

**Commonwealth of Kentucky  
Race to the Top  
Part 2 Application for Phase 3 Funding  
CFDA Number: 84.395A**



Revised March 2, 2012

U.S. Department of Education  
Washington, D.C. 20202

### SECTION III. PART II APPLICATION

Following the notice of Department approval of a State's Part I application, a Governor must submit to the Department a Part II application including the information described below.

- I. State Plan Overview: In this section of Part II of the application, the State must provide an executive summary of its Phase 3 plan, including an explanation of why the State believes the activities selected from Phase 2 Race to the Top submission in its Phase 3 plan will have the greatest impact on advancing its overall statewide reform plan.
- II. Summary Table for Phase 3 Plan: In this table, the State must indicate which sub-criteria are addressed in the State's Phase 3 application.
- III. Narrative and Performance Measures: For each selection sub-criterion the State addresses, the State must write its narrative response in the text box below the selection sub-criterion. In this space, the State must describe how it has taken action or will take action to address that sub-criterion. While the Department recognizes that the limited funding available under Race to the Top Phase 3 will likely require adjustments to the scope, budget, timeline, and performance targets for activities selected for funding under Phase 3, eligible States must select activities from its Phase 2 application for funding under Race to the Top Phase 3, including activities that are most likely to improve STEM education. In addition to describing the activities selected from its Phase 2 plan, a State must also provide an explanation of why it has selected each of those activities.

For sub-criteria addressed in a State's Part II application, the State must provide goals and annual targets, baseline data, and other information for performance measures as indicated in the State's Phase 2 application. For each of those criteria, the State must complete the performance measure tables or provide an attachment with the required performance measure information. The limited scope of Race to the Top Phase 3 means that funded activities might not be covered by performance measures in the Race to the Top Phase 2 application, thus potentially preventing the meaningful evaluation of grantee performance. Consequently, applicants must develop and propose for the Department's approval performance measures for sub-criteria that do not have performance measures in the Race to the Top Phase 2 application. The State may provide additional performance measures, baseline data, and targets for a criterion if it chooses. If a State does not have baseline data for a performance measure, the State should indicate that the data are not available and explain why.

**There will be selection sub-criteria in a State's Phase 2 application that the State does not address in its Phase 3 application. The State need not complete or include anything about those sub-criteria, including the performance measure, in its Phase 3 Part II application.** In addition, since a State's Phase 2 application included specific evidence with respect to some selection criteria, a State need not resubmit this evidence unless it chooses to provide updated evidence in support of Phase 3 activities.

- IV. STEM Summary: An applicant must describe how it will allocate a meaningful share of its Phase 3 award to advance STEM education in the State. The State may meet this requirement by including in its plan and budget: (1) Activities proposed by the State to meet the competitive preference priority for STEM education, if applicable; or (2) Activities within one or more of the four core education reform areas that are most likely to improve STEM education. A State should address this requirement throughout the Part II application. In addition, the State provides a summary of how it is meeting this requirement in part V.
- V. Budget: The State must link its proposed reform plans to projects that the State believes are necessary in order to implement its Phase 3 plans. The State must also include how it plans to direct a meaningful share of its Phase 3 award to advance STEM education in the State. Providing additional budget detail through a project-level table and narrative allows the State to specifically describe how its budget aligns with its reform plans and how its budget supports the achievement of the State's goals. The total State budget should not exceed the budget amount provided to the State upon the approval of Part I.
- VI. Application Signature Page: The State must assure that all of the information and data in the Part II application and the certified assurances in the Part I application are true and correct. The State must further certify that the signatories have read the application, are fully committed to it, and will support its implementation.

**I. STATE PLAN OVERVIEW**

- A. Provide an executive summary of the State’s Phase 3 plan. Please include an explanation of why the State believes the activities in its Phase 3 plan will have the greatest impact on advancing its overall statewide reform plan.

Kentucky’s Phase 2 Race to the Top application outlined a bold and aggressive agenda for whole system reform. The reform strategies outlined have served as the basis for the state’s College and Career Readiness agenda. Great progress has been made to date in the implementation of the Common Core State Standards (CCSS), new assessments and accountability model, turnaround efforts for struggling schools and districts, development and planning for a new professional growth and evaluation system, and support for innovative practices at the local level. The driving assumption for these reform strategies is predicated on the notion that increased educator effectiveness leads to improved student learning outcomes.

The opportunity of Phase 3 Race to the Top funding is essential to the state’s efforts to transform teaching and learning across the Commonwealth. Maintaining a commitment to the principles of RTTT, Kentucky has narrowed the focus for Phase 3 to support the implementation of the state’s Continuous Instructional Improvement Technology System (CIITS) and science, technology, engineering and mathematics (STEM) education initiatives. The two are intertwined throughout the proposal to show the strongest link for continuous improvement. CIITS, described as a “one-stop shop” technology support system for Kentucky educators, presents the future of customizing learning experiences for students, personalizing professional growth for educators, and coordinating district/school level planning and monitoring for student success.

The system presents a solution for disseminating exemplar practices and models to more educators, which has been an inherent issue given the rural nature of the state. Kentucky has recognized the benefits of technology solutions in bringing about change and is poised to lead the nation in this endeavor.

Additionally, a stronger vision and framework for STEM education is outlined that will allow districts various entry points into offering more meaningful STEM-related experiences to P-12 students. Kentucky was identified as one of the lead states for the development of the Next Generation Science Standards and was the first to adopt the Common Core State Standards in English/language arts and mathematics. We believe we are poised for assisting districts/schools in new and different ways to bring about greater curricular and infrastructure shifts supporting STEM education. As a priority in Kentucky, STEM ensures we establish a process for advancing new systems designed for realizing college and career readiness and deeper student learning. The framework includes a focus on the scale and implementation of AdvanceKentucky and Project Lead the Way as two programs aimed at engaging underserved and underrepresented student populations.

Currently, the Commonwealth has 50,000 children in 8th grade, and if nothing changes, only 17,000 of these children will graduate college- and career-ready from high school. State legislation (Senate Bill 1, 2009) has set an ambitious college- and career-ready agenda to:

- reduce college remediation rates of recent high school graduates by at least 50 percent by 2014 from the rates in 2010
- increase the college completion rates of students enrolled in one or more remedial classes by 3 percent annually from 2009 to 2014

Race to the Top funding provides a real opportunity for the state to accelerate its progress to date and to provide incentives for district/school implementation. Kentucky's plan demonstrates the state's courage, commitment and capacity to lead the nation.

B. Provide student outcome goals, overall and by student subgroup, for—

- (a) Increasing student achievement in (at a minimum) reading/language arts and mathematics, as reported by the NAEP and the assessments required under the ESEA;
- (b) Decreasing achievement gaps between subgroups in reading/language arts and mathematics, as reported by the NAEP and the assessments required under the ESEA;
- (c) Increasing high school graduation rates; and
- (d) Increasing college enrollment and increasing the number of students who complete at least a year's worth of college credit that is applicable to a degree within two years of enrollment in an institution of higher education.

(a) (1) On the ACT: increase the number of students that meet ACT college benchmarks in English, reading and mathematics from today's rates of 50 percent, 35 percent and 24 percent, respectively, to 70 percent, 61 percent and 54 percent by 2020, with interim goals of 58 percent, 45 percent and 36 percent by 2014.

(2) Kentucky was granted a waiver to ESEA in February 2012 that allows the state to use the new accountability model established in Senate Bill 1 and not the requirements of ESEA. *See Appendix D: Kentucky's Approved ESEA Flexibility Waiver for further details.* In August 2012, the state will receive the results of the first administration of the state's new summative assessments and will go through a standard setting process that will result in new baseline data for all schools and LEAs and also set new targets for achievement for each school and LEA. Kentucky will approve and submit these new targets to the Department by September 30, 2012, to serve as annual targets for the Race to the Top grant. As approved in the ESEA Flexibility waiver, Kentucky is taking the following approach for Race to the Top: the delivery plan for closing achievement gaps will set annual targets for reading and mathematics as well as for science, social studies and writing for the state, districts, schools and subgroups based on a model similar to Option A, Section 2B of the ESEA waiver. The subgroup performances at the state, district and school levels will be reported as part of the annual progress toward the goal. The goal shall be reducing by half within five years the percentage of students in each subgroup scoring

in the non-proficient category.

- (3) On NAEP, increase the percentage at or above proficiency as follows:
- a. on 4th-grade reading: from today's rate of 35 percent to 60 percent by 2020, with an interim goal of 43 percent by 2014
  - b. on 8th-grade reading: from today's rate of 36 percent to 55 percent by 2020, with an interim goal of 42 percent by 2014
  - c. on 4th-grade mathematics: from today's rate of 39 percent to 65 percent by 2020, with an interim goal of 46 percent by 2014
  - d. on 8th-grade mathematics: from today's rate of 31 percent to 55 percent by 2020, with an interim goal of 38 percent by 2014
- (b) (1) Between low-income students and their higher-income peers: reduced gaps on ACT, the National Assessment of Educational Progress (NAEP) and revised assessments required for state and federal purposes from rates of 20 – 30 percentage points today to 10 percentage points by 2020, with an interim goal of 15 – 20 percentage points by 2014.
- (2) Between African American students and their white peers: reduced gaps on ACT, NAEP and revised assessments required for state and federal purposes from rates of 15 – 25 percentage points today to 8 percentage points by 2020, with an interim goal of 12 – 17 percentage points by 2014.
- (3) In addition, achievement gaps for other measurable groups (Hispanics, currently a small proportion of students; students with disabilities; students with English Language Learner status) would decrease by a similar amount.
- (4) As approved in the ESEA Flexibility waiver, Kentucky will be administering new assessments in the Spring of 2012. In August 2012, the state will receive the results of the first administration of the state's new summative assessments and will go through a standard setting process that will result in new baseline data for all schools and LEAs and also set new

targets for achievement for each school and LEA. Kentucky will approve and submit these new targets to the Department by September 30, 2012. Kentucky's delivery plan for closing achievement gaps will set annual targets for reading and mathematics as well as for science, social studies and writing for the state, districts, schools and subgroups based on a model similar to Option A, Section 2B of the ESEA waiver. The subgroup performances at the state, district and school levels will be reported as part of the annual progress toward the goal. The goal shall be reducing by half within five years the percentage of students in each subgroup scoring in the non-proficient category. *See Appendix D: Kentucky's Approved ESEA Flexibility Waiver for further details.*

- (c) By 2020, 94 percent of Kentucky students will graduate high school, with an interim goal of 90 percent by 2015, as measured by a four-year adjusted cohort measure. (Today's best proxy measure is the Averaged Freshmen Graduation Rate (AFGR), which measured 77 percent in 2010.)
- (d)
  - (1) By 2020, college enrollment will reach 80 percent of exiting high school graduates, with an interim target of 70 percent by 2014, increasing from today's rate of 55 percent.
  - (2) By 2020, 85 percent of college-goers will successfully complete one year of postsecondary education, with an interim target of 75 percent by 2014, increasing from today's rate of 71 percent.
  - (3) By 2020, college remediation rates in the first year of college will fall by 75 percent from today's rate, with an interim decrease of 50 percent by 2014.

II. SUMMARY TABLE FOR PHASE 3 PLAN

Please indicate which sub-criteria are addressed in the State’s Phase 3 application.

Elements of State Reform Plans	Performance Measure	Check the appropriate box
<b>A. State Success Factors<sup>1</sup></b>		
(A)(2) Building strong statewide capacity to implement, scale up, and sustain proposed plans	<i>Must be proposed by Applicant</i>	
(A)(3) Demonstrating significant progress in raising achievement and closing gaps	<i>Must be proposed by Applicant</i>	
<b>B. Standards and Assessments</b>		
(B)(1) Developing and adopting common standards	<i>Must be proposed by Applicant</i>	
(B)(2) Developing and implementing common, high-quality assessments	<i>Must be proposed by Applicant</i>	
(B)(3) Supporting the transition to enhanced standards and high-quality assessments	<i>Kentucky provided performance measures in the Phase 2 application</i>	√
<b>C. Data Systems to Support Instruction</b>		
(C)(1) Fully implementing a statewide longitudinal data system	<i>Must be proposed by Applicant</i>	
(C)(2) Accessing and using State data	<i>Must be proposed by Applicant</i>	
(C)(3) Using data to improve instruction:	<i>Kentucky provided performance measures in the Phase 2 application</i>	√
<b>D. Great Teachers and Leaders</b>		
(D)(1) Providing high-quality pathways for aspiring teachers and principals	<i>Must be proposed by Applicant</i>	
(D)(2) Improving teacher and principal effectiveness based on performance	From Phase 2 application	
(D)(3) Ensuring equitable distribution of effective teachers and principals	From Phase 2 application	
(D)(4) Improving the effectiveness of teacher and principal	From Phase 2 application	

<sup>1</sup> We do not expect States to write to sub-criterion (A)(1) since States will be working with LEAs regarding their participation during the scope of work process.

preparation programs			
(D)(5) Providing effective support to teachers and principals	<i>Kentucky provided performance measures in the Phase 2 application</i>		√
<b>E. Turning Around the Lowest-Achieving Schools</b>			
(E)(1) Intervening in the lowest-achieving schools and LEAs	<i>Must be proposed by Applicant</i>		
(E)(2) Turning around the lowest-achieving schools	From Phase 2 application		
<b>F. General Section Criteria</b>			
(F)(1) Making education funding a priority	<i>Must be proposed by Applicant</i>		
(F)(2) Ensuring successful conditions for high-performing charters and other innovative schools	<i>Must be proposed by Applicant</i>		
(F)(3) Demonstrating other significant reform conditions	<i>Must be proposed by Applicant</i>		
<b>Emphasis on Science, Technology, Engineering, and Mathematics (STEM)</b>	<i>Must be proposed by Applicant</i>		√

**III. NARRATIVE**

In the text box below, the State must list the selection sub-criterion from its Phase 2 application the State is proposing to address in Phase 3 (e.g., (D2)), the page reference from the Phase 2 application where the original plan for addressing the sub-criterion can be found, and a narrative description of the Phase 3 plan to address that sub-criterion.

The Phase 3 plan should include, at a minimum, the goals, activities, timelines, and responsible parties for each proposed activity. A Phase 3 applicant need not resubmit evidence from its Phase 2 application. If it chooses, a Phase 3 applicant may provide updated evidence if it supports the Phase 3 activities. Any new supporting evidence the State believes will be helpful must be described and, where relevant, included an Appendix. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

For a full description of the selection criteria, please see Section VII.

<b>Selection sub-criterion</b>	<b>(B)(3)</b>	<b>Page references from State’s Phase 2 application</b>	<b>79-101</b>
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**Phase 2 Plan Implementation to Date**

Kentucky has forged ahead with a systemic and aggressive implementation plan for world-class college readiness standards and balanced and aligned assessment systems to support student growth and achievement, along with rigorous instructional improvements and enhancements.

***Activity 1: Adopting and disseminating the Math and English/Language Arts standards***

Kentucky was the first state in the nation to officially adopt the Common Core Standards for mathematics and English/language arts in February 2010. Those standards now comprise Kentucky’s Core Academic Standards and are being fully implemented statewide, K-12, during the 2011-12 academic year.

***Activity 2: Aligning PreK-12 and postsecondary education around the new standards***

Of particular notability has been the collaboration and intentional effort of education professionals from preschool to postsecondary institutions to ensure that there is an aligned and continuous progression of learning for students beginning prior to kindergarten and extending past high school graduation. Institutions of higher education (IHEs) have created their own learning communities or networks based on familiarizing faculty with the standards and beginning to analyze and align freshman syllabi to the Common Core Standards. In the fall of 2011, Early Learning Leadership Networks were launched to ensure smooth and aligned transitions for our youngest learners. These networks involve preschool educators and administrators and kindergarten teachers and administrators.

***Activity 3: Building networks to deconstruct the standards and create high-quality, aligned instructional supports***

The system of Leadership Networks was launched in July 2010. Teacher leaders, school leaders and district leaders from all of Kentucky's 174 districts, as well as the Kentucky School for the Deaf and School for the Blind, are participating in the ongoing regional networks. Participants met for six days during the 2010-11 academic year and for two days in the summer of 2011 to reach consensus on the interpretation of each of the standards in mathematics and English/language arts. They deconstructed each standard into the underpinning targets that collectively will ensure students attain the standards. Additionally, the network participants developed protocols for revising curricular planning and pacing guides to the new standards while planning for successful transition from old to new standards.

***Activity 4: Ongoing professional learning around the new standards and assessments***

In addition to the face-to-face professional learning opportunities that exist through Kentucky's system of Leadership Networks, the Continuous Instructional Improvement Technology System (CIITS) will provide all state educators access to on-demand, targeted and aligned professional growth resources, instructional planning and assessment resources. The CIITS system will be enhanced to focus on STEM areas by including new science standards and science assessment item bank. See Section C for a complete description

of the CIITS project plan.

***Activity 5: Implementing a balanced assessment system***

A core component of the system of Leadership Networks is to build the capacity of each participant to successfully design and implement a balanced assessment system. Using the *Classroom Assessment for Student Learning: Doing it Right, Using it Well* text, participants have engaged in a deep study of the tenets of strong assessment design, analysis and implementation — at the classroom, school and district levels.

The Kentucky Department of Education has worked to redesign the state’s accountability system to assess students on the new standards as well as provide multiple and varied measures of student, school and district achievement and effectiveness. Beginning in the fall of 2011, end-of-course assessments were required for high school students in Biology, U.S. History, Algebra 2 and English 2. In the spring of 2012, the full range of assessments for grades 3 through 12 will be aligned to new college and career readiness standards.

A number of online resources, including self-paced professional learning modules, narrated PowerPoint presentations on particular elements of assessment and podcasts, have been produced to provide multiple venues for educators and various stakeholders to develop their understanding of effective assessment practices.

***Activity 6: Increasing access to challenging courses***

AdvanceKentucky has continued to produce impressive results, indicating that students who typically would not consider Advanced Placement courses can indeed succeed when provided targeted supports for success. KDE is committed to continuing to scale up this work in schools with students who have been underserved and underrepresented in terms of Advanced Placement course offerings. At the beginning of the 2011-12 school year, KDE added 20 schools for the fourth cohort of schools in Advance Kentucky. Phase 3

funding will allow KDE to add up to 20 additional schools throughout the funding period. Project Lead the Way also is expected to continue to grow, engaging more students in pre-engineering and biomedical sciences learning experiences.

**(B)(3) Goals, Action Steps, Milestones for Phase 3**

<p><b>Goals</b></p>	<ul style="list-style-type: none"> <li>• Complete the roll-out of the standards resources module of the CIITS</li> <li>• Build out the formative assessment module of CIITS (partially funded through RTT3)</li> <li>• Drive the usage of the system for instructional and assessment improvement</li> </ul>
<p><b>Action Steps</b></p>	<ul style="list-style-type: none"> <li>• Use already existing network structure to complete standards implementation in math and English/language arts</li> <li>• Use already existing network structure to develop and implement standards implementation in science and social studies</li> <li>• Use already existing structure to implement use of formative assessment system in CIITS</li> <li>• Use LEA portion of RTT3 grant to fund support for rollout</li> </ul>
<p><b>Milestones</b></p>	<ul style="list-style-type: none"> <li>• By the end of 2012-2013 all teachers will have received the necessary supports for successful implementation of the Common Core and additional content areas of science and social studies.</li> <li>• By the end of March 2012 all teachers will have access and knowledge of use of the formative assessment system of CIITS</li> </ul>
<p><b>Responsible Parties</b></p>	<ul style="list-style-type: none"> <li>• Kentucky Department of Education, Office of Next Generation Learners</li> </ul>

**Activities from the Phase 2 application for this criteria that will be addressed using Phase 3 Funding**

Activities 3 through 6 will continue to be addressed in the coming years. Leadership Networks will continue to be the primary vehicle for professional learning. Full and effective implementation of new standards and the implied instructional shifts require an iterative and reflective approach. In 2010-11, networks focused primarily on awareness and interpretation of the new standards. From 2011-12 through 2012-13, the work will focus on full implementation of the standards within the context of highly effective teaching, learning and assessment practices. Leadership Networks will provide the mechanism for teacher, school and district leaders to reflect on implementation of standards and new instructional and assessment practices in order to make necessary refinements that hold promise based on early successes as determined by local and statewide assessments. Key deliverables will include:

- planning and reflecting on teaching using the Characteristics of Highly Effective Teaching and Learning as a guide
- designing high-quality formative and summative assessments and utilizing resulting data effectively to improve teaching and learning
- planning/selecting rigorous and congruent (i.e., completely aligned) learning experiences for instruction (including the Literacy Design Collaborative tasks and Mathematics Formative Assessment Lessons supported by the Bill and Melinda Gates Foundation)
- selecting evidence-based strategies and resources to enhance instruction
- working collaboratively within and across networks to populate an online repository for instructional resources (i.e., learning targets and suggested sequences of learning, sample aligned units and assessments, common formative and summative assessments based on Kentucky's Core Academic Standards) for all Kentucky teachers/leaders to access
- utilizing provided resources, tools, protocols and other network products in a districts' schools to facilitate others' growth
- capacity building to support other educators as they try out these same processes/strategies in their own classrooms

Additionally, new networks will be formed with teacher leaders in the sciences and social studies as Kentucky looks toward adopting new standards in those areas by the end of 2012. In an effort to adequately prepare science and social studies teachers to quickly engage with new standards, pilot networks have already launched in the sciences, and social studies will be launching in early 2012 through the support of foundation and federal funding. The emphasis will be on the disciplinary literacy skills within the Common Core Standards for the English/language arts, as well as building a deep and practical understanding of assessment literacy.

