or improve these competencies and behaviors.

FINAL SELECTION CRITERIA:

The Assistant Secretary announces two sets of selection criteria--the General TIF Competition selection criteria (selection criteria (a) through (f)) and the TIF Competition with the Focus on STEM selection criteria (selection criterion (g))--to be used to review an applicant's proposal for funding under any FY 2012 competition and any future competitions. The Assistant Secretary may apply General TIF Competition selection criteria, in whole or in part, in any year in which we conduct a General TIF Competition. The Assistant Secretary may apply the TIF Competition with a Focus on STEM selection criteria, in whole or in part, together with one or more of the General TIF Competition selection criteria, in any year in which we conduct a TIF Competition with a Focus on STEM. In combination with or in place of the General TIF Competition selection criteria or the TIF Competition with a Focus on STEM selection criteria, the Assistant Secretary may apply the general selection criteria in the Education Department General Administrative Regulations (EDGAR) in 34 CFR 75.210; criteria based on statutory provisions in accordance with 34 CFR 75.209; or any combination thereof in any year in which there is a TIF competition. In the notice inviting applications, or the application package, or both, we will announce the maximum possible points assigned to each criterion.

(a) A Coherent and Comprehensive Human Capital Management System (HCMS).

We will consider the quality and comprehensiveness of each participating LEA's HCMS as described in the application. In determining the quality of the HCMS, as it currently exists and as the applicant proposes to modify it during the grant period, we will consider the extent to which the HCMS described in the application is--

(1) Aligned with each participating LEA's clearly described vision of instructional improvement; and

(2) Likely to increase the number of effective educators in the LEA's schools, especially in high-need schools, as demonstrated by--

(i) The range of human capital decisions for which the applicant proposes to consider educator effectiveness – based on the educator evaluation systems described in the application.

(ii) The weight given to educator effectiveness--based on the educator evaluation systems described in the application--when human capital decisions are made;

(iii) The feasibility of the HCMS described in the application, including the extent to which the LEA has prior experience using information from the educator evaluation systems described in the application to inform human capital decisions, and applicable LEA-level policies that might inhibit or facilitate modifications needed to use educator effectiveness as a factor in human capital decisions;

(iv) The commitment of the LEA's leadership to implementing the described HCMS, including all of its component parts; and

(v) The adequacy of the financial and nonfinancial strategies and incentives, including the proposed PBCS, for attracting effective educators to work in high-need schools and retaining them in those schools.

(b) Rigorous, Valid, and Reliable Educator Evaluation Systems.

We will consider, for each participating LEA, the quality of the educator evaluation systems described in the application. In determining the quality of each evaluation system, we will consider the extent to which--

(1) Each participating LEA has finalized a high-quality evaluation rubric, with at least three performance levels (e.g., highly effective, effective, developing, unsatisfactory), under which educators will be evaluated;

(2) Each participating LEA has presented:

(i) A clear rationale to support its consideration of the level of student growth achieved in differentiating performance levels; and

(ii) Evidence, such as current research and best practices, supporting the LEA's choice of student growth models and demonstrating the rigor and comparability of assessments;

(3) Each participating LEA has made substantial progress in developing a high-quality plan for multiple teacher and principal observations, including identification of the persons, by position and qualifications, who will be conducting the observations, the observation tool, the events to be observed, the accuracy of raters in using observation tools and the procedures for ensuring a high degree of inter-rater reliability;
(4) The participating LEA has experience measuring student growth at the classroom level, and has already implemented components of the proposed educator evaluation systems;
(5) In the case of teacher evaluations, the proposed evaluation system--
(i) Bases the overall evaluation rating for teachers, in significant part, on student growth;
(ii) Evaluates the practice of teachers, including general education teachers and teachers of special student populations, in meeting the needs of special student populations, including students with disabilities and English learners;
(6) In the case of principal evaluations, the proposed evaluation system--
(i) Bases the overall evaluation rating on, in significant part, student growth; and
(ii) Evaluates, among other factors, a principal's practice in--
(A) Focusing every teacher, and the school community generally, on student growth;
(B) Establishing a collaborative school culture focused on continuous improvement; and
(C) Supporting the academic needs of special student populations, including students with disabilities and English learners, for example, by creating systems to support successful co-teaching practices, providing resources for research-based intervention services, or similar activities.

(c) Professional Development Systems to Support the Needs of Teachers and Principals Identified Through the Evaluation Process.

We will consider the extent to which each participating LEA has a high-quality plan for professional development to help all educators located in high-need schools, listed in response to Requirement 3(a), to improve their effectiveness. In determining the quality of each plan for professional development, we will consider the extent to which the plan describes how the participating LEA will--
(1) Use the disaggregated information generated by the proposed educator evaluation systems to identify the professional development needs of individual educators and schools;
(2) Provide professional development in a timely way;
(3) Provide school-based, job-embedded opportunities for educators to transfer new knowledge into instructional and leadership practices; and
(4) Provide professional development that is likely to improve instructional and leadership practices, and is guided by the professional development needs of individual educators as identified in paragraph (c)(1) of this criterion.

(d) Involvement of Educators.

We will consider the quality of educator involvement in the development and implementation of the proposed PBCS and educator evaluation systems described in the application. In determining the quality of such involvement, we will consider the extent to which--
(1) The application contains evidence that educator involvement in the design of the PBCS and the educator evaluation systems has been extensive and will continue to be extensive during the grant period; and
(2) The application contains evidence that educators support the elements of the proposed PBCS and the educator evaluation systems described in the application.

(e) Project Management.

We will consider the quality of the management plan of the proposed project. In determining the quality of the management plan, we will consider the extent to which the management plan--

(1) Clearly identifies and defines the roles and responsibilities of key personnel;
(2) Allocates sufficient human resources to complete project tasks;
(3) Includes measurable project objectives and performance measures; and
(4) Includes an effective project evaluation plan;
(5) Specifies realistic and achievable timelines for:
    (i) Implementing the components of the HCMS, PBCS, and educator evaluation systems, including any proposal to phase in schools or educators.
    (ii) Successfully completing project tasks and achieving objectives.

(f) Sustainability.

We will consider the quality of the plan to sustain the proposed project. In determining the quality of the sustainability plan, we will consider the extent to which the sustainability plan--

(1) Identifies and commits sufficient non-TIF resources, financial and nonfinancial, to support the PBCS and educator evaluation systems during and after the grant period; and
(2) Is likely to be implemented and, if implemented, will result in a sustained PBCS and educator evaluation systems after the grant period ends.

(g) Comprehensive Approach to Improving STEM Instruction.

To meet Priority 3, we will consider the quality of an applicant's plan for improving educator effectiveness in STEM instruction. In determining the quality of the plan, we will consider the extent to which--

(1) The financial and nonfinancial strategies and incentives, including the proposed PBCS, are adequate for attracting effective STEM educators to work in high-need schools and retaining them in these schools;

(2) The proposed professional development opportunities--

(a) Will provide college-level STEM skills and content knowledge to STEM teachers while modeling for teachers pedagogical methods for teaching those skills and that content at the appropriate grade level; and

(b) Will enable STEM teachers to provide students in high-need schools with increased access to rigorous and engaging STEM coursework appropriate for their grade level, including college-level material in high schools;

(3) The applicant will significantly leverage STEM-related funds across other Federal, State, and local programs to implement a high-quality and comprehensive STEM plan; and

(4) The applicant provides evidence (e.g., letters of support) that the LEA has or will develop extensive relationships with STEM experts and resources in industry, academic institutions, or associations to effectively implement its STEM plan and ensure that instruction prepares students to be college-and-career ready.

This notice does not preclude us from proposing additional priorities, requirements, definitions, or selection criteria, subject to meeting applicable rulemaking requirements.

Note: This notice does not solicit applications. In any year in which we choose to use these priorities, requirements, and definitions, we invite applications through a notice in the Federal Register.

Executive Orders 12866 and 13563: Regulatory Impact Analysis

Under Executive Order 12866, the Secretary must determine whether this regulatory action is "significant" and therefore subject to the requirements of the Executive order and subject to review by Office of Management and Budget (OMB). Section 3(f) of Executive Order 12866 defines a "significant regulatory action" as an action likely to result in a rule that may--

(1) Have an annual effect on the economy of $100 million or more, or adversely affect a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or tribal governments, or communities in a material way (also referred to as an "economically significant" rule);

(2) Create serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

This regulatory action will have an annual effect on the economy of more than $100 million because the amount of government transfers provided through the TIF program will exceed that amount. Therefore, this regulatory action is "economically significant" and subject to OMB review under section 3(f)(1) of Executive Order 12866. Notwithstanding this determination, we have assessed the potential costs and benefits--both quantitative and qualitative--of this regulatory action and have determined that the benefits justify the costs.

We have also reviewed these priorities, requirements, definitions, and selection criteria under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, Executive Order 13563 requires that an agency--

(1) Propose or adopt regulations only on a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);
(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives and taking into account--among other things and to the extent practicable--the costs of cumulative regulations;
(3) In choosing among alternative regulatory approaches, select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);
(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and
(5) Identify and assess available alternatives to direct regulation, including economic incentives--such as user fees or marketable permits--to encourage the desired behavior, or provide information that enables the public to make choices.

Executive Order 13563 also requires an agency "to use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible." The Office of Information and Regulatory Affairs of OMB has emphasized that these techniques may include "identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes."

We are establishing these priorities, requirements, definitions, and selection criteria only on a reasoned determination that their benefits justify their costs. In choosing among alternative regulatory approaches, we selected those approaches that maximize net benefits. Based on the analysis that follows, the Department believes that this regulatory action is consistent with the principles in Executive Order 13563.

In this regulatory impact analysis we discuss the need for regulatory action, the potential costs and benefits, net budget impacts, assumptions, limitations, and data sources, as well as regulatory alternatives we considered.

Need for Federal Regulatory Action:

These priorities, requirements, definitions, and selection criteria are needed to implement the TIF program. The Department does not believe that the authorizing legislation for this program, by itself, provides a sufficient level of detail to ensure that the program achieves the greatest national impact in promoting the development and implementation of PBCSs. The authorizing and appropriations language is very brief and provides only broad parameters to govern the program. The priorities, requirements, definitions, and selection criteria in this notice clarify the types of activities the Department seeks to fund, and permit the Department to evaluate proposed projects using selection criteria that are based on the purpose of the program and are closely aligned with the Department's priorities.

In the absence of specific selection criteria for the TIF program, the Department would use the general selection criteria in 34 CFR 75.210 of the Education Department General Administrative Regulations in selecting grant recipients. However, the Department does not believe the use of those general criteria would be appropriate for a TIF program competition because they do not focus on the development of PBCSs or activities most likely to increase the quality of teaching and school administration and improve educational outcomes for students.

Regulatory Alternatives Considered

The Department considered a variety of possible priorities, requirements, definitions, and selection criteria before deciding on those included in this notice. For example, the Department considered--

(1) Limiting eligible LEA applicants to those that already have in place the basic infrastructure necessary to generate student growth data at the classroom level. However, we took an alternative approach because we recognize that one purpose of the TIF program is to nurture innovation and reform in LEAs that may be beginning their reform efforts in this area.

(2) Requiring an applicant to commit a certain percentage of non-TIF funds to the project in order to help ensure the project's sustainability after the grant period. However, we took an alternative approach that requires the PBCS to be part of an LEA-wide HCMS because we believe that having the PBCS implemented as part of an LEA-wide HCMS will help generate project sustainability. Further, we believe that the selection criteria that direct reviewers to assess the degree of LEA commitment, both financial and nonfinancial, and its effect on project sustainability, will be sufficient to ensure that funded projects are sustained after the end of the grant period.

The priorities, requirements, definitions, and selection criteria in this notice reflect and promote the purpose of the TIF program. They also align TIF, where possible and permissible, with other Presidential and Departmental priorities, such as the State Fiscal Stabilization Fund, the Race to the Top Fund, the School Improvement Grants program, and the ESEA Flexibility initiative. Through this regulatory action, the Department provides an eligible applicant with a great deal of flexibility in designing the systems and selecting the activities to carry out its proposed project. The Secretary believes that the priorities, requirements, definitions, and selection criteria in this notice appropriately balance the need for specific programmatic guidance while providing each applicant with flexibility to design innovative and enduring PBCSs.

Summary of Costs and Benefits:
The Department believes that these priorities, requirements, definitions, and selection criteria do not impose significant costs on eligible States, LEAs, or nonprofit organizations that would receive assistance through the TIF program. The Secretary also believes that the benefits of implementing the priorities and requirements contained in this notice justify any associated costs.

The Department believes that the priorities, requirements, definitions, and selection criteria in this notice will result in the selection of high-quality applications to implement activities that will improve the quality of teaching and educational administration. Through these priorities, requirements, and selection criteria, we clarify the scope of activities we expect to support with program funds and the expected burden to prepare an application and implement a project under the program. A potential applicant must consider carefully the resources needed to prepare a strong application and its capacity to implement a successful project.

The Department believes that the costs imposed on an applicant by the priorities, requirements, definitions, and selection criteria are largely limited to the paperwork burden of preparing an application and that the benefits of implementing this regulatory action will justify any costs incurred by the applicant. This is because, during the project period, the applicant will pay the costs of actually carrying out activities under a TIF grant with program funds and any matching funds. Further, many of the systems that TIF funds will support, including educator evaluation systems and systems of professional development, are ones that LEAs regularly support with their own funds. Thus, the costs of implementing a TIF project using these priorities, requirements, definitions, and selection criteria will not be a significant burden for any eligible applicant, including a small entity.

Elsewhere in this section under Paperwork Reduction Act of 1995, we identify and explain burdens specifically associated with information collection requirements associated with this regulatory action.

Accounting Statement:

As required by OMB Circular A-4 (available at http://www.Whithouse.gov/omb/Circulars/a004/a-4.pdf), in the following table, we have prepared an accounting statement showing the classification of the expenditures associated with the provisions of this regulatory action. This table provides our best estimate of the Federal payments to be made to States, LEAs, and nonprofit organizations under this program as a result of this regulatory action. This table is based on funds available for new awards under the FY 2012 appropriation. Expenditures are classified as transfers to States, LEAs, and nonprofit organizations.

Accounting Statement Classification of Estimated Expenditures:

Category	Transfers (in millions)
Annual Monetized Transfers	$284.5
From Whom to Whom	Federal Government to States, LEAs, and nonprofits

Effect on Other Levels of Government

We have also determined that this regulatory action will not unduly interfere with State, local, or tribal governments in the exercise of their governmental functions.

Waiver of Congressional Review Act:

These priorities, requirements, definitions, and selection criteria have been determined to be a major rule for purposes of the Congressional Review Act (CRA) (5 U.S.C. 801, et seq.). Generally, under the CRA, a major rule takes effect 60 days after the date on which the rule is published in the Federal Register. Section 808(2) of the CRA, however, provides that any rule which an agency for good cause finds (and incorporates the finding and a brief statement of reasons therefore in the rule issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest, shall take effect at such time as the Federal agency promulgating the rule determines.

These final priorities, requirements, definitions, and selection criteria are needed to implement the TIF program, authorized under the Department of Education Appropriations Act, 2012 (Division F, Title III of Public Law 112-74), which was signed into law on December 23, 2011. The Department must award TIF funds under this authority to qualified applicants by September 30, 2012, or the funds will lapse. Even on an extremely expedited timeline, it is impracticable for the Department to adhere to a 60-day delayed effective date for the final priorities, requirements, definitions, and selection criteria and make grant awards to qualified applicants by the September 30, 2012 deadline. When the 60-day delayed effective date is added to the time the Department will need to receive applications (approximately 45 days), review the applications (approximately 21 days), and finally approve applications (approximately 65 days), the Department will not be able to award funds authorized under the Department of Education Appropriations Act, 2012 to applicants by September 30, 2012. The Department has therefore determined that, pursuant to section 808(2) of the CRA, the 60-day delay in the effective date generally required for congressional review is impracticable, contrary to the public interest, and waived for good cause.

Paperwork Reduction Act of 1995:

As part of its continuing effort to reduce paperwork and respondent burden, the Department conducts a preclearance consultation process to provide the public and Federal agencies with an opportunity to comment on proposed and continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)). This helps ensure that: the public understands the Department's collection instructions, respondents can provide the requested data in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the Department can properly assess the impact of collection requirements on respondents.

This notice contains information collection requirements that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). We estimate that each applicant will spend approximately 248 hours of staff time to address the priorities, requirements, definitions, and selection criteria, prepare the application, and obtain necessary clearances. Based on the number of applications the Department received in the FY 2010 competition, we expect to receive approximately 120 applications for these funds. The total number of hours for all expected applicants is an estimated 29,760 hours. We estimate the total cost per hour of the applicant-level staff who carry out this work to be $30 per hour. The total estimated cost for all applicants is $892,800.

In the NPP we invited comment on the paperwork burden estimated for this collection. We did not receive any comments.

The Paperwork Reduction Act of 1995 does not require you to respond to a collection of information unless it displays a valid OMB control number. The OMB control number assigned to this information collection is 1810-0700.

Regulatory Flexibility Act Certification:

The Secretary certifies that this regulatory action will not have a significant economic impact on a substantial number of small entities. The small entities that this regulatory action may affect are (1) small LEAs, and (2) nonprofit organizations applying for and receiving funds under this program in partnership with an LEA or SEA. The Secretary believes that the costs imposed on an applicant by the priorities, requirements, definitions, and selection criteria will be limited to paperwork burden related to preparing an application and that the benefits of implementing these priorities, requirements, definitions, and selection criteria would outweigh any costs incurred by the applicant.

Participation in the TIF program is voluntary. For this reason, the priorities, requirements, definitions, and selection criteria included in this notice will impose no burden on small entities unless they apply for funding under the TIF program using the priorities, requirements, definitions, and selection criteria in this notice. We expect that in determining whether to

apply for TIF funds, an eligible entity will evaluate the costs of preparing an application and implementing a TIF project and weigh them against the benefits likely of implementing the TIF project. An eligible entity will probably apply only if it determines that the likely benefits exceed the costs of preparing an application and implementing a project. The likely benefits of applying for a TIF program grant include the potential receipt of a grant as well as other benefits that may accrue to an entity through its development of an application, such as the use of its TIF application to spur development and implementation of PBCSs without Federal funding through the TIF program.