In November 2011, a number of Kentucky schools elected to become ‘early adopters’ in utilizing a variety of resources available through CIITS to enhance local formative assessment processes. By March of 2012, the complete set of resources, tools and supports in CIITS will become available to all Kentucky teachers. As referenced in Section (C)(3), CIITS will be adding the **Educator Development Suite (EDS)** that will be used to organize the Kentucky teacher and leader effectiveness component. The EDS will support a flexible, multiple-measures approach to organizing educator effectiveness ratings that will enable Kentucky to integrate new models for measuring educator effectiveness for capturing the data required to generate educator effectiveness ratings and analyze these data using a series of interactive reports and dashboards. Fully integrated with CIITS instructional tools, the EDS will help school districts better measure, manage, mentor, support and inspire teachers and leaders by connecting strategic goals to educational standards to classroom activities and student growth to professional development opportunities and recommendations. In

February 2012, approximately 50 school districts will begin to pilot the EDS module as part of CIITS. The pilot participants will be using the EDS and providing feedback that will be used to make modifications to the module in preparation for statewide rollout to all schools and districts in August 2012.

KDE also will be developing an application to integrate Common Core Standards and materials in support of professional growth opportunities for teachers and leaders through CIITS.

The professional development and support services needed to to effectively implement the activities listed in this section will be funded from the LEA portion of the Race to the Top Phase 3 grant. During the scope of work process, LEAs will be purchasing from a menu of options (professional development, additional materials, technical assistance) reflecting their commitment to a successful implementation of the additional components of CIITS.

### **STEM Connection**

The Common Core Standards for English/language arts contain specific disciplinary literacy standards for science and technology. Because of this significant inclusion, Science Leadership Networks were launched in 2010, supported by Kentucky's NCLB Title II B Mathematics and Science Partnership funds, along with additional support from Kentucky's Council on Postsecondary Education. Teachers, administrators and faculty from institutions of higher education from more than half of Kentucky's school districts and several universities and colleges are working with K-12 and higher education science specialists/faculty to interpret those standards and create model plans and instructional resources that will ensure science teachers are developing necessary college readiness capabilities.

These networks also will be poised to study and implement the Next Generation Science Standards as they become available. Kentucky was one of approximately 20 states initially selected to be leaders in the development of the new science standards, based on the National Academy of Science's Framework that was released in 2011. Achieve, Inc. will be leading the development of the standards that will be intended to reflect college and career aptitudes necessary for 21st-century success.

**In addition to addressing this sub-criterion, please explain why your State has selected to address the activities in this sub-criterion in its Race to the Top Phase 3 application.**

Kentucky's laser focus is on college/career readiness for all. Kentucky was the first state to adopt the Common Core Standards and the first state to implement those standards in math and English/language arts. The common thread in our Phase 2 application was the development and roll-out of our Continuous Instructional Improvement Technology System (CIITS) [see the text under (C)(3)]. The expansion of the CIITS system is foundational to our college/career readiness goal and the improvement of STEM education. Also imperative in our goal to improve college/career readiness is improving access to challenging courses with an outcome of improved mathematics and science skills as well as providing school districts with resources to support their own expansion of innovative strategies to increase success in STEM-related work. With that in mind, Kentucky believes it is crucial to increase access to our most successful STEM initiative, AdvanceKentucky. This expansion of AdvanceKentucky is a natural companion to the rollout of the CIITS system.

<b>Selection sub-criterion</b>	(C)(3)	<b>Page references from State's Phase 2 application</b>	<b>117-128</b>
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### **Phase 2 Plan Implementation to Date**

The **Continuous Instructional Improvement Technology System (CIITS)** is being designed and implemented for Kentucky educators. The purpose of this newly designed system includes providing six major education components organized to help educators make critical connections through instructional planning. A vendor contract was signed in February 2011 and work began immediately in March. The project is on pace for all six components to be fully designed and ready for statewide implementation by August 2012. The following chronicles the progress to date with the implementation of CIITS.

The project first offered a foundational **proof of concept** including a Classrooms module incorporating the Core Academic Standards in English/language arts and mathematics and aligned deconstructed standards created by Kentucky teachers. The CIITS proof of concept was shared with the Kentucky Leadership Network participants (2,200) and key stakeholders who were able to access the system with a generic password for all users.

**Version 1**, released statewide in August 2011, included over 600 instructional materials from Kentucky Educational Television's (KET's) EncycloMedia/Discovery, all aligned to the new Common Core State Standards and deconstructed standards. The system had a generic log-in so that all educators could access these resources with ease. At this time, users did not have the ability to personalize their online environment or take advantage of the features that will eventually be available to all users once the log-in is secure.

In November 2011, **version 2** of CIITS was released, adding the remaining Kentucky academic standards aligned to 875 instructional resources assets from the SAS Curriculum Pathways materials for middle and high school, at least 38 ACT Quality Core resources and basic student demographic data. All student-level data has been generated from the Kentucky Student Information System [KSIS/Infinite Campus (IC)] and integrated within CIITS. The student-level data also have been linked to the appropriate teacher of record to ensure classroom rosters were correct for all teachers of record currently assigned within IC (connected approximately 644,000 students to 44,000 teachers). This alignment is essential to the implementation of Kentucky’s new professional growth and evaluation system.

Unique log-in information for all users and the generic log-in was enabled in version 2. The priority for accessing unique log-in information during this release included an initial focus on teachers and leaders. Additional role groups have been identified, and the process for providing unique log-in information for these groups is being addressed through more planning and organization. CIITS also will provide educators with the ability to make recommendations about the quality of materials, save to a unique “my materials” area that is customized for each user and access to a lesson planner tool used for creation and organization of additional instructional materials support.

In December 2011, 17 school districts volunteered to participate in the Classroom Formative Assessment early adopter phase. School districts and participants in this phase will be given access to the Assessment Admin module piloting the functionality of this part of the system. The Assessment Admin module will allow users to create, schedule and administer classroom assessments as well as access both formative and interim assessment results through CIITS. An item bank aligned to the Common Core Standards in English/language arts and mathematics has been added to the system. This will include more than 11,000 formative assessment items purchased from Pearson, Inc.

Items developed by Kentucky teachers also will be included in this phase to enhance formative assessment practices and strategies at the local level. A comprehensive plan has been developed and is being implemented to provide training for early adopter participants.

An evaluation of the early adopter phase will yield responses to the following questions:

1. How does CIITS facilitate formative assessment practices to make continuous adjustments in instruction?
2. How does CIITS support analysis of student data to group students and implement just-in-time interventions?
3. How does CIITS enable more efficient monitoring of student progress?

The evaluation component scheduled to extend through March 2012 will allow schools and districts the opportunity to learn more about CIITS, participate in more training and provide plenty of time to thoroughly use the active components of the system to support highly effective teaching and learning in their classrooms. Using the data from this formative evaluation will allow the CIITS project team an opportunity to gather feedback about implementation across Kentucky classrooms in order to improve training, communications and potentially as the basis for configuration changes to the system.

While the early adopter phase focuses intently on 17 districts, the system will be available to all Kentucky educators in 2012. Statewide training for the Assessment Admin module will begin in order to ensure educators use this component of CIITS with fidelity. The state portion of Phase 3 funding includes a significant amount of the costs required to “build-out” the formative assessment system. As is the case in (B)(3), LEAs will be able to use their portion of the grant to support the implementation of the formative assessment system.

**(C)(3) Goals, Action Steps, Milestones for Phase 3**

<b>Goals</b>	<ul style="list-style-type: none"><li>• Provide access to all teachers and leaders in Kentucky schools for the Educator Development Suite (EDS) portion of the CIITS (partially funded through RTT Phase 3)</li></ul>
<b>Action Steps</b>	<ul style="list-style-type: none"><li>• Complete statewide field-test of EDS</li><li>• Roll-out EDS system to all educators</li><li>• Align EDS to new teacher and leader evaluation system currently under development</li><li>• Use LEA portion of RTT3 grant to fund support for rollout</li></ul>
<b>Milestones</b>	<ul style="list-style-type: none"><li>• August 2012, statewide field-test of EDS</li><li>• August 2013, all teachers and leaders will be using EDS and it will serve as a key element in the new teacher and leader effectiveness system scheduled for implementation at the same time</li></ul>
<b>Responsible Parties</b>	<ul style="list-style-type: none"><li>• Kentucky Department of Education<ul style="list-style-type: none"><li>- Office of Next Generation Learners (Training and support)</li><li>- Office of Knowledge, Information and Data Services (CIITS management)</li></ul></li></ul>

**Activities from the Phase 2 application for this criteria that will be addressed using Phase 3 Funding**

Phase 3 Race to the Top funding will allow the state the ability to turn on the **Educator Development Suite (EDS)** within CIITS in

order to facilitate the field-testing of Kentucky's new Professional Growth and Evaluation System. This new teacher and leader evaluation system is scheduled to be piloted statewide in August 2012. The technology component available through CIITS will serve as an efficient solution to providing a flexible option to educators that will personalize their professional growth experiences.

The EDS will support a flexible, multiple-measures approach to organizing educator effectiveness ratings that will enable Kentucky to integrate new models for measuring effective teaching for capturing the data required to generate educator effectiveness ratings, and this analysis can be used and reported through interactive options and dashboards within the suite. The modular components of the EDS include the incorporation of Kentucky's observation tools, educator reporting tools, educator profiles, links to professional development, professional development logistic tools and peer-mentoring program management options. Each of these multiple measures is a part of Kentucky's new Professional Growth and Evaluation System. Immediate access to professional development resources will be linked to overall aspects of the effectiveness and growth evaluation system for an individual teacher or leader. Linking professional growth experiences to the multiple measures, including student growth, that are a part of Kentucky's system will fundamentally shift the support available to teachers and leaders.

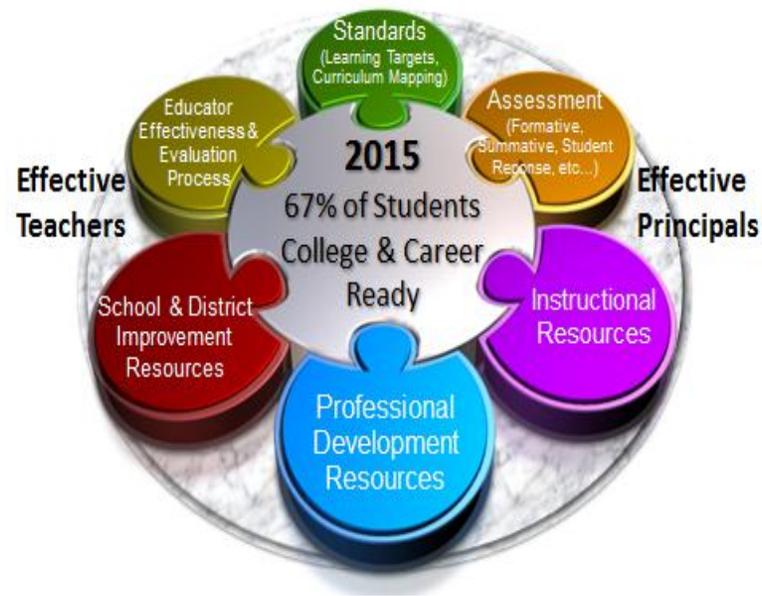
In February 2012, approximately 50 school districts will begin to field-test the EDS module as part of CIITS. The pilot participants will be field-testing the EDS and effectiveness system processes. By June 2012, the district and school participants within this field-testing phase will provide feedback that will be used to make modifications to the module in preparation for the statewide rollout. Allowing technology to facilitate and improve the evaluation process is critical to shifting to a new paradigm of effectiveness and growth.

**Version 3** will be released in March 2012, and this release will include the expansion of instructional materials, the addition of student-level data and the integration of state level summative data (EXPLORE, PLAN and ACT). A School and District module will be activated during this release, enabling districts to engage in deeper data analysis of student growth and achievement. Users also will be able to engage in greater reporting capabilities. Key performance indicators (KPI) will be identified and displayed in a variety of

dashboards, charts and graphs to provide a more user-friendly experience of data analysis for users. This will further establish and enhance a culture for using data to inform instructional practices. Each teacher will be able to create student groups based on data analysis connected to student performance on specific standards. Classroom teachers will have ready access to the data they need in order to make adjustments to teaching and learning for continuous improvement. Aggregate-level data will be accessible for teachers, administrators and district-level personnel who need to view specific data for program improvements.

Additionally, through Kentucky's involvement in a Bill and Melinda Gates Foundation grant opportunity, the designed congruent instructional resources and tools will be added to the system. These instructional resources and modules are aligned to the Common Core Academic Standards in English/language arts and mathematics and will serve as exemplars for curricular materials. Over 2,000 Kentucky teachers are engaged in the development of these resources.

The CIITS district and school planning module will coordinate with the Adaptive System of School Improvement Support Tools (ASSIST) software implementation (as addressed in section E). As the previous section outlined the importance of using data to inform practice, the school and district improvement planning component will replace Kentucky's traditional approach to consolidated planning to provide a more interactive solution, positively reducing the paper work requirements often established for monitoring program improvement. This aspect of CIITS supports Principle 4 of the NCLB Waiver Flexibility proposal. Once added, this will complete the full design related to the initial vision for CIITS in Kentucky (see diagram below).



### **STEM Connection**

CIITS now contains the Common Core State Standards in English/language arts, mathematics and technology. Kentucky's current science standards and Core Content for Assessment also are within the system. Once the Next Generation Science Standards are developed, these will replace the current science standards within CIITS. Having the standards all housed within CIITS allows for a deeper level of integration of content given the aspects of the technology system in connections that have been created to instructional resources and materials within the system.

Units of study designed to infuse STEM-related concepts will be housed within CIITS. As a result, KDE intends to align additional instructional materials with STEM-related support and purchase more instructional and assessment items from Pearson, Inc. aligned to science standards. New standards, instructional materials and formative assessment items and strategies will provide the resources to fully support STEM integration and connections across the curriculum. This is further explained in the STEM vision and framework outlined in the priority area section in this plan.

Providing open source technology solution will expand once KDE collaborates with KET and PBS Learning Media. Placing PBS Learning Media materials in CIITS will expand the learning tools options and resources free to educators. The material presented by the partners who contribute resources in the PBS Learning Media option will extend the curricula literally enabling educators to present students with personalized learning experiences aimed at mastery of the standards.

**In addition to addressing this sub-criterion, please explain why your State has selected to address the activities in this sub-criterion in its Race to the Top Phase 3 application.**

As you will see throughout our Phase 3 plan, the connection for all of the activities we will address is the Continuous Instructional Improvement Technology System (CIITS). This system will serve as the catalyst to improve teaching and learning in Kentucky with a focus on making every child college/career-ready. As it relates to (C)(3), the CIITS will be a one-stop “shop” where a teacher could, in one session, from one place and from anywhere there is an Internet connection:

- 1) review and analyze his or her students’ assessment results
- 2) access instructional resources like lesson plans and video clips of master teachers teaching the next set of content
- 3) review his or her understanding of the content with help from online access to peers and university faculty
- 4) go to extensive assessment item banks to develop formative assessments to measure progress
- 5) access his or her professional growth plan and check professional learning resources to improve his or her practice
- 6) build evidences of student growth through multiple measures to gauge educator effectiveness.

Our primary Phase 3 budget project is the continued roll-out of the system.

**Phase 2 Plan Implementation to Date**

Providing effective support to teachers and principals is a critical facet of Kentucky's continuous improvement model. Within the state's Phase 2 Race to the Top application, there was a clear focus on building district capacity through the statewide Leadership Networks. This systemic effort has continued by implementing a comprehensive curriculum for leaders focused on:

- establishing professional learning communities focused on analyzing student growth and achievement
- implementing of the Common Core State Standards and designing congruent learning experiences for students
- removing barriers to providing job-embedded professional growth and learning for educators to refine practice and build local accountability
- using data to inform teaching and learning in a meaningful way for providing differentiated learning experiences for students

The Leadership Networks have also provided a forum for leaders to exercise 21st-century learning skills to think critically, problem-solve, collaborate and share context specific solutions to local implementation efforts. These regional networks are promoting a culture of transparency aimed at establishing an irreversible culture of school improvement focused on the individual learner needs.

CIITS has also served as the primary solution for this "just-in-time" support for educators across the Commonwealth. Formal business requirements are being developed to extend the current version of CIITS implementation through Schoolnet, the vendor selected to build CIITS. Schoolnet teams have been on-site to access and assist in the emerging implementation of CIITS. The next phase of this work, as previously mentioned in section C3, is designed to focus on the teacher and leader effectiveness system. The EDS platform will engage educators through varied but specific professional development resources. A pilot for this component is scheduled for February 2012.

Prioritizing job-embedded professional learning is exhibited through the Leadership Network design and the CIITS implementation. As a result of Kentucky’s innovative strategies, Learning Forward (formerly known as the National Staff Development Council) recognized Kentucky as its demonstration site for implementation of the Common Core Standards and improving upon professional growth for educators across the state – the project title is *Transforming Professional Learning to Prepare College- and Career-Ready Students – Implementing the Common Core State Standards*. This recognition has allowed KDE the opportunity to work closely with Learning Forward associates to push on policy related to the use of time and resources for improved educator effectiveness. The support KDE will receive from this organization will assist in reconciling the shifts in practice and policy necessary for supporting educator growth and effectiveness, recruitment and retention efforts.

**(D)(5) Goals, Action Steps, Milestones for Phase 3 [SAME AS (C)(3)]**

<b>Goals</b>	<ul style="list-style-type: none"> <li>• Provide access to all teachers and leaders in Kentucky schools for the Educator Development Suite (EDS) portion of the CIITS (partially funded through RTT Phase 3)</li> </ul>
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Complete statewide field-test of EDS</li> <li>• Roll-out EDS system to all educators</li> <li>• Align EDS to new teacher and leader evaluation system currently under development</li> <li>• Use LEA portion of RTT3 grant to fund support for rollout</li> </ul>
<b>Milestones</b>	<ul style="list-style-type: none"> <li>• August 2012, statewide field-test of EDS</li> <li>• August 2013, all teachers and leaders will be using EDS and it will serve as a key element in the new teacher and leader effectiveness system scheduled for implementation at the same time</li> </ul>
<b>Responsible Parties</b>	<ul style="list-style-type: none"> <li>• Kentucky Department of Education <ul style="list-style-type: none"> <li>- Office of Next Generation Learners (Training and support)</li> <li>- Office of Knowledge, Information and Data Services (CIITS management)</li> </ul> </li> </ul>

**Activities from the Phase 2 application for this criteria that will be addressed using Phase 3 Funding**

As referenced in Section (C)(3), Kentucky’s goal is to build out the CIITS model by adding the next essential component focused on educator effectiveness -- the **Educator Development Suite (EDS)**. The opportunity to further populate CIITS with high-quality resources for professional growth and learning will be provided through the Phase 3 funding. Districts and schools will be able to engage in more meaningful and targeted professional growth experiences tied to local goals and student learning needs. A new vision for professional growth and learning will be realized through CIITS given its 24/7, immediate access.

Phase 3 funding also will expand the state’s STEM focus by building out the assessment module in CIITS [see sub-criterion (B)(3)] to include science assessment items and items that promote and assess integrated content for formative purposes.

**STEM Connection**

A focus on STEM will be connected through integration and collaboration within our existing State Leadership Networks. The networks will continue to develop and coordinate instructional materials and provide new professional growth opportunities and delivery through CIITS. The leaders and team members of the teacher and leader effectiveness work will provide professional growth opportunities statewide, and the Leadership Networks and CIITS will help deliver a consistent and well-coordinated message to help build capacity in Kentucky school districts. The key to success of this shared understanding will depend on a strong focus of implementation of highly effective teaching and learning with an emphasis on how this is applied at the classroom level. Therefore, a heightened focus on changing instructional practice at all levels will be the driving force of success to help educators learn how to transform and reshape the learning environment on behalf of effective teaching and learning for all students in Kentucky.

**In addition to addressing this sub-criterion, please explain why your State has selected to address the activities in this sub-criterion in its Race to the Top Phase 3 application.**

As you will see throughout our Phase 3 plan, the connection for all of the activities we will address is the Continuous Instructional Improvement Technology System (CIITS). This system will serve as the catalyst to improve teaching and learning in Kentucky with a focus on making every child college/career-ready. As it relates to (D)(5), the CIITS will house the plethora of resources (instructional, curriculum and assessment) that are designed and created to ensure each teacher has the type of high-quality professional learning opportunities necessary to raise the bar on student achievement for all students, which will be directly evidenced by the improved success rate in STEM-related areas. It will also be the location for the teacher and principal effectiveness system that will be used to measure each teacher and leader's effectiveness based on multiple measures, including student growth.