The U.S. Small Business Administration (SBA) Size Standards define "small entities" as for-profit or nonprofit institutions with total annual revenue below $7,000,000 or, if they are institutions controlled by small governmental jurisdictions (that are comprised of cities, counties, towns, townships, villages, school districts, or special districts), with a population of less than 50,000. The Urban Institute's National Center for Charitable Statistics reported that of 173,172 nonprofit organizations that had an educational mission and reported revenue to the Internal Revenue Service (IRS) by December 2011, 168,669 (over 97 percent) had revenues of less than $5 million. In addition, there are 12,358 LEAs in the country that meet the SBA's definition of small entity. While these entities are eligible to apply for funding under the TIF program, the Secretary believes that only a small number of them will apply. In the FY 2010 TIF competition, approximately 23 nonprofit organizations applied for funding in partnership with an LEA or SEA, and few of these organizations appeared to be a small entity. The Secretary has no reason to believe that a future competition under this program would be different. To the contrary, we expect that the FY 2012 competition will be similar to the FY 2010 competition because only a limited number of nonprofit organizations are working actively on the development of PBCSs and many of these organizations are larger organizations. Thus, the likelihood that the priorities, requirements, definitions, and selection criteria in this notice will have a significant economic impact on small entities is minimal.

In addition, the Secretary believes that the priorities, requirements, definitions, and selection criteria in this notice do not impose any additional burden on a small entity applying for a grant than the entity would face in the absence of the regulatory action. That is, the length of the applications those entities would submit in the absence of this regulatory action and the time needed to prepare an application would be comparable if the competition relied exclusively on the selection criteria in 34 CFR 75.210 for this competition.

Further, this regulatory action may help a small entity determine whether it has the interest, need, or capacity to implement activities under the program and, thus, prevent a small entity that does not have such an interest, need, or capacity from absorbing the burden of applying.

This regulatory action will not have a significant economic impact on a small entity once it receives a grant because it will be able to meet the costs of compliance using the funds provided under this program and with any matching funds provided by private-sector partners.

Intergovernmental Review:

This program is subject to the requirements of Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive order is to foster an intergovernmental partnership and a strengthened federalism. The Executive order relies on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

This document provides early notification of our specific plans and actions for this program. Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or computer diskette) on request to the program contact person listed under FOR FURTHER INFORMATION CONTACT.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register is available via the Federal Digital System at www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at this site.

You may also access documents of the Department published in the Federal Register by using the article search feature at www.federalregister.gov. Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Delegation of Authority: The Secretary of Education has delegated authority to Michael Yudin, Deputy Assistant Secretary for Policy for Elementary and Secondary Education to perform the functions and duties of the Assistant Secretary for Elementary and Secondary Education.

Dated:

_____

Michael Yudin,
Deputy Assistant Secretary for Policy and Strategic Initiatives, delegated the authority to perform the functions and duties of the Assistant Secretary for Elementary and Secondary Education.

PROGRAM STATUTE

The Teacher Incentive Fund is authorized in P.L. 112-74-- FY 2012 Consolidated Appropriations Act of 2012, Title V, Part D.

Provided further, That $300,000,000 of the funds for subpart 1 of part D of title V of the ESEA shall be for competitive grants to local educational agencies, including charter schools that are local educational agencies, or States, or partnerships of: (1) a local educational agency, a State, or both; and (2) at least one nonprofit organization to develop and implement performance-based compensation systems for teachers, principals, and other personnel in high-need schools: Provided further, That such performance-based compensation systems must consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year among other factors and provide educators with incentives to take on additional responsibilities and leadership roles: Provided further, That recipients of such grants shall demonstrate that such performance-based compensation systems are developed with the input of teachers and school leaders in the schools and local educational agencies to be served by the grant: Provided further, That recipients of such grants may use such funds to develop or improve systems and tools (which may be developed and used for the entire local educational agency or only for schools served under the grant) that would enhance the quality and success of the compensation system, such as high-quality teacher evaluations and tools to measure growth in student achievement. Provided further, That applications for such grants shall include a plan to sustain financially the activities conducted and systems developed under the grant once the grant period has expired: Provided further, That up to 5 percent of such funds for competitive grants shall be available for technical assistance, training, peer review of applications, program outreach, and evaluation activities.

APPENDIX 1 – Sample MOU

Here is a sample Memorandum of Understanding. Go to http://www2.ed.gov/programs/teacherincentive/applicant.html to download a Microsoft Word version of this template.

Sample Memorandum of Understanding (MOU) for Group Applicants

---

Under Requirement 4 of the Notice Inviting Application (NIA), all applicants other than a single LEA would need to include with their applications a Memorandum of Understanding (MOU) or other binding agreement that includes—

(1) A commitment by each participating LEA to implement the HCMS, including the educator evaluation systems and the PBCS, described in the application;

(2) An identification of the lead applicant;

(3) A description of the responsibilities of the lead applicant in managing any grant funds and ensuring overall implementation of the proposed project as described in the application, if approved by the Department;

(4) A description of the activities that each member of the group will perform; and

(5) A statement binding each member of the group to every statement and assurance made in the application.

The following is a sample MOU that illustrates the terms that group applicants might wish to include in their agreement. Applicants are free to use their own binding agreement or to modify this sample to reflect the terms of their own agreement.

This Memorandum of Understanding (MOU) is entered into by and between the following entities: _____, _____, _____, and _____.

These entities are applying to the U.S. Department of Education (ED) as group applicants for a grant award under the fiscal year (FY) 2012 Teacher Incentive Fund (TIF) General TIF Competition (or TIF Competition with a Focus on STEM). The purpose of this MOU is to establish the framework through which, if the US Department of Education approves their application, the group applicants will collaborate and to articulate the specific roles and responsibilities of each applicant in implementing the approved TIF project.

I. Scope of Work

Each group applicant agrees to participate in the proposed TIF project that is set forth in this group application for the FY 2012 TIF competition and conduct activities and carry out responsibilities as may be identified in that application.

II. If Funded, Each Applicant Understands That It Will Be a Grantee of the US Department of Education

Each group applicant understands that, if the group application is funded, it will be, and assume the legal responsibilities of, a grantee.

III. Lead Applicant and Fiscal Agent

_____ will serve as the lead applicant. As the lead applicant, ____ will apply for the grant on behalf of the group and will serve as the fiscal agent for the group in the event a grant is awarded. As fiscal agent, ____ understands that it is responsible for the receipt and distribution of all grant funds; for ensuring that the project is carried out by the group in accordance with Federal requirements.

IV. Use of Funds

Each group applicant that is not the lead applicant agrees to use the funds it will receive from the lead applicant under the MOU agreement in accordance with all Federal requirements that apply to the grant, including any restrictions on the use of TIF funds set forth in the Notice Inviting Applications (NIA), provisions of the approved TIF application, and applicable provisions of the Education Department General Administrative Regulations (EDGAR), including provisions governing allowable costs in section 74.27 (applicable to non-profit organizations) and section 80.22 (applicable to SEAs and LEAs). (See 34 C.F.R.74.27 and 80.22.)

Each group member may charge indirect costs to TIF funds awarded by the US Department of Education based on the grant funds that it receives and obligates, and its own approved indirect cost rate.

V. Participating LEA Responsibilities

Each participating LEA agrees to--

1) Implement the human capital management system (HCMS), evaluation systems, performance-based compensation system (PBCS), and other project components described in the approved application.
2) Participate, as requested, in any evaluations of this grant conducted by ED or by evaluators working at the request of the group; and
3) TBD (To be filled in according to the agreement of the members of the group and the design

of the project. These additional responsibilities may include member responsibilities related to project implementation and coordination, data submission, data analysis, participation in conferences or teleconferences, and the like. They might specify the specific responsibilities of each member of the group.)

VI. Other Members' Responsibilities

TBD (To be filled in according to the agreement of the members and the design of the project. These might include one or more of the responsibilities listed as examples in V.3. above.)

VII. Joint Responsibilities for Communications and Development of Timelines

Each member of the group agrees to the following joint responsibilities--

1) Each member of the group will appoint a key contact person for the TIF grant.
2) These key contacts will maintain frequent communication to facilitate cooperation under this MOU.
3) These key contacts will work together to determine appropriate timelines for project updates and status reports throughout the whole grant project period.

VIII. Working Relationship Among Group Members

TBD (To be filled in according to the agreement of the members and the design of the project. This section might address the members' agreement on the steps to be taken in the event one member is not fulfilling its responsibilities.)

IX. Assurances

Each member of the group hereby assures and represents that it:
1) Agrees to be bound to every statement and assurance made by the lead applicant in the application;
2) Has all requisite power and authority to execute this MOU;
3) Is familiar with the group's TIF application and is committed to working collaboratively to meet the responsibilities specified in this MOU in order to ensure the TIF project's success;
4) Will comply with all the terms of the Grant and all applicable Federal and State laws and regulations, including laws and regulations applicable to the Program, and the applicable provisions of EDGAR.

X. Modifications

(1) Consistent with the group's responsibility to implement the approved TIF application, this MOU may be amended only by written agreement signed by each of the group members. Modifications of this MOU do not relieve members of the group from implementing the content of the approved TIF application; therefore any modification that would require a change in the approved application must be approved by the US Department of Education

(2) Moreover, in no case will a modification of this MOU relieve any member of the group of its responsibility to ensure that the MOU details the activities that each member of the group is to perform, or release any member of the group from every statement and assurance made by the group applicant in the application. See section 75.128(b) of EDGAR (34 C.F.R. 75.128(b)).

XI. Effective Date/Duration/Termination

This MOU shall take effect upon the lead applicant's receipt of a notice of grant award of TIF funds from the US Department of Education.

This MOU shall be effective beginning with the date of the last signature hereon, and, if a TIF grant is received, ending upon the expiration of the grant project period. Because any award of TIF funds by ED to support the group application is contingent upon the execution of this MOU by each party to the group application, the members of the group also agree that they will not terminate this MOU prior to the end of the grant project period without ED approval.

XII. Signatures

1) *LEA Superintendent (or designee) -- required*

_____
Signature/Date

_____
Print Name/Title/Name of LEA

2) *LEA Superintendent (or designee) -- required*

_____
Signature/Date

_____
Print Name/Title/Name of LEA

3) *Nonprofit organization CEO (or designee) -- required*

_____
Signature/Date

_____
Print Name/Title/Name of organization

4) *SEA Chief State School Officer (or equivalent authorized signatory) -- required*

_____
Signature/Date

_____
Print Name/Title/Name of SEA

APPENDIX 2 – Application Reference Charts

Instructions: These charts are provided to help applicants ensure that their applications address all of the priorities and requirements – as any application that does not do so is ineligible for funding for the 2012 competitions. These charts will be used by Department staff when screening applications.

Applicants should complete and include these charts as an attachment with their application. Go to http://www2.ed.gov/programs/teacherincentive/applicant.html to download a Microsoft Word version of this template. Fill out the Word document and submit it as a PDF attachment with your application.

Please indicate your eligibility classification

Instructions: Check the eligibility classification that applies to your application.

Applications from a single entity:
In the case of a single applicant that is an LEA, check this box.

___ *LEA*

Group Applications:
Group applications involve two or more eligible entities. In the case of a group application, check the box that describes the eligibility classification of all of the applicants. Select only one box.

___ *2 or more LEAs*
___ *One or more SEAs and one or more LEAs*
___ *One or more nonprofit organizations and one or more LEAs (no SEA)*
___ *One or more nonprofit organizations and one or more LEAs and one or more SEAs*

Instructions
Instructions: In each column of the table below, please specify where your application discusses each priority or requirement -- including each provision that applies to each priority or requirement. For information, descriptions, or assurances included in the project narrative, please complete both 1) the Title of the Section(s) or Subsection(s) and 2) the relevant Page Number(s) where this matter is discussed. Otherwise, please indicate the Attachment in which it is discussed. **Please identify every section, page, and/or attachment in which the priority or requirement is discussed. More than one section, subsection, page, or attachment may appear in each cell.**

Absolute Priority 1			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Absolute Priority 1: HCMS To meet this priority, the applicant must include, in its application, a description of its LEA-wide HCMS, as it exists currently and with any modifications proposed for implementation during the project period of the grant.			
(1) How the HCMS is or will be aligned with the LEA's vision of instructional improvement;			
(2) How the LEA uses or will use the information generated by the evaluation systems it describes in its application to inform key human capital decisions, such			

as decisions on recruitment, hiring, placement, retention, dismissal, compensation, professional development, tenure, and promotion;			
(3) The human capital strategies the LEA uses or will use to ensure that high-need schools are able to attract and retain effective educators			
(4) Whether or not modifications are needed to an existing HCMS to ensure that it includes the features described in response to paragraphs (1), (2), and (3) of this priority, and a timeline for implementing the described features, provided that the use of evaluation information to inform the design and delivery of professional development and the award of performance-based compensation under the applicant's proposed PBCS in high-need schools begins no later than the third year of the grant's project period in the high-need schools listed in response to paragraph (a) of Requirement 3--Documentation of High-Need Schools.			

Absolute Priority 2			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Absolute Priority 2: Educator Evaluation Systems To meet this priority, an applicant must include, as part of its application, a plan describing how it will develop and implement its proposed LEA-wide educator evaluation systems. The plan must describe-			
(1) The frequency of evaluations, which must be at least annually;			
(2) The evaluation rubric for educators that includes at least three performance levels and the following--			
(i) Two or more observations during each evaluation period;			
(ii) Student growth, which for the evaluation of teachers with regular instructional responsibilities must be growth at the classroom level; and			
(iii) Additional factors determined by the LEA;			
(3) How the evaluation systems will generate an overall evaluation rating that is based, in significant part, on student growth; and			

(4) The applicant's timeline for implementing its proposed LEA-wide educator evaluation systems.			

Absolute Priority 3			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Absolute Priority 3: STEM Plan (if applicable) To meet this priority, an applicant must include a plan in its application that describes the applicant's strategies for improving instruction in STEM subjects through various components of each participating LEA's HCMS, including its professional development, evaluation systems, and PBCS. At a minimum, the plan must describe—			
(1) How each LEA will develop a corps of STEM master teachers who are skilled at modeling for peer teachers pedagogical methods for teaching STEM skills and content at the appropriate grade level by providing additional compensation to teachers who—			

(i) Receive an overall evaluation rating of effective or higher under the evaluation system described in the application; (ii) Are selected based on criteria that are predictive of the ability to lead other teachers; (iii) Demonstrate effectiveness in one or more STEM subjects; and (iv) Accept STEM-focused career ladder positions;			
(2) How each LEA will identify and develop the unique competencies that, based on evaluation information or other evidence, characterize effective STEM teachers;			
(3) How each LEA will identify hard-to-staff STEM subjects, and use the HCMS to attract effective teachers to positions providing instruction in those subjects;			
(4) How each LEA will leverage community support, resources, and expertise to inform the implementation of its plan;			
(5) How each LEA will ensure that financial and nonfinancial incentives, including performance-based compensation, offered to reward or promote effective STEM teachers are adequate to attract and retain persons with strong STEM skills in high-need schools; and			
(6) How each LEA will ensure that students have access to and participate in rigorous and engaging STEM coursework.			

Competitive Preference Priority 4			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Competitive Preference Priority 4: New and Rural Applicants (if applicable) To meet this priority, an applicant must provide at least one of the two following assurances, which the Department accepts:			
(a) An assurance that each LEA to be served by the project has not previously participated in a TIF-supported project.			
(b) An assurance that each LEA to be served by the project is a rural local educational agency (as defined in the NIA).			

Competitive Preference Priority 5			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Competitive Preference Priority 5: An Educator Salary Structure Based on Effectiveness (if applicable) To meet this priority, an applicant must propose, as part of its PBCS, a timeline for implementing no later than in the fifth year of the grant's project period a salary structure			

based on effectiveness for both teachers and principals. As part of this proposal, an applicant must describe--			
(a) The extent to which and how each LEA will use overall evaluation ratings to determine educator salaries;			
(b) How each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to Requirement 3(a); and			
(c) The extent to which the proposed implementation is feasible, given that implementation will depend upon stakeholder support and applicable LEA-level policies.			

Requirement 1			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Requirement 1: Performance-Based Compensation for Teachers, Principals, and Other Personnel. In its application, an applicant must describe, for each participating LEA, how its proposed PBCS will meet the definition of a PBCS set forth in the NIA.			
• Design Model 1 or 2			
• PBCS Optional Features			

Requirement 2			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Requirement 2: Involvement and Support of Teachers and Principals In its application, the applicant must include-- (a) Evidence that educators in each participating LEA have been involved, and will continue to be involved, in the development and implementation of the PBCS and evaluation systems described in the application;			
(b) A description of the extent to which the applicant has educator support for the proposed PBCS and educator evaluation systems; and			
(c) A statement indicating whether a union is the exclusive representative of either teachers or principals in each participating LEA.			

Requirement 3			
Requirement or Priority	**Title of Section or Subsection in which this priority or requirement is discussed**	**Page Number(s) on which this requirement or priority is discussed**	**Attachment on which this priority or requirement is discussed**
Requirement 3: Documentation of High-Need Schools Each applicant must demonstrate, in its application, that the schools participating in the implementation of the TIF-funded PBCS are high-need schools (as defined in the NIA), including high-poverty schools (as defined in the NIA), priority schools (as defined in the NIA), or persistently lowest-achieving schools (as defined in the NIA). Each applicant must provide, in its application--			
(a) A list of high-need schools in which the proposed TIF-supported PBCS would be implemented;			
(b) For each high-poverty school listed, the most current data on the percentage of students who are eligible for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or are considered students from low-income families based on another poverty measure that the LEA uses (see section 1113(a)(5) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 U.S.C. 6313(a)(5))). *[Data provided to demonstrate eligibility as a high-poverty school must be school-level data; the Department will not*			

accept LEA- or State-level data for purposes of documenting whether a school is a high-poverty school; and			
(c) For any priority schools listed, documentation verifying that the State has received approval of a request for ESEA flexibility, and that the schools have been identified by the State as priority schools.			

Teacher Incentive Fund

Frequently Asked Questions
For the 2012 Competitions and Grant Awards

U.S. Department of Education
Washington, D.C. 20202

Date: June 8, 2012

Purpose of the Guidance

The purpose of this guidance is to provide information about the Teacher Incentive Fund (TIF) program. This guidance provides the U.S. Department of Education's interpretation of various statutory provisions in the Department of Education Appropriations Act, 2012 (Division F, Title III of Pub. L. 112-74) as well as other requirements governing the fiscal year (FY) 2012 TIF program competitions. This guidance does not impose any requirements beyond those included in that statute, the TIF notice of final priorities, requirements, definitions, and selection criteria (NFP) published in the *Federal Register* on June 14, 2012, and other applicable laws and regulations. In addition, this guidance does not create any rights for or confer any rights on any person.

The Department will provide additional or updated program guidance, as necessary, on its TIF web site, http://www2.ed.gov/programs/teacherincentive/applicant.html. If you have further questions that are not answered here, please email TIF4@ed.gov.

If you are interested in commenting on this guidance, please e-mail us your comment at TIF4@ed.gov or write to us at the following address: U.S. Department of Education, Office of Elementary and Secondary Education, 400 Maryland Ave., S.W., Room 3E245, Washington, DC 20202-5900.

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A. Eligibility

A-1. What is the basis for the eligibility rules that govern whether an entity may apply for, and receive, a grant through the FY 2012 TIF competitions?

The eligibility rules are based on TIF's authorizing legislation and the Notice of Final Priorities, Requirements, Definitions and Selection Criteria (NFP). The TIF authorizing legislation enumerates the types of entities that are eligible to apply for a TIF grant, and the NFP clarifies these eligibility rules. The authorizing legislation also establishes certain required TIF project features, and the NFP elaborates upon and clarifies these statutory requirements. For the convenience of applicants, we restate the final priorities, requirements, definitions and selection criteria established in the NFP in the Notice Inviting Applications (NIA) for the two FY 2012 TIF competitions, and in these FAQs refer to the final priorities, requirements, definitions and selection criteria as those stated in the NIA.

An applicant that is eligible to apply to the FY 2012 TIF competitions based on its entity classification (e.g., the applicant is a local educational agency (LEA) or nonprofit organization) would not be considered for funding if the Department finds that it fails to meet an absolute priority or a requirement set forth in the NIA. For this reason, we strongly encourage each applicant to respond carefully and fully to each absolute priority that applies to the respective competitions and to each requirement.

A-2. What entities are eligible to apply for a TIF grant?

Eligible applicants for an FY 2012 TIF grant are:

(a) State educational agencies (SEAs) that apply with one or more LEAs;
(b) LEAs, including charter schools that are considered LEAs in their State; and
(c) Nonprofit organizations that apply in partnership with (i) one or more LEAs; or (ii) one or more LEAs *and* an SEA.

Under paragraph (c) of Requirement 4 of the NIA, SEAs are required to apply with at least one LEA located in the same State as the SEA. Thus, an SEA must always apply as part of a group application (i.e., an application involving two or more eligible entities). (See A-4.)

Similarly, a nonprofit organization must always apply as part of a group application (i.e., an application involving two or more eligible entities). Under the TIF authorizing statute, a nonprofit organization must always apply as part of a partnership involving one or more LEAs or one or more SEAs, or both. Requirement 4 further affects the eligibility of nonprofit organizations: Because SEAs must apply with one or more LEAs under paragraph (c) of Requirement 4, a nonprofit organization must always apply with at least one LEA (i.e., it must apply with one or more LEAs or

it must apply with one or more SEAs *and* at least one LEA located in the same state as each of those SEAs). (See A-4.)

The only eligible entity that may apply as a single applicant (i.e., that does not have to be part of a group application) is an LEA.

A-3. Are intermediary units that are considered LEAs under State law eligible to apply?

Yes. However, if the intermediary unit does not itself develop and implement educator evaluation systems and a related human capital management system (HCMS) for all teachers and principals who work in the LEAs in which the TIF project would focus, it would need to apply as a group applicant with at least one LEA that does develop and implement such systems. (See A-4.) In this case the focus of the project would be on assisting the LEA(s) that would be implementing the educator evaluation systems and related HCMS (including the LEA's PBCS).

A-4. What is a group application?

A group application is an application from two or more eligible entities. Such an application may be any of the following:

- Any application from two or more LEAs.
- Any application that includes one or more SEAs. (Because, under Requirement 4, an SEA must apply with one or more LEAs, an SEA must always apply as part of a group application that also involves at least one LEA.)
- Any application that includes a nonprofit organization. (Because, under Requirement 4 and the TIF statute, a nonprofit organization may apply only with one or more LEAs or with one or more LEAs and an SEA, a nonprofit organization must always apply as part of a group application.)

Group applicants should thoroughly review the special requirements that apply to group applications. See Requirement 4 of the NIA and Appendix I of this document.

A-5. What is the difference between a group application and a partnership application?

The TIF authorizing statute refers to partnerships in speaking of group applications that include a nonprofit organization as one of the partners. Thus, a partnership application is a special type of group application that has a nonprofit organization as one of its members. Partnership applications must follow the same application rules as all other group applications.

A-6. Are there limits on the number of entities that may participate in a group application, including a partnership application?

There are no limits on the number of SEAs, LEAs, or nonprofit organizations that may participate in a group application, including a partnership application.

A-7. When a group application involves an SEA, must all members of the group be from the same State?

Under Requirement 4 of the NIA, an applicant that is an SEA must apply for a grant as part of a group application that includes one or more LEAs from the same State as the SEA. However, a nonprofit organization that is not from the same State may also be a member of such a group application.

A-8. Must an LEA have high-need schools in order to be eligible to receive a TIF grant?

Yes. Under Requirement 3(a), the LEA must list in its application each high-need school in which it will implement the TIF-funded PBCS. Thus, if an LEA has no high-need schools, it cannot satisfy Requirement 3(a). Failure to meet the requirements of any absolute priority or requirement makes the applicant ineligible, on its own or as part of a group, for funding through the FY 2012 competitions.

A-9. Is a current TIF grantee eligible to apply for a new TIF grant award in the FY 2012 competitions?

Under Requirement 7, a current TIF grantee that is otherwise an eligible entity (see A-2) may apply for FY 2012 TIF funds if its application provides an assurance that, if successful, the grantee will use such grant funds only to implement the PBCS and provide professional development in the high-need schools that are not served, as of the beginning of the FY 2012 project period or later, by an existing TIF grant. Thus, for example, if a current LEA grantee will be using current grant funds to provide a PBCS in <u>all</u> of its high-need schools when the FY 2012 grant period begins or later, it would not be eligible to receive a new award in the FY 2012 competitions.

A-10. Are private schools eligible to apply for a TIF grant?

No. TIF's authorizing legislation does not include private schools as eligible applicants.

A-11. May an eligible entity apply as part of more than one application?

It depends. See N-2.

A-12. May an LEA within a State whose SEA is applying for a TIF grant apply independently of its SEA? If so, will the SEA's application be given priority over the LEA's application?

An LEA is eligible to apply for a TIF grant separately from its SEA. In a State with LEA 1 and LEA 2, for example, the SEA may choose to submit a group application that includes LEA 1 but not LEA 2. In this case, LEA 2 would be free to apply on its own or as part of a different group application.

The Secretary will provide awards to eligible entities based on the recommendations of peer reviewers who will use the selection criteria described in the NIA to score the applications. One type of eligible entity (e.g., an SEA) will not be given priority over another (e.g., an LEA) during the application review process on the basis of its eligibility category. (See Q-2.)

B. The Performance-Based Compensation System (PBCS)

B-1. What parts of the NIA should an applicant review to understand how to design its PBCS and how it will be evaluated?

Several parts of the NIA provide information that an applicant may want to consider in designing its PBCS. The priorities, requirements, and definitions in the NIA are designed to ensure that any proposed PBCS will be successful and sustainable. More specifically, the following sections are particularly relevant to PBCS design:

- Absolute Priority 1 addresses how the PBCS must be aligned with other parts of an LEA's HCMS. It also sets forth the timeline by which the PBCS must be implemented in the high-need schools participating in the project.
- Absolute Priority 2 addresses the design of the evaluation systems that will generate the overall evaluation ratings on which the additional compensation of the PBCS must be based. It also sets forth the timeline by which these evaluation systems must be implemented.
- Requirement 1 requires an applicant to describe its proposed PBCS, and that description must conform to the PBCS definition set forth in the NIA.
- The PBCS definition sets forth two basic design models, which are discussed more fully below, from which each applicant must choose in designing its own proposed PBCS. Each applicant must describe a PBCS that incorporates each mandatory component of the design model the applicant chooses. Additionally, the PBCS definition sets forth optional components that an applicant may incorporate into its proposed PBCS.

B-2. Are there certain mandatory components of an applicant's proposed PBCS?

Yes. The term "PBCS" is defined in the NIA to include both mandatory components and optional components. We encourage each applicant to carefully review that definition. Any proposed PBCS must contain, at a minimum, the mandatory components set forth in the PBCS definition.

Generally, any PBCS must provide performance-based compensation to both teachers and principals, and these teachers and principals, to be eligible for the compensation, must have an overall evaluation rating of effective or higher under the evaluation systems set forth in the application. Also, the PBCS must offer "additional responsibilities and leadership roles," as defined in the NIA, to teachers. Beyond these mandatory components of the PBCS, an applicant is free to incorporate other optional components, which are described in B-6 through B-8.

The Department is giving applicants a choice between one of two basic PBCS design models. Both models incorporate the mandatory components set forth in the prior paragraphs.

The mandatory components of the two basic PBCS models are set forth in the table below and are more fully described in B-3 and B-4:

Design Model	Mandatory Components
1* *Corresponds to paragraph (a)(1) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers and principals who receive an overall rating of effective or higher under the evaluation systems described in the application. (2) Of those teachers and principals eligible for compensation under paragraph (1), additional compensation for teachers and, at the applicant's discretion, for principals, who take on additional responsibilities and leadership roles (as defined in the NIA).
2* *Corresponds to paragraph (a)(2) of the PBCS definition	Proposed PBCS provides both of the following: (1) Additional compensation for teachers who receive an overall rating of effective or higher under the evaluation system described in the application and who take on career ladder positions (as defined in the NIA). (2) Additional compensation for one or both of the following: (A) Principals who receive an overall rating of effective or higher under the evaluation system described in the application, or (B) Principals who receive an overall rating of effective or higher under the evaluation system described in the application and who take on additional responsibilities and leadership roles (as defined in the NIA).

B-3. What are the mandatory components of PBCS Design Model 1?

Under Design Model 1, a PBCS must provide additional compensation to teachers and principals who have an overall rating of effective or higher under the evaluation systems described in the application. Thus, this design model includes performance-based compensation that rewards teachers and principals for their effectiveness alone.

Additionally, under Design Model 1, the PBCS must provide performance-based compensation to teachers rated effective or higher who agree to take on "additional responsibilities and leadership roles," as defined in the NIA. The NIA definition indicates that such additional responsibilities and leadership roles may include career ladder positions, but the term also covers a variety of other responsibilities and roles. The term includes any meaningful school-based responsibilities that a teacher voluntarily accepts "to strengthen instruction or instructional leadership in a systemic way, such as additional responsibilities related to lesson study, professional development, and peer evaluation, and may also include career ladder positions."

Under Design Model 1, the PBCS may also provide additional compensation to effective principals who agree to take on additional responsibilities and leadership roles (such as a position in which a principal rated effective or higher coaches a novice principal), but this feature related to principals is not a mandatory component of this design model.

One example of a PBCS that meets the definition of Design Model 1 is a PBCS that provides a stipend for all teachers and principals who are deemed effective or higher. This PBCS does not include compensation for career ladder positions, but it does offer compensation for teachers who take on additional responsibilities and leadership roles by providing special stipends for teachers who agree to observe their peers for evaluative purposes.

B-4. What are the mandatory components of PBCS Design Model 2?

Under Design Model 2, a PBCS must provide additional compensation to teachers who meet two criteria: First, the teachers must have received an overall rating of effective or higher under the evaluation system described in the application. Second, these teachers must agree to take on career ladder positions. These "career ladder" positions are defined in the NIA.

Additionally, because any PBCS must provide performance-based compensation for principals, the PBCS must incorporate one of two components related to principals: It must provide additional compensation for principals who have received an overall rating of effective or higher under the evaluation system described in the application OR it must provide additional compensation for principals who have received an overall rating of effective or higher under the evaluation system described in the application and who agree to take on additional responsibilities and leadership roles, as defined in the NIA.

This design model might be the preferred choice for an applicant that wishes to offer a more targeted PBCS for teachers. Unlike Design Model 1, Design Model 2 would not reward teachers solely based on their overall effectiveness rating. Instead, to receive any performance-based compensation, teachers would need to both receive an overall rating of effective or higher under the evaluation system described in the application and voluntarily accept a career ladder position.

One example of a PBCS that meets the definition of Design Model 2 is a PBCS that provides compensation to teachers who are deemed effective or higher only if they also agree to take on a

career ladder position, such as mentor teacher or instructional coach. In addition, this PBCS would provide compensation to principals who are deemed effective or higher.

B-5. In the case of a group application involving two or more LEAs, must each LEA adopt the same PBCS design model?

No.

B-6. In addition to the mandatory components, does an applicant have discretion to add optional components to the design of the proposed PBCS?

Yes. In addition to choosing one of the two design models described above, an applicant, at its discretion, may include as part of its proposed PBCS two optional components that are set forth in the PBCS definition in the NIA. These include what might be called a "recruitment" component and a component for "other personnel." These optional components are discussed below.

An applicant may not use TIF funds to support PBCS components other than those that are described in the two design models or the optional components identified in the PBCS definition.

B-7. How does the first optional PBCS component address educator recruitment in high-need schools?

At its discretion, an LEA may offer additional compensation to recruit teachers or principals who have received an overall rating of effective or higher (1) under the evaluation systems described in the application or (2) under comparable evaluation systems in another LEA where the teachers or principals agree to transfer to a high-need school of the LEA participating in the TIF project. Such a recruitment incentive might be an important component of an LEA's strategy to attract effective teachers to its high-need schools.

This performance-based recruitment award may be offered to an educator who is currently working in the LEA but not in a high-need school so long as the award is tied to the educator's transfer to a high-need school. This recruitment award may also be offered to an educator who is working outside the LEA so long as the educator agrees to transfer to a high-need school within the LEA and the educator has been deemed effective or higher under an evaluation system that is comparable to that used by the LEA, as described in the application. To be comparable, the evaluation system must, at a minimum, generate an overall rating that is based on two or more observations each year, student growth, in significant part, and other factors determined by the LEA.

Under Requirement 6, TIF funds can be used to support this optional PBCS component only when the effective educator transfers to a high-need school listed in the application in response to Requirement 3(a).

B-8. How does the second optional component reward "other personnel"?

At its discretion, an LEA may provide additional compensation to school-based personnel who fall into the "other personnel" category. This term is defined in the NIA to mean any school-based staff members who are not serving in a teacher or principal position. This term may include, for example, school counselors, media specialists, or para-educators.

An applicant that wishes to include "other personnel" within its PBCS must have performance standards that will determine these staff members' eligibility for a performance award. Their eligibility must be based, in significant part, on student growth, which may be measured at the whole-school level.

B-9. Must an LEA implement its PBCS in all of its high-need schools?

No. An LEA is required to implement its PBCS only in the high-need schools it identifies in its application in response to Requirement 3(a). The high-need schools identified in response to Requirement 3(a) may be only a portion of all the high-need schools in the LEA. (See Section L.)

B-10. Must the proposed PBCS operate in each of the high-need schools identified in response to Requirement 3(a) in the application?

Yes.

B-11. How much additional compensation must the TIF-funded PBCS provide teachers, principals, and other personnel?

Applicants have wide discretion, with some specific restrictions related to compensation for career ladder positions, in setting the dollar amounts of additional compensation for their TIF-funded PBCS. In setting these amounts, applicants should consider what amounts are needed to attract and retain educators in high-need schools, an essential purpose of the TIF program. Under Selection Criterion (a)(2)(v) and Selection Criterion (g)(1), reviewers will score applications based, in part, on the adequacy of the incentives in serving this purpose. (See R-4, X-1, and X-2.)

Applicants should also consider whether the proposed amount of additional compensation will be sustainable beyond the grant's project period and explain the sources of funds that the LEA(s) will use to ensure their sustainability. Under Selection Criterion (f), reviewers will score applications based on the sustainability of the PBCS beyond the grant's project period. (See W-1.)

Applicants should also review the guidelines and any restrictions on the use of TIF funds to support the PBCS as discussed in Requirement 6 of the NIA. (See Section O.)

B-12. Are there restrictions on the use of TIF funds for the additional compensation provided under a proposed PBCS?

Yes. (See O-1, O-6, O-7, O-8.)

B-13. Are there restrictions on the amount of additional compensation that LEAs may provide teachers in career ladder positions or teachers who assume other types of additional roles and responsibilities under a TIF-supported PBCS?

Yes. (See O-8.)

B-14. If a PBCS offers additional compensation for career ladder positions, must a teacher's eligibility for such a position be based on his or her overall rating as a teacher or as an instructional leader?

It depends on the teacher's role at the time of the most recent evaluation. The most recent overall evaluation rating would determine whether the teacher is eligible for a TIF-funded career ladder position. If the teacher is serving as a classroom teacher at the time the performance evaluation takes place, the LEA would use the evaluation rubric the LEA has developed for classroom teachers. If the teacher is serving in a career ladder position (e.g., master teacher) that has no regular instructional responsibilities at the time of evaluation, the LEA would use the evaluation rubric it has developed for teachers in that special role. If a teacher serves in a career ladder position but has some regular instructional responsibilities, the LEA would use the evaluation rubric that is most relevant to the teacher's primary responsibilities.

B-15. If an applicant chooses Design Model 1 as its basic PBCS model, must it propose to make every teacher who receives an overall rating of effective or higher eligible for TIF-supported performance-based compensation?

No. The scope of teachers eligible for TIF-supported awards through the LEA's PBCS in high-need schools is within the applicant's discretion. In designing its PBCS under Design Model 1, an LEA may decide to offer performance-based compensation only to teachers in identified high-need schools who teach certain grade levels or content areas. For example, an LEA may decide to make additional compensation available only to fourth and fifth grade teachers who receive an overall rating of effective or higher; teachers in all other grades would be ineligible for any award under this TIF-supported PBCS.

The Department encourages each applicant to consider various factors when designing the scope of the PBCS. These factors might include the goals the LEA is trying to meet with its PBCS, the effect of the PBCS design on staff morale, and the sustainability of the PBCS once the grant's project period ends. The scope of the PBCS is also relevant to Selection Criterion (a)(2)(v). (See R-4.)

B-16. Absolute Priority 3 requires an applicant to include a plan to develop a corps of STEM master teachers. Will these master teachers be a part of the LEA's PBCS?

Yes. These master teachers would satisfy each PBCS design model's requirement for

additional compensation for teachers who take on additional responsibilities and leadership roles (including career ladder positions under Design Model 2). At an applicant's discretion, the PBCS may also provide additional compensation for effective non-STEM teachers who take on additional responsibilities and leadership roles.

In addition to including STEM master teachers in its PBCS as part of the additional responsibilities and leadership roles requirement, an applicant using Design Model 1 must also award additional compensation to teachers and principals based on their effectiveness alone. As stated in B-15, an applicant has wide discretion in designing the scope of its PBCS. Consequently, an applicant may design its PBCS to provide the additional compensation based on effectiveness alone (rather than the additional compensation that also requires the effective teacher to take on additional responsibilities and leadership roles) to STEM teachers only. Alternatively, it may design its PBCS to provide such additional compensation to all teachers who earn an overall evaluation rating of effective or higher.

In addition to including STEM master teachers in its PBCS, an applicant using Design Model 2 must also include in its PBCS additional compensation for either effective principals or effective principals who take on additional responsibilities or leadership roles. (See B-4.)