## **PERFORMANCE MEASURES**

There will be selection sub-criteria in a State's Race to the Top Phase 2 application that the State does not address in its Phase 3 application. The State need not complete or include anything about those sub-criteria, including the performance measures, in its Phase 3 Part II application. For sub-criteria to which a State is responding that are included in its Phase 2 application, the State must provide goals and annual targets, baseline data, and other information for performance measures as indicated in the Phase 2 application. For each of those criteria, the State must complete the performance measure tables or provide an attachment with the required performance measure information. In addition, the limited scope of Race to the Top Phase 3 means that funded activities might not be covered by performance measures in the Race to the Top Phase 2 application, thus potentially preventing the meaningful evaluation of grantee performance. Consequently, applicants must develop and propose for the Department's approval performance measures for sub-criteria that do not have performance measures in the Race to the Top Phase 2 application. The State may provide additional performance measures, baseline data, and targets for a criterion if it chooses. If a State does not have baseline data for a performance measure, the State should indicate that the data are not available and explain why.

IV. (B)(3) Performance Measures	Actual Data: Baseline (Current school year or most recent)	End of SY 2012- 2013	End of SY 2013- 2014	End of SY 2014- 2015
Percentage of participating LEAs who create and publish aligned curriculum maps through the Continuous Instructional Improvement Technology System (CIITS).	0%	50%	75%	100%
Percentage of teachers in participating LEAs who create and publish lesson plans through the Continuous Instructional Improvement Technology System (CIITS).	5%	20%	50%	75%
In new AdvanceKentucky schools, the percent of students making a 3 or higher (qualifying score) on AP exams.	N/A	40%	50%	75%
The percentage of students at new AdvanceKentucky schools participating in AP courses .	N/A	50%	60%	75%

For the (B)(3) plan, the Department has defined the performance measures above to understand teachers' perceptions of their own teaching of the new Common Core standards, their use of the instructional tools and resources available to them as part of the implementation of the new standards and their use of the CIITS. We expect that by 2015, the majority of teachers will be confident in their understanding and teaching of the common standards, will be highly-satisfied with the tools and resources available to them, and be well-versed in the use of the formative assessment system and that this will drive increases in the effectiveness of Kentucky's teaching pool, and lead to increases in student learning statewide.

<b>(C)(3)Performance Measures</b>	Actual Data: Baseline (Current school year or most recent)	End of SY 2012-2013	End of SY 2013- 2014	End of SY 2014- 2015
Percentage of educators in participating LEAs who have used the Assess Admin module to create assessments	5%	25%	50%	75%
Percentage of educators in participating LEAs who have used the School & District Data module to view key performance indicators to create reports to make decisions impacting classroom teaching and learning.	5%	25%	50%	75%

<b>(D)(5) Performance Measures</b>	Actual Data: Baseline (Current school year or most recent)	End of SY 2012-2013	End of SY 2013- 2014	End of SY 2014- 2015
The percentage of educators in participating LEAs who participated in formal on-line or face to face professional learning experiences on the use of the Continuous Instructional Improvement Technology System (CIITS) to increase their knowledge of how to implement highly effective teaching and learning in the classroom	5%	30%	55%	85%
Percentage of educators in participating LEAs accessing professional learning opportunities through the professional development arm of EDS. As evidenced in the at least annual review of each teacher's professional growth plan.	5%	25%	50%	75%
Percentage of teachers in participating LEAs who were evaluated as exemplary under the common statewide evaluation system.	N/A	5%	10%	20%
Percentage of teachers in participating LEAs who were evaluated as accomplished or developing under the common statewide evaluation system.	N/A	75%	75%	70%
Percentage of teachers in participating LEAs who were evaluated as ineffective under the common statewide evaluation system.	N/A	20%	15%	10%

Given Kentucky's focus on professional learning and the continuous improvement of all teachers and principals, these targets reflect the expectation and goal that by 2015, all teachers and principals will be using the EDS to improve their professional learning experiences (e.g., PD, training and collaborative teamwork), will be part of professional learning teams, and will be using the EDS to improve practice and evaluation.

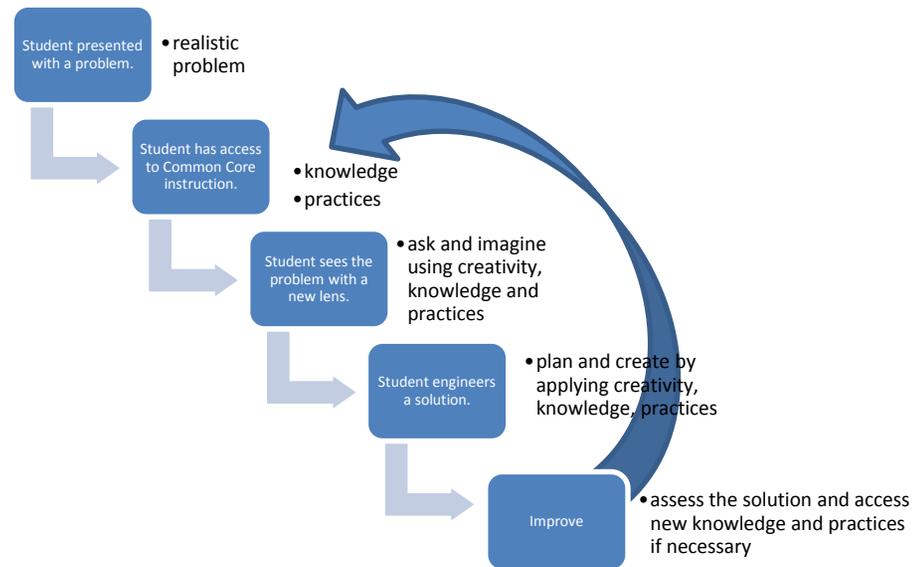
## V. SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) SUMMARY

An applicant must explain in its detailed plan and budget for Phase 3 funding how it will allocate a meaningful share of its Phase 3 award to advance STEM education in the State. You may meet this requirement by including in your plans and budgets:

- 1) Activities proposed by the State to meet the competitive preference priority for STEM education, if applicable; or
- 2) Activities within one or more of the four core education reform areas that are most likely to improve STEM education.

A State should address this requirement throughout the Part II application (*i.e.*, indicate the plan, performance measures and budget by addressing applicable sub-criterion). Use the text box below to provide a summary of how the State is meeting this requirement.

**STEM education in Kentucky...Students use *creativity + science + math + technology* to *engineer* a *solution* to a *realistic* problem.**



## **STEM Summary**

The revised Kentucky STEM Framework clearly defines STEM education in Kentucky and raises awareness throughout the state while supporting the pedagogical and structural changes across the K-12 continuum required to fulfill Kentucky's STEM vision.

Kentucky's vision for STEM goes far beyond programming and, while the revised framework addresses the need to bring current STEM programming (PLTW, National Academy Foundation, AdvanceKentucky) to scale, it recognizes that STEM is about fundamental changes to the way in which teachers approach teaching and learning. Previous plans have established a foundation for the state to begin this work, and many elements of Kentucky's STEM vision (beyond programming) are already embedded within existing strategies being implemented to address the College and Career Readiness agenda. However, the revised framework will be used to better coordinate these STEM elements across the state under a singular vision and infuse STEM practices into the curriculum, culture and DNA of Kentucky's schools. It addresses the need for an aligned curricular approach across the system to ensure all Kentucky's students will be prepared for success at each transition point along the educational continuum.

The framework recognizes that districts and schools will approach systems change in different ways. From fundamental shifts in classroom instructional practices to systemic structural changes across a district, the revised framework provides various levels through which districts and schools can enter into providing STEM educational experiences for learners.

Level of Change	State Support Activities
Awareness, Exploration, & Foundational Practices	<ul style="list-style-type: none"> <li>• Define <i>Kentucky STEM Education</i> for all districts and schools.</li> <li>• Collaborate with partners, including workforce and industry, to develop and provide resources (Common Core State Standards, Next Generation Science Standards and related content standards aligned inquiry-based teaching and learning, KY STEM Assessment Framework) through existing structures for districts and schools (Internet presence) and teachers (CIITS).</li> <li>• Couple the Literacy Design Collaborative and Math Design Collaborative with Kentucky STEM Education designed for implementing the CCAS and funded through Gates Foundation.</li> <li>• Market Kentucky’s definition of “STEM education” and “STEM resources” to partners and other stakeholders [Council on Postsecondary Education, Kentucky Center for Mathematics, P-16 Councils, P20 Labs, state/national content professional organizations (e.g., National Science Teachers Association, Kentucky Center for School Safety, Kentucky Council of Teachers of Mathematics), Kentucky Educational Co-ops].</li> <li>• Collaborate with above stakeholders to host a STEM Summit to raise awareness and build consensus for Kentucky’s STEM Initiative.</li> <li>• Identify and collect all current independent STEM initiatives in Kentucky and disseminate promising practices and effective models.</li> </ul>
Transition to New Identity	<ul style="list-style-type: none"> <li>• Bring existing STEM programs (Project Lead the Way, AdvanceKentucky, National Academies Foundation) to scale.</li> <li>• Collaborate between Common Core State Standards and career/technical education staff at KDE to increase rigor through content integration and alignment and to provide technical assistance and support for implementation of the Kentucky STEM focus in existing programs at the 54 state-operated Area Technical Centers.</li> <li>• Infuse the Kentucky STEM focus into the career/technical education culture.</li> </ul>

New Infrastructure	<ul style="list-style-type: none"><li>• Create innovative, aligned K-8 STEM pilot programs.</li><li>• Develop and implement these pilot programs with intense technical assistance from the state and partners for the creation of a coordinated STEM approach that produces uniform instructional practices for K-8 (support will be graduated over a two-year period).</li><li>• Document the development of demonstrator sites to provide a resource for the expansion of K-8 STEM throughout the state, creating a STEM pipeline.</li><li>• Analyze the planning and implementation processes to continuously improve the implementation of each subsequent K-8 STEM pilot cohort.</li></ul>
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**VI. RACE TO THE TOP PHASE 3 BUDGET**

**BUDGET SUMMARY**

Budget Summary Table: Attached to this Application Package is the Budget Summary Table in Excel format (titled Race to the Top Phase 3 Budget). States should complete the Budget Summary Table as the final step in their budgeting process, and include this table as the first page of the State’s budget.

<b>STATE NAME</b>	<b>KENTUCKY</b>
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<b>TOTAL</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>total</b>
1. Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fringe	\$ -	\$ -	\$ -	\$ -	\$ -
3. Travel	\$ -	\$ -	\$ -	\$ -	\$ -
4. Equip	\$ -	\$ -	\$ -	\$ -	\$ -
5. Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
6. Contractual	\$ 4,235,000.00	\$ 1,635,000.00	\$ 1,885,000.00	\$ 750,000.00	\$ 8,505,000.00
7. Training Stipends	\$ -	\$ -	\$ -	\$ -	\$ -
8. Other	\$ -	\$ -	\$ -	\$ -	\$ -
9. Total Direct (1-8)	\$ 4,235,000.00	\$ 1,635,000.00	\$ 1,885,000.00	\$ 750,000.00	\$ 8,505,000.00
10. Indirect	\$ -	\$ -	\$ -	\$ -	\$ -
11. Involved LEAs	\$ -	\$ -	\$ -	\$ -	\$ -
12. Supplements to participating LEA					\$ -
13. Total Costs (lines 9-12)	\$ 4,235,000.00	\$ 1,635,000.00	\$ 1,885,000.00	\$ 750,000.00	\$ 8,505,000.00
14. Funding Subgranted to Participating LEA's (50% of Total Grant)	\$ 4,032,544.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 500,000.00	\$ 8,532,544.00
15. Total Budget (lines 13-14)	\$ 8,267,544.00	\$ 3,635,000.00	\$ 3,885,000.00	\$ 1,250,000.00	\$ 17,037,544.00

State Name	KENTUCKY				
Project Name:	Continuous Instructional Improvement Technology System - CIITS				
	Yr 1	Yr 2	Yr 3	Yr 4	total
1. Personnel					\$ -
2. Fringe Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
3. Travel					\$ -
4. Equip					\$ -
5. Supplies					\$ -
6. Contractual	\$ 3,985,000.00	\$ 1,135,000.00	\$ 1,135,000.00		\$ 6,255,000.00
7. Training Stipends					\$ -
8. Other					\$ -
9. Total Direct (Lines 1-8)	\$ 3,985,000.00	\$ 1,135,000.00	\$ 1,135,000.00	\$ -	\$ 6,255,000.00
10. Indirect Costs	\$ -	\$ -	\$ -	\$ -	\$ -
11. Funding for Involved LEAs					\$ -
12. Supplemental Funding for Participating LEAs					\$ -
13. Total Costs (lines 9-12)	\$ 3,985,000.00	\$ 1,135,000.00	\$ 1,135,000.00	\$ -	\$ 6,255,000.00

**Fringe - Check**

Rate	10.00%				
	Yr 1	Yr 2	Yr 3	Yr 4	total
	\$ -	\$ -	\$ -	\$ -	\$ -

**Indirect - Check**

Rate	10.00%				
	Yr 1	Yr 2	Yr 3	Yr 4	total
	\$ -	\$ -	\$ -	\$ -	\$ -

State Name	KENTUCKY				
Project Name:	AdvanceKentucky				
	Yr 1	Yr 2	Yr 3	Yr 4	total
1. Personnel					\$ -
2. Fringe Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
3. Travel					\$ -
4. Equip					\$ -
5. Supplies					\$ -
6. Contractual	\$ 250,000.00	\$ 500,000.00	\$ 750,000.00	\$ 750,000.00	\$ 2,250,000.00
7. Training Stipends					\$ -
8. Other					\$ -
9. Total Direct (Lines 1-8)	\$ 250,000.00	\$ 500,000.00	\$ 750,000.00	\$ 750,000.00	\$ 2,250,000.00
10. Indirect Costs	\$ -	\$ -	\$ -	\$ -	\$ -
11. Funding for Involved LEAs					\$ -
12. Supplemental Funding for Participating LEAs					\$ -
13. Total Costs (lines 9-12)	\$ 250,000.00	\$ 500,000.00	\$ 750,000.00	\$ 750,000.00	\$ 2,250,000.00

**Fringe - Check**

Rate	10.00%				
	Yr 1	Yr 2	Yr 3	Yr 4	total
	\$ -	\$ -	\$ -	\$ -	\$ -

**Indirect - Check**

Rate	10.00%				
	Yr 1	Yr 2	Yr 3	Yr 4	total
	\$ -	\$ -	\$ -	\$ -	\$ -

The State must include, on Line 14 of the Budget Summary Table, the amount of funding to be subgranted to its participating LEAs based on their relative shares of funding under Part A of Title I of the ESEA for the most recent year (that is, FY 2011), as required under section 14006(c) of the ARRA. States are not required to provide budgets for how the participating LEAs would use their funds. However, the Department expects that, as part of the administration and oversight of the grant, States will monitor and track all expenditures to ensure that participating LEAs spend these funds in accordance with the State’s plan and the scope of work described in the agreement between the State and the participating LEA.

Budget Summary Narrative: A budget narrative that accompanies the Budget Summary Table should provide an overview of the projects that the State has included in its budget. Applicants should use their budget narratives to provide a detailed description of how they plan to use their Federal grant funds and how they plan to leverage other Federal, State, and local funds to achieve their reform goals. The budget narrative should be of sufficient scope and detail for the Department to determine if the costs are necessary, reasonable, and allowable. The State must also include how it plans to direct a meaningful share of its Phase 3 award to advance STEM education in the State.

Kentucky has been leveraging and re-allocating as many federal, state and local resources as possible to implement elements of our Phase 2 application. The budget for our Phase 3 application reflects those elements that Kentucky has not been able to fund that would greatly enhance our efforts to make all students college/career-ready and improve our efforts to provide higher-quality STEM education to all of our children. Kentucky will continue to leverage other sources of federal, state, local and philanthropic funding to support the reform plans laid out here. The focus of the state’s portion of the Race to the Top funding grant is in two projects:

*Project 1: Continuous Instructional Improvement Technology System*

This project is associated with all three sub-criteria addressed in our Phase 3 application. The grant will cover much of the cost to “turn on” two areas of the system key to improving STEM education (the formative assessment/assessment item bank and the Educator Development Suite).

*Project 2: Expansion of our most successful STEM initiative, AdvanceKentucky.*

This project will expand the AdvanceKentucky initiative, which will increase access to challenging coursework and STEM subject areas.

The LEA portion of the grant will be used by school districts to provide the necessary supports (i.e. professional development and other services) for successful implementation of the CIITS.

**PROJECT LEVEL BUDGET**

The supporting project-level detail is required as back-up to the budget summary. For each project that the State is proposing in order to implement the plans described in its Race to the Top Phase 3 application, the State should complete the following:

Project-Level Budget Table. Attached to this Application Package is a template for project-level budgets in Excel format. States should complete a project-level budget table for each project, by budget category and for each year for which funding is requested.

Project-Level Budget Narrative: Provide a budget narrative that accompanies the Project-Level Budget Table and backup detail associated with each budget category in the Project-Level Budget.

**Project #1 – CIITS**

This budget includes the costs associated with the continued roll-out of the CIITS system, specifically the formative assessment/assessment item bank system and the Educator Development Suite (EDS). This is described in all three sub-criterion sections, (B)(3), (C)(3) and (D)(5), of Kentucky’s Phase 3 plan. These new sections of the system will allow every teacher and principal to have access to assessment resources, including an assessment item bank in math, science and English/language arts that is crucial to improving STEM education. Additionally, the Educator Development Suite will be rolled-out, allowing teachers and leaders a better structure for setting teacher and leader expectations, collecting evidences of student growth and measuring teacher and leader effectiveness. Once again, a more effective educator workforce (regardless of their content area) will, in turn, lead to better instruction and thus an improvement in STEM education. It is expected that the entirety of LEAs’ subgrants under the application will be used to support the roll-out through professional learning opportunities and other support services. All direct costs for this project fall under the category of “Contractual.” The costs described below explain the portion of the state’s funding that the grant would fund.

**Line item 6: Contractual**

Note: Kentucky has followed the procedures for procurement under 34 CFR Parts 74.40 - 74.48 and Part 80.36.

Costs are based on an existing contract with SchoolNet, Inc.

*SchoolNet*

The single contract for the development of the CIITS was awarded to SchoolNet, Inc. The contract covers the development of all the module areas for the system. As each new module begins development, the contract is modified to cover the costs of that development. Since the development and the deployment of the Formative Assessment and Educator Development Suites is expected to be completed by the end of FY2014, there are no costs in Year 4 for the state's portion of the grant. The Schoolnet contract is to build/design the overall Continuous Instructional Improvement Technology System (CIITS) that includes the components of standards, instructional materials, assessment, student level data, professional development, teacher/leader effectiveness and linkage to school/district improvement planning in a "one stop shop" on-line system. They will be providing modules as the basis for configuration to help us align to our statewide goals and objectives set forth by Senate Bill 1(2009)/Unbridled Learning. Schoolnet is also providing additional training and support as part of the implementation of CIITS in pilots and statewide use. For purposes of the Race to the Top grant the focus is on the assessment and teacher/leader effectiveness areas listed above. *See Appendix A: SchoolNet MA with Addendum 100711 and Appendix B: SchoolNet MA Addendum EDS* for more detail on the contract with SchoolNet

- Purpose/description: development and roll-out of "Formative Assessment/Item Bank" to include math, English/language arts and science. Cost: \$1,800,000 in Year 1; \$400,000 in Years 2 and 3; totaling \$2,600,000. This represents approximately 80 percent of the total cost of "turning on" this area of the system. All additional costs of this program will be covered by other federal, state and local district funding and other sources of existing or repurposed funding.

<b>Item</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>TOTAL</b>
Formative Assessment Tool – One-Time Perpetual Software License (approximately 80% of total cost)	\$1,317,000	No RTT3 Costs in Year 2	No RTT3 Costs in Year 3	No RTT3 Costs in Year 4	\$1,317,000
Formative Assessment Tool – Software Maintenance (i.e. software patches, system upgrades, repairs to software) (approximately 80% of total cost)	No RTT3 Costs in Year 1	\$100,000	\$100,000	No RTT3 Costs in Year 4	\$200,000
Formative Assessment Item Bank – License (approximately 80% of total cost)	\$408,000	\$270,000	\$270,000	No RTT3 Costs in Year 4	\$948,000
Formative Assessment System – Vendor Support Services. Vendor support services include the areas of project management, data loading and support and professional development. The assigned Schoolnet Implementation team will manage the EDS implementation process through the seven phase methodology process, consisting of Prepare, Discovery, Design, Build, Qualify, Deploy and Transform. (approximately 80% of total cost)	\$75,000	\$30,000	\$30,000	No RTT3 Costs in Year 4	\$135,000
<b>SUB - TOTAL</b>	<b>\$1,800,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	No RTT3 Costs in Year 4	<b>\$2,600,000</b>

- Purpose/description: development and roll-out of “Educator Development Suite” to provide for a comprehensive system to improve the effectiveness of all teachers and leaders. Cost: \$1,850,000 in Year 1; \$400,000 in Years 2 and 3; totaling \$2,650,000. This represents approximately 50 percent of the total cost of “turning on” this area of the system. All additional costs of this program will be covered by other federal, state and local district funding and other sources of existing or repurposed funding.

<b>Item</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>TOTAL</b>
Educator Development Suite One-time Perpetual License (approximately 50% of total cost)	\$1,775,000	NO RTT3	NO RTT3	No RTT3 Costs in Year 4	\$1,775,000
Educator Development Suite Maintenance Maintenance (i.e. software patches, system upgrades, repairs to software) (approximately 50% of total cost)	NO RTT3 COSTS in Year 1	\$306,000	\$306,000	No RTT3 Costs in Year 4	\$612,000
Educator Development Suite – Vendor Support Services. Vendor support services include the areas of project management, data loading and support and professional development. The assigned Schoolnet Implementation team will manage the EDS implementation process through the seven phase methodology process, consisting of Prepare, Discovery, Design, Build, Qualify, Deploy and Transform. (approximately 50% of total cost)	\$75,000	\$94,000	\$94,000	No RTT3 Costs in Year 4	\$263,000
<b>SUB - TOTAL</b>	<b>\$1,850,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>No RTT3 Costs in Year 4</b>	<b>\$2,650,000</b>

*Contracted Staff*

KDE will contract with an existing vendor to provide three IT positions to work with the Continuous Instructional Improvement System (CIITS) that will have responsibility for service oversight, data analysis/extracts and user experience. These are the three positions that have the greatest need at over the next three years that are currently unfunded.

- One of the three positions will be focused and an expert on the overall CIITS tool and the on the end user experience with that tool. This position will work very closely with the KDE CIITS product sponsor, KDE program areas, KDE CIITS executive sponsors and when directed with CIITS customers in school districts on the specifics of how the CIITS tool can be maximized from the average users perspective as well as areas that need to be addressed to improve the CIITS experience.

Cost: One FTE position at \$115,000 per year for three years totaling \$345,000

- The two of the three positions will be data and IT focused. Two data positions will be hired immediately to create data files and refine communication between the Student Information System (SIS) and other data sources feeding into SchoolNet during the extensive data load up phase. One of the data positions will eventually be transition to a CIITS service manager position. The CIITS service lead will coordinate with operational leads and districts to assure the system continues to mature to meet user needs They will work with the members of the KDE data team to analyze data needs, monitor and resolve data quality issues and maximize reporting and dashboards within CIITS to encourage data usage to drive instructional improvement. Cost: \$110,000 for each of two FTE positions per year for three years, totaling \$660,000

SUB - TOTAL	\$335,000	\$335,000	\$335,000	No RTT3 Costs in Year 4	\$1,005,000
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## **Project #2 – AdvanceKentucky**

This project aligns with sub-criterion (B)(3) and is exclusively designed to expand the most successful STEM-related initiative now underway in Kentucky. AdvanceKentucky is a joint project by the Kentucky Science and Technology Corporation and KDE, in partnership with the National Math and Science Initiative, which has shown remarkable preliminary gains in the diversity of students engaged in Advanced Placement (AP) courses and successful on AP exams. AdvanceKentucky helps schools use a variety of approaches to boost AP test results, including opening AP classes to more students, counseling students, providing supplies and equipment, providing intensive training for AP teachers and offering financial incentives to teachers for successful student outcomes.

### **Line item 6: Contractual**

Note: Kentucky has followed the procedures for procurement under 34 CFR Parts 74.40 - 74.48 and Part 80.36.

Costs are based on an existing contract with Kentucky Science and Technology Corporation.

- Purpose: The Kentucky Department of Education will work with the AdvanceKentucky program to expand its current program by about five schools each year (Total: 20 schools).
- The Race to the Top grant will fund 50% of the total cost of implementation of the National Math and Science Initiative (NMSI) AdvanceKentucky Program in twenty (20) schools. The AdvanceKentucky program has a three year funding cycle. Schools are required to have a sustainability plan for years four and beyond. In year four of the grant the first cohort of five schools will no longer be funded with Race to the top funds. The program includes the following elements:

<b>Item</b>	<b>Annual Cost</b>	<b>Unit Cost</b>	<b>Factor</b>	<b>Year 1 (5 schools)</b>	<b>Year 2 (10 schools)</b>	<b>Year 3 (15 schools)</b>	<b>Year 4 (15 schools)</b>	<b>TOTAL</b>
Teacher Stipend	<ul style="list-style-type: none"> <li>• Yr 1 – 35 Teachers</li> <li>• Yr 2 – 70 Teachers</li> <li>• Yr 3– 105 Teachers</li> <li>• Yr 4 – 105 Teachers</li> </ul>	\$500	50%	\$8,750.00	\$17,500.00	\$26,250.00	\$26,250.00	\$78,750.00
Content Coordinator Stipends	<ul style="list-style-type: none"> <li>• Yr 1 – 15 Content Coord.</li> <li>• Yr 2 – 30 Content Coord.</li> <li>• Yr 3 – 45 Content Coord.</li> <li>• Yr 4 – 45 Content Coord.</li> </ul>	\$700	50%	\$5,250.00	\$10,500.00	\$15,750.00	\$15,750.00	\$47,250.00
Mentors	<ul style="list-style-type: none"> <li>• Yr 1 – 10 mentors</li> <li>• Yr 2 – 20 mentors</li> <li>• Yr 3 – 30 mentors</li> <li>• Yr 4 – 30 mentors</li> </ul>	\$500	50%	\$2,500.00	\$5,000.00	\$7,500.00	\$7,500.00	\$22,500.00
PD	<ul style="list-style-type: none"> <li>• Yr 1 – .30 FTE – Approx \$26,500</li> <li>• Yr 2 – .66 FTE – Approx \$53,000</li> <li>• Yr 3 – 1 FTE \$79,500</li> <li>• Yr 4 – 1 FTE \$79,500</li> </ul>	1 FTE		\$26,500.00	\$53,000.00	\$79,500.00	\$79,500.00	\$238,500.00
Exam Fees	<ul style="list-style-type: none"> <li>• Yr 1 – 1,250 Exams</li> <li>• Yr 2 – 2,500 Exams</li> <li>• Yr 3 – 3,750 Exams</li> <li>• Yr 4 – 3,750 Exams</li> </ul>	\$32	50%	\$20,000.00	\$40,000.00	\$60,000.00	\$60,000.00	\$180,000.00

Study Sessions	<ul style="list-style-type: none"> <li>• Yr 1 – 30 sessions</li> <li>• Yr 2 –60 sessions</li> <li>• Yr 3 – 90 Sessions</li> <li>• Yr 4 – 90 Sessions</li> </ul> <p>* This is an estimate based on participation. This number is a cap. This cost includes an \$8/per study session participant cost for materials (participants can attend up to three sessions) for the study session and the cost of instructors (app. \$300 per instructor) for the study sessions for each study session.</p>	\$2,617*	50%	\$39,250.00	\$78,500.00	\$117,750.00	\$117,750.00	Not to exceed: \$353,250.00
Supplies	<ul style="list-style-type: none"> <li>• Yr 1 –1, 250 courses</li> <li>• Yr 2 – 2,500 courses</li> <li>• Yr 3 – 3,750 courses</li> <li>• Yr 4 – 3,750 courses</li> </ul>	\$25	50%	\$15,625.00	\$31,250.00	\$46,875.00	\$46,875.00	\$140,625.00
Equipment	<ul style="list-style-type: none"> <li>• Yr 1 – 5 schools</li> <li>• Yr 2 – 10 schools</li> <li>• Yr 3 – 15 schools</li> <li>• Yr 4 – 15 schools</li> </ul>	\$5,000	50%	\$12,500.00	\$25,000.00	\$37,500.00	\$37,500.00	\$112,500.00
Teacher Incentive	<ul style="list-style-type: none"> <li>• Yr 1 – 475 Qualifying Scores</li> <li>• Yr 2 – 950 Qualifying Scores</li> <li>• Yr 3 – 1,425 Qualifying Scores</li> <li>• Yr 4 – 1,425 Qualifying Scores</li> </ul>	\$100	50%	\$23,750.00	\$47,500.00	\$71,250.00	\$71,250.00	\$213,750.00
<b>Item</b>	<b>Annual Cost</b>	<b>Unit Cost</b>	<b>Factor</b>	<b>Year 1 (5 schools)</b>	<b>Year 2 (10 schools)</b>	<b>Year 3 (15 schools)</b>	<b>Year 4 (15 schools)</b>	<b>TOTAL</b>

Teacher Bonus	<ul style="list-style-type: none"> <li>• Yr 1 – 35 Teachers</li> <li>• Yr 2 – 70 Teachers</li> <li>• Yr – 105 Teachers</li> <li>• Yr 4 – 105 Teachers</li> </ul>	\$1,000	50%	\$17,500.00	\$35,000.00	\$52,500.00	\$52,500.00	\$157,500.00
Student Incentive	<ul style="list-style-type: none"> <li>• Yr 1 – 475 Qualifying Scores</li> <li>• Yr 2 – 950 Qualifying Scores</li> <li>• Yr 3 – 1,425 Qualifying Scores</li> <li>• Yr 4 – 1,425 Qualifying Scores</li> </ul>	\$100	50%	\$23,750.00	\$47,500.00	\$71,250.00	\$71,250.00	\$213,750.00
AP Coord Incentive	<ul style="list-style-type: none"> <li>• Yr 1 – 5 schools</li> <li>• Yr 2 – 10 schools</li> <li>• Yr 3 – 15 schools</li> <li>• Yr 4 – 15 schools</li> </ul>	\$1,850	50%	\$4,625.00	\$9,250.00	\$13,875.00	\$13,875.00	\$41,625.00
Total Program Expense				\$200,000.00	\$400,000.00	\$600,000.00	\$600,000.00	\$1,800,000.00
Administrative Expenses	<ul style="list-style-type: none"> <li>• Yr 1 – 5 schools</li> <li>• Yr 2 – 10 schools</li> <li>• Yr 3 – 15 schools</li> <li>• Yr 4 – 15 schools</li> </ul>	\$20,000	50%	\$50,000.00	\$100,000.00	\$150,000.00	\$150,000.00	\$450,000.00
<b>Contractual Sub Total for AdvanceKentucky</b>				\$250,000.00	\$500,000.00	\$750,000.00	\$750,000.00	\$2,250,000.00

see the (B)(3) reform plan and *Appendix C: NMSI Elements of Success* for more description on the elements of AdvanceKentucky.

Annual amounts listed above are estimates of what the Race to the Top award would cover (a total of \$2,250,000 over four years, which is approximately 50 percent of total costs of this program); all additional costs of this program will be covered by grants from federal, state and local district funding and other sources of existing or repurposed funding.

**BUDGET: INDIRECT COST INFORMATION**

**KENTUCKY IS NOT REQUESTING INDIRECT COST REIMBURSEMENT**

**KENTUCKY**

**VII. SIGNATURE PAGE**

<p>Required Applicant Signatures:</p> <p>To the best of my knowledge and belief, all of the information and data in this Part II application and the certified assurances I the Part I application are true and correct.</p> <p>I further certify that I have read both Parts I and II of the application, am fully committed to it, and will support its implementation:</p>	
<p>Governor or Authorized Representative of the Governor (Printed Name): Steven L. Beshear, Governor, Commonwealth of Kentucky</p>	
<p>Signature of Governor or Authorized Representative of the Governor:</p>	<p>Date:</p>
<p>Chief State School Officer (Printed Name): Terry Holliday</p>	
<p>Signature of the Chief State School Officer:</p>	<p>Date:</p>
<p>President of the State Board of Education (Printed Name): David Karem</p>	
<p>Signature of the President of the State Board of Education:</p>	<p>Date:</p>

Submission of Applications by Hand Delivery: If you submit your application (i.e., the CD or DVD, the signed paper original of Part I the application, and the copy of that original) by hand delivery, you (or a courier service) 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 84.395A, Part II  
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 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--

- You must indicate on the envelope the CFDA number, including suffix letter, if any, of the program under which you are submitting your application; and
- 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.

## SECTION IV. APPLICATION CHECKLIST

Please use the following checklist to ensure that your application is complete.

### PART I APPLICATION

#### **Race to the Top Application Assurances**

- SIGNATURE REQUIRED** – Has the Governor or an authorized representative signed and dated the Race to the Top Application Assurances?
- SIGNATURE REQUIRED** – Has the Chief State School Officer signed and dated the Race to the Top Application Assurances?
- SIGNATURE REQUIRED** – Has the President of the State Board of Education signed and dated the Race to the Top Application Assurances?
- SIGNATURE REQUIRED** – Has the Governor or an authorized representative signed the “signature block for certifying official” after Application Assurance section?

### PART II APPLICATION

#### Selection Criteria: Plans for Race to the Top Phase 3

- Has the State completed the State Plan Overview
- Has the State responded to all of the applicable selection criteria?
- For each applicable selection criterion, has the State provided the necessary:
  - Narrative response?
  - An explanation of why the applicant has selected each of the activities?
  - Performance measure information?

#### **STEM Investment**

- Has the State included how it will allocate a meaningful share of its Phase 3 award to advance STEM education in the State?
  - In the narrative for applicable selection criteria?
  - In the budget narrative?
  - In the STEM summary section?

#### Budget

- Has the State completed the following elements of the budget in the Excel spreadsheet?
  - Budget Part I: Summary Table
  - Budget Part I: Budget Summary Narrative
  - Budget Part II: Project-Level Budget Table
  - Budget Part II: Project-Level Budget Narrative
    - [If requested] Indirect Costs

#### **Signature Page**

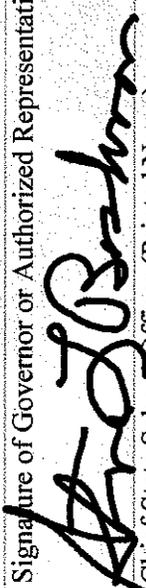
- SIGNATURE REQUIRED** – Has the Governor or an authorized representative signed and dated the Part II signature page?
- SIGNATURE REQUIRED** – Has the Chief State School Officer signed and dated the Part II signature page?
- SIGNATURE REQUIRED** – Has the President of the State Board of Education signed and dated the Part II signature page?

#### **Application Submission Procedures**

- ❑ Has the State complied with the submission format requirements, including the application deadline for submission?

KENTUCKY

VII. SIGNATURE PAGE

Required Applicant Signatures:	
To the best of my knowledge and belief, all of the information and data in this Part II application and the certified assurances I the Part I application are true and correct.	
I further certify that I have read both Parts I and II of the application, am fully committed to it, and will support its implementation:	
Governor or Authorized Representative of the Governor (Printed Name): Steven L. Beshear, Governor, Commonwealth of Kentucky	Date: 3-9-12
Signature of Governor or Authorized Representative of the Governor:  Chief State School Officer (Printed Name): Terry Holliday	Date: 2-29-12
Signature of the Chief State School Officer: 	Date: 3-5-12
President of the State Board of Education (Printed Name): David Karem	Date: 3-5-12
Signature of the President of the State Board of Education: 	Date: 3-5-12



# Commonwealth of Kentucky

## MASTER AGREEMENT

**IMPORTANT**

Show Doc ID number on all packages, invoices and correspondence.

<b>Doc Description:</b> Continuous Instructional Improvement Technology System RFP		
<b>Doc ID No:</b> MA 758 1100000781 3	<b>Proc Folder:</b> 1730908	
<b>Procurement Type:</b> Computer Services		
<b>Effective Date:</b> 2011-02-14	<b>Expiration Date:</b> 2014-02-13	<b>Not To Exceed Amount</b>
<b>Administered By:</b> Susan Noland		<b>Cited Authority:</b> FAP111-57-00-CS
<b>Telephone:</b> 502-564-5951		<b>Issued By:</b> Susan Noland

**Reason For Modification:** October 6, 2011

 Administrative update adding fully executed Addendum One to the header.  
 SNoland

<b>V E N D O R</b>	Schoolnet		
	525 Seventh Avenue, 4th Floor		
	New York NY 10018		
	US		

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	CIITS Deployment Phase 1 License Installment 1 thru 6-30-11	0	0.00	EA	1,650,000.00000	0.00	0.00

**Extended Description**

CIITS Deployment Phase 1 Licensing Installment 1 through 06/30/11 Software and Maintenance (including Curriculum and Reporting Tools and development)

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
2	CIITS Deployment Phase 1 Lic Inst thru 6-30-11 Services		0.00		0.00000	450,000.00	450,000.00

**Extended Description**

CIITS Deployment Phase 1 Licensing Installment 1 through 06/30/11 Services (including implementation, support and hosting fees) \$90,000 per month

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
3	CIITS Deployment Phase 1 Lic Install 1 6-30-11 Travel		0.00		0.00000	60,000.00	60,000.00

**Extended Description**

 CIITS Deployment Phase 1 Licensing Installment 1 through 06/30/11 - Any travel reimbursed shall be in compliance with 200 KAR 2:006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet.  
<http://www.lrc.ky.gov/kar/200/002/006.htm>. The Contractor shall not exceed the noted budget that is listed in the above tables.

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
4	CIITS Deployment Phase 1 Lic Install 2 7-1-11 - 6-30-12		0.00	EA	1,747,500.00000	0.00	0.00

**Extended Description**

**Extended Description**

CIITS Deployment Phase 1 Licensing Installment 2 07/1/2011 - 6/30/2012 Software and Maintenance (including Curriculum and Reporting Tools and development)

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
5	CIITS Deployment Phase 1 Lic Install 2 2011-2012 Services		0.00		0.00000	500,004.00	500,004.00

**Extended Description**

CIITS Deployment Phase 1 Licensing Installment 2 07/1/2011 - 06/30/2012 Services (including implementation, support and hosting fees) \$41,667 per month

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
6	CIITS Deployment Phase 1 Lic Install 2 6-30-12 Travel		0.00		0.00000	38,000.00	38,000.00

**Extended Description**

CIITS Deployment Phase 1 Licensing Installment 2 07/1/2011 - 06/30/2012 - Any travel reimbursed shall be in compliance with 200 KAR 2:006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet.

<http://www.lrc.ky.gov/kar/200/002/006.htm>. The Contractor shall not exceed the noted budget that is listed in the above tables.

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
7	CIITS Phase 1 - Ongoing Support 2012-2013 SW & Maint		0.00	EA	510,000.00000	0.00	0.00

**Extended Description**

CIITS Phase 1 - Ongoing Support 07/01/2012 - 06/30/2013 Software and Maintenance (including Curriculum and Reporting Tools and development)

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
8	CIITS Phase 1 - Ongoing Support 2012 - 2013 Services		0.00		0.00000	458,004.00	458,004.00

**Extended Description**

CIITS Phase 1 - Ongoing Support 07/01/2012 - 06/30/2013 Services (including implementation, support and hosting fees) \$38,167 per month

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
9	CIITS Phase 1 - Ongoing Support 2012 - 2013 Travel		0.00		0.00000	30,000.00	30,000.00

**Extended Description**

CIITS Phase 1 - Ongoing Support 07/01/2012 - 06/30/013 - Any travel reimbursed shall be in compliance with 200 KAR 2:006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet.

<http://www.lrc.ky.gov/kar/200/002/006.htm>. The Contractor shall not exceed the noted budget that is listed in the above tables.

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
10	CIITS Phase 1-Ongoing Support 7-1-13 thru 12-31-13 SW & Main		0.00	EA	263,000.00000	0.00	0.00

**Extended Description**

CIITS Phase 1 - Ongoing Support 07/01/2013 - 12/31/2013 Software and Maintenance (including Curriculum and Reporting Tools and development)

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
11	CIITS Phase 1 - Ongoing Support 7-1-13 thru 12-31-13 Service		0.00		0.00000	233,502.00	233,502.00

**Extended Description**

CIITS Phase 1 - Ongoing Support 07/01/2013 - 12/31/2013 Services (including implementation, support and hosting fees)  
\$38,917 per month

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
12	CIITS Phase 1-Ongoing Support 7-1-13 thru 12/31/13 Travel		0.00		0.00000	15,000.00	15,000.00

**Extended Description**

CIITS Phase 1 - Ongoing Support 07/01/2013 - 12/31/2013 - Any travel reimbursed shall be in compliance with 200 KAR 2:006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet.  
<http://www.lrc.ky.gov/kar/200/002/006.htm>. The Contractor shall not exceed the noted budget that is listed in the above tables.

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
13	CIITS Assessment Tools Lic & Maint 10/1/11 - 6/30/12		0.00	EA	1,375,000.00000	0.00	0.00

**Extended Description**

September 30, 2011  
CIITS - Assessment Tools License and maintenance 10/1/11 - 6/30/12  
Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
14	CIITS Assessment Tools Lic & Maint 7/1/12 - 6/30/13		0.00	EA	247,500.00000	0.00	0.00

**Extended Description**

September 30, 2011  
CIITS Assessment Tools Lic & Maint 7/1/12 - 6/30/13  
Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
15	CIITS Assessment Tools Lic & Maint 7/1/13 - 12/31/13		0.00	EA	127,500.00000	0.00	0.00

**Extended Description**

September 30, 2011  
CIITS Assessment Tools Lic & Maint 7/1/13 - 12/31/13  
Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
16	CIITS Assessment Tools Services 10/1/11 - 12/31/13		0.00		0.00000	90,000.00	90,000.00

**Extended Description**

September 30, 2011  
CIITS Assessment Tools Services 10/1/11 - 12/31/13 - Any travel reimbursed shall be in compliance with 200 KAR 2:0006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet. <http://www.lrc.ky.gov/kar/200/002/006.htm>. The contractor shall not exceed the noted budget that is listed. Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
17	CIITS Pearson Classroom Item Bank License 10/1/11 - 6/30/12		0.00	EA	426,667.00000	0.00	0.00

**Extended Description**

September 30, 2011

CIITS Pearson Classroom Item Bank Annual License Yr 1.

10/1/11 - 6/30/12. Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
18	CIITS Pearson Classroom Item Bank License 7/1/12 - 6/30/13		0.00	EA	640,000.00000	0.00	0.00

**Extended Description**

September 30, 2011

CIITS Pearson Classroom Item Bank Annual License Yr 2.