B-17. Competitive Preference Priority 5 requires an applicant to propose a salary schedule based on overall evaluation ratings as part of its plan for implementing its proposed PBCS. Can an applicant receive the competitive preference points under this priority regardless of whether it chooses Design Model 1 or Design Model 2?

Yes. (See Section H.)

B-18. May an applicant design a PBCS in which compensation to effective educators is in the form of non-financial incentives or rewards?

No. The definition of a PBCS in the NIA requires that applicants propose to provide additional compensation to effective educators. Consistent with the word's common usage, the word "compensation" refers to financial compensation, along with any associated fringe benefits an applicant may propose. Although an applicant may propose to provide non-financial rewards to recognize its effective educators or to improve staff morale, these rewards would not be part of the PBCS the LEA establishes under the TIF program, and TIF funds may not be used to support these costs.

C. The Priorities

C-1. What is the difference between absolute and competitive preference priorities and how do absolute priorities relate to funding eligibility?

Absolute priorities are requirements of the competitions and the program. An applicant must meet all of the absolute priorities of the competition to which it applies in order to be eligible for funding under that competition. Points are not awarded for absolute priorities; rather, applications that do not meet one or more of the absolute priorities will not be considered for funding. See 34 CFR 75.105.

Competitive preference priorities are not requirements; (i.e., applicants do not need to address them to be considered for funding). For both the General TIF Competition and the TIF Competition with a Focus on STEM, applications that meet one or more competitive preference priorities will be awarded additional points. See section 75.105 of the Education Department General Administrative Regulations (EDGAR) (34 C.F.R. § 75.105).

D. Absolute Priority 1--An LEA-Wide Human Capital Management System (HCMS) With Educator Evaluation Systems at the Center

D-1. May an applicant apply if it does not have an LEA-wide HCMS at the time of application?

The Department believes that every LEA has a system in place for making hiring and related personnel decisions. Although an LEA may not refer to this system as its "HCMS," and this system may be less coherent than others, it is an HCMS nonetheless. Thus, each LEA has some form of an HCMS, and each applicant should be able to describe the HCMS of its participating LEA or LEAs, as the HCMS exists currently and with any modifications to the HCMS that the applicant proposes to implement during the project period of the grant.

D-2. In the case of a group application, must the application describe the HCMS for each LEA that is part of the group application?

Yes. By definition, an HCMS is a system that an LEA uses to make decisions about its workforce. Consequently, if there is more than one LEA participating in a group application, the application must describe the key features of the HCMS of each participating LEA. If certain features of the participating LEAs' HCMSs are the same, the application may so state without providing repetitive descriptions of those common features for each LEA.

D-3. How may an applicant respond to the requirement in Absolute Priority 1 that the applicant describe how the HCMS is, or will be, aligned with each LEA's vision of instructional improvement?

The Department has not prescribed a single manner in which an applicant must respond to this component of Absolute Priority 1. One reasonable approach would be for an applicant to provide a narrative that describes each participating LEA's vision of instructional improvement. The narrative could also include descriptions of the various ways in which each LEA's HCMS is, or will be, aligned with its vision. Below are a few examples (among many) that provide a general idea of what these descriptions might address:

- The application narrative could include examples of how an LEA's teacher evaluation system evaluates teachers on the key instructional competencies described in the LEA's vision of instructional improvement. It could also include examples of how the principal evaluation system evaluates principals on their understanding and promotion of these competencies.
- The application narrative could describe how an LEA aligns its vision of instructional improvement with its hiring and recruitment practices for high-need schools. For example, the applicant could describe how an LEA looks for evidence of certain key competencies during the process of interviewing and hiring staff. The applicant could describe how it shares these competencies with the local college of education to ensure that these competencies are embedded in the teacher preparation programs offered by the college.
- The application narrative could also explain how an LEA aligns its vision of instructional improvement with its professional development systems, including its plans for providing professional development through a TIF-supported career ladder program. For example, if the vision of instructional improvement stresses the need for teachers to use formative assessment data to drive instruction, the applicant may want to describe its plan for training master teachers to facilitate data discussions during the job-embedded professional development process.

D-4. Must an LEA's HCMS be fully aligned with its instructional vision at the time of application?

No. If a participating LEA plans to modify its HCMS to increase the alignment during the grant's project period, the application should clearly indicate the elements of the HCMS that are already in place and those that are planned. Under paragraph (4) of Absolute Priority 1, the application must describe the timeline for the development and implementation of the proposed elements.

D-5. How may an applicant respond to the requirement in Absolute Priority 1 that the applicant describe how each participating LEA uses, or will use, information generated by the educator evaluation systems to inform key human capital decisions?

The Department has not prescribed a single manner in which an applicant must respond to this part of Absolute Priority 1. Consistent with Selection Criterion (a)(1), however, an applicant might respond along two dimensions: First, it could list the various human capital decisions -- examples of which are in the Priority itself -- for which the evaluation results are, or will be, relevant. Second, it could explain the significance, or weight, of the evaluation results in the human capital decision making process.

At a minimum, Absolute Priority 1 requires applicants to use evaluation results, including the overall evaluation rating, to inform the TIF-supported PBCS and professional development. Thus, an applicant must describe how each participating LEA's HCMS provides, or will provide,

performance-based compensation to teachers or principals based on their evaluation results. This description should include information about the number of schools in which the PBCS will operate. If the PBCS is, or will be, limited to the high-need schools listed in the application in response to Requirement 3(a), the applicant can simply state this fact and reference that section of the application.

Similarly, an applicant must describe how each participating LEA uses, or will use, evaluation results to identify educators who need additional professional development to increase their effectiveness. If an LEA has, or plans to have, a process in place to monitor whether a teacher or principal's evaluation results improve over time, this process, including the procedures that apply when improvement does not occur, should also be described.

If an LEA recruits, or plans to recruit, only effective and highly effective teachers to teach in high-need schools, the applicant could describe how this recruitment and placement program works or will work. For example, the applicant might describe how it will use evaluation results to identify strong candidates for recruitment and the steps it will take to contact these educators and interest them in transferring to a high-need school.

D-6. What if an LEA either does not currently use educator evaluation results to inform key human capital decisions or uses them now only to a limited degree but plans to expand the use of these results in making human capital decisions in the future?

The application must indicate which policies and procedures, if any, are already in place and which are planned. For those that will be implemented during the grant's project period, the application must describe these future policies and procedures and the timetable for their development and implementation. We also recommend that applicants consider addressing any obstacles to their implementation and development.

D-7. How can an applicant respond to the requirement in Absolute Priority 1 that the applicant describe the human capital strategies the LEA uses, or will use, to ensure that high-need schools are able to attract and retain effective educators?

The Department has not prescribed a single manner in which an applicant must respond to this part of Absolute Priority 1. One approach would be for an applicant to describe, in narrative form, the strategies it has, or plans to adopt, to attract and retain effective educators in high-need schools. An LEA should describe how its PBCS will recognize and reward effective educators who take on the challenge of working in high-need schools. Examples of strategies that an applicant might describe are:

- Extra resources for teachers who provide intervention services for students in high-need schools.

- Special instructional schedules to give teachers in high-need schools additional time for planning and interaction with colleagues within a professional learning community.

- Extra administrative staffing to give principals in high-need schools more time to serve as instructional leaders.

An applicant should describe each significant strategy that it proposes to implement regardless of whether TIF funds will be used to support the strategy. In the high-need schools identified in the application in response to Requirement 3(a), TIF funds can be used to support the costs of the PBCS and the other activities that support the PBCS, such as professional development. (See Section O.) TIF-supported strategies, such as the PBCS, combined with the strategies supported with non-TIF funds, are all relevant to whether an LEA's strategies for attracting and retaining effective educators in high-need schools are adequate. (See R-4 and X-2.)

D-8. What if an LEA either does not currently have special strategies to attract and retain effective educators in high-need schools or has such strategies only to a limited degree and plans to develop additional strategies in the future?

The application must describe the LEA's current strategies and those it plans to implement during the grant's project period. For those that will be implemented during the grant's project period, the application must describe the timeline for their development and implementation.

D-9. How might an applicant prepare a timeline to meet the requirements of Absolute Priority 1?

The Department has not prescribed a specific format for the presentation in the application of the timeline required under Absolute Priority 1. However, Absolute Priority 1 sets a deadline by which certain features of an HCMS must be in place, and these deadlines must be reflected in the proposed timeline.

The Department also recommends that each applicant include, as part of any timeline, the key dates or time periods by which intermediate steps toward full implementation of described features will occur. For example, an applicant LEA may plan to use evaluation results in an aggressive campaign to recruit effective and highly effective educators to high-need schools. The applicant should include a timeline that indicates when the LEA plans to implement this recruitment strategy (e.g., each year during the months of February through May beginning in year 2 of the grant's project period). The applicant may also wish to include, as part of its timeline, the dates or time periods for completion of important intermediate steps, such as selection of a recruitment strategy management team and implementation of a recruitment strategy communication plan.

E. Absolute Priority 2--LEA-Wide Educator Evaluation Systems Based, in Significant Part, on Student Growth

E-1. What does the term "educator evaluation systems" mean?

For purposes of the FY 2012 TIF competitions, "educator evaluation systems" are the systems an LEA uses to give an official performance rating to its teachers and principals. As defined in the NIA, the term "educators" means teachers and principals.

The Department anticipates that each LEA will have at least two educator evaluation systems: one for teachers and one for principals. It may have three or more systems depending on whether it creates separate systems for different categories of teachers or administrators.

E-2. What is the meaning of the term "LEA-wide" in the context of the term "LEA-wide educator evaluation systems"?

To be LEA-wide, the educator evaluation systems, in aggregate, must generate an overall performance rating for each "teacher" and "principal" (as those terms are defined in the NIA) employed by the LEA. Thus, as stated in paragraph (4) of Absolute Priority 2, by the beginning of year 3 of the grant's project period, a successful applicant must evaluate each of the LEA's teachers and principals using evaluation systems that meet the requirements of the Priority.

E-3. To meet Absolute Priority 2, must an LEA's educator evaluation systems contain certain mandatory features?

Yes. Under Absolute Priority 2 an applicant must describe the proposed educator evaluation systems and its plan for implementing these systems. An LEA's educator evaluation systems, as described in the application, must contain each of the basic parameters bulleted below to meet Absolute Priority 2. If an applicant describes a plan for developing and implementing educator evaluation systems that do not contain each of these basic parameters, the applicant will not meet Absolute Priority 2 and will, therefore, be ineligible to receive FY 2012 TIF funds:

- The LEA's evaluation systems must evaluate every teacher and principal in the LEA at least annually.
- The evaluation rubric for both teachers and principals must contain at least three performance levels (e.g., not effective, developing, effective, and highly effective).
- The evaluation rubric for both teachers and principals must include 1) two or more observations during each evaluation period, 2) student growth, and 3) additional factors determined by the LEA.
- The student growth component of the evaluation rubric must include student growth at the classroom level for teachers with regular instructional responsibilities. For teachers without regular instructional responsibilities, the student growth component may be measured at the grade, school, or other appropriate level.
- The evaluation systems must generate, for each educator evaluated, a single overall evaluation rating that is based, in significant part, on student growth. In the case of

teachers with regular instructional responsibilities, the overall rating must be based, in significant part, on student growth at the classroom level.

To meet Absolute Priority 2, applicants must also present their timeline for implementing their proposed evaluation systems. (See E-17.)

E-4. What events should be observed as part of the observation component of the evaluation rubric for teachers?

For evaluating a teacher with regular instructional responsibilities, the observation component will normally involve observing a teacher engaged in classroom instruction. However, the events observed to evaluate teachers with specialized instructional responsibilities may be tailored to those specialized responsibilities. For example, an LEA may choose to observe a special education teacher providing intensive individual or small group instruction if that kind of instruction is a typical and important part of that teacher's responsibilities. Similarly, an LEA may forgo altogether an observation of student instruction in the case of a teacher who has no regular instructional responsibilities, such as a reading specialist or a master teacher in a career ladder position. In the case of a reading specialist, for example, an LEA may choose to observe the reading specialist leading a data discussion with a team of teachers who are monitoring their students' reading progress.

E-5. What events should be observed as part of the observation component of the evaluation rubric for principals?

To evaluate principals, LEAs may focus the observation component of the evaluation rubric on important events that, during the course of a school year, principals are routinely responsible for leading or facilitating. In choosing the events to observe, an LEA should consider which events will allow an observer to measure a principal's practice in areas that are critical to effective school leadership. Depending on an LEA's vision of instructional improvement, these events might be a school leadership team meeting, a professional development session, or a post-observation conference with a teacher.

As part of selecting the events to observe, an LEA should consider which indicators of effective principal practice will be observable at each identified event. Every indicator of effective principal practice will not be observable during a single event. On the other hand, certain events lend themselves to the observation of a handful of indicators, which could be the focus of the observation. For example, an observation of a principal's practice when participating in a post-observation conference with a teacher might focus on several instructional leadership indicators.

E-6. Should an applicant describe how it will ensure inter-rater reliability for purposes of observation scoring?

Under Selection Criterion (b)(3), reviewers will evaluate the extent to which the observation component of the evaluation systems have been developed to ensure inter-rater

reliability. Consequently, the Department encourages applicants to describe how they will train observers to evaluate an educator's practice using the prescribed indicators in a consistent way. This training should help observers understand the behaviors and competencies associated with each performance level.

E-7. How are LEAs to measure student growth for the student growth component of the LEA-wide educator evaluation systems?

Absolute Priority 2 provides that the evaluation rubric for teachers and principals must include student growth. This means that every educator must be evaluated based, in part, on student achievement outcomes in addition to practice.

The definition of "student growth" in the NIA gives LEAs some discretion in how it is measured. There are numerous approaches to calculating growth in student achievement, and an LEA is free to choose its preferred approach so long as that approach is consistent with the "student growth" definition and other provisions of the NIA, including:

- The growth measure must be based on the change in student achievement for an individual student between two or more points in time.
- For grades and subjects in which assessments are required under section 1111(b)(3) of the Elementary and Secondary Education Act of 1965, as amended (ESEA), student achievement must be based on a student's scores on such assessments and may include other measures that are rigorous and comparable across schools in the LEA. Thus, the evaluation of teachers who teach fifth grade math, for example, must be based, in part, on student achievement on the fifth grade math assessment required under ESEA. The evaluation of these teachers may also be based, in part, on student growth on other rigorous measures.
- For grades and subjects in which assessments are not required under section 1111(b)(3) of ESEA, LEAs have discretion in choosing the alternative measures to use for measuring student achievement in the content areas taught. According to the definition of "student growth" in the NIA, these measures may include pre-tests, end-of-course tests, and objective, performance-based assessments. These may also include student learning objectives and student performance on English language proficiency assessments. Consistent with the NIA definition, these alternative measures must be "rigorous and comparable across schools within an LEA."
- Under Absolute Priority 2, student growth must be measured "at the classroom level" for teachers with regular instructional responsibilities. This requirement is more fully discussed in E-9 below.

E-8. How will an LEA measure student growth for purposes of evaluating a teacher who does not teach a subject and grade that is tested under section 1111(b)(3) of ESEA?

As discussed in the preceding section, applicants should carefully review Absolute Priority 2 and the "student growth" definition to understand the rules that govern the student growth

component of the teacher evaluation systems. If a teacher has regular instructional responsibilities, student growth must be measured at the classroom level. This means that a music teacher, for example, must be evaluated based on the achievement growth of the students in her classroom. The student growth definition indicates that LEAs may adopt a variety of approaches to generate classroom-level student growth data for music teachers and other teachers who teach subjects that are not tested under ESEA. One approach would be to develop pre-tests and post-tests that assess student skill and knowledge in the content area. LEAs can give the pre-tests in the fall and the post-tests in the spring. Alternatively, LEAs may wish to develop student learning objectives in some subjects and grades.

E-9. What does it mean to measure student growth at the classroom level for teachers with regular instructional responsibilities?

Paragraph (2)(ii) of Absolute Priority 2 requires measuring student growth at the classroom level for teachers with regular instructional responsibilities. This means that teachers with regular instructional responsibilities must be evaluated based, in significant part, on the growth of the students they teach as opposed to the growth of students in the entire grade or school.

In the FY 2012 TIF competitions, the improved educator evaluation systems described under Absolute Priority 2 are a central component of the reforms upon which the PBCS and other human capital decisions are based. Thus, each overall evaluation rating must be a valid and reliable reflection of a teacher's individual effectiveness. Accomplishing this requires basing the student growth component of the evaluation rating on the growth of the students in a teacher's own classroom rather than the growth of students in other classrooms.

The Department recognizes that some teachers do not have regular instructional responsibilities, which makes evaluation based on classroom-level student growth inappropriate for them. In these instances, LEAs are free to identify another level of student growth measurement for these teachers' overall evaluation rating. For example, if a specialist with no regular instructional responsibilities works exclusively with fifth grade teachers, then the LEA might evaluate that teacher based on the growth of all fifth grade students. In some cases, when a specialist teacher works across all or most grade levels, an LEA might use a school-wide measure of student growth as part of that teacher's overall evaluation rating.

E-10. Must an LEA include "additional factors" in its educator evaluation systems, and what might they be?

Yes. Absolute Priority 2 establishes that an LEA's evaluation systems must include an evaluation rubric that includes multiple observations, student growth, and, under paragraph (2)(iii) of the priority, "additional factors determined by the LEA." While an LEA has wide discretion in identifying the additional factors to include in the evaluation rubrics, an applicant must use one or more additional factors beyond the observations and student growth. To meet

this Absolute Priority and be eligible for a FY 2012 TIF award, an applicant must describe these additional factors in its application.

There are a variety of "additional factors" that an LEA might consider in designing their evaluation rubrics. For teachers, an additional factor might relate to the quality of the relationships a teacher establishes with her peers or with parents. A teacher's routine use of student achievement data to drive instruction, as measured by evidence obtained outside of a classroom observation, might also serve as an additional factor. For principals, additional factors might include the principal's role in promoting a rigorous curriculum, high achievement expectations for all students, and strong communication between school and family.

E-11. Under paragraph (3) of Absolute Priority 2, an applicant must describe "how the evaluation systems will generate an overall evaluation rating that is based, in significant part, on student growth." What does this mean?

The overall evaluation rating is a single rating that reflects the LEA's judgment about how to aggregate the individual evaluation measures (i.e., observations, student growth, and additional factors) to produce a single evaluation rating for an individual educator. This overall evaluation rating, which must be determined using a rubric with at least three performance levels, will be the basis on which a teacher or principal is eligible for a TIF-funded performance award under the LEA's PBCS.

An applicant may not design a PBCS that provides performance-based awards based on observations alone. Similarly, teachers and principals may not earn awards for performing well on the "additional factors" category alone. Rather, performance-based awards must be based on an educator's overall effectiveness, as measured by an appropriate combination of all the evaluation factors.