7/1/12 - 6/30/13. Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
19	CIITS Pearson Classroom Item Bank License 7/1/13 - 12/31/13		0.00	EA	320,000.00000	0.00	0.00

**Extended Description**

September 30, 2011

CIITS Pearson Classroom Item Bank Annual License Yr 3.

7/1/13 - 12/31/13. Refer to Addendum One

Line	CL Description	Delivery Days	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
20	CIITS Pearson Classroom Item Bank Services 10/1/11-12/31/13		0.00		0.00000	35,000.00	35,000.00

**Extended Description**

September 30, 2011

CIITS Pearson Classroom Item Bank Services. Any travel reimbursed shall be in compliance with 200 KAR 2:0006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet. <http://www.lrc.ky.gov/kar/200/002/006.htm>. The contractor shall not exceed the noted budget that is listed. Refer to Addendum One

<b>Total Order Amount:</b>	<b>1,909,510.00</b>
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1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page 5 of 31</b>
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**CONTRACT FOR CONTINUOUS INSTRUCTIONAL  
IMPROVEMENT TECHNOLOGY SYSTEM (CIITS)**

**BETWEEN**

**SCHOOLNET, INC.**  
**525 SEVENTH AVENUE, 4TH FLOOR**  
**NEW YORK, NY 10018**  
**CONTACT: Chief Executive Officer**  
**PHONE: 646-496-9000**  
**FAX: 212-675-0815**  
**EMAIL: contracts@schoolnet.com**

and

**THE COMMONWEALTH OF KENTUCKY**  
**KENTUCKY DEPARTMENT OF EDUCATION**

**MA 758 1100000781**

\*\*\*\*\*

This Master Agreement (“Contract”) is entered into, by and between the Commonwealth of Kentucky, Kentucky Department of Education (“the Commonwealth”) and Schoolnet, Inc., as the Prime Contractor (“Vendor/Contractor”) for a Continuous Instructional Improvement Technology System (CIITS).

The Commonwealth and Vendor agree to the following:

**I. Scope of Contract**

This Contract is to establish a new Continuous Instructional Improvement Technology System (CIITS) that will provide student data and teaching resources directly to teachers and administrators. The purpose of the CIITS is to incorporate into one (1) central portal, common core standards-based resources, learning targets, curriculum mapping, lesson planning, instructional tools, professional development, and others.

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page 6  of 31</b>
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## II. Contract Components and Order of Precedence

The Commonwealth's acceptance of the Contractor's offer in response to Solicitation RFP 758 1000000397, indicated by the issuance of a Contract Award by the Office of Procurement Services, shall create a valid Contract between the Parties consisting of the following:

1. Any written Agreement between the Parties;
2. Any Addenda to Solicitation RFP 758 1000000397;
3. Solicitation RFP 758 1000000397 and all attachments thereto, including Section 40--Terms and Conditions of a Contract with the Commonwealth of Kentucky;
4. General Conditions contained in 200 KAR 5:021 and Office of Procurement Services' FAP110-10-00;
5. Any Best and Final Offer;
6. The Contractor's proposal in response to Solicitation RFP 758 1000000397.

In the event of any conflict between or among the provisions contained in the Contract, the order of precedence shall be as enumerated above.

## III. Negotiated Items

Exceptions noted by Schoolnet, Inc. and agreed upon by the Commonwealth:

1. Section 40.060 has been revised to read as follows: If the Commonwealth Buyer believes that deliverables are not in conformance, Schoolnet and the Commonwealth shall come to a mutual agreement related to any reasonable requests for additional Schoolnet resources.
2. Section 40.230 shall be removed in its entirety and replaced with the following clause: Any audits required by KRS 45A.150 and 200 KAR 5:314 shall be at Schoolnet's headquarters, or at a subcontractor's place of business if appropriate, upon reasonable notice. Any documents provided as part of an audit shall be subject to appropriate confidentiality protections, to the extent permitted by law.
3. Subject to agreement of the Parties, KDE has the option of procuring additional software services, and/or content in accordance with Schoolnet's proposal in response to the KDE's original RFP # 758-1000000397 (collectively, the "Optional Solutions")

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page 7 of 31</b>
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from Schoolnet at any time during the Term of this Agreement by giving Schoolnet written notice of its election to license and procure with payment for said Optional Solutions due upon election. Pricing for the Optional Solutions is subject to change as determined by Schoolnet, at its sole discretion. Any additional software or services procured as part of the Optional Solutions shall be deemed included in and made a part of this Agreement and subject to the terms and conditions of this Agreement.

4. The specific negotiated documents include:

- ✂ Schoolnet License Agreement – **Exhibit A**
- ✂ Escrow Agreement – **Exhibit B**
- **Implementation and Support Document Phase I – Exhibit C**

The Commonwealth reserves the right to renegotiate any terms and/or conditions as may be necessary to meet requirements for the extended period. The Vendor will be advised of any proposed revisions prior to the renewal periods. In the event proposed revisions cannot be agreed upon, either party shall have the right to withdraw without prejudice from either exercising the option or continuing the contract in an extended period.

5. Section 30.040 is hereby modified to provide that source code to any modifications to the Contractor's software licensed to the Commonwealth pursuant to the license terms set forth in the attached Exhibit A, shall be owned exclusively by the Contractor.

#### **IV. Terms and Conditions**

##### **Section 40.015—Final Agreement**

**The Contract represents the entire agreement between the parties with respect to the subject matter hereof. Prior negotiations, representations, or agreements, either written or oral, between the parties hereto relating to the subject matter hereof shall be of no effect upon this Contract**

##### **Section 40.016—Agencies to Be Served**

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page 8 of 31</b>
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This Contract shall be for use by the following agencies of the Commonwealth of Kentucky:

**The Kentucky Department of Education  
Local School Districts**

No shipments shall be made except upon receipt by Vendor of an official Delivery Order from a using agency.

**Section 40.018 -Extending the Contract Use to Other Agencies**

The Office of Procurement Services reserves the right, with the consent of the Vendor, to offer this Master Agreement to other state agencies requiring the product(s) or service(s).

**Section 40.020—Contract Provisions**

If any provision of this Contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the Commonwealth and the Contractor shall be relieved of all obligations arising under such provision. If the remainder of this Contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

**Section 40.025—Type of Contract**

**The contract shall be on the basis of a firm fixed fee price.**

**Section 40.030—Term of Contract and Renewal Options**

The initial term of the Contract shall be for a period of **three (3) years** from the effective date of the Award of Contract.

This Contract may be renewed at the completion of the initial Contract period for **four (4) additional two (2) year** periods upon the mutual agreement of the Parties. Such mutual agreement shall take the form of an addendum to the Contract under Section 40.050—Changes and Modifications to the Contract.

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page 9  of 31</b>
------------	--------------------------------	--	--------------------------

The Commonwealth reserves the right not to exercise any or all renewal options. The Commonwealth reserves the right to extend the contract for a period less than the length of the above-referenced renewal period if such an extension is determined by the Commonwealth Buyer to be in the best interest of the Commonwealth.

**Section 40.040—Multiyear Contracts**

If this Contract is for a term that extends beyond the end of the biennium in which the Contract was made, payment and performance obligations for succeeding fiscal years are subject to the availability of funds thereof. When funds are not appropriated or otherwise made available to support continuation of performance of the Contract beyond the biennium, the Contract for such subsequent year(s) may be canceled and the Contractor shall be reimbursed in accordance with Section 40.150—Provisions for Termination of the Contract.

**Section 40.050—Changes and Modifications to the Contract**

Pursuant to KRS 45A.210(1) and 200 KAR 5:311, no modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the Contractor and the Commonwealth, and incorporated as a written amendment to the Contract and processed through the Office of Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change pursuant to KRS 45A.210(1) and 200 KAR 5:311. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the Contract.

If the Contractor finds at any time that existing conditions made modification of the Contract necessary, it shall promptly report such matters to the Commonwealth Buyer for consideration and decision.

**Section 40.055—Changes in Scope**

The Commonwealth may, at any time by written order, make changes within the general scope of the Contract. No changes in scope are to be conducted except at the approval of the Commonwealth through the process described in Section 40.050—Changes and Modifications to the Contract.

**Section 40.060—Contract Conformance**

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 10 of 31
------------	--------------------------------	--	-------------------------

If the Commonwealth Buyer determines that deliverables due under the Contract are not in conformance with the terms and conditions of the Contract and the mutually agreed-upon project plan, the Buyer may request the Contractor to deliver assurances in the form of additional Contractor resources and to demonstrate that other major schedules will not be affected. The Commonwealth shall determine the quantity and quality of such additional resources and failure to comply may constitute default by the Contractor.

### **Section 40.065—Assignment**

The Contractor shall not assign the Contract in whole or in part or any payment arising therefrom without the prior written consent of the Commonwealth Buyer. Any purported assignment is void. Notwithstanding, the Contractor shall have the right to assign to any Affiliate or in connection with a merger, consolidation, reorganization or sale of substantially all if its assets upon providing written notice of said assignment to the Commonwealth.

### **Section 40.070—Notices**

All programmatic communications with regard to day-to-day performance under the contract are to be made to the Agency technical contact(s) identified below:

**David Couch**  
**Associate Commissioner**  
**Office of Knowledge Information Data Services**  
**Kentucky Department of Education**  
**15 Fountain Place**  
**Frankfort, KY 40601**  
**Phone: 502-564-2020**  
**Email: [David.Couch@education.ky.gov](mailto:David.Couch@education.ky.gov)**

**Hiren Desai**  
**Associate Commissioner**  
**Office of Administration and Support**

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 11 of 31
------------	--------------------------------	--	-------------------------

**Kentucky Department of Education**  
**500 Mero Street, 16th Floor**  
**Frankfort, KY 40601**  
**Phone: 502-564-1976**  
**Email: [Hiren.Desai@education.ky.gov](mailto:Hiren.Desai@education.ky.gov)**

All communications of a contractual or legal nature are to be made to the Commonwealth Buyer.

**Susan S. Noland**  
**Commonwealth Buyer**  
**Office of Procurement Services**  
**Finance and Administration Cabinet**  
**Capitol Annex, Room 096**  
**702 Capitol Avenue**  
**Frankfort, KY 40601**  
**Phone: 502-564-5951**  
**Email: [Susan.Noland@ky.gov](mailto:Susan.Noland@ky.gov)**

**Section 40.075—Payment**

The Commonwealth will make payment within thirty (30) working days of receipt of Contractor's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the Agency Contact Person or his representative.

**Section 40.080—Contractor Cooperation in Related Efforts**

The Commonwealth of Kentucky may undertake or award other contracts for additional or related work, services, supplies, or commodities, and the Contractor shall fully cooperate with such other contractors and Commonwealth employees. The Contractor shall not commit or permit any act that will interfere with the performance of work by any

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 12 of 31
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other contractor or by Commonwealth employees.

### **Section 40.085—Subcontractors**

The Contractor is permitted to make subcontract(s) with any other party for furnishing any of the work or services herein. The Contractor shall be solely responsible for performance of the entire Contract whether or not subcontractors are used. The Commonwealth shall not be involved in the relationship between the prime contractor and the subcontractor. Any issues that arise as a result of this relationship shall be resolved by the prime contractor.

All references to the Contractor shall be construed to encompass both the Contractor and any subcontractors of the Contractor.

### **Section 40.090—Contractor Affiliation**

"Affiliate" shall mean a branch, division or subsidiary that is effectively controlled by another party. If any affiliate of the Contractor shall take any action that, if done by the Contractor, would constitute a breach of this agreement, the same shall be deemed a breach by such party with like legal effect.

### **Section 40.100—Commonwealth Property**

The Contractor shall be responsible for the proper custody and care of any Commonwealth-owned property furnished for Contractor's use in connections with the performance of this Contract. The Contractor shall reimburse the Commonwealth for its loss or damage, normal wear and tear excepted.

### **Section 40.105—Insurance**

The Contractor shall provide professional liability insurance for its professional employees, public liability, property damage, and workers' compensation insurance, insuring as they may appear, the interest of all parties of agreement against any and all claims which may arise out of the Contractor's operations under the terms of this Contract. In the event any carrier of such insurance exercises cancellation, notice of such cancellation shall be made immediately to the Commonwealth Buyer.

### **Section 40.110—Confidentiality of Contract Terms**

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 13 of 31
------------	--------------------------------	--	-------------------------

The Contractor and the Commonwealth agree that all information communicated between them before the effective date of the Contract shall be received in strict confidence and shall not be necessarily disclosed by the receiving party, its agents, or employees without prior written consent of the other party. Such material will be kept confidential subject to Commonwealth and Federal public information disclosure laws.

Upon signing of the Contract by all Parties, terms of the Contract become available to the public, pursuant to the provisions of the Kentucky Revised Statutes.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

#### **Section 40.115—Confidential Information**

The Contractor shall comply with the provisions of the Privacy Act of 1974 and instruct its employees to use the same degree of care as it uses with its own data to keep confidential information concerning client data, the business of the Commonwealth, its financial affairs, its relations with its citizens and its employees, as well as any other information which may be specifically classified as confidential by the Commonwealth in writing to the Contractor. All Federal and State Regulations and Statutes related to confidentiality shall be applicable to the Contractor. The Contractor shall have an appropriate agreement with its employees to that effect, provided however, that the foregoing will not apply to:

- Information which the Commonwealth has released in writing from being maintained in confidence;
- Information which at the time of disclosure is in the public domain by having been printed or published and available to the public in libraries or other public places where such data is usually collected; or
- Information, which, after disclosure, becomes part of the public domain as defined above, through no act of the Contractor.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

#### **Section 40.120—Advertising Award**

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 14 of 31
------------	--------------------------------	--	-------------------------

The Contractor shall not refer to the Award of Contract in commercial advertising in such a manner as to state or imply that the firm or its services are endorsed or preferred by the Commonwealth of Kentucky.

### **Section 40.125— Patent or Copyright Infringement**

The Contractor shall report to the Commonwealth promptly and in reasonable written detail, each notice of claim of patent or copyright infringement based on the performance of this Contract of which the Contractor has knowledge.

The Commonwealth agrees to notify the Contractor promptly, in writing, of any such claim, suit or proceeding, and at the Contractor's expense give the Contractor proper and full information needed to settle and/or defend any such claim, suit or proceeding.

If, in the Contractor's opinion, the equipment, materials, or information mentioned in the paragraphs above is likely to or does become the subject of a claim or infringement of a United States patent or copyright, then without diminishing the Contractor's obligation to satisfy any final award, the Contractor may, with the Commonwealth's written consent, substitute other equally suitable equipment, materials, and information, or at the Contractor's options and expense, obtain the right for the Commonwealth to continue the use of such equipment, materials, and information.

The Commonwealth agrees that the Contractor has the right to defend, or at its option, to settle and the Contractor agrees to defend at its own expense, or at its option to settle, any claim, suit or proceeding brought against the Commonwealth on the issue of infringement of any United States patent or copyright or any product, or any part thereof, supplied by the Contractor to the Commonwealth under this agreement. The Contractor agrees to pay any final judgment entered against the Commonwealth on such issue in any suit or proceeding defended by the Contractor.

If principles of governmental or public law are involved, the Commonwealth may participate in the defense of any such action, but no costs or expenses shall be incurred for the account of the Contractor without the Contractor's written consent.

The Contractor shall have no liability for any infringement based upon:

- the combination of such product or part with any other product or part not furnished to the Commonwealth by the Contractor
- the modification of such product or part unless such modification was made by the Contractor

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 15 of 31
------------	--------------------------------	--	-------------------------

-the use of such product or part in a manner for which it was not designed

### **Section 40.130—Permits, Licenses, Taxes and Commonwealth Registration**

The Contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of all Federal, State, and local governments in which work under this Contract is performed.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this Contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof.

The Contractor shall pay any sales, use, and personal property taxes arising out of this Contract and the transaction contemplated hereby. Any other taxes levied upon this Contract, the transaction, or the equipment or services delivered pursuant hereto shall be borne by the Contractor.

### **Section 40.135—Contract Claims**

The Parties acknowledge that KRS 45A.225 to 45A.290 governs contract claims.

### **Section 40.140—Rights and Remedies**

The rights and remedies of the Commonwealth provided in Section 40 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

### **Section 40.145—EEO Requirements**

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The Contractor shall comply with all terms and conditions of the Act.

### **Section 40.150—Provisions for Termination of the Contract**

This Contract shall be subject to the termination provisions set forth in 200 KAR 5:312.

### **Section 40.160—Bankruptcy**

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 16 of 31
------------	--------------------------------	--	-------------------------

In the event the Contractor becomes the subject debtor in a case pending under the Federal Bankruptcy Code, the Commonwealth's right to terminate this Contract may be subject to the rights of a trustee in bankruptcy to assume or assign this Contract. The trustee shall not have the right to assume or assign this Contract unless the trustee (a) promptly cures all defaults under this Contract; (b) promptly compensates the Commonwealth for the monetary damages incurred as a result of such default, and (c) provides adequate assurance of future performance, as determined by the Commonwealth.

#### **Section 40.170—Conformance with Commonwealth & Federal Laws/Regulations**

This Contract is subject to the laws of the Commonwealth of Kentucky and where applicable Federal law. Any litigation with respect to this Contract shall be brought in state or federal court in **Franklin County, Kentucky**.

#### **Section 40.190—Recycling**

The Contractor is required to comply with the recycling requirements of 200 KAR 5:330.

#### **Section 40.210—Accessibility**

Vendor hereby warrants that the products or services to be provided under this Contract comply with the accessibility requirements of section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1194. Vendor further warrants that the products or services to be provided under this Contract comply with existing federal standards established under Section 255 of the Federal Telecommunications Act of 1996 (47 U.S.C. § 255), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1193, to the extent the Vendor's products or services may be covered by that act. Vendor agrees to promptly respond to and resolve any complaint regarding accessibility of its products or services which is brought to its attention.

#### **Section 40.230—Audit of Records**

##### **45A.410 Inspection of contractor's place of business -- Audit of records.**

(1) The local public agency may inspect the plant or place of business of a contractor or

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 17 of 31
------------	--------------------------------	--	-------------------------

any subcontractor under any contract awarded or to be awarded by the local public agency.

(2) The local public agency may audit the books and records of any person who has submitted cost or pricing data under KRS 45A.405, at any time until the period of record retention as set forth in subsection (3) of this section shall have expired. The right to audit hereunder shall only extend to those books and records reasonably connected with cost or pricing data submitted under KRS 45A.420, and such books and records shall be maintained by the contractor or subcontractor for the period specified in subsection (3) of this section.

(3) The local public agency shall be entitled to audit the books and records of a contractor or any subcontractor under any negotiated contract or subcontract other than a firm fixed-price type contract, provided, however, that this subparagraph shall not limit the right to audit as set forth in subsection (2) of this section. Such books and records shall be maintained by the contractor for a period of five (5) years from the date of final payment under the prime contract and by the subcontractor for a period of five (5) years from the date of final payment under the subcontract.

## V. Pricing

<b>Deployment Phase 1 – Licensing Installment #1</b>		
Payment Schedule	Through 6/30/2011	Payment Due Date
Software and Maintenance (including Curriculum & Reporting tools and development)	\$1,650,000	Thirty (30) days after receipt of invoice
Services (including implementation, support, and hosting fees)	\$90,000 per month	Five (5) payments for the months of February 2011 – June 2011 thirty (30) days after receipt of invoice
	<b>\$2,100,000</b>	
Travel Budget*	<b>\$60,000</b>	Thirty (30) days after receipt of invoice
Total, Including Travel	<b>\$2,160,000</b>	

<b>Deployment Phase 1 – Licensing Installment #2</b>		
Payment Schedule	7/1/2011 – 06/30/2012	Payment Due Date
Software and Maintenance	\$1,747,500	Thirty (30) days after

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 18 of 31
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(including Curriculum & Reporting tools and development)		receipt of invoice
Services (including implementation, support, and hosting fees)	\$41,667 per month	Twelve (12) payments of \$41,667 for the months of July 2011 – June 2012 thirty (30) days after receipt of invoice
	<b>\$2,247,500</b>	
Travel Budget*	<b>\$38,000</b>	Thirty (30) days after receipt of invoice
<b>Total, Including Travel</b>	<b>\$2,285,500</b>	

<b>Phase 1 – Ongoing Support</b>		
Payment Schedule	7/1/2012 – 06/30/2013	Payment Due Date
Software and Maintenance (including Curriculum & Reporting tools and development)	\$510,000	Thirty (30) days after receipt of invoice
Services (including implementation, support, and hosting fees)	\$38,167 per month	Twelve (12) payments of \$38,167 for the months of July 2012 – June 2013 thirty (30) days after receipt of invoice
	<b>\$968,000</b>	
Travel Budget*	<b>\$30,000</b>	Thirty (30) days after receipt of invoice
<b>Total, Including Travel</b>	<b>\$998,000</b>	

<b>Phase 1 – Ongoing Support</b>		
Payment Schedule	7/1/2013 – 12/31/2013	Payment Due Date
Software and Maintenance (including Curriculum & Reporting tools and development)	\$263,000	Thirty (30) days after receipt of invoice
Services (including implementation, support, and hosting fees)	\$38,917 per month	Six (6) payments of \$38,917 for the months of July 2013 – December

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 19 of 31
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		2013 thirty (30) days after receipt of invoice
	<b>\$496,500</b>	
Travel Budget*	<b>\$15,000</b>	Thirty (30) days after receipt of invoice
Total, Including Travel	<b>\$511,500</b>	

\*Any travel reimbursed shall be in compliance with 200 KAR 2:006 and shall be paid thirty (30) days after receipt of invoice from Schoolnet.