An applicant has wide discretion in determining how to weight or otherwise combine the evaluation factors to derive an overall evaluation rating. However, a key requirement relates to the student growth component of the evaluation rubric: the overall evaluation rating must be based, in significant part, on an educator's student growth outcomes.

E-12. What weight is required for student growth to be considered a "significant" part of an overall evaluation rating?

The Department has not established a specific minimum weight for the student growth component of the overall rating. This is, in part, because there are ways to derive an overall rating that consider student growth, in significant part, without relying on an approach that involves weighting of the individual measures. For example, an LEA may decide that student growth outcomes below an established minimum will always generate an overall rating of ineffective – regardless of the other measures included in the evaluation rubric. Generally, however, an overall rating is not based, in significant part, on student growth if the growth measure has little effect on the overall rating or will affect an overall rating in only the most extreme circumstances.

Under Selection Criterion (b)(5)(i) and (b)(6)(i), peer reviewers will consider the extent to which an applicant bases its overall evaluation rating on student growth, in significant part. In response to this criterion, applicants should carefully explain why they believe that the student growth component of their proposed overall rating calculation is significant.

E-13. May an LEA use whole school growth as a part of the "additional factors" component of the evaluation rubric for teachers with regular instructional responsibilities?

Yes. However, if an LEA uses whole school growth as an additional factor for these teachers, it would need to treat this factor as separate and distinct from the student growth data required under paragraph (2)(ii) of the priority for purposes of calculating an overall evaluation rating under Absolute Priority 2(3). For teachers with regular instructional responsibilities, the overall evaluation rating required under paragraph 3 of Absolute Priority 2 must be based, in significant part, on classroom level growth. (See E-9 and E-11.)

For teachers without regular instructional responsibilities, the overall evaluation rating required under paragraph 3 of Absolute Priority 2 may be based, in significant part, on whole school growth (or another appropriate level of growth that is not classroom level).

E-14. How is the overall evaluation rating that an applicant must describe to meet Absolute Priority 2 related to an LEA's PBCS?

For a teacher or principal to be eligible for TIF-funded performance-based compensation under the LEA's PBCS, the teacher or principal must earn an "overall evaluation rating" of effective or higher under the evaluation system described in response to Absolute Priority 2. Thus, the PBCS, which the applicant must describe under Requirement 1, is inextricably linked with the evaluations systems that an applicant must describe under Absolute Priority 2.

E-15. Does Absolute Priority 2 require applicants to describe each LEA's evaluation system for "other personnel"?

No. Absolute Priority 2, by its terms, only requires applicants to describe the evaluation systems that each participating LEA will develop and implement for teachers and principals.

Although the evaluation systems required under Absolute Priority 2 do not apply to other personnel, applicants should describe the performance standards under which other personnel will be eligible for a performance-based award if an LEA chooses to provide such compensation as part of its proposed PBCS. (See B-8.)

E-16. Must a participating LEA's educator evaluation systems be fully developed at the time of application?

No. The Department recognizes that the development of rigorous and reliable educator evaluation systems can take time. Developing these systems involve a variety of technical issues on which numerous stakeholders need to provide input. At the very least, however, a participating LEA must commit in the application to implement the evaluation systems for at least a subset of educators or schools by the beginning of the second year of the grant's project period. Additionally, the application must describe how each participating LEA will derive an overall evaluation rating for teachers and principals, and it must set forth a timeline that is consistent with the requirements in paragraph (4) of Absolute Priority 2 for developing and implementing the evaluation systems. (See E-17.)

E-17. Is there a time by which successful applicants must implement the evaluation systems they describe in their application?

Yes. The Department anticipates that some applicants will be ready to implement their teacher and principal evaluation systems during year 1of the grant's project period. However, applicants that do not currently have LEA-wide evaluation systems based, in significant part, on student growth, are likely to need time during the first year of the grant period to finalize their evaluation rubric or to conduct field tests.

Under paragraph (4) of Absolute Priority 2, these activities are permissible under the FY 2012 competitions so long as, by the beginning of year 2 of the grant's project period, each participating LEA implements the new evaluation systems as the official system for assigning overall evaluation ratings in at least a subset of schools or for at least a subset of teachers and principals. Further, by the beginning of year 3 of the grant's project period, each participating LEA must implement the new evaluation systems as the official evaluation systems for assigning overall evaluation ratings for all educators within the LEA.

If an applicant chooses to phase in the implementation of the new evaluation systems over time, as paragraph (4) allows, the Department encourages the applicant to consider including the schools listed in the application in response to Requirement 3(a) in the first group of schools in which it implements the new evaluation systems. The schools an applicant lists in response to Requirement 3(a) are the high-need schools in which the applicant proposes to implement the TIF-supported PBCS. Under Absolute Priority 1, an applicant must implement the PBCS in these schools no later than year 3 of the grant's project period. By implementing the new evaluation systems in these schools in year 2 or earlier, the applicant will have laid a strong foundation on which to implement the PBCS the following year.

Paragraph (4) of Absolute Priority 2 requires applicants to describe in their applications the implementation timelines they propose to follow. If a participating LEA plans to delay implementing the new evaluation systems until the beginning of year 2, the applicant should respond to paragraph (4) of Absolute Priority 2 by explaining the timeline the LEA intends to follow in year 1 of the grant period to ensure that implementation of the new evaluation systems in a subset of schools or for a subset of educators can begin by the beginning of year 2. The peer reviewers will consider an applicant's response to paragraph (4) of Absolute Priority 2 when they

review and score an application under the selection criteria, including Selection Criterion (e) (Project Management) and Selection Criterion (f) (Sustainability).

E-18. What resources may assist applicants as they design their educator evaluation systems?

With Department support, the Center for Educator Compensation Reform produced a number of resources that may be helpful to applicants. The Center's resources can be found at www.cecr.ed.gov. Applicants also may find some resources produced by the National Comprehensive Center for Teacher Quality to be helpful. Its website can be found at www.tqsource.org.

F. Absolute Priority 3-- Improving Student Achievement in Science, Technology, Engineering, and Mathematics (STEM)

F-1. Do all applicants need to address Priority 3?

No. The Department is conducting two competitions for awarding FY 2012 TIF funds: a General TIF Competition and a TIF Competition with a Focus on STEM. Only those applicants that wish to apply to the TIF Competition with a Focus on STEM must address Absolute Priority 3. While LEA applicants may not apply to both the TIF Competition with a Focus on STEM and the General TIF competition, SEA and nonprofit applicants may apply to both competitions, as is consistent with Requirement 5.

An applicant to the TIF Competition with a Focus on STEM must meet all Absolute Priority 3 requirements to be eligible to receive FY 2012 TIF funds.

F-2. How are the two TIF competitions the same and how are they different?

Absolute Priorities 1 and 2, all seven of the requirements, and all of the definitions specified in the NIA apply to both competitions. This means that an applicant to either competition will have to describe its existing or proposed LEA-wide HCMS and meet the other requirements of Absolute Priority 1. This also means that an applicant to either competition will have to develop and implement LEA-wide educator evaluation systems that generate an overall evaluation rating based, in significant part, on student growth and meet the other requirements of Absolute Priority 2. Similarly, an applicant to either competition must, under Requirement 1, describe its PBCS, and that PBCS must conform to the NIA's definition of that term.

Because most of the priorities, requirements, definitions, and selection criteria apply to both competitions, the easiest way to describe the difference between the two competitions is to describe those NIA provisions that do not apply to both.

- General TIF Competition: All NIA provisions apply except Absolute Priority 3 and Selection Criterion (g).

- TIF Competition with a Focus on STEM: All NIA provisions apply.

Only those applicants that wish to apply to the TIF Competition with a Focus on STEM must address Absolute Priority 3. As the application package indicates, applications for the TIF Competition with a Focus on STEM must be submitted under CFDA 84.374B. Those applications that meet all the absolute priorities and requirements will be evaluated and scored under all of the selection criteria that apply to the General TIF Competition and, in addition, unlike applications for the General TIF Competition, will also be evaluated under Selection Criterion (g).

F-3. Must the plan provided in response to Absolute Priority 3 contain certain mandatory features?

Absolute Priority 3 requires an applicant to include in its application a plan that describes each participating LEA's strategies for improving instruction in STEM subjects. Paragraphs 1- 6 of Priority 3 enumerate six specific features that must be described as part of the plan. Applicants must address each of these six features to meet the priority. In abbreviated form, they include:

1) How each LEA will develop a corps of STEM master teachers;
2) How each LEA will develop the unique competencies that characterize effective STEM teachers;
3) How each LEA will identify hard-to-staff STEM subjects and use its HCMS to attract effective teachers to teach these subjects;
4) How each LEA will leverage community support, resources, and expertise to inform the implementation of its plan;
5) How each LEA will ensure that the financial and nonfinancial incentives offered to reward and promote effective STEM teachers are adequate to attract and retain persons with strong STEM skills;
6) How each LEA will ensure that students have access to and participate in rigorous and engaging STEM coursework.

F-4. What is the relationship between an LEA's plan to develop a corps of STEM master teachers and its PBCS?

STEM master teachers are teachers in "career ladder positions," as that term is defined in the NIA. "Career ladder positions" are specifically identified as a type of "additional responsibilities and leadership roles," as that term is defined in the NIA. Additional responsibilities and leadership roles are a required component of any PBCS, as that term is defined in the NIA. Thus, the corps of STEM master teachers developed under the plan described under Absolute Priority 3 would be part of an LEA's PBCS. (See B-2 and B-16.)

F-5. Must the plan required to meet Absolute Priority 3 serve both high-need schools and non-high-need schools?

No. An LEA has wide discretion in choosing whether to serve both high-need schools, defined in the NIA, and non-high-need schools through its plan for improving STEM instruction. In exercising that discretion as it develops its plan, an LEA should keep the following aspects of the competition rules in mind:

Under Requirement 6, TIF funds may be used to support the costs of a PBCS and professional development only in the high-need schools that a grantee has listed in its application in response to Requirement 3(a). Consequently, while the plan described under Absolute Priority 3 may have the goal of improving STEM instruction across the LEA, TIF funds may only be used to support the PBCS costs (including the costs associated with the corps of STEM master teachers) and the professional development costs associated with helping all educators in the high-need schools listed in the application in response to Requirement 3(a) benefit from the evaluation systems and the PBCS. Similarly, under Selection Criterion (g)(1), which only applies to the TIF Competition with a Focus on STEM, applications will be evaluated on the extent to which the financial and nonfinancial incentives "are adequate for attracting effective STEM educators to work in high-need schools and retaining them in these schools." (See X-2.)

F-6. May the corps of STEM master teachers developed under the plan described in Absolute Priority 3 constitute the applicant's entire PBCS?

No. (See B-16.)

G. Competitive Preference Priority 4--New or Rural Applicants to the Teacher Incentive Fund

G-1. Does Competitive Preference Priority 4 affect the eligibility of a current or past TIF grantee to receive funds through the FY 2012 TIF competitions?

No. An applicant is eligible to compete for FY 2012 TIF funds without meeting this or any other competitive preference priority. (See C-1.)

G-2. How many points may an applicant receive under Competitive Preference Priority 4?

Applicants may earn either 6 or 10 competitive preference priority points under Competitive Preference Priority 4, as follows:

- Points for New Applicants. Applications in which each participating LEA to be served by the project has not previously participated in a TIF-supported project will receive 6 competitive preference priority points.
- Points for Rural Applicants. Applications in which each participating LEA to be served by the project is a rural LEA will receive 10 competitive preference priority points.

- Points for Applicants that are New and Rural. Applications in which each participating LEA to be served by the project is both new and rural will receive the maximum of 10 competitive preference priority points.

For a group application to be eligible to receive points under this Competitive Preference Priority, the LEAs included in the application must be all rural, all new, or all rural and new.

G-3. What does it mean for an LEA to have "previously participated in a TIF-supported project" within the meaning of Competitive Preference Priority 4?

An LEA has previously participated in a TIF-supported project if it has participated in a previous or current TIF grant. For example, an LEA has previously participated if it was named in an application that was funded under a previous competition – even if the funded project did not move into full implementation or did not continue to receive funding throughout the entire performance period, or if the LEA did not directly benefit from its participation in the project. Similarly, an LEA has previously participated if it was named as a participating LEA after a TIF project's initial funding. In all these cases, the LEA's involvement in an application for FY 2012 TIF funding would make that application ineligible for the 6 competitive preference priority points available to new applicants under this priority.

G-4. How does an LEA qualify as a rural LEA for Competitive Preference Priority 4?

To be considered a rural LEA under Competitive Preference Priority 4, an LEA must meet the definition of "rural local educational agency" in the NIA.

G-5. How should an applicant that applies for FY 2012 funds provide the assurance required to meet Competitive Preference Priority 4?

We encourage an applicant to include this required assurance in its project narrative. It should be clearly labeled as "Assurance Required by Competitive Preference Priority 4." Additionally, each applicant should indicate the page on which this assurance appears in the Application Reference Chart included as part of its application. The Application Reference Chart is in Appendix 2 of the application package.

G-6. May a group application that includes an SEA or a nonprofit organization that was a previous or current TIF grantee receive the competitive preference priority points as a new applicant?

Yes, it may. This competitive preference priority does not depend on whether an SEA applicant or a nonprofit applicant previously participated in a TIF-supported project. It depends solely on whether any of the LEAs included in the FY 2012 application previously participated in a TIF-supported project.

G-7. May an application receive the competitive preference priority points as a new applicant if it includes an LEA that did not previously participate as a grantee in a TIF-supported project but one or more of the LEA's schools previously participated in such a project?

No. If one or more of an LEA's schools was served by a previous TIF grant, that LEA is deemed to have previously participated in a TIF-supported project. An LEA with schools that have so participated is ineligible for the competitive preference priority points as a new applicant under this Priority.

G-8. Will the competitive preference priority points for new applicants available under Competitive Preference Priority 4 depend on whether an LEA applicant has experience with key elements of the HCMS set forth in Absolute Priority 1 and the evaluation systems set forth in Absolute Priority 2?

No. Points for new applicants under Competitive Preference Priority 4 are based exclusively on whether the LEAs included in the application have previously participated in a TIF-supported project. However, whether an LEA applicant has experience with key elements of the HCMS set forth in Absolute Priority 1 and the evaluation systems set forth in Absolute Priority 2 will be relevant as reviewers assign points under some of the selection criteria, such as Selection Criterion (a)(2)(iii) and Selection Criterion (b)(4).

H. Competitive Preference Priority 5--An Educator Salary Structure Based on Effectiveness

H-1. Must an applicant implement a salary structure based on effectiveness to be eligible to receive an FY 2012 TIF award?

No. An applicant is eligible to compete for FY 2012 TIF funds without meeting this or any other competitive preference priority. (See C-1.)

H-2. What is the relationship between the proposed salary structure based on effectiveness and an applicant's proposed PBCS?

Under a salary structure based on effectiveness, effective educators will earn performance-based compensation through their salary. A third-year teacher, for example, may earn a higher salary than another third-year teacher if one teacher earned an overall evaluation rating of effective or higher and the other did not. Consequently, the salary structure itself is the mechanism through which the LEA provides, as least in part, performance-based compensation; as such, it is a component of the LEA's PBCS.

H-3. May the salary structure be designed to satisfy the requirements of either Design Model 1 or Design Model 2 in the PBCS definition?

Yes. To receive points under Competitive Preference Priority 5, an applicant must show that the components of its PBCS are reflected in the participating LEA's salary structure. Thus, an LEA that chooses PBCS Design Model 1 would offer different salaries based, in part, on whether a teacher or principal earned an overall rating of effective or higher. Under this model, while the LEA may use multiple qualities to determine an educator's salary, the salary differential between two similarly situated educators must be tied exclusively to the educators' overall evaluation ratings.

Similarly, an LEA that chooses PBCS Design Model 2 would offer different salaries based on whether an effective teacher accepts a career ladder position. Under this model, while the LEA may base salary levels on various qualities, the salary differential between two similarly situated teachers must be tied exclusively to the fact that one teacher (with the higher salary) is in a career ladder position and has an overall evaluation rating of effective or higher.

H-4. To receive points under Competitive Preference Priority 5, must an applicant embed all the mandatory components of Design Model 1 and Design Model 2 in the salary structure based on effectiveness?

No. To receive the competitive preference priority points, an applicant must show that performance-based compensation for both teachers and principals is a part of the salary structure based on effectiveness. Thus, an applicant that chooses Design Model 1 must embed in the salary structure a salary differential that provides additional compensation to teachers and principals who receive an overall evaluation rating of effective or higher. Such an applicant, however, would not need to embed in its salary structure the additional compensation for effective teachers who take on additional responsibilities and leadership roles. However, even if this mandatory component of the PBCS design model is not embedded in the salary structure, the LEA must somehow provide that component through its PBCS to meet Requirement 1.

To receive points under this Priority, an applicant that chooses Design Model 2 must embed in the LEA's salary structure both the career ladder component for teachers and one of the two alternative mandatory components for principals.

H-5. To earn any competitive preference priority points under this Priority, must an applicant show that the proposed salary structure contains certain specific components?

Yes. To earn any points under this competitive preference priority, an applicant must show that the salary structure based on effectiveness applies to both teachers and principals located in high-need schools listed in response to Requirement 3(a). Additionally, the applicant's proposed salary structure must include a timeline for implementation. The proposal must also describe the extent to which the proposed implementation of the proposed salary structure is feasible. These components are discussed in more detail below.

H-6. May an applicant receive some but not all of the competitive preference priority points available under Competitive Preference Priority 5, and, if so, on what basis will points be awarded?

Yes. Reviewers will use their professional judgment to assign points within the allowable range of 0 to 15. In assigning points, reviewers will consider a variety of factors. These factors might include the scope of the proposed salary structure, including the proportion of the LEA's educators who are eligible for the salary differential based on effectiveness and the size of the salary differential. Reviewers will also consider the extent to which the proposed implementation of the salary structure is feasible.

H-7. To meet paragraph (a) of Competitive Preference Priority 5, the applicant must describe "the extent to which and how each LEA will use overall evaluation ratings to determine educator salaries." How should an applicant meet this requirement?

The Department has not prescribed a single manner in which an applicant must respond to paragraph (a) of the Priority. The applicant's description of its use of evaluation ratings to determine educator salaries should help reviewers understand how the salary structure will work to determine salaries. While the details of any description will vary depending on the nature of the proposed salary structure, the description might include the following: the salary differential between educators with an overall evaluation rating of effective or higher and similarly situated educators who do not receive such ratings; how the salary differential will be calculated; and the educators to whom the salary structure will apply.

H-8. Paragraph (b) of Competitive Preference Priority 5 requires an applicant to describe "how each LEA will use TIF funds to support the salary structure based on effectiveness in the high-need schools listed in response to Requirement 3(a)." How should an applicant meet this requirement?