<http://www.lrc.ky.gov/kar/200/002/006.htm>. The Contractor shall not exceed the noted budget that is listed in the above tables.

## VI. Approvals

This Contract is subject to the terms and conditions as stated. By executing this Contract, the parties verify that they are authorized to bind this agreement and that they accept the terms of this agreement.

This Contract may be executed electronically in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Contract.

### 1st Party: Schoolnet Inc., as Contracting Agent

\_\_\_\_\_  
Printed name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

### 2nd Party: Kentucky Department of Education

\_\_\_\_\_  
Printed name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> <b>20 of 31</b>
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**Approved by the Finance and Administration Cabinet  
Office of Procurement Services**

Donald R. Speer \_\_\_\_\_ Executive Director \_\_\_\_\_  
Printed name Title

\_\_\_\_\_  
Signature Date

**EXHIBIT A  
Schoolnet License Agreement**

This **Software License and Services Agreement** (“Agreement”) is effective as of the 14th day of February, 2011 (the “Effective Date”), by and between the Kentucky Department of Education (“KDE”) and Schoolnet, Inc. (“Schoolnet” and, together with the KDE, the “Parties”).

Now, therefore, for valuable consideration hereinafter set forth, the Parties agree as follows:

1. Subject to the terms and conditions of this Agreement:
  - a. Schoolnet hereby grants to the KDE solely for its internal use a limited, perpetual, non-exclusive, non-assignable, non-transferable limited license to Schoolnet’s proprietary Curriculum Management and Reporting software (known as Account and Align (the “Software”) for up to 640,000 K-12 students in the Commonwealth of Kentucky, as detailed in the Implementation and Support Document Phase I attached at Exhibit C to the Master Agreement between the Parties entered into concurrent with this Agreement (the “Master Contract”).
  - b. Schoolnet shall provide such support, maintenance/hosting, training, implementation services, and proprietary user documentation (collectively the “Services” and, together with the “Software”, the “Phase 1 Solution”) as are reasonably required to enable the KDE to utilize the Software during the Term (as defined at paragraph 2) and as may be set forth with more particularity in schedules to this Agreement, to be mutually agreed upon by the Parties in writing. Each such schedule will be subject to the terms and conditions contained in this Agreement.

<b>1100000781</b>	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> <b>21 of 31</b>
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- The term of this Agreement shall commence and terminate on the same date as set forth in the Master Contract (the “Term”), unless terminated earlier in accordance with the Master Contract. This Agreement and the Services provided hereunder may be renewed after the expiration of the Term for successive twenty four (24) month renewal terms by the issuance of a purchase order by the KDE and an invoice by Schoolnet, in each case indicating an annual renewal, at a price and upon terms to be agreed between the Parties. For purposes of clarification, upon the expiration or earlier termination of the Term and provided KDE has historically paid the Fee (as defined below at paragraph 3) at the time and in the amounts set forth below at paragraph 3, the license to use and access the Software shall continue in perpetuity but Schoolnet’s obligation to provide Services and maintenance (including without limitation bug fixes, updates and modifications) shall terminate.
- Schoolnet will provide the Phase 1 Solution to the KDE for a fee of \$5,955,000 (the “Fee”) as shown in the table below. Any out-of-pocket expenses, other than as set forth below, must be approved by the KDE in advance and will be billed in addition to the Fee set forth herein, at actual cost, as incurred.

Phase 1	Ongoing Support – Phase 1
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	Through 6/30/11	7/1/11- 6/30/12	7/1/12-6/30/13	7/1/13-12/31/13	I.
II.	5 months	12months	12 months	6 months	3-Year Total
Software & Maintenance (including Curriculum & Reporting tools and development)	1,650,000	1,747,500	510,000	263,000	4,170,500
Services (including implementation, support, and hosting fees)	450,000	500,000	458,000	233,500	1,641,500
<b>Total, Excluding Travel</b>	<b>\$2,100,000</b>	<b>\$2,247,500</b>	<b>\$968,000</b>	<b>\$496,500</b>	<b>\$5,812,000</b>
Travel Budget*	60,000	38,000	30,000	15,000	143,000
<b>Total, Including Travel</b>	<b>\$2,160,000</b>	<b>\$2,285,500</b>	<b>\$998,000</b>	<b>\$511,500</b>	<b>\$5,955,000</b>

\*Actual travel expenses will be invoiced as incurred.

The Fee shall be due and payable by the KDE to Schoolnet as follows (subject to increases for any material changes in scope of Services or for increases in KDE student population):

<b>Deployment Phase 1 – Licensing Installment #1</b>		
Payment Schedule	Through 6/30/2011	Payment Due Date

<b>1100000781</b>	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> <b>22 of 31</b>
-------------------	--------------------------------	--	--------------------------------

Software and Maintenance (including Curriculum & Reporting tools and development)	\$1,650,000	Thirty (30) days after receipt of invoice
Services (including implementation, support, and hosting fees)	\$90,000 per month	Five (5) payments for the months of February 2011 – June 2011 thirty (30) days after receipt of invoice
	<b>\$2,100,000</b>	
Travel Budget*	<b>\$60,000</b>	Thirty (30) days after receipt of invoice
<b>Total, Including Travel</b>	<b>\$2,160,000</b>	

<b>Deployment Phase 1 – Licensing Installment #2</b>		
Payment Schedule	7/1/2011 – 06/30/2012	Payment Due Date
Software and Maintenance (including Curriculum & Reporting tools and development)	\$1,747,500	Thirty (30) days after receipt of invoice
Services (including implementation, support, and hosting fees)	\$41,667 per month	Twelve (12) payments of \$41,667 for the months of July 2011 – June 2012 thirty (30) days after receipt of invoice
	<b>\$2,247,500</b>	
Travel Budget*	<b>\$38,000</b>	Thirty (30) days after receipt of invoice
<b>Total, Including Travel</b>	<b>\$2,285,500</b>	

<b>Phase 1 – Ongoing Support</b>		
Payment Schedule	7/1/2012 – 06/30/2013	Payment Due Date
Software and Maintenance (including Curriculum & Reporting tools and development)	\$510,000	Thirty (30) days after receipt of invoice

<b>1100000781</b>	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> <b>23 of 31</b>
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Services (including implementation, support, and hosting fees)	\$38,167 per month	Twelve (12) payments of \$38,167 for the months of July 2012 – June 2013 thirty (30) days after receipt of invoice
	<b>\$968,000</b>	
Travel Budget*	<b>\$30,000</b>	Thirty (30) days after receipt of invoice
<b>Total, Including Travel</b>	<b>\$998,000</b>	

<b>Phase 1 – Ongoing Support</b>		
Payment Schedule	7/1/2013 – 12/31/2013	Payment Due Date
Software and Maintenance (including Curriculum & Reporting tools and development)	\$263,000	Thirty (30) days after receipt of invoice
Services (including implementation, support, and hosting fees)	\$38,917 per month	Six (6) payments of \$38,917 for the months of July 2013 – December 2013 thirty (30) days after receipt of invoice
	<b>\$496,500</b>	
Travel Budget*	<b>\$15,000</b>	Thirty (30) days after receipt of invoice
<b>Total, Including Travel</b>	<b>\$511,500</b>	

In addition, subject to agreement of the Parties, KDE has the option of procuring additional software, services, and/or content in accordance with Schoolnet’s proposal in response to the KDE’s original RFP # 758-1000000397 (collectively, the “Optional Solutions”) from Schoolnet at any time during the Term of this Agreement by giving Schoolnet written notice of its election to license and procure with payment for said Optional Solutions due upon election. Pricing for the Optional Solutions is subject to change as determined by Schoolnet, at its sole discretion. Any additional software or services procured as part of the Optional Solutions shall be deemed included in and made a part of this Agreement and subject to the terms and conditions of this Agreement.

Invoices shall be sent to the KDE at the following address:

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 24 of 31
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Kentucky Department of Education  
500 Mero Street  
Frankfort, KY 40601

4. As between the Parties, Schoolnet owns or licenses all intellectual property and proprietary rights in and to the Solution, now or hereinafter existing, and any corrections, fixes, enhancements, updates or other modifications to the Solution, if any, whether made by Schoolnet or any third party. Except as set forth herein, KDE has no right, title or interest in or to the Solution. The KDE shall not (i) do anything to infringe upon, harm or take any action contrary to, or that would diminish or contest the validity of, any ownership rights in the Solution; (ii) remove any copyright, trademark or patent notices that appear on any portion of the Solution; (iii) copy, rent, lease, sublicense, distribute publicly, or create derivative works based on the Solution or otherwise commercially exploit the Solution; or (iv) reverse engineer, decompile, disassemble or otherwise reproduce the Solution.
  
5. Upon termination of this Agreement, KDE shall immediately pay to Schoolnet any fees and expenses due but not yet paid and shall discontinue the use of the Solution and return or destroy, as Schoolnet determines, all copies of the Software and all materials related thereto and all of Schoolnet's Confidential Material in the possession of the KDE. Notwithstanding the foregoing, if the KDE has paid the full fee attributable to the license to the Software, the license grant shall continue in perpetuity and the provisions of Paragraphs 1a, 4, 6, 7 and 11 shall survive the expiration or termination of this Agreement.
  
6. The Parties recognize and acknowledge that this Agreement creates a confidential relationship between Schoolnet and the KDE and that the terms of this Agreement and information concerning each party's business affairs, personal data, products, software, research, inventions, processes, designs, marketing and technical information, finances, methods of operation, and documentation (including in the case of Schoolnet, its training materials and user guides), and other such information, whether written, oral, or otherwise (collectively, "Confidential Information"), is confidential and proprietary and will not, unless required by law or legal process, be disclosed by either party without the prior written consent of the other party. However, the Parties recognize and agree that the Kentucky Open Records Act may require disclosure of Confidential Information not specifically protected from disclosure or exempt from disclosure under the Kentucky Open Records Act. Schoolnet has marked as "Confidential and Proprietary" those portions of this Agreement that it maintains are protected trade secrets and should be withheld from disclosure under KRS 61.878 as the disclosure thereof would cause unfair commercial advantage to competitors of Schoolnet. The Parties agree that any material breach or attempted or threatened breach of this Section 6 could result in irreparable injury to the other Party for which there would be no adequate remedy at law and the parties consent to injunctive or other appropriate equitable relief, without the necessity of posting a bond or other security in connection therewith. Each of the Parties hereto further acknowledges, however, that the other Party shall have the right to seek a remedy at law as well as or in lieu of equitable relief in the event of any breach of this Section 6.

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 25 of 31
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7. Schoolnet shall have the right to use the KDE's data within the Solution ("KDE Data") to provide the Services, improve the Solution, and share results of best practices across school districts provided that Schoolnet shall remove any personally identifiable information of students and maintain the confidentiality of such information.
8. KDE shall be responsible for the collection of all personally identifiable information concerning students ("Student Information"), verification of the accuracy of all Student Information, correction of any mistakes or other errors or inaccuracies to the Student Information, and compliance with the Family Educational Rights and Privacy Act ("FERPA") and any other applicable federal, state, and/or local statutes and legislation regarding Student Information, and any and all policies of the KDE relating thereto (and the use and integrity over the dissemination of all such Student Information).
9. At any time and upon not less than 30 days' prior written notice, KDE may elect to move the Software to KDE-owned servers or the servers of a third party provider as elected by the KDE and approved by Schoolnet. In such event, the KDE shall be solely responsible for the cost of all hardware, software and server configurations. In such event, Schoolnet agrees to use commercially reasonable efforts to support the transition, provided, however, the KDE shall pay to Schoolnet its then-standard fees for professional, technical or other services provided by Schoolnet in connection therewith.
10. Schoolnet and its employees are independent contractors and not employees of the KDE. Nothing herein shall be deemed to establish a partnership, joint venture, association or employment relationship between the parties. Schoolnet will assume full responsibility for payment of all employee related federal, state and local taxes imposed or required, including unemployment insurance of its employees engaged in the performance of this Agreement.
11. During the Term and for one (1) year thereafter, the KDE shall not, without the prior written consent of Schoolnet, which may be withheld in Schoolnet's sole discretion: (i) directly or indirectly, in any manner solicit, encourage, hire, cause to be hired or enter into any arrangement with any person who is or was during the prior twelve months an employee of Schoolnet or with any person who is or was during the prior twelve months retained by Schoolnet as an independent contractor or consultant.
12. Neither party shall be in default or otherwise liable for any delay in or failure of its performance under this Agreement, if such delay or failure arises by any reason beyond its reasonable control, including any acts of God, events of war, acts of terrorism, riots, fire, flood, earthquake, explosion or other natural disasters. The party claiming excusable delay shall use commercially reasonable efforts to promptly notify the other party, in writing, of such delay. If the delay continues for more than thirty (30) days, the other party may terminate this Agreement by giving thirty (30) days' written notice to the delaying party, provided, however, that this Agreement will not terminate if the party claiming excusable delay substantially performs the material obligation which has been

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 26 of 31
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delayed within such thirty (30) days.

13.Schoolnet represents and warrants to the KDE that (i) Schoolnet has the full right, power and authority to enter into this Agreement, (ii) all Services performed under this Agreement will be performed in a professional and workmanlike manner, (iii) the Software does not infringe upon the copyright, trademark, US patents issued as of the Effective Date or the trade secrets of any third party, and (iv) that the Software shall conform in all material respects to the then current User Guides, Administration Guides, and Release Notes for the Software. EXCEPT FOR THE LIMITED WARRANTIES SET FORTH IN THIS SECTION 13, SCHOOLNET EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING, USAGE, OR TRADE.

14 *Escrow Deposit.*

(a) *No later than 20 days after Schoolnet’s installation of the Software in Schoolnet’s shared ASP-hosted environment for KDE, Schoolnet shall place in escrow with Meister Seelig & Fein LLP (the “Escrow Agent”) a copy of the source code of the Software in human-readable (printed) and machine-readable form, (collectively, the “Escrow Deposit”), all in accordance with the terms of the Escrow Agreement attached hereto as Exhibit B (the “Escrow Agreement”). KDE shall be entitled to receive a copy of the Escrow Deposit only upon the occurrence of any release condition set forth in sub-section (c) below. The Escrow Agreement shall remain in effect throughout the Term of this Agreement. Unless a Release Condition (as herein defined) occurs, the Escrow Agreement shall terminate upon the expiration or earlier termination of this Agreement and the Escrow Deposit shall promptly be returned to Schoolnet.*

(b) **Source Code License.** Schoolnet hereby grants to KDE a non-exclusive, irrevocable license to copy, install, use, have used, modify and have modified the Software’s source code and other Escrow Deposit materials for the purpose of supporting, maintaining, integrating and enhancing the Software (the foregoing is collectively referred to as the “Released Source Code”) provided that KDE will not exercise any of the foregoing rights unless and until a Release Condition (as herein defined) occurs and the Escrow Deposit materials are released to KDE. Following the occurrence of any Release Condition, KDE may sublicense, outsource or otherwise contract for the maintenance and support of the Software with any person or entity who agrees in writing to abide by the restrictions and license terms set forth in this Agreement Documents. If, during the Term of this Agreement, Schoolnet corrects any defects in, or provides any revision to, the Software under the terms hereof, Schoolnet shall furnish the Escrow Agent with a corrected or revised copy of the Escrow Deposit materials within a commercially reasonable time after such correction and such materials shall thereafter be included within the foregoing license grant.

(c) **Release Conditions.** The escrow agent identified in the Escrow Agreement shall release the Escrow Deposit to KDE, provided that the license fee has been paid in full and all other fees for maintenance and/or services have been timely paid, upon the occurrence of any one of the following (each, a “Release Condition”): (i) Schoolnet ceases doing business and its business is not immediately

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 27 of 31
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continued by another corporation or entity; (ii) Schoolnet becomes insolvent, becomes party to any bankruptcy (except in the case of an involuntary bankruptcy, in which case Schoolnet shall have 45 days to have such proceeding dismissed) or receivership proceeding, or makes a general assignment for the benefit of creditors; or (iii) Schoolnet is in material breach of this Agreement and has failed to cure such material breach within 90 days from the receipt of written notice of such breach.

15. In no event shall Schoolnet or its officers, directors, employees, licensors, agents or affiliates be responsible or liable to any party for any indirect, special, incidental, exemplary or consequential damages, even if foreseeable or if Schoolnet had been informed of the possibility thereof and regardless of whether any remedy set forth herein fails its essential purpose. In addition, Schoolnet's obligation to pay any damages will in any event be limited to and will not exceed the return of any fees paid to Schoolnet by KDE pursuant to this Agreement during the most recent twelve (12) months.

16. This Agreement shall be governed by the laws of the Commonwealth of Kentucky.

17. This Agreement, including the Schedules and the documents identified at Section II of the Master Contract, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreements or understandings between the Parties with respect to such subject matter. No amendment or waiver of this Agreement or any provision hereof shall be effective unless in writing signed by both of the Parties.

18. This Agreement may be executed by facsimile in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have executed and entered into this Agreement as of the Effective Date.

SCHOOLNET, INC.

KENTUCKY DEPARTMENT OF EDUCATION

\_\_\_\_\_  
Mark Chernis  
President / Chief Operating Officer

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B**  
**ESCROW AGREEMENT**

**AGREEMENT**, made this 14th day of February, 2011 ("Escrow Agreement"), by and among SCHOOLNET, INC., a Delaware corporation ("Schoolnet"), Kentucky Department of Education ("KDE"), and MEISTER SEELIG & FEIN LLP, having offices at 140 East 45th Street, 19th Floor, New York, New York 10017

	<b>Document Phase</b>	<b>Document Description</b>	<b>Page</b>
<b>1100000781</b>	<b>Final</b>	Continuous Instructional Improvement Technology System RFP	<b>28 of 31</b>

("Escrow Agent").

**WHEREAS**, concurrently with the execution of this Escrow Agreement, Schoolnet and KDE entered into a Master Contract and the Software Services and License Agreement (collectively, the "Agreement Documents");

**WHEREAS**, Schoolnet has agreed to deposit with the Escrow Agent, the Escrow Deposit to be held by the Escrow Agent subject to the terms and conditions set forth herein; and

**WHEREAS**, capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement Documents.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained in the Agreement and herein, the parties agree as follows:

11. Concurrently with the execution of this Escrow Agreement, Schoolnet has delivered the Escrow Deposit free from password protection, to the Escrow Agent.

2. The Escrow Agent hereby acknowledges receipt of the Escrow Deposit and agrees to hold the Escrow Deposit in escrow in accordance with the provisions of this Escrow Agreement.

3. Upon receipt of a written notice ("Satisfaction Notice") from Schoolnet that Schoolnet is entitled to receive the Escrow Deposit held in escrow by Escrow Agent pursuant to the terms of the Software Services and License Agreement, Escrow Agent shall thereafter promptly send a copy ("Forwarding Notice") of the Satisfaction Notice to KDE and release the Escrow Deposit to Schoolnet in accordance with the terms of this Escrow Agreement.

4. Upon receipt of a written demand ("Demand") from KDE that a Release Condition has occurred Escrow Agent shall thereafter promptly send a copy ("Forwarding Notice") of the Demand to Schoolnet and release the Escrow Deposit to KDE in accordance with the terms of this Escrow Agreement.

5. If within ten (10) business days after sending the applicable Forwarding Notice:

(a) Escrow Agent receives a written objection ("Objection") from the party to whom such Forwarding Notice was sent, Escrow Agent shall forthwith forward a copy of such Objection(s) to the other party hereto. In such event, Escrow Agent shall comply with the written instructions signed by both parties or the final (non-appealable) order or judgment from a Kentucky federal or state court. Notwithstanding the foregoing, Escrow Agent shall, in the event of its receipt of an Objection or any other dispute, deliver the Escrow Deposit held hereunder to the clerk of the Kentucky federal or state court. Escrow Agent shall give written notice of any such delivery to the other parties hereto. Upon such delivery, Escrow Agent shall be relieved and discharged of all further obligations and responsibilities hereunder.

(b) Escrow Agent does not receive an Objection from the party to whom such Forwarding Notice was sent, Escrow Agent shall promptly (i) deliver the Escrow Deposit to KDE if KDE delivered to Escrow Agent a Demand and Escrow Agent did not timely receive an Objection from Schoolnet; or (ii) deliver the Escrow Deposit to Schoolnet if Schoolnet delivered to Escrow Agent a Satisfaction Notice and Escrow Agent did not timely receive an Objection from KDE.

6. It is agreed that in the event any party (other than the Escrow Agent) hereto commences an action or proceeding with respect to the determination of the events referred to in paragraphs 3, 4 or 5 above, the legal fees and costs of the prevailing party shall be paid by the losing party. This provision is not intended to be applicable to the

<b>1100000781</b>	<b>Document Phase</b> <b>Final</b>	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> <b>29 of 31</b>
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Escrow Agent or payment of its counsel's fees, which are specifically addressed in other provisions of this Escrow Agreement.

7. Notwithstanding any other provision herein, Escrow Agent shall have the right but not the obligation to consult counsel and to require and receive such written certifications or instructions from any party hereto as Escrow Agent reasonably deems necessary or appropriate before taking any action hereunder.

8. If any dispute concerning this Escrow Agreement, arises between any of the parties hereto, or if Escrow Agent is uncertain as to Escrow Agent's obligations hereunder, Escrow Agent shall deliver the Escrow Deposit as directed by a final order or judgment of a Kentucky federal or state court or by a written agreement signed by the parties hereto or deliver the Escrow Deposit held hereunder to the clerk of the Kentucky federal or state court.

9. Escrow Agent may assume the genuineness of any document or signature that appears to Escrow Agent to be genuine (whether or not original or photocopy). Escrow Agent shall have no obligations other than those specifically set forth herein. Escrow Agent shall have no liability to any party hereto except with respect to actions or omissions taken or suffered by Escrow Agent in willful disregard of this Escrow Agreement or involving gross negligence.

10. Escrow Agent shall not be obligated to, but may, institute legal proceedings of any kind that it deems in its reasonable judgment to be necessary or appropriate, including but not limited to a legal proceeding or action in a court of competent jurisdiction to determine Escrow Agent's obligations hereunder or receive direction from the same court as referenced hereto and be relieved of all further obligations hereunder.

11. The signatories hereto acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience; that Escrow Agent shall not be deemed to be the agent of any of the parties; and that Escrow Agent shall not be liable to any of the parties hereto for any act or omission on Escrow Agent's part unless taken or suffered in willful disregard of this Escrow Agreement or involving gross negligence.

12. Any notice or other communication hereunder shall be sent by Federal Express or other reputable overnight courier or by messenger (requiring the signature of the recipient thereof), to the following address or at such other address of which that party gives notice as provided herein with copies simultaneously sent by like delivery or fax as set forth below:

If to Schoolnet, to:

Schoolnet, Inc.  
525 Seventh Avenue, 4<sup>th</sup> Floor  
New York, New York 10018  
Attn: Chief Executive Officer

with a copy to:

Meister Seelig & Fein LLP  
140 East 45<sup>th</sup> Street, 19<sup>th</sup> Floor  
New York, NY 10017  
Attn: Mark J. Seelig, Esq.

If to KDE, to:

1100000781	<b>Document Phase</b> Final	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> 30 of 31
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Hiren Desai  
Associate Commissioner  
Office of Administration and Support  
Kentucky Department of Education  
500 Mero Street, 16th Floor  
Frankfort, KY 40601

Notices shall be deemed given on the date received. Escrow Agent’s address for serving any notice or other communication hereunder on Escrow Agent is as first stated above (Attention: Mark J. Seelig) and any such notice or communication shall be sent as provided in the preceding sentence.

13. Escrow Agent may resign hereunder (i) upon 10 days’ written notice to the parties hereto and the appointment of a substitute escrow agent by the parties hereto and upon the acceptance by the substitute escrow agent of such appointment, or (ii) upon the petitioning of a court of competent jurisdiction seeking the appointment of a substitute escrow agent and the appointment by such court of a substitute escrow agent and upon the acceptance by such court of a substitute escrow agent of such appointment, or (iii) upon the deposit of the Escrow Deposit, if any, then held by Escrow Agent, with any court having jurisdiction.

14. This Escrow Agreement shall terminate upon Escrow Agent’s delivery of the Escrow Deposit pursuant to the terms and conditions of this Escrow Agreement, whether to the parties provided for herein or to a substitute escrow agent or a court of competent jurisdiction or to such other persons as shall be lawfully entitled to same, or upon performing the acts referred to in the applicable provisions of paragraphs 3 through 6 of this Escrow Agreement, whereupon Escrow Agent’s obligations, responsibilities and liability hereunder shall terminate.

15. The signatories hereto acknowledge the fact that Escrow Agent, as a law firm, represents Schoolnet and KDE irrevocably waives any conflict of interest arising therefrom, and hereby consent to Meister Seelig & Fein LLP acting as attorney for Schoolnet in any dispute as to the delivery of the Escrow Deposit or any other dispute between the parties relating to the Agreement or otherwise, whether or not Escrow Agent is in possession of the Escrow Deposit.

16. This Escrow Agreement may not be changed, modified or terminated, nor may any provision hereof be waived, except by an agreement in writing executed by all of the parties hereto. This Escrow Agreement constitutes the entire understanding and agreement among the parties hereto in connection with the particular subject matter hereof, notwithstanding any prior understandings or agreements, oral or written, with respect to such subject matter.

17. If any term or provision of this Escrow Agreement or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect any other provision of this Escrow Agreement or the application of the invalid provision in circumstances in which same would be valid, it being agreed that the provisions of this Escrow Agreement are severable.

18. This Escrow Agreement shall be governed by and construed in accordance with the internal laws of the State of Kentucky applicable to agreements made, and to be entirely performed, within such State.

19. This Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective legal representatives, successors and assigns.

20. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but, when taken together, shall constitute one agreement.

<b>1100000781</b>	<b>Document Phase</b> <b>Final</b>	<b>Document Description</b> Continuous Instructional Improvement Technology System RFP	<b>Page</b> <b>31 of</b> <b>31</b>
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21. The signatories hereto hereby consent and agree to the exclusive jurisdiction of the federal or state courts located in the County of Franklin, State of Kentucky, with respect to the enforcement, interpretation or resolution of any controversy, of any and all issues which are referred to or arise hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the day and year first above written.

MEISTER SEELIG & FEIN LLP, as Escrow Agent

By: \_\_\_\_\_  
Mark J. Seelig, Partner

SCHOOLNET, INC.

By: \_\_\_\_\_  
Name:  
Title:

Kentucky Department of Education:

By: \_\_\_\_\_  
Name:  
Title:

**Exhibit C**  
**Implementation and Support Document Phase I**

Please see Exhibit C Attached to the Header of the EMARS Document

**Second Amendment to Master Agreement for a  
Continuous Instructional Improvement Technology System (CIITS)  
MA 758 1100000781**

This Second Amendment (“Second Amendment”) entered into and effective as of February 1, 2012 (the “Amendment Date”) between the Commonwealth of Kentucky, Kentucky Department of Education (the “Commonwealth”) and Schoolnet, Inc. (“Schoolnet”), will serve as an amendment to the Master Contract between the Commonwealth and Schoolnet dated February 14, 2011 as Amended October 1, 2011 (collectively, the “Master Contract”).

**RECITALS**

**WHEREAS**, Schoolnet and the Commonwealth desire to amend Exhibit A (Software License and Services Agreement) to the Master Contract to include Schoolnet’s proprietary Educator Development Suite (EDS) software.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions contained herein, the Parties hereto agree as follows:

1. **DEFINED TERM**. Capitalized terms not otherwise defined in this Second Amendment shall have the meaning ascribed to them in the Master Contract.
2. **ADDITION OF LICENSED SOFTWARE AND CONTENT**.
  - a. Effective as of the Amendment Date and subject to the full payment of the additional license fee set forth below and the terms and conditions of the Master Contract and any attachments thereto, Schoolnet hereby grants to the Commonwealth a perpetual, limited, non-exclusive, non-assignable, non-transferable license to access and use Schoolnet’s proprietary Educator Development Suite (EDS) software (the “Additional Software”) as described in Exhibit A, to support up to 640,000 Commonwealth K-12 students, solely within the Commonwealth of Kentucky.
  - b. Effective as of the Amendment Date and during the remainder of the Term (as defined in the Master Contract), the Services shall be amended to include those support services, integration services, training and implementation services as are reasonably required to enable the Commonwealth to utilize the Additional Software during the Term, as mutually agreed upon by the parties in writing.
  - c. Except as specifically set forth in this Paragraph 2, the Commonwealth shall have no right, title or interest in or to Additional Software or the Assessment Tests and nothing in this Second Amendment constitutes, or shall be construed to constitute, any transfer of title or ownership in the Additional Software or Assessment Tests.
3. **FEES**. In consideration of the license to and maintenance and service for the Additional Software, the Commonwealth shall pay to Schoolnet a fee of \$5,168,333 (the “Additional Software Fee”). The Additional Software Fee is set forth in the table below, provided however,

the Additional Software Fee is subject to a per student additional fee for any increases in the Commonwealth's current student population (and such additional per student fee shall be at Schoolnet's then standard rates). Travel expenses are included in the services fees set forth in the table below. Any travel or other material out-of-pocket expenses must be approved by the Commonwealth in advance and will be at actual cost, as incurred and will be due Net 30 days from receipt of invoice.

	Year 1	Year 2		Year 3	Total
	2/1/12-6/30/12	7/1/12-12/31/12	1/1/13-6/30/13	7/1/13-12/31/2013	
	6 months	12 months		6 months	
Software Licensing & Maintenance					
Educator Development Suite					
Professional Development Management & Reporting Tools	2,750,000		206,250 (5 months)	255,000	3,211,250
Classroom Walkthrough & Evaluation Tools	1,312,000		109,583 (5 months)	135,500	1,557,083
Services					
Educator Development Suite	175,000		150,000 (12 months)	75,000	400,000
	<b>\$ 4,237,000</b>	<b>\$ 465,833</b>		<b>\$ 465,500</b>	<b>\$ 5,168,333</b>

The Additional Software Fee shall be due and payable by the Commonwealth to Schoolnet as follows:

Payment Due Date	Payment Amount
February 1, 2012 Net 30 days from receipt of invoice.	\$2,206,000
July 1, 2012 Net 30 days from receipt of invoice.	\$2,181,000
January 1, 2013 Net 30 days from receipt of invoice.	\$315,833
July 1, 2013 Net 30 days from receipt of invoice.	\$465,500
<b>Total</b>	<b>\$5,168,333</b>

This Second Amendment has been processed and approved by the Commonwealth in accordance with Section 40.050 of the Master Contract. Except as otherwise modified herein, the Master Contract shall remain in full force and effect. In the event of any inconsistency between the Master Contract and this Second Amendment, this Second Amendment shall govern and control.

IN WITNESS WHEREOF, this Second Amendment has been executed as of the Amendment Date.

**Schoolnet, Inc.**

**Commonwealth of Kentucky  
Kentucky Department of Education**

Mark Chernis  
President & Chief Operating Officer

Name \_\_\_\_\_  
Title \_\_\_\_\_

## Exhibit A

The Schoolnet Educator Development Suite (EDS) supports a flexible, multiple-measures approach to the generation of educator effectiveness ratings, enabling districts to design their own models for measuring educator effectiveness, capture the data required to generate their educator effectiveness ratings, and analyze these data using a series of interactive reports and dashboards. The modular components of the EDS include:

- **Observation** tools capture required data for teacher effectiveness ratings, including teacher evaluations, classroom walkthroughs, surveys and other feedback data for educators
- **Educator reporting** tools use multiple measures to report on teacher effectiveness rating data within a flexible analysis platform
- **Educator profiles** include personalized professional growth plans that link data to both internal and external professional development resources and offerings
- **Online PD catalog** tools to centralize and all onsite and offsite professional development resources and offerings in a searchable online library
- **PD logistics** tools to track and manage scheduling, attendance, credits, hours, costs, and more
- **Mentor management** tools assist districts in deploying successful mentor program for new and struggling teachers.



**Advance**  
KENTUCKY

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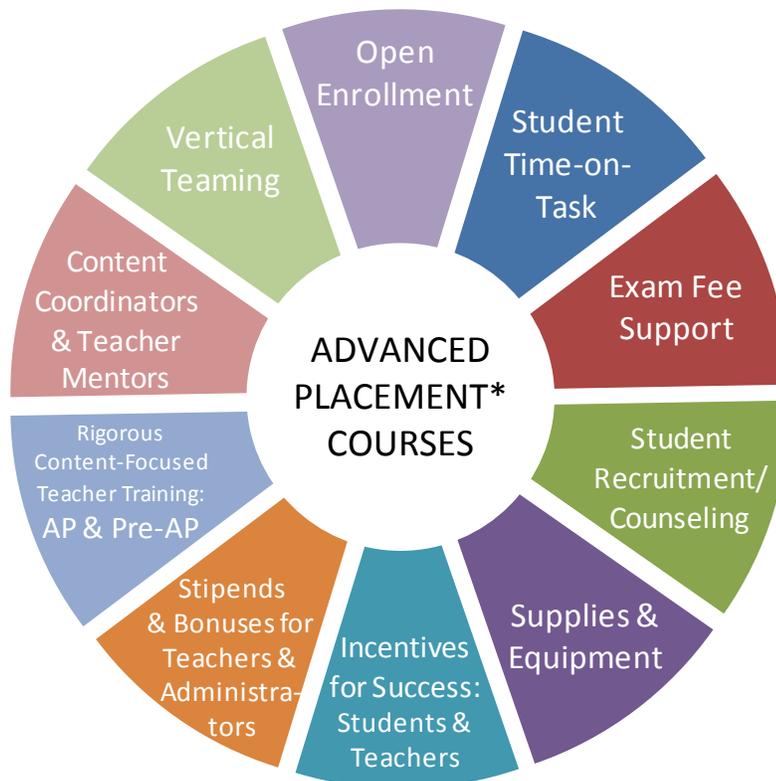
AN INITIATIVE OF KENTUCKY SCIENCE & TECHNOLOGY CORPORATION

IN PARTNERSHIP WITH



**National Math & Science Initiative (NMSI)  
AP Teacher Training and Incentive Program  
ELEMENTS OF SUCCESS**

Updated May 2009



[nationalmathandscience.org](http://nationalmathandscience.org)  
[advanceky.com](http://advanceky.com)

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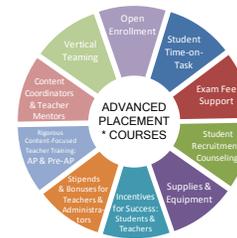
IN PARTNERSHIP WITH



August 2009

## National Math & Science Initiative (NMSI) AP Teacher Training and Incentive Program ELEMENTS OF SUCCESS

Updated May 2009



Described below are the interrelated elements of the NMSI Model that AdvanceKentucky is Replicating. These are designed to be implemented simultaneously in a coordinated manner.

### *FOR STUDENTS (annually)*

- ▶ **Open Enrollments:** A culture of inclusiveness and preparation for more students to enroll in and be successful in Advanced Placement (AP)\* math, science and English (MSE) classes.
- ▶ **AP Courses in MSE:** Advanced Placement college-level courses in MSE subjects.
- ▶ **Student Time-on-Task:** Tutoring, 18 hrs of Student Study Sessions for each AP course and other supports made readily available to students.
- ▶ **Exam Fees:** Supplements to help cover 50% of AP exam fees not provided from other sources (such as KDE Fee Waiver Grant).
- ▶ **Incentives:** \$100 per Qualifying Score (3, 4, or 5) on AP exams in MSE.
- ▶ **Counseling/Recruiting:** Supportive information (especially in the early grades) to help with student/family decisions to prepare for and enroll in AP.

### *FOR TEACHERS, ADMINISTRATORS, AND SCHOOLS (annually)*

- ▶ **MSE Content Coordinators:** \$700 stipend per Coordinator per content area to set up three 6-hr student study sessions and implement four Vertical Teams meetings each year.
- ▶ **AP Teacher Mentors:** Master AP teachers mentor colleagues on relevant subject matter on a path to new learning among AP students (\$400 fee per mentee served).
- ▶ **AP Consultants/Contractors:** Up to \$400 for conducting an extracurricular study session (or \$100 per 75-minute block).
- ▶ **Training:** Rigorous content-focused 5-day summer institute (or pre-approved equivalent) for all AP teachers (for first 2 yrs and then every 3rd yr) & other 2-day training during the academic yr, and 4-day summer institute for 5 Pre-AP teachers (at least one per MSE subject area) each for 3 yrs.
- ▶ **Vertical Teaming:** Four meetings where high school and middle school teachers collaborate in the skills preparation of students for success in AP classes.
- ▶ **Stipend & Incentives for AP Teachers:** \$500 stipend to support additional responsibilities in extra training and teaching AP and \$100 per qualifying score achieved by students in their eligible AP classes.
- ▶ **Threshold Bonuses:** Achieving pre-set learning targets measured through Qualifying Scores (by class and by school) triggers bonuses for AP teachers of \$1,000, \$2,000 or \$3,000 and if school-wide goal is met \$3,000 for the designated school administrator and \$500 for AP Coordinator.
- ▶ **Equipment & Supplies:** up to \$5,000 for equipment and \$25 per student enrolled in eligible AP classes (1:1 school matching required). Equipment cap for years 2 and 3 are \$4,000 and \$3,000 respectively.
- ▶ **Access to National NMSI and State AdvanceKY Networks**

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# **RTT3 APPENDIX D: ACHIEVEMENT AND ACHIEVEMENT GAP TARGET PROCESS**

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## **KENTUCKY ESEA FLEXIBILITY REQUEST**

### **FINAL SUBMISSION JANUARY 19, 2012**

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Revised September 28, 2011



This document replaces the previous version, issued September 23, 2011.

U.S. Department of Education  
Washington, DC 20202

OMB Number: 1810-0708  
Expiration Date: March 31, 2012

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 1810-0708. The time required to complete this information collection is estimated to average 336 hours 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 or suggestions for improving this form, please write to: U.S. Department of Education, Washington, D.C. 20202-4537.

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**2.B SET AMBITIOUS BUT ACHIEVABLE ANNUAL MEASURABLE OBJECTIVES**

Select the method the SEA will use to set new ambitious but achievable annual measurable objectives (AMOs) in at least reading/language arts and mathematics for the State and all LEAs, schools, and subgroups that provide meaningful goals and are used to guide support and improvement efforts. If the SEA sets AMOs that differ by LEA, school, or subgroup, the AMOs for LEAs, schools, or subgroups that are further behind must require greater rates of annual progress.

<p><b>Option A</b></p> <p><input type="checkbox"/> Set AMOs in annual equal increments toward a goal of reducing by half the percentage of students in the “all students” group and in each subgroup who are not proficient within six years. The SEA must use current proficiency rates based on assessments administered in the 2010–2011 school year as the starting point for setting its AMOs.</p> <p>i. Provide the new AMOs and an explanation of the method used to set these AMOs.</p>	<p><b>Option B</b></p> <p><input type="checkbox"/> Set AMOs that increase in annual equal increments and result in 100 percent of students achieving proficiency no later than the end of the 2019–2020 school year. The SEA must use the average statewide proficiency based on assessments administered in the 2010–2011 school year as the starting point for setting its AMOs.</p> <p>i. Provide the new AMOs and an explanation of the method used to set these AMOs.</p>	<p><b>Option C</b></p> <p><input checked="" type="checkbox"/> Use another method that is educationally sound and results in ambitious but achievable AMOs for all LEAs, schools, and subgroups.</p> <p>i. Provide the new AMOs and an explanation of the method used to set these AMOs.</p> <p>ii. Provide an educationally sound rationale for the pattern of academic progress reflected in the new AMOs in the text box below.</p> <p>iii. Provide a link to the State’s report card or attach a copy of the average statewide proficiency based on assessments administered in the 2010–2011 school year in reading/language arts and mathematics for the “all students” group and all subgroups. <b>(Attachment 8, page 79 of the Appendix)</b></p>
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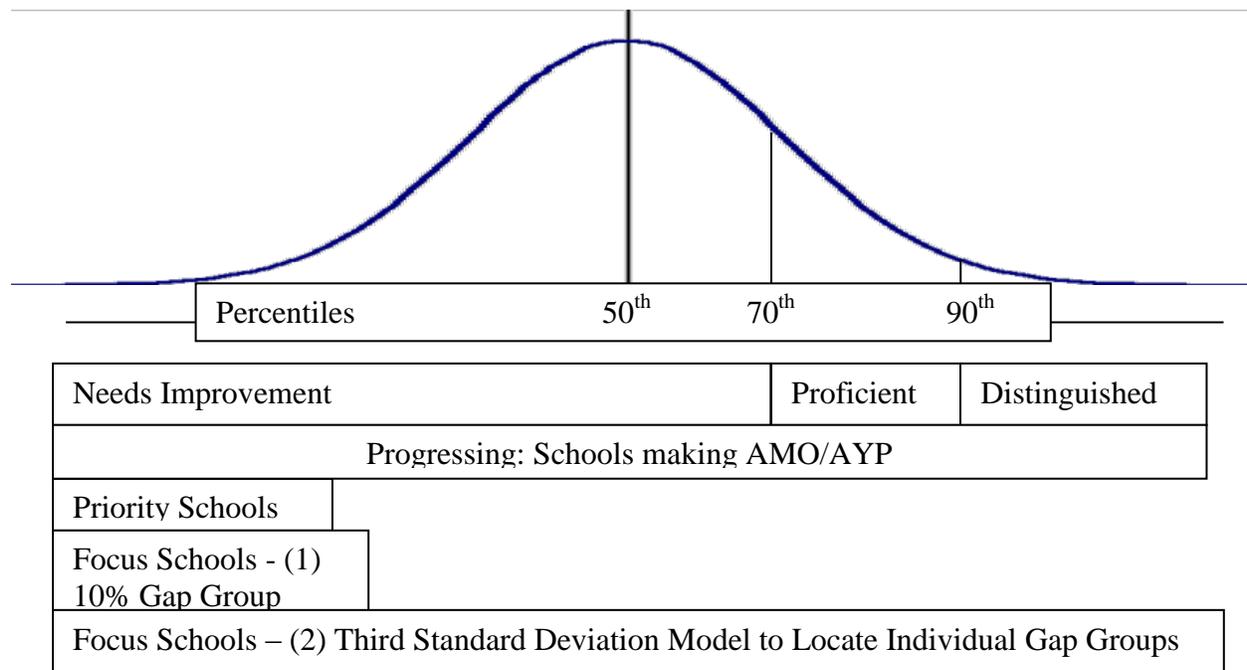
**Guidance Question: Did the SEA describe the method it will use to set new ambitious but**

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*achievable annual measurable objectives (AMOs) in at least reading/language arts and mathematics, for the State and all LEAs, schools, and subgroups, that provide meaningful goals and are used to guide support and improvement efforts through one of the three options?*

Kentucky chooses Option C – another method that is educationally sound and results in ambitious but achievable AMOs for all LEAs, schools and subgroups.