Under Requirement 6, TIF funds may be used only to support the costs of a proposed PBCS in the high-need schools listed in response to Requirement 3(a). Thus, in responding to paragraph (b), an applicant should indicate that it plans to use TIF funds to support the costs of the salary differential in the salary structure based on effectiveness only for educators in the high-need schools listed in response to Requirement 3(a). Applicants that propose to implement career ladder positions should describe how they propose to use TIF funds to support the salary costs for the proposed career ladder positions, given allowable uses of funds under Requirement 6. (See O-8.) An applicant should also include an estimate of what those costs will be and how the cost estimate was derived.

H-9. Paragraph (c) of Competitive Preference Priority 5 requires an applicant to describe "the extent to which the proposed implementation is feasible, given that implementation will depend upon stakeholder support and applicable LEA-level policies." How should an applicant meet this requirement?

The Department has not prescribed a single manner in which an applicant must respond to this component of the Priority. However, one possible response would be for an applicant to describe why it believes the proposed salary structure based on effectiveness is feasible. This description might indicate whether the proposed salary structure has received formal approval from the local school board. The applicant might also describe the key stakeholders in the LEA and whether they have formally approved the proposed structure or the process by which that approval will be obtained.

H-10. To receive competitive preference points under Competitive Preference Priority 5, must the revised salary structure operate LEA-wide?

No. An LEA's salary structure based on effectiveness is, at least in part, a component of its PBCS. Although an LEA may operate its PBCS on an LEA-wide basis, under the TIF FY 2012 competitions an LEA is required to operate its PBCS only in high-need schools listed in response to Requirement 3(a). Thus, to meet the requirements of Competitive Preference Priority 5, the revised salary structure must, at a minimum, provide performance-based salaries for effective educators in the high-need schools listed in response to Requirement 3(a).

H-11. To receive competitive preference points under Competitive Preference Priority 5, may the salary structure differentiate between effective educators who work in high-need schools and those that work in non-high-need schools?

Yes. For example, applicants may want to provide higher salary differentials for effective educators in high-need schools as a strategy to attract and retain these educators in those schools. (See R-4 and X-2.)

H-12. To receive competitive preference points under Competitive Preference Priority 5, may the salary structure provide a higher salary differential to effective teachers who teach hard-to-staff subjects than to effective teachers who do not teach such subjects?

Yes. The salary structure based on effectiveness must provide a salary differential between two similarly situated educators that is tied exclusively to the educators' overall evaluation rating. At its discretion, an applicant also may provide a salary differential for effective teachers of hard-to-staff subjects that is higher than the salary differential for effective teachers of other subjects. An LEA might want to use this "tiered differential" approach as one strategy to attract and retain effective teachers of hard-to-staff subjects in high-need schools.

H-13. Are there restrictions on the use of TIF funds to support the salary structure described in response to Competitive Preference Priority 5?

Yes. Any use of TIF funds must adhere to all requirements and restrictions described in Requirement 6. (See section O.) For example, Requirement 6 states that TIF funds may be used to support the costs of a proposed PBCS, including the performance-based salary differential generated by a salary structure based on effectiveness, only in the high-need schools listed in

response to Requirement 3(a). (See O-1.) Additionally, Requirement 6 restricts the amount of TIF funds that LEAs may provide teachers in career ladder positions or teachers who assume other types of additional roles and responsibilities. (See O-8.)

H-14. To earn competitive preference points under Competitive Preference Priority 5, when must the salary structure based on effectiveness be implemented?

Competitive Preference Priority 5 specifies that the proposed salary structure based on effectiveness must be implemented no later than in the fifth year of the grant's project period. However, to meet Absolute Priority 1, an applicant must implement its proposed PBCS in the high-need schools identified in Requirement 3(a) by the third year of the grant's project period. Thus, if the proposed timeline for implementing the proposed salary structure exceeds that deadline, the applicant must describe, under Requirement 1, a proposed PBCS that the LEA will implement until the proposed salary structure is implemented, which must be no later than the fifth year of the grant's project period.

H-15. May the year in which an educator earns the additional compensation provided by a PBCS be different than the year in which the LEA pays the additional compensation?

Yes. Educators earn performance-based compensation by receiving an overall evaluation rating of effective or higher. The year in which this rating is earned may be different than the year in which the additional compensation is paid. When LEAs provide performance-based compensation as a bonus, educators often receive their compensation in the fall following the year in which it is earned. When the PBCS is embedded in a salary structure based on effectiveness, the salary differential may be paid during the year following the year in which an educator earned the differential. Thus, if an applicant proposes to begin implementation of a salary structure based on effectiveness at the beginning of year 3 of the grant's project period, the first salary differentials may be paid in year 4.

H-16. May a group applicant earn competitive preference priority points under Competitive Preference Priority 5 if some, but not all, of the LEAs included in the application propose a salary structure based on effectiveness?

No. For a group application to receive points under Competitive Preference Priority 5, the applicant must propose to implement a salary structure based on performance in all of the LEAs that are members of the group.

I. Requirements

I-1. Must applicants meet the requirements set forth in the NIA to be eligible for funding under the FY 2012 competitions?

Yes. The Department therefore encourages applicants to follow these requirements carefully.

J. Requirement 1--Performance-Based Compensation for Teachers, Principals, and Other Personnel

J-1. What is the relationship between Requirement 1 and the PBCS definition?

To meet Requirement 1, an applicant must describe the PBCS it proposes to implement, and that description must be consistent with the components of the PBCS definition.

J-2. How can an applicant ensure that its PBCS conforms to the PBCS definition?

Applicants should carefully review the PBCS definition in the NIA, which sets forth the mandatory and the optional components of any PBCS for purposes of the FY 2012 TIF competitions. We also encourage applicants to read the extensive discussion of the PBCS definition and related requirements in the "PBCS" section of these FAQs. (See Section B.)

K. Requirement 2--Involvement and Support of Teachers and Principals

K-1. Under paragraph (a) of Requirement 2, applicants must include evidence that educators in each participating LEA have been involved and will continue to be involved in the development and implementation of the LEA's PBCS and evaluation systems. What kind of evidence would satisfy this part of Requirement 2?

Applicants have wide discretion in choosing the type of evidence to include in response to this part of Requirement 2. Applicants should note, however, that the requirement has several components:

- The evidence must show past involvement (up to the time the application is submitted) by teachers and principals in the development of both the PBCS and the evaluation systems described in the application.
- The evidence must also show that teachers and principals will continue to be involved in the implementation of the PBCS and evaluation systems if the application is successful.

To demonstrate past involvement in the development of the PBCS, the applicant might include a description of the PBCS design committee, the educators who were on the committee, and the minutes of the committee meetings. To show that educators will be involved on an ongoing basis in the educator evaluation systems and other aspects of the proposed project, an applicant might describe the organizational structures that each LEA would put in place to ensure that educators are routinely involved in decisions regarding the implementation of the PBCS and evaluation systems if the application is successful.

The quality of the educator involvement evidenced in the application will be evaluated under Selection Criterion (d)(1). Under that Selection Criterion, reviewers will consider the extent to which the evidence demonstrates that the involvement by educators in each participating LEA in the design of the PBCS and the educator evaluation systems has been extensive and will continue to be extensive. (See U-1.)

K-2. If a union is the exclusive representative of teachers or principals, may an applicant meet paragraph (a) of Requirement 2 by including evidence of union involvement, or must the applicant also show evidence of involvement by individual educators and the other organizations to which they belong?

Where a union is the exclusive representative either of teachers or principals, an applicant may meet this requirement by showing that the union was involved, and will continue to be involved, in the design of the PBCS and the underlying evaluation system. The applicant, in this situation, does not also need to show the involvement of individual teachers or principals or other non-union organizations. Note that, if there is a union for teachers, but not for principals, the applicant may meet this requirement by showing the involvement of the teachers' union, but it would also have to separately show the involvement of individual principals or principal organizations.

K-3. Paragraph (b) of Requirement 2 requires applicants to include a description of the extent to which the applicant has educator support for the proposed PBCS and educator evaluation systems. What kind of description would satisfy this part of Requirement 2?

This part of Requirement 2 would be met so long as the application includes a description of the extent of educator support. However, the quality and extent of the support described (e.g., the extent to which the application describes educator support in each participating LEA) will be evaluated and scored by the reviewers under Selection Criterion (d)(2). (See U-1.)

K-4. If a union is the exclusive representative of teachers or principals, may an applicant meet paragraph (b) of Requirement 2 by describing the extent of union support or must the applicant also describe the extent of support by individual educators and the other organizations to which they belong?

Where a union is the exclusive representative of teachers or principals, an applicant may meet paragraph (b) of Requirement 2 by describing the extent of union support. Note that if there is a union for teachers, but not for principals, the applicant may meet paragraph (b) of Requirement 2 by describing the support of the teachers' union, but it must also describe separately the support of individual principals or principal organizations.

K-5. If a union is the exclusive representative of teachers or principals, does an applicant's eligibility for funding require it to show that the union has been involved in and supports the development and implementation of the PBCS and evaluation systems described in the application?

No. Instead, it may show that individual teachers and principals have been involved in and support the development of these systems. However, peer reviewers, under Selection Criteria (d)(1) and (d)(2), will consider the extent to which educators have been involved and support the proposed PBCS and the evaluation systems. The lack of union involvement and support would be relevant when reviewers apply these Selection Criteria to an application involving an LEA in which educators are represented by unions. (See U-1.)

K-6. Paragraph (c) of Requirement 2 requires applicants to include a statement indicating whether a union is the exclusive representative of either teachers or principals in each participating LEA. How will this information be used?

This part of Requirement 2 will give reviewers the background information they need to assess the evidence submitted under paragraph (a) of Requirement 2 and the description included under paragraph (b) of Requirement 2. For example, if the evidence shows no union involvement or support in a particular LEA, reviewers will benefit from knowing whether a union represents teachers or principals in that LEA when they apply Selection Criteria (d)(1) and (d)(2).

K-7. If there is no union that is the exclusive representative of teachers or principals in one or more of the participating LEAs, must the application include the statement described in paragraph (c) of Requirement 2?

Yes. All applicants must include a statement indicating, for each LEA, whether a union is the exclusive representative of teachers or principals.

L. Requirement 3--Documentation of High-Need Schools

L-1. Do all "high-need schools" in an LEA need to be listed in the application in response to Requirement 3(a)?

No. In response to Requirement 3(a), applicants must list in their applications those "high-need schools" that will participate in the TIF-supported PBCS; whether to extend the PBCS to all of the LEA's high-need schools is a decision left to the applicant (or members of a group application). An applicant that is a current TIF grantee must not list any high-need schools that, under Requirement 7, are ineligible to participate in the PBCS funded under the FY 2012 competitions because they are served or to be served under another TIF grant. (See Section P.)

L-2. What is the definition of a "high-need school"?

As defined in the NIA, a "high-need school" is a "high-poverty school," a "persistently lowest-achieving school," or, in the case of States that have received the Department's approval of a request for ESEA flexibility, a "priority school." Thus, there are three types of high-need schools. See Questions L-4 through L-12 for more information about these types of schools.

L-3. Must all of the schools listed in response to Requirement 3 be the same type of "high-need school"?

No. So long as a school is any one of the three types of schools included in the definition of "high-need school," it may be listed in the TIF application in response to Requirement 3(a). Thus, for example, an applicant could include one school that is a "high-poverty school" and one school that is a "persistently lowest-achieving school."

L-4. What is the definition of a "high-poverty school"?

A "high-poverty school" is a school with 50 percent or more of its enrollment from low-income families, based on eligibility for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act or other poverty measures that LEAs use to determine school attendance areas under Title I, Part A of the ESEA. (See §1113(a)(5) of the ESEA, 20 U.S.C. §6313(a)(5)). For middle and high schools, eligibility may be calculated on the basis of comparable data from feeder schools. See Question L-5. Eligibility as a "high-poverty school" is determined on the basis of the most currently available data.

L-5. May feeder patterns be used to establish that a school is a "high-poverty school"?

Yes. As noted in L-4, applicants may calculate the percentage of students from low-income families at a middle or high school using poverty data from the elementary school attendance areas that feed into the middle or high school. Below is an example of how an applicant would use feeder patterns to calculate the poverty rate of a high school:

Feeder Elementary Schools	*Total Enrollment*	*Number of Low-Income Students*
School A	568	401
School B	329	207
School C	588	362
School D	836	427
Total	2,321	1,397

In this example, to calculate the average poverty rate of the high school into which the four elementary schools feed, divide the total number of low-income children attending these elementary schools by the total enrollment of the schools (1,397 ÷ 2,321). The average percentage of poverty in this example is 60.19%.

Other examples of how to calculate poverty rates using feeder patterns can be found in the response to question 10 of the non-regulatory guidance for the ESEA Title I program at http://www.ed.gov/programs/titleiparta/wdag.doc.

L-6. What evidence must an applicant provide to demonstrate that a school qualifies as a "high-need school" because it is a "high-poverty school"?

An applicant must identify the name of the school and the poverty rate of the school, using the most currently available data. If the school's eligibility is based on the poverty level of feeder schools, the applicant must identify the poverty levels of those feeder schools and how it determined that the high-need school in question qualifies on the basis of the poverty levels of those schools.

L-7. What is the definition of a "persistently lowest-achieving school"?

A "persistently lowest-achieving school" means, as determined by the State:

(a) Any Title I school in improvement, corrective action, or restructuring that —
(i) Is among the lowest-achieving five percent of Title I schools in improvement, corrective action, or restructuring or the lowest-achieving five Title I schools in improvement, corrective action, or restructuring in the State, whichever number of schools is greater; or
(ii) Is a high school that has had a graduation rate as defined in 34 C.F.R. § 200.19(b) that is less than 60 percent over a number of years;

and

(b) Any secondary school that is eligible for, but does not receive, Title I funds that —
(i) Is among the lowest-achieving five percent of secondary schools or the lowest-achieving five secondary schools in the State that are eligible for, but do not receive, Title I funds, whichever number of schools is greater; or
(ii) Is a high school that has had a graduation rate as defined in 34 C.F.R. § 200.19(b) that is less than 60 percent over a number of years.

To identify a "persistently lowest achieving school," a State must take into account both:

- The academic achievement of the ''all students'' group in a school in terms of proficiency on the State's assessments under section 1111(b)(3) of the ESEA in reading/language arts and mathematics combined; and
- The school's lack of progress on those assessments over a number of years in the "all students" group.

L-8. Where can an applicant find a list of the "persistently lowest-achieving schools" in its State?

Each State's list of approved persistently low-achieving schools can be found in the State's most recently approved School Improvement Grant (SIG) application. Approved State applications can be found on the Department's website at the link below: http://www2.ed.gov/programs/sif/index.html#map.

L-9. The approved State application for the SIG program includes a list of schools with different classifications. Which schools on the list are considered "persistently lowest-achieving schools"?

For the purposes of this priority, the Department considers schools that are identified as Tier I or Tier II schools under the School Improvement Grants Program (see Final requirements for School Improvement Grants authorized under section 1003(g) of Title I of the ESEA, 75 FR 66363 (October 28, 2010)) as part of a State's approved applications to be persistently lowest-achieving schools. These Tier I and Tier II schools can be found on the Department's web site at http://www2.ed.gov/programs/sif/index.html.

L-10. What evidence must an applicant submit to demonstrate that a school qualifies as a "high-need school" because it is a "persistently lowest-achieving school"?

An applicant must identify the name of the school and indicate that it is one of the State's "persistently lowest-achieving schools."

L-11. What is the definition of a "priority school"?

The NIA defines a "priority school" as "a school that has been identified by the State as a priority school pursuant to the State's approved request for ESEA flexibility."

L-12. What evidence must an applicant submit to demonstrate that a school qualifies as a "high-need school" because it is a "priority school"?

An applicant must submit documentation verifying that the school has been identified by the State as a priority school. This documentation could consist, for example, of a letter from the SEA that identifies the school as a "priority school."

L-13. Where in the application should an applicant provide the evidence that a school is a "high-need school"?

The evidence should be included as part of a narrative attached to the "Other Attachment Form" in Grants.gov. It should be labeled clearly as "Documentation of High-Need Schools."

M. Requirement 4--SEA and Other Group Applications

M-1. Is there any circumstance under which an SEA may apply on its own for FY 2012 TIF funds?

No. Paragraph (c) of Requirement 4 establishes that an SEA may only apply for TIF funds under the FY 2012 competitions with at least one LEA from the same State as the SEA. An SEA that does not include in its application at least one participating LEA from the same State is not eligible to apply for TIF funds.

M-2. Is there any circumstance under which a nonprofit organization may apply on its own for FY 2012 TIF funds?

No. Paragraph (b) of Requirement 4 provides that a nonprofit organization must apply in a partnership that includes one or more LEAs. Such a partnership application is a type of group application. The partnership's group application may also include an SEA; the decision whether to include the SEA is left to the nonprofit organization and the LEA(s) with which it proposes to partner.

M-3. What is a group application and what entities must apply as part of a group application?

See A-4.

M-4. What are the possible combinations of eligible entities that may be included in any group application?

There are four different combinations of eligible entities that can be included in any group application. These four combinations are indicated on the Application Reference Chart form, which is included in the application package. These combinations are as follows:

- Two or more LEAs
- One or more SEAs and one or more LEAs
- One or more nonprofit organizations and one or more LEAs (no SEA)
- One or more nonprofit organizations and one or more LEAs and one or more SEAs

M-5. What entity may serve as the fiscal agent for a group application, including a partnership application?

The fiscal agent for a group application, including a partnership application, may be an SEA, an LEA, or a nonprofit organization.

M-6. In a group application, is the lead applicant (i.e., the group member that submits the TIF application) also the fiscal agent?

Yes. Paragraph (d)(2) of Requirement 4 refers to the "lead applicant." This is the group member that submits the application on behalf of the group. Section 75.129(a) of EDGAR (34 C.F.R. §75.129(a)) provides that the applicant for a group (i.e., the "lead" applicant) is legally responsible for, among other things, (1) the use of all grant funds, and (2) ensuring that the project is carried out by the group in accordance with Federal requirements. Thus, the lead applicant is also the fiscal agent.

M-7. Must each LEA that is included in a group application meet Absolute Priorities 1 and 2 and the other requirements of the NIA?

Yes.

M-8. Paragraph (e) of Requirement 4 states that each entity in a group application is considered a grantee if that application is funded. What does this mean?

This means that each member of the group is responsible for meeting the obligations of the grant, as stated in the group application. These obligations include compliance with all of the recordkeeping, fiscal management, evaluation, and related requirements contained in Department regulations applicable to grantees. These obligations also include the obligation to comply with the assurances and representations made in the grant application, including the Memorandum of Understanding (MOU) or other binding agreement under paragraph (d) of Requirement 4 of the NIA.

M-9. Do all members of a group application, including a partnership, have to sign the MOU or similar binding agreement under Requirement 4 of the NIA?

Yes. All members of a group application must enter into an MOU or similar binding agreement that details the roles and responsibilities of each member organization.

M-10. What official(s) must sign the MOU that must be included in any group application?

The person who signs the MOU for each group member is the same official who would be authorized by the group member to apply for a Department grant on behalf of the group member alone.

M-11. What will happen if a group application does not include an MOU or other binding agreement under paragraph (d) of Requirement 4?

Because this is a requirement, a group application that does not include an MOU or other binding agreement would be ineligible for funding.

M-12. In addition to including an MOU or other binding agreement in its application, are there other application requirements that apply specifically to group applicants?

Yes. Group applicants should carefully review Appendix I of this document, and the FAQs referenced there, to identify the other requirements that specifically apply to group applicants.

M-13. In the case of a group application, what official must sign form SF-424, which must be included in any TIF application?

An authorized official of the group member that submits the application on behalf of the group (i.e., the lead applicant) must sign form SF-424. Officials of the other members of the group are not required to sign this form. The authorized official of the lead applicant is the same official who would be authorized by that entity to apply for a Department grant on behalf of the lead applicant alone. (See M-10 for the official who is to sign the group's MOU.)

N. Requirement 5--Submitting an Application for One Competition

N-1. How will an applicant indicate whether it is applying to the General TIF Competition or the TIF Competition with a Focus on STEM?

As indicated in the application package, the Department is using different CFDA numbers for each competition. The CFDA number 84.374A is for the General Competition, and the CDFA number 84.374B is for the TIF Competition with a Focus on STEM.

When applying, applicants must submit their applications in Grants.gov by selecting the CFDA number for the competition for which they wish to apply. Those that submit an application under 84.374A will be considered for the General TIF Competition, and those that submit an application under 84.374B will be considered for the TIF Competition with a Focus on STEM.

The Department has designed the application to allow applicants to confirm their competition choice within their application. For example, the application package indicates that applicants should state their competition choice in the Project Abstract section of the application.

N-2. May an eligible entity apply to the General TIF Competition as part of one group application and the TIF Competition with a Focus on STEM as part of another group application?

Under Requirement 5, LEAs may apply to only one competition. Furthermore, for whichever competition it chooses, an LEA can be part of only one application.

SEAs may apply to both competitions, but, for each competition, they may apply as part of only one group application. Because an LEA can only submit one application, the LEAs included in any group application for one competition must be different than the LEAs included in the group application for the other competition.

Nonprofit organizations may apply to both competitions as part of different group applications. Additionally, for each competition, nonprofit organizations may be part of more

than one group application. However, because an LEA may submit only one application, the LEAs included in one such group application must be different than the LEAs included in any other such group application.

N-3. What is the difference between the General TIF Competition and the TIF Competition with a Focus on STEM?

See F-2.

N-4. If an applicant applies to the TIF Competition with a Focus on STEM but either fails to meet Absolute Priority 3 or is not recommended for funding under that competition, will its application automatically be considered for funding in the General Competition?

No.

N-5. Should applicants to the General TIF Competition address Absolute Priority 3 -- either as a mandatory eligibility requirement or as a discretionary option?

No. Applicants to the General TIF Competition should not address Absolute Priority 3.

O. Requirement 6--Use of TIF Funds to Support the PBCS

O-1. How may TIF funds be used?

TIF funds may be used to support the costs of performance-based compensation and related professional development in the high-need schools identified under Requirement 3(a). TIF funds may not be used to provide performance-based compensation or related professional development in schools that are not identified in response to Requirement 3. TIF funds may also be used to pay costs that are reasonable and necessary to develop and improve systems and tools that support the PBCS and benefit the entire LEA (see O-2 to O-5) as well as the costs of project administration.

Professional development is "related" to the performance-based compensation if it is designed to address the educator needs that have been identified through the evaluation systems described in the application.

O-2. May an applicant propose to use TIF funds to develop, refine, or adopt systems for measuring student growth?

Yes. This use of TIF funds fits squarely within the rule expressed in Requirement 6 under which TIF funds can be used to develop or improve systems and tools that support the PBCS and benefit the entire LEA. Where new assessment tools may be needed to measure student achievement, applicants should consider LEA capacity, costs, and the project timeline when

determining whether to adopt readily available, valid, and reliable instruments, rather than develop new assessment tools.

O-3. May an SEA applicant use TIF funds to develop or improve systems and tools that support a participating LEA's PBCS and benefit the entire LEA?

Yes. An SEA may use TIF funds to develop or improve State-level systems and tools that support the PBCS in any participating LEAs. However, under U.S. Office of Management and Budget (OMB) cost principles related to allocating costs among grant programs or cost objectives that benefit from them, TIF funds can only be used to pay for that proportion of the total costs that directly benefit the LEAs participating in the TIF-supported project.

O-4. Can TIF funds be used for the <u>implementation</u> of systems and tools that support the PBCS?

It depends. The use of TIF funds for the <u>implementation</u> of such systems and tools is allowable only with regard to high-need schools identified in the application in response to Requirement 3(a) for participating in the TIF-supported PBCS. However, TIF funds may be used to develop and improve systems and tools that, in supporting the PBCS, may benefit the entire LEA. (See O-1.) The development or improvement of systems and tools may include costs such as license fees or evaluation observers as long as those costs are reasonable and necessary for the development or improvement of the systems and tools, prior to implementation.

For example, the costs of the evaluation systems may be considered development and improvement costs up to the first year of LEA-wide implementation. From the beginning of the first year of LEA-wide implementation, these costs may not be considered development or improvement costs for purposes of the TIF program. They would be considered implementation costs, which TIF funds may not support on an LEA-wide basis. However, under OMB cost principles related to allocating costs, TIF can support only the proportion of the total implementation costs that benefit the high-need schools identified in response to Requirement 3.

O-5. May TIF funds be used to support the salary costs of an LEA's central office staff who are responsible for areas of the HCMS described in the application?

It depends. TIF funds may be used to support the salary costs of central office staff who administer and implement the PBCS in the high-need schools identified in response to Requirement 3 as well as its links to the LEA's HCMS, including: the systems and tools that support the PBCS and the processes the LEA uses to act on the information generated by these systems and tools, for example, when awarding performance-based compensation.

In keeping with the general principles stated above, TIF funds may be used for salary costs needed to make proposed modifications to an LEA's HCMS, where such salary costs are reasonable and necessary for the development or improvement of systems and tools that support the PBCS. In every LEA, a large number of central office staff will be directly involved in the LEA's

HCMS, but only a limited number of individuals will be involved in the development or improvement of systems and tools that support the PBCS. Further, as TIF funds may be used for the development and improvement of systems and tools that support the PBCS and benefit the entire LEA, but not for the LEA-wide implementation of such systems and tools, salary costs related to the implementation of such systems and tools are also subject to the cost allocation principles described in O-4.

O-6. Is there a minimum or maximum amount of performance-based compensation that a grantee must provide to effective educators as part of its PBCS?

No. See B-11.

O-7. Are there restrictions on the use of TIF funds for the additional compensation provided under a proposed PBCS in the high-need schools identified in the application in response to Requirement 3(a)?

Under cost principles generally applicable to Federal grants, all costs supported with grant funds must be reasonable and necessary. Because the TIF program gives applicants wide discretion in establishing the amount of performance-based compensation that effective educators will receive, the Department does not anticipate that these cost principles would conflict with the amount of compensation a grantee determined to be appropriate. However, they could come into play if the incentive amounts were so high as to be deemed "unreasonable" or “unnecessary.”

O-8. Are there any specific restrictions on the amount of additional compensation that LEAs may provide teachers in career ladder positions or teachers who assume other types of additional roles and responsibilities under a TIF-supported PBCS?

Yes. Under Requirement 6, applicants may propose to use TIF funds to support the cost of full-time salaries for teachers in career ladder positions in the high-need schools listed in response to Requirement 3(a). However, TIF funds may support only the cost of up to one full-time equivalent career ladder position for every 12 teachers who are not in a career ladder position in the high-need schools listed in response to Requirement 3(a).

For example, if there are 48 classroom teachers who are not in career ladder positions in the participating high-need schools, TIF funds may be used to support the full-time salary of up to 4 career ladder positions. This approach is designed to give an LEA flexibility to design its program of additional responsibilities and leadership roles using only full-time career ladder positions, only part-time positions, or some combination of both, as it deems appropriate to implement either PBCS Design Model 1 or Design Model 2.

In the example given above, TIF funds could support 4 full-time master teacher positions, or 2 full-time positions and 4 half-time positions, or an equivalent combination. Further, this limitation applies to the additional compensation for both career ladder positions and for

additional responsibilities and leadership roles in the high-need schools listed in response to Requirement 3(a).

P. Requirement 7--Limitation on Using TIF Funds in High-Need Schools Served by Existing TIF Grants

P-1. Does Requirement 7 make current TIF grantees ineligible to receive a TIF grant under these competitions?

It depends. Under Requirement 7, each applicant must provide an assurance that any grant funds provided under the FY 2012 competitions will only be used to implement the PBCS in high-need schools that are not served, as of the beginning of the FY 2012 grant's project period or as planned in the future, by an existing TIF grant. Thus, if all the high-need schools in an LEA are already being served (or will be served) by a current TIF grant as of the beginning of the FY 2012 TIF grant project period (October 2012), that LEA would not be eligible to receive funds under these competitions. Current TIF grantees with one or more high-need schools that are not served (and will not be served) by the current grant as of the beginning of the FY 2012 TIF grant project period (October 2012) would be eligible to receive funds under these competitions.

P-2. How should an applicant that applies for FY 2012 funds provide the assurance required under Requirement 7.

An applicant should include this assurance in its project narrative. It should be clearly labeled as "Assurance Required by Competitive Preference Priority 7." Additionally, each applicant should indicate the page on which this assurance appears in the Application Reference Chart included as part of its application. The Application Reference Chart is in Appendix 2 of the application package.

P-3. What is the relationship between Requirement 7 and the high-need schools identified in the TIF application in response to Requirement 3?

Under Requirement 3(a), applicants must list each of the high-need schools that will participate in the proposed TIF-funded PBCS. The list submitted under Requirement 3 must not include any schools that are served, as of the beginning of the new grant project period or as planned in the future, by an existing TIF project.

Q. The Selection Criteria

Q-1. Do all the selection criteria apply to both competitions--the General Competition and the TIF Competition with a Focus on STEM?

No. Selection Criteria (a) through (f) apply to both competitions. However, applications for the TIF Competition with a Focus on STEM will also be evaluated under Selection Criterion (g), but applications for the General Competition will not.

Q-2. How will applications be reviewed?

The Department will first screen applications to determine which applications should and should not be forwarded to reviewers based on the adequacy of the applications' response to the absolute priorities and eligibility and other requirements established by the NFP. (For the convenience of applicants, all priorities, requirements, and definitions included in the NFP are repeated in the NIA.)

The Department intends to use independent reviewers from various backgrounds and professions with relevant expertise. These reviewers will use their professional judgment to evaluate and score each application based on the selection criteria.

Q-3. Will an applicant receive its scores and reviewer comments after the competitions are completed?

Yes. Both funded and unfunded applicants will receive a copy of the technical review forms completed by the peer reviewers on their applications. Individual reviewer names are deleted from the forms to preserve confidentiality.

Q-4. Will the reviewers be asked to read every part of each application?

Yes. To facilitate the review, the Department encourages applicants to carefully follow the directions in the application package. Applicants should pay particular attention to the flow of the narrative and correctly label all attachments.

R. Selection Criterion (a)--A Coherent and Comprehensive Human Capital Management System (HCMS)

R-1. Under Selection Criterion (a)(2)(ii), is there a particular type or number of human capital decisions for which educator effectiveness ratings should be considered, at least in part?

Generally, no. However, at a minimum, each LEA must base TIF-funded performance-based compensation and professional development in high-need schools on educator effectiveness ratings. (See D-5.) The Department encourages applicants to consider basing, at least in part, a range of additional human capital decisions on educator effectiveness ratings. In the application, each participating LEA should describe and justify its plans for using educator effectiveness ratings in making human capital decisions.

R-2. Under Selection Criterion (a)(2)(ii), is there a particular weight that LEAs should give educator effectiveness when they make human capital decisions?

The Department does not expect LEAs to develop a quantitative formula for including educator effectiveness in each human capital decision. However, for those human capital decisions for which the LEA considers, at least in part, educator effectiveness, the applicant should describe the level of significance it gives, or plans to give, to educator effectiveness. It should also clearly justify why the applicant believes the level of significance is appropriate**.** In making educator compensation decisions in high-need schools under the LEA's proposed PBCS, educator effectiveness, of course, must be a decisive factor.

R-3. In responding to Selection Criterion (a)(2)(iv), how may an applicant show the commitment of LEA leadership in implementing the HCMS and its component parts?

An applicant can provide evidence of commitment in a variety of ways: For example, the application can include evidence that district leadership, including the Superintendent and the local Board of Education, have been heavily involved, and plan to be heavily involved, in the development of the new evaluation systems, the HCMS, and the PBCS. The proposed organizational structure of each participating LEA might also provide evidence of leadership commitment. For example: Does responsibility for implementing the HCMS activities rest with senior leaders? Do these senior leaders have the staff and resources they need to fulfill their responsibilities? Is there a structure in place to ensure effective and ongoing communication among the various offices that will carry out the HCMS? Is there an LEA plan for ongoing communication to key stakeholders during the course of the grant project period?

R-4. When reviewing Selection Criterion (a)(2)(v), how will the Department determine if the strategies and incentives proposed by the applicant are adequate to attract and retain effective educators to work in high-need schools?

Peer reviewers will use their professional judgment in determining whether the strategies and incentives described in the application are adequate to attract and retain educators to work in high-need schools. By the terms of the Selection Criterion itself, they will consider both financial and nonfinancial strategies and incentives. For example, a nonfinancial strategy to attract and retain teachers might be to reduce the teaching schedule of teachers in high-need schools. Properly managed, a reduced class load would give teachers increased time to plan, to participate in professional development with their colleagues, and to outreach to parents. Nonfinancial incentives might also include special efforts to enhance a school's cultural climate.

While applicants are encouraged to describe all the strategies they have developed to attract and retain effective educators, TIF funds may not support costs that are unrelated to the PBCS. With comprehensive strategies and incentives, both TIF-supported and non-TIF-supported, an LEA can leverage its resources to achieve the goal of attracting and retaining effective educators in high-need schools.

Reviewers will consider whether, in the aggregate, the strategies and incentives described by an applicant are adequate to achieve that goal. One relevant consideration will be the nature of the strategies or incentives. Another will be the size and scope of the strategies and incentives.

In the case of the financial incentives provided by the PBCS, the Department encourages applicants to select incentive amounts that are high enough to create change in the practice of the current and prospective teachers and principals. Similarly, applicants should select incentive amounts that educators will perceive as a sincere recognition for the important work they do. An applicant might consider factors such as cost of living, labor statistics, and relevant research studies, among others, when providing a rationale for the chosen incentive amounts.

S. Selection Criterion (b)--Rigorous, Valid, and Reliable Educator Evaluation Systems

S-1. For purposes of Selection Criterion (b)(1), what is an evaluation rubric?

An evaluation rubric describes all the various pieces that make up the educator evaluation system, and how the LEA will use each piece to generate an overall evaluation rating. An evaluation rubric describes the degree to which observation scores, the student growth score, and the additional factors will be considered in determining the educator's overall rating.

Applicants should discuss each of its educator evaluation systems (e.g., the one for teachers and the one for principals) when responding to Selection Criterion (b)(1).

S-2. How can an applicant demonstrate that it has finalized a high-quality evaluation rubric when responding to Selection Criterion (b)(1)?

In determining the extent to which an LEA's educator evaluation rubric is finalized, the Department will assess the extent to which all the pieces of the evaluation rubric are in place. An applicant may demonstrate a finalized high-quality evaluation rubric in a variety of ways, such as by discussing the components of the rubric and providing documentation of the rubric itself. Applicants may also provide such items as: evidence of a school board vote approving the rubric, educator guides explaining the rubric, and/or a bargaining agreement that includes or references the rubric. As noted in Selection Criterion (b)(1), the rubric must have at least three performance levels.

S-3. For purposes of Selection Criterion (b)(2)(ii), what should an applicant consider in providing evidence demonstrating the comparability of assessments used to determine student growth?

Selection Criterion (b)(2)(ii) will be used to judge an applicant's response to the requirement in the definition of "student growth" that the assessments used to measure the change in student achievement be rigorous and comparable across schools within an LEA. This

requirement applies for all assessments measuring a change in student achievement, and not just those assessments measuring change in a subject or grade level under section 1111(b)(3) of the ESEA. The Department has not prescribed a single manner in which an applicant must respond to this component of the selection criterion. For example, for teachers teaching the same subject and the same grade level, an applicant may want to describe the evidence that the content and rigor of the assessments used in one school are comparable to the content and rigor of the assessments used in another school in the district. Another example might be for teachers teaching the same subject at different grade levels, an applicant may want to describe the evidence that the rigor of the assessments is comparable from one grade level to another. Moreover, since the measures used to evaluate teacher performance should be comparable regardless of what grade or subject a teacher teaches, an applicant may want to address the extent to which evidence shows that the rigor of the assessments is comparable across content areas and grade levels. There may be other ways in which an applicant may want to address the comparability of assessments. Reviewers will consider the quality of the evidence provided and the ways that an applicant considers the comparability of its assessments.

S-4. Selection Criterion (b)(3) evaluates "each [LEA's] substantial progress in developing a high-quality plan for multiple teacher and principal observations." How much progress is considered "substantial?"

Selection Criterion (b)(3) enumerates several factors that should be included in the high-quality plan for observations: identification of the persons, by position and qualifications, who will be conducting the observations, the observation tool, the events to be observed, the accuracy of raters in using observation tools, and the procedures for ensuring a high degree of inter-rater reliability. Peer reviewers will use their professional judgment to determine if an applicant has addressed all or most of the factors, in a high-quality way, for both teacher and principal observations, and thus has made substantial progress in developing the plan.

S-5. To what extent must an educator's overall evaluation rating be based on student growth in order for student growth to be considered significant?

When applying Selection Criterion (b)(5)(i) and (6)(i), reviewers will consider the extent to which a teacher's and principal's overall evaluation rating is based, in significant part, on student growth. The Department has not defined what amount of the overall rating must be based on student growth in order for it to be "significant." If an LEA gives the student growth component of the evaluation rubric a percentage weight in deriving the overall evaluation rating, the applicant should justify why it believes that percentage is significant. If an LEA does not use a percentage weight approach, the LEA should explain the approach it uses and how the student growth component is a significant factor in deriving the overall rating. One way an applicant can show that student growth is a significant factor in deriving the overall rating is to explain the impact various levels of student growth would have on the overall rating. (See E-12.)

T. Selection Criterion (c)--Professional Development Systems to Support the Needs of Teachers and Principals Identified Through the Evaluation Process

T-1. Does Selection Criterion (c) apply only to the plan for professional development for educators in high-need schools?

Selection Criterion (c) only applies to an LEA's professional development plan for educators in the high-need schools that the applicant lists in its application in response to Requirement 3(a). When responding to Selection Criterion (c)(1), applicants should describe how the LEA will use data from the educator evaluation systems to inform and plan professional development for both teachers and principals.

However, the Department recognizes that LEAs should also have a high-quality professional development plan for their entire district that aligns with the LEA's vision of instructional improvement. In responding to Absolute Priority 1, an applicant may want to describe how professional development fits into the LEA-wide HCMS. This broader system, however, is relevant to Selection Criterion (a).

U. Selection Criterion (d)--Involvement of Educators

U-1. In responding to Selection Criterion (d), how can an applicant show the quality of educator involvement in, and support of, the design of the proposed PBCS and evaluation systems?

The quality of educator involvement is based, in part, on the extent to which teacher and principal involvement has been and, in the future, will be, extensive. For example, evidence of extensive involvement may include evidence that the LEA conducted a number of focus groups with educators during the design phase.

The quality of educator involvement is also based, in part, on evidence that educators support the PBCS and the educator evaluation systems. One way an LEA may show strong support of the PBCS is through a vote in support of the PBCS within the schools that will implement it. Another way an LEA may present strong support is through a letter from its teacher and/or principal union (where one exists) outlining its support for each element of the PBCS and educator evaluation system. The relevance of such a letter will depend on whether the application indicates, under paragraph (c) of Requirement 2, that a union is the exclusive representative of teachers or principals. (See Section K.)

V. Selection Criterion (e)--Project Management

V-1. In responding to Selection Criterion (e)(1), must the applicant already have the key personnel on staff when it submits the TIF application?

No. The application should clearly articulate the roles and responsibilities of the positions that will carry out the project. Reviewers will use their professional judgment to determine whether the proposed staffing of the project is reasonable, and whether the staffing plan proposed by the applicant will achieve the timelines specified in Selection Criterion (e)(5).

V-2. Does the Department expect the project to have a full-time project director when allocating human resources and budgeting costs?

Not necessarily. The Department expects an applicant to allocate human resources to the project that align with the project activities, tasks and goals to be achieved during the grant period.

V-3. In responding to Selection Criterion (e)(5), does the Department expect the timelines to meet certain deadlines?

Yes. As part of the management plan, the applicant must propose timelines for (1) implementing the components of the HCMS, PBCS, and educator evaluation systems, including any proposal to phase in schools or educators, and (2) successfully completing project tasks and achieving objectives. These timelines must meet or exceed the timeline requirements within Absolute Priority 1 and Absolute Priority 2. For example, under Absolute Priority 1, the PBCS in high-need schools identified in the application in response to Requirement 3(a) must be in place by year 3 of the grant project period. Under Absolute Priority 2, the educator evaluation systems must be implemented LEA-wide no later than the beginning of year 3 of the grant's project period. (See D-9 and E-17.)

W. Selection Criterion (f) Sustainability

W-1. In responding to Selection Criterion (f)(1), may applicants propose to use non-TIF Federal funds as part of their contribution of non-TIF resources to support the PBCS and educator evaluation systems during and after the grant period?

Yes. In identifying and committing non-TIF resources to the project, an applicant may propose to use non-TIF Federal funds to carry out activities and tasks associated with the TIF project. An applicant should pay particular attention to the allowable uses of any non-TIF Federal dollars they plan to put toward the TIF project to ensure that they may be used for TIF activities. For example, LEAs may choose to spend their ESEA Title II-A funds on providing professional development to educators based on their evaluation results because professional development in core academic subjects is an allowable use of these Federal funds. Under EDGAR sections

74.23(a)(4) (for nonprofit organizations) and 80.24(a) (for SEAs and LEAs) (34 C.F.R. § 74.23(a)(4) and 80.24(a)) , non-TIF contributions must generally be used for services and activities that would be allowable if charged to TIF funds.

X. Selection Criterion (g) Comprehensive Approach to Improving STEM Instruction

X-1. Are the financial and nonfinancial strategies and incentives for the TIF Competition with a Focus on STEM different from those for the TIF General Competition?

No. Like applicants for the General TIF Competition, an applicant to the TIF Competition with a Focus on STEM should develop a set of incentives that will achieve the outcomes and goals of the project. Because applicants applying to the TIF Competition with a Focus on STEM must include in their application an emphasis on improving educator effectiveness in STEM instruction, they should ensure that the financial and nonfinancial strategies and incentives proposed are adequate for attracting effective STEM educators.

X-2. What are examples of nonfinancial strategies and incentives for attracting effective STEM educators to work in high-need schools?

Selection Criterion (g)(1) does not require that the nonfinancial incentives for STEM educators be different from those proposed under Selection Criterion (a)(2)(v)--A Coherent and Comprehensive Human Management Capital System (HMS); however, the nonfinancial incentives proposed (in combination with the financial incentives provided through the proposed PBCS) must be adequate for attracting effective STEM educators. Also, as Selection Criterion (g)(3) encourages applicants to incorporate non-TIF funds in the implementation of their comprehensive plan, it is likely that some nonfinancial incentives will be supported by non-TIF funds. Examples of such nonfinancial incentives may include: working condition improvements, opportunities to collaborate with other STEM educators, and increased access to high-quality instructional resources and materials.

X-3. In Selection Criterion (g)(2)(b), regarding the quality of an applicant's plan for improving educator effectiveness in STEM instruction, what is meant by proposed professional development opportunities that enable STEM teachers to provide students in high-need schools with "rigorous and engaging STEM coursework appropriate for students' grade levels, including college-level material in high schools"?

The Department has not prescribed a single manner in which an applicant must respond to Selection Criterion (g)(2)(b). However, in responding to this criterion, applicants might describe how their proposed professional development opportunities will enable STEM teachers at the secondary level to offer courses with advanced or college-level coursework – such as Advanced Placement, International Baccalaureate, and dual enrollment courses – that were previously unavailable or less available to students in high-need schools. Applicants might also describe how

their proposed professional development and other plans will enable high-need schools to offer enriched or advanced STEM instruction at the elementary level.

X-4. What evidence should applicants provide to demonstrate, in response to Selection Criterion (g)(3), that it will significantly leverage Federal, State, and local STEM program funds to implement a high-quality and comprehensive STEM plan?

The Department has not prescribed a single manner in which an applicant must respond to Selection Criterion (g)(3). However, in responding to this criterion, applicants might, for example, choose to: describe the portions of the comprehensive STEM plan that will be supported by local, State, and Federal dollars; provide in their narrative a listing of the local, State, and Federal programs that will be utilized; describe how using funds from other sources will enable the applicant to implement a more comprehensive plan than what TIF alone could support, given the restrictions under Requirement 6; or describe the proportion of the comprehensive plan that will be supported by non-TIF dollars.

X-5. To receive a strong score under Selection Criterion (g)(4), does an applicant need to have fully developed relationships with STEM experts and resources in industry, academic institutions, or associations, or may its relationships with STEM experts and resources still be in the planning phase at the time of application?

We anticipate that an applicant may receive a strong score regardless of whether its relationships with these kinds of experts and resources are fully developed or are in the planning stages. In addressing this criterion, applicants are encouraged either to provide evidence that they already have fully developed relationships or to provide evidence that future relationships will be developed, given current outreach efforts.

Y. Budgets

Y-1. What is the budget period for TIF grants?

Under the TIF grant program, awards are made for up to a 60-month performance period. However, awards are made for a single budget period at a time, and that period is typically 12 months.

Following the initial award, any subsequent award of funds is contingent on the level of Congressional appropriations for TIF and a grantee's satisfactory performance under the grant. These subsequent awards are known as "continuation awards."

Y-2. On the SF-424 form, under "Estimated Funding," what amount should an applicant enter -- the budget request for the first 12 months of the project or for the entire 60-month period?

An applicant should enter the amount of its budget request for the first 12 months of its project**.**

Y-3. May an applicant request an annual award amount that increases over time? For example, may an applicant request $1 million in Year 1, $5 million in Year 2, and $8 million in Year 3 as the project expands to reach full implementation of the LEA-wide evaluation system in year 3?

Yes. An applicant may submit a request for increasing award amounts in succeeding budget years and explain the basis for its proposed budgetary increases in its budget narrative. However, an applicant should bear in mind that the Department's ability to make awards in years following the initial budget period (i.e., continuation awards) will depend, in part, on the size of future Congressional appropriations for the TIF program. Applicants that request increasing award amounts in succeeding budget years should plan on the possibility that out year costs may not be fully funded. Additionally, an applicant should consider the impact of increasing its budget request each year on the sustainability of its proposed project once the grant's project period ends particularly in view of the fact that Selection Criterion (f) concerns the quality of the applicant's plan to sustain the project after the project period ends.

Y-4. Are TIF applicants required to secure matching funds?

No. There is no specific match requirement in the FY 2012 competition. However, during the application review process, reviewers will consider the significance of an applicant's proposed contribution of non-TIF funds or in-kind resources when evaluating an applicant's sustainability plan (Selection Criterion (f)). Applicants should clearly set forth in the budget narrative the amount of non-TIF funds or in-kind resources they are committing to the project for each budget year, the costs these funds will support, and the source of the non-TIF funds that will be contributed. If the non-TIF funds are non-Federal, those funds should also be reflected in section B of ED Form 524. If the non-TIF funds are Federal, the applicant should include in the budget narrative section of the application a table that clearly describes, by year, the source, amount, and proposed use of any non-TIF Federal funds that the applicant proposes to contribute to the proposed TIF project.

Y-5. When an applicant commits non-TIF funds to the proposed project, does this create a legal obligation to fulfill the commitment?

Yes. Section 75.700 of the Education Department General Administrative regulations (EDGAR) (34 C.F.R. 75.700) requires each grantee to comply with the content of its approved application. Therefore, if an application is approved, the grantee is responsible for fulfilling the commitment of non-TIF funds or in-kind resources set forth in Section B of ED Form 524 included in its application and any commitment of non-TIF Federal funds identified in the application. (See Y-4.) Grantees are required to meet these commitments and to report on the extent to which they have been met in their annual performance reports.

Y-6. What should be included in the budget narrative?

As explained in the application package, an application should include two budget narratives. One narrative should provide a detailed description of how the applicant plans to use its requested TIF grant funds. The second narrative should provide a detailed description of how the applicant plans to use its commitment of non-TIF funds or in-kind resources.

The budget narrative should be of sufficient scope and detail for the Department to determine if the costs are necessary, reasonable, and otherwise allowable, and for the reader to understand how the applicant proposes to use Federal and non-Federal funds to support the proposed project. For further guidance on Federal cost principles, an applicant may wish to consult the applicable Office of Management and Budget (OMB) Circulars: OMB Circular A-87 (for SEAs and LEAs) and A-21 (for nonprofit organizations). (To review these Circulars, go to www.whitehouse.gov/omb/circulars.)

Additionally, the "Budget Narrative" section of the application package provides extensive detail, including examples, on how an applicant might present the assumptions on which the proposed performance-based compensation costs are based.

Y-7. In the case of a group application, how should the budget describe and value any materials and services that would be provided by a group member?

If a group member plans to contribute services or materials as part of the project's contribution of non-TIF resources, the value of these services or materials should be indicated in Section B of ED Form 524. The value of these services or materials should be calculated according to provisions of EDGAR (§80.24 for LEA and SEA contributions and §74.23 for non-profit organizations) and cost principles in applicable OMB Circulars. (See Y-6 for the relevant circular numbers and a link to the circulars themselves.) In addition, the application should include a detailed description of these services or materials in the budget narrative for Section B.

Y-8. If a State or LEA currently funds a performance-based compensation system using State or local funds, may the SEA or LEA use TIF funds to replace some of the State or local funds?

Unlike many Federal grant programs, the TIF program does not have a "supplement, not supplant" requirement. Therefore, there is no statutory bar to using TIF funds to supplant State or local funds. However, any supplanting proposed in a TIF application could affect how reviewers assess the sustainability of the project under Selection Criterion (f). Additionally, like any Department grantee, TIF grantees would need to ensure that all Federal costs are reasonable and necessary per established cost principles in the applicable OMB Circulars. (See Y-6 for the relevant circular numbers and a link to the circulars themselves.)

Y-9. Must a grantee wait until the start of the initial budget period to begin incurring costs that grant funds will reimburse?

No. TIF funds are available to reimburse a grantee for pre-award costs that are reasonable, necessary, and otherwise allowable when these costs were incurred within 90 days prior to the beginning of the grant's initial budget period. For instance, a grantee with a budget period start date of October 1 may begin carrying out tasks for the new project as early as July 1, although it cannot draw down any payments until at least October 1 -- when the grant has been awarded and the initial budget period has begun.

However, until notified of its receipt of a grant award, an applicant bears the risk of committing its own funds to these pre-award obligations. If the applicant is not awarded a TIF grant, the Department will not reimburse the applicant for any costs the applicant incurred in anticipation of a possible grant award.

Y-10. For Sections A and B of ED Form 524, where should an applicant include its estimate of the costs to make payments of performance-based compensation under the proposed PBCS?

As explained in the "Budget Narrative" section of the application package, an applicant has two options for presenting performance-based compensation costs in its budget narratives and on ED Form 524. Which option to choose depends on whether the applicant plans to pay fringe benefits on the compensation. If an applicant plans to apply a fringe benefit rate to the compensation, it should include this additional compensation in the "Personnel" line item and reflect the costs related to the fringe benefit rate in the "Fringe Benefits" line item. However, if an applicant does not plan to apply a fringe benefit rate to the compensation, it should include the performance-based compensation costs in the "Other" line item.

Clarification of these proposed costs should be included in the budget narratives. The application package provides an example of how these costs should be presented.

Y-11. Can applicants budget for "training stipend" costs on ED Form 524?

No. These costs are not allowable for this program. All applicants must complete the "training stipend" line item with a "0."

Y-12. Can applicants budget for costs of educators related to their attendance at professional development events?

Yes, under certain circumstances. Under Requirement 6, TIF funds cannot be used to compensate educators except as part of the PBCS in high-need schools identified under Requirement 3. There are only two exceptions to this restriction: TIF funds can be used to compensate educators who have been hired to administer the TIF-funded project. TIF funds can also be used to compensate educators who attend professional development or training but only if the professional development or training is designed to address needs identified through the educator evaluation process and occurs outside the educators' regular duty day.

Y-13. If an applicant intends to charge indirect costs to the grant, what documentation should it submit with its application?

If an applicant has a current indirect cost rate, it should submit a copy of its current indirect cost rate agreement, including its current rate. Please see the application package for additional information on how to submit this information as an attachment.

If an applicant does not have a current indirect cost rate agreement, it does not need to submit any documentation regarding indirect costs with its application. But, to be able to charge indirect costs to the grant, this applicant will need to follow the procedures described in the following sections. The applicant should include any proposed indirect costs in its proposed TIF-supported budget and budget narrative.

Y-14. If a grantee fails to propose indirect costs in the budget it includes as part of its application, may it charge indirect costs to the grant, if one is awarded?

During the Department's budget review process, which occurs prior to grant award, the Department reviews each applicant's requested budget. If the requested budget does not include these estimated indirect costs, they will not be included in the budget approved by the Department that forms the basis of the grant award. This means that, after award, a grantee would only have funds with which to charge indirect costs to the grant if the approved direct costs of the grantee's project for any budget period exceed the grantee's actual direct costs. Where this occurs, the grantee may submit a requested budget revision to the Department program office to use the excess funds budgeted for direct costs to cover its indirect costs.

Y-15. If an applicant does not have an indirect cost rate agreement, may it still include indirect costs in the budget it proposes in the application?

Yes. An applicant that does not have an indirect cost rate agreement at the time of application should identify the amount of its requested indirect costs in the proposed budget of its application. These proposed indirect costs should be calculated using a temporary rate of ten percent and that rate should be applied to all direct salaries and wages. See 34 C.F.R §75.560(c).

Y-16. If, at the time it receives its TIF grant award, a grantee does not have an approved indirect cost agreement, may it still charge indirect costs to the TIF grant?

A grantee that does not have an indirect cost agreement at the time of application may still be able to charge indirect costs to the TIF grant until it receives an approved rate if the Secretary approves the grantee's request to use a temporary rate of ten percent of budgeted direct salaries and wages. However, after the grant award is issued, the grantee must expeditiously take steps to obtain an indirect cost rate.

To get an indirect cost rate agreement, a successful applicant that is an SEA or nonprofit organization must submit an indirect cost proposal to its cognizant Federal agency within 90 days

of receiving its TIF grant award notification. See section 75.560(b) of EDGAR (34 C.F.R. §75.560(b)). (The cognizant Federal agency is generally the Federal department or agency providing the grantee with the most Federal funding subject to indirect cost support or an agency otherwise designated by OMB.) If the grantee is an LEA, however, the grantee should contact its SEA to obtain an indirect cost agreement. The grantee should inform ED that it has taken this step and forward to the ED program office the indirect cost rate agreement that it eventually obtains.

For additional information about obtaining an approved indirect cost rate or applying for an indirect cost rate, contact the Department's indirect cost group at IndirectCostGroup@ed.gov.

Y-17. Do TIF grantees calculate indirect costs using a restricted or unrestricted indirect cost rate?

TIF grantees may use a restricted or unrestricted indirect cost rate.

Y-18. In the case of a group application, what indirect cost rate should be used?

The entity that applies on behalf of the group, whether or not the group is a partnership that includes a nonprofit organization, is the lead applicant and fiscal agent. Any eligible entity – an SEA, an LEA, or a nonprofit organization -- can be the lead applicant and fiscal agent in a group application.

Because Requirement 4 makes each member of a group a grantee, each member of the group may charge indirect costs at a rate not to exceed its own approved indirect cost rate on the direct cost base of TIF funds that it obligates. E.g., the lead applicant only charges indirect costs on funds that it obligates, not on funds that it provides to another member of the group for that member to obligate.

Y-19. When direct costs include equipment and large contracts, how are these costs treated in the calculation of a grantee's indirect costs?

The terms of the applicable indirect cost agreement govern this issue. In general, the indirect cost rate is applied to direct costs to calculate the indirect costs that can be charged to a grant. However, many indirect cost rate agreements exclude from the direct costs used for this calculation equipment costs and contractual costs that exceed the first $25,000 of each contract. Each applicant should consult its own indirect cost rate agreement to determine which expenses can be included in direct costs when calculating indirect costs.

Appendix I: Group Applications

Some FAQs are of particular relevance to group applicants, including the following:

A-2 through A-7

B-5

D-2

G-5 and G-8

L-1

M-1 through M-13

N-2

O-3