**Overview of Accountability Categories and Annual Measurable Objective**



Kentucky’s model is a continuous improvement model requiring schools to increase achievement across time. The ultimate goal of the system is to move all schools to an Overall Score of 100.

The model uses a normative approach.

1. Each school/district receives a single Overall Score (explained in Section 2A).
2. The Overall Score places school/district into a category: Needs Improvement, Proficient or Distinguished.
3. The Overall Score will be used to create an annual improvement goal for all schools. The annual goal is called an Annual Measurable Objective (AMO).
4. Using the Overall Score, a mean and standard deviation is computed for each level (elementary, middle, high).
5. The goal in each cycle for below proficient schools/districts is to move one-third of a

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standard deviation in a five-year period. Each annual goal would be to move .07 of a standard deviation.

6. The Overall Score and AMO status would locate schools for recognition and support.
  - a. Priority Schools are the currently identified persistently low-achieving schools (PLAs).
  - b. Focus Schools (Group 1) are the bottom 10 percent of all Title I schools and have not met AMO/AYP for two years using the Student Gap Group Score as the indicator.
  - c. Focus Schools (Group 2) uses the Third Standard Deviation Model to locate individual gap groups needing improvement. All schools from high-performing to low-performing may have gap groups needing improvement.
  - d. Schools of Distinction, Highest Performing are in the 95th percentile or higher of all schools on the Overall Score and have met their current year AMO/AYP.
  - e. Distinguished schools are in the 90th percentile or higher of schools on the Overall Score and have met their current year AMO/AYP.
  - f. High Progress Schools have the top 10 percent improvement over a two-year period and have met their current-year AMO/AYP.
7. Schools making their AMO/AYP would be called Progressing. Schools falling outside the Proficient or Distinguished categories and not making AMO/AYP would be called Needs Improvement.

**Elementary School AMO Example**

Mean of Overall Score = 68

Standard Deviation = 10

Annual Goal = .7 (which means a growth of 3.5 points over five years or a growth of approximately one-third of a standard deviation from the starting point)

8. Prior to making the AMO and being placed into a category, all schools would need to meet a 95% participation rate for all groups of students being tested, and the high schools would need to meet their individualized graduation goal.

**Detailed Narrative of the Accountability Categories and Annual Measurable Objective**

The new Kentucky accountability measure is built upon the concept of a continuous improvement model. Continuous improvement models are used by major corporations (i.e., Toyota) and major educational reform groups (i.e., Baldrige Performance Excellence Program). The goal of continuous improvement is to improve the system of education constantly and forever by improving the quality of student achievement. By using a continuous improvement model, Kentucky will be able to set realistic, statistically-based goals that are achievable, but constantly stretch schools to continually improve. The goal of continuous improvement is to reduce the variation in school performance by moving the entire group of schools to higher and higher performance. As schools reach a performance level, the group goal is shifted to stretch the goal to a higher level. Over time, goals continually increase based on group performance, and as the low-end schools improve, variability is decreased. The ultimate goal is reaching the score of 100 in the Overall Score.

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**Method** - As described in section 2A, the new Kentucky accountability model will create a single Overall Score for three major components. Those three components are:

- (1) Next-Generation Learners, which incorporates achievement scores (reading, mathematics, science, social studies and writing), gap scores, individual student growth, college/career readiness and graduation rate
- (2) Next-Generation Instructional Programs and Support, which incorporates Program Reviews in the areas of arts/humanities, practical living/career studies, writing, K-3 and world languages
- (3) Next-Generation Professionals, which incorporates measures of teacher and leader effectiveness

The Overall Score broadens the concept of school success to include a multifaceted, balanced set of indicators.

The Overall Score will be used to create the distribution of schools in the state. The 70th percentile will be the Proficient level, and the 90th percentile will be the Distinguished level. All schools falling under the Proficient level will be called Needs Improvement Schools. The top 5 percent will be Kentucky Schools of High Distinction and are described in the Rewards Section. Schools already designated as persistently lowest-achieving schools (PLAs) pursuant to Kentucky state law (KRS 160.346) will be the Priority Schools. All schools, both Title I and non-Title I, would have an AMO/AYP goal.

Using the Overall Score, Kentucky's continuous improvement model will compute, by level, an average state score and standard deviation. The standard deviation rate for each level will be divided by five to generate a growth goal for that period of years. The Annual Measurable Objective (AMO) will require a school to gain .07 of a standard deviation for each year in the five-year period, thus equaling an approximate growth of one-third of a standard deviation in the five-year period. The AMO/AYP goal is locked in for the five-year period, but at the end of the five-year period a new set of averages and standard deviations would be run to set the next five-year goal. An acceptable level of Proficient performance would be set at the 70th percentile; this score line provides an acceptable zone for schools scoring at the top end of the distribution. The 70th percentile was intentionally chosen because it places schools in approximately the top 30 percent of the distribution and it provides a score that educators, parents and the public can understand.

Schools scoring below the Proficient level would need to achieve the full AMO described above. Proficient or higher scoring schools would need to achieve one-half of the state AMO/AYP goal. Using this method, the lower-achieving schools must improve at a higher rate than the top-scoring schools. See the figure below for an illustration of the model.



- THIS DOCUMENT IS PAGES 52-64 of Kentucky's Approved ESEA Waiver.

AMO Simulated Data for Illustration Purposes -- Winter 2010

	<u>Average</u>	<u>Stdev</u>	<u>AMO for schools scoring below proficient (Stdev/5-Year Goal)</u>	<u>AMO for schools scoring above proficient (Stdev/5-Year Goal x .5)</u>	<u>70th Percentile</u>	
<u>Elementary School</u>	<u>68</u>	<u>20</u>	<u>1.4</u>	<u>0.7</u>	<u>73.7</u>	
<u>Middle School</u>	<u>61</u>	<u>18</u>	<u>1.3</u>	<u>0.63</u>	<u>65.4</u>	
<u>High School</u>	<u>52.8</u>	<u>15</u>	<u>1.1</u>	<u>0.525</u>	<u>56.2</u>	
<u>Elementary Sample</u>	<u>Baseline</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>School A (Low)</u>	<u>58</u>	<u>59.4</u>	<u>60.8</u>	<u>62.2</u>	<u>63.6</u>	<u>65.0</u>
<u>School B (Average)</u>	<u>68</u>	<u>69.4</u>	<u>70.8</u>	<u>72.2</u>	<u>73.6</u>	<u>74.3</u>
<u>School C (High)</u>	<u>78</u>	<u>78.7</u>	<u>79.4</u>	<u>80.1</u>	<u>80.8</u>	<u>81.5</u>
<u>Middle Sample</u>	<u>Baseline</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>School A (Low)</u>	<u>52</u>	<u>53.3</u>	<u>54.5</u>	<u>55.8</u>	<u>57.0</u>	<u>58.3</u>
<u>School B (Average)</u>	<u>61</u>	<u>62.3</u>	<u>63.5</u>	<u>64.8</u>	<u>66.0</u>	<u>66.7</u>
<u>School C (High)</u>	<u>71</u>	<u>71.6</u>	<u>72.3</u>	<u>72.9</u>	<u>73.5</u>	<u>74.2</u>
<u>High Sample</u>	<u>Baseline</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>School A (Low)</u>	<u>44.9</u>	<u>46.0</u>	<u>47.0</u>	<u>48.1</u>	<u>49.1</u>	<u>50.2</u>
<u>School B (Average)</u>	<u>52.8</u>	<u>53.9</u>	<u>54.9</u>	<u>56.0</u>	<u>57.0</u>	<u>57.5</u>
<u>School C (High)</u>	<u>60.7</u>	<u>61.2</u>	<u>61.8</u>	<u>62.3</u>	<u>62.8</u>	<u>63.3</u>

70th percentile is the line of proficient performance.

Shaded area shows scores above the line of proficient performance.

Once a school reaches proficiency (shaded area), the AMO comes from scoring above proficient.

Rounding accounts for slight differences in the cells above.

***Phase-In of Components*** – The three major components of Unbridled Learning: College- and Career-Ready for All phase in over a three-year period. In 2011-12, the Next-Generation Learners component becomes operational. In 2012-13, the Next-Generation Instructional Programs and Support component is added, and finally, the Next-Generation Professionals component is added in 2013-14. The AMO goals described above would provide a clean baseline and goal for the end of each school year. As a new component is added, the baseline average and standard deviation would be computed, and a new annual goal would be developed. After the last component is added in 2013-14, the model is complete, and the baseline and goals can be computed for a new goal.

- THIS DOCUMENT IS PAGES 52-64 of Kentucky's Approved ESEA Waiver.

All schools, Title I and non-Title I, are eligible to be Reward, Priority or Focus Schools. All schools would be placed on the same distribution scale; however, the final reports will show Title I and non-Title I Reward, Priority and Focus Schools.

#### Locking the Goal for Five Years

Until all three components of the Unbridled Learning: College- and Career-Ready for All system are phased in to the model, annual baselines and goals will be set. Once all three components are operational in 2013-14, the distribution will be calculated to locate the 70th percentile (Proficient) and the 90th percentile (Distinguished). The raw score associated with these cut points will then be locked for a five-year period. By locking the goal lines at the raw score, all schools will be allowed to have a consistent five-year goal that will not change. At the end of the five-year period, the distribution will be recalculated, and a new set of cut points will be determined. Then, those cuts will be locked for a five-year period. With full implementation of the model, schools are not faced with an annual redistribution of scores, but have a solid goal to work toward.

For Option C, item iii., see Attachment 8 on page 79 in the Appendix for a copy of the average statewide proficiency based on assessments administered in the 2010-11 school year in reading/language arts and mathematics for the "all students" group and all subgroups.

#### Participation Rate

Kentucky will calculate test participation rates for each school. The goal for test participation rate shall be at least 95% of the total population and of all groups of students. Making or missing the goal will be used in conjunction with the school's AMO. If the school makes its AMO but misses its test participation goal, for the All Students group or any subgroup, then the school will be considered to have missed its AMO. This model was used in the prior No Child Left Behind (NCLB) system and was a leverage point to improve high school graduation rates.

#### Graduation Rate

Each high school will be provided an annual graduation goal for all students. Making or missing the goal will be used in conjunction with the school's AMO. If the school makes its AMO but misses its graduation goal, then the school will be considered to have missed its AMO. This model was used in the prior NCLB system and was a leverage point to improve high school graduation rates.

A 2011 baseline for each school will be established. The distance from the school's baseline to a 98% goal will be calculated. The school's goal will be to decrease the distance from the baseline to 98 percent for the All Students group. For example, a school with a baseline of 70 has a distance of 38 points to the goal of 98. The school will need to move 2.5 points per year for eleven years to move its score from 70 to 98.

All groups' graduation rates would be publically reported. The table below shows an example:

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Graduation Rate: District/School Example

	<b>Baseline</b>	<b>AMO Target</b>	<b>2011-12 Goal</b>	<b>12-13 Goal</b>	<b>13-14 Goal</b>	<b>14-15 Goal</b>	<b>15-16 Goal</b>	...	<b>2022 Goal</b>
All Students	70%	2.5%	72.5%	75.1%	77.6%	80.2%	82.7%	...	98%
White	80%	1.6%	81.6%	83.3%	84.9%	86.5%	88.2%	...	98%
African-American	60%	3.4%	63.5%	66.9%	70.4%	73.8%	77.3%	...	98%
Hispanic	50%	4.3%	54.4%	58.7%	63.1%	67.5%	71.8%	...	98%
Native American	30%	6.1%	36.2%	42.4%	48.5%	54.7%	60.9%	...	98%
Asian	80%	1.6%	81.6%	83.3%	84.9%	86.5%	88.2%	...	98%
With Disability	40%	5.2%	45.3%	50.5%	55.8%	61.1%	66.4%	...	98%
Free/Reduced-Price Meals	60%	3.4%	63.5%	66.9%	70.4%	73.8%	77.3%	...	98%
Limited English Proficiency	70%	2.5%	72.5%	75.1%	77.6%	80.2%	82.7%	...	98%

\*Annual target is derived by subtracting the baseline from 98 percent and dividing the result by 11. This allows for lower-performing schools/districts to have different target goals than higher-performing schools/districts. Group size would be at least 25. The table found above shows the yearly goals through 2015-16 to establish the pattern but does not show the goal every year after 2015-16 to get to 2022 due to available space on the page. The intent, however, is for the pattern to continue till the goal of 98% is reached in 2022.

Setting AMO Goals for Each Subgroup

Besides having the AMO goal for each school described in the sections above, it is critical to understand that each year, the Kentucky Board of Education (KBE), through its strategic planning process, will set AMO goals for each subgroup at the state, district and school level. Each subgroup will have an individual AMO, which will be reported annually in the School/District Report Card and will call for an intervention plan to raise the achievement of the subgroup. The KBE Strategic Plan and Annual Targets will provide a reporting system that is parallel to the state accountability system.

Utilizing the single AMO score enables districts and schools to simplify reporting for parents and communities. Simplifying the reporting will help alleviate the confusion caused by the current NCLB reporting. However, Kentucky does not want to lose the focus on raising achievement of subgroups. The Focus School methods (see Section 2E) include the required location of 10 percent of the schools with gap scores and through the consultation process the Third Standard Deviation Model (see Section 2Ei, page 65) was added that will capture any district or school subgroup that performs three standard deviations below the ALL group proficiency average for the state. This

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will allow Kentucky to capture more schools in the Focus School category than the 10 percent requirement. Also, this will allow Kentucky to capture high-performing schools that may have one or more subgroups performing significantly below the state average.

In addition, Kentucky has been collaborating with Sir Michael Barber and the Education Delivery Institute to develop delivery plans for college/career readiness, proficiency, closing gaps and teacher/principal effectiveness. Working with schools and districts to assist them in meeting their AMO goals is part of the delivery planning process. For more information on delivery plans and an example of the college/career readiness plan, go to the Appendix, Attachment 17 on page 163.

The delivery plan for closing achievement gaps will set annual targets for reading and mathematics as well as for science, social studies and writing for the state, districts, schools and subgroups based on a model similar to Option A, Section 2B of the ESEA waiver. The subgroup performances at the state, district and school levels will be reported as part of the annual progress toward the goal. The goal shall be reducing by half within five years the percentage of students in each subgroup scoring in the non-proficient category. The annual state report cards will provide this level of detail on progress toward goal. An example of what will be reported is found in the table below.

District/School AMO Example for Groups

	<b>Baseline Proficiency</b>	<b>AMO Target</b>	<b>2011-12 Goal</b>	<b>12-13 Goal</b>	<b>13-14 Goal</b>	<b>14-15 Goal</b>	<b>15-16 Goal</b>
All Students	50%	5	55%	60%	65%	70%	75%
White	50%	5	55%	60%	65%	70%	75%
African-American	34%	6.6%	40.6%	47.2%	53.8%	60.4%	67%
Hispanic	40%	6%	46%	52%	58%	64%	70%
Native American	30%	7%	37%	44%	51%	58%	65%
With Disability	40%	6%	46%	52%	58%	64%	70%
Free/Reduced-Price Meals	20%	8%	28%	36%	44%	52%	60%
Limited English Proficiency	34%	6.6%	40.6%	47.2%	53.8%	60.4%	67%
<b>College/Career Proficiency Gap</b>	30%	7%	37%	44%	51%	58%	65%
<b>Overall Gap</b>	40%	6%	46%	52%	58%	64%	70%
<b>Overall Gap</b>	30%	7%	37%	44%	51%	58%	65%

\*Annual target is derived by subtracting baseline from 100 percent and dividing result by 2 and then by 5. This allows for lower-performing schools/districts to have different target goals than higher-performing schools/districts.

+Gap groups must have a minimum of 25 students to be reported; however, all students in any ESEA gap group would be reported in the overall gap group.

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**Key Questions and Answers**

1. *What does the state accountability AMO/AYP simulation data look like for a single school?*

Example:

District	School	Achievement Score	Gap Score	Growth Score	College or Career Readiness Score	Graduation Rate Score	Overall Score	Percentile Rank on Overall Score	AMO Goal for Year 1
Bullitt County	Bullitt East High School	13.2	6.0	11.5	8.8	15.8	55.3	51	56.8

2. *Why choose a normative model?*

First, the normative model works extremely well with a continuous improvement model. The goal for all schools is the Overall Score of 100, but the intent of the model is to create incentives for all schools to move toward 100. It also allows for more realistic goals for all schools. The AMO goal is to move one-third of a full standard deviation over a five-year period for the lower-achieving schools. The goals will be seen as achievable because the goals come from Kentucky schools obtaining those scores.

Second, the new Overall Score contains so many data points (achievement, gap, growth, college readiness, graduation rate, Program Reviews and teacher/leader evaluation) that it is difficult to imagine how a criterion-referenced cut score could be obtained. Not only are there many indicators, but each indicator contains multiple data.

3. *Why choose one-third of a standard deviation over a five-year period as the goal?*

Feedback received from the Council of Chief State School Officers’ pre-peer review session group warned that moving a full standard deviation in a five-year period seemed overly ambitious. With this warning in mind, Kentucky Department of Education staff took the ESEA Waiver Request to our Technical Advisory Panel called NTAPPA (the National Technical Advisory Panel on Assessment and Accountability) and its members raised the same concern about the goal. In NTAPAA’s experience, the members said they had not seen test results move at this rate. Even though Kentucky’s system does have a variety of indicators besides test scores, the majority of the model (70%) comes from assessment results. With the warnings from the informal peer review group and the National Technical Advisory Panel on Assessment and Accountability (NTAPAA), Kentucky ran simulation data from the current testing system to discover the impact of various standard deviation goals. The data simulation shows that the initial selection of 20% annual growth would result in greater than 50% of all schools not making AYP.

A discussion was subsequently held by Kentucky Department of Education leadership staff to determine where an appropriate growth goal could be set. It was decided that the best location would be at the spot where approximately a little over half the schools would make their AMOs. If 50% of the schools could make their AMOs, it would mean the other 50% would have a high number of schools to use as models and it would illustrate that the goal could be achieved. It also

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sets a high bar to reach.

Based on the rationale above, Kentucky proposes that the best spot for setting the annual standard deviation goal for improvement would be at .07 for low-scoring schools and .035 for schools scoring above proficient. There is a commitment to conduct ongoing research into all aspects of the model as it evolves and to make changes based on the research results. Kentucky will revisit the AMO goal after the first cycle to determine its feasibility.

4. *Is moving one-third of a standard deviation in five years significant?*

Yes. If all schools move one-third of a standard deviation in five years, the average of all schools significantly rises and pushes the average score for all schools closer to 100. At the end of five years, the averages and standard deviations are recomputed, and continuous improvement moves forward on the march to the score of 100.

5. *Why reset the goal every five years?*

A normative model uses relative standing between schools for the initial classification. If a one-year distribution is used, that distribution changes every year, and schools have a moving target that is dependent on how other schools perform. By locking the goal for five years, targets become stable. The performance of other schools does not affect the school/district improvement goal or the ability to reach the goal. By locking the goal for five years the normative model gains criterion features. At the end of five years, the goal is re-set with a new distribution, but once again the goal is locked for another five-year period. This model provides for continuous improvement over time.

6. *Why choose the 70th percentile for the proficient line?*

The 70th percentile allows approximately one-third of the top-scoring schools to be chosen as Proficient Schools. This cut point sets a high bar of performance. Many stakeholders and the public have previously-formed perceptions of percentiles and their link to grades. The 70th percentile allows them to correlate the scores with traditional grading.

7. *In Kentucky's model, what is the difference between Annual Measurable Objective (AMO) and Adequate Yearly Progress (AYP)?*

Each school will receive a single AMO goal each year. By making the AMO goal, the school has successfully achieved AYP. AMO and AYP are synonymous terms in the Kentucky model.

8. *Will there be a research effort to monitor and evaluate the system?*

Yes. Kentucky acknowledges this system is new, and it does not have operational data based on the new assessments and metrics. Over the last 18 months, numerous questions have been discussed. We have run simulation data, and it appears the model will work; however, there are a number of research questions that need to be asked over the next few years. Kentucky will conduct annual reality checks to evaluate how the model is working. The evaluation will allow for constant monitoring and adjustments to fix procedures or problems that arise. Some of these research

- THIS DOCUMENT IS PAGES 52-64 of Kentucky’s Approved ESEA Waiver.

questions are listed below.

- Will the new Student Gap Group work as intended to make achievement of all students a top priority?
- Will the combination of many metrics into one single Overall Score work as intended?
- Is the goal of growing .07 of a standard deviation each year too easy, too hard or at the right spot?
- Does the normative model provide the incentives to increase student achievement?

9. *What is the percentage of All Students scoring Proficient or Higher on the latest Kentucky Core Content Test?*

Percent Proficient or Higher, Kentucky Core Content Test,  
Spring 2011

Grade	Reading	Mathematics	Science	Social Studies	Writing
03	80.53	77.69			
04	73.50	74.74	70.53		
05	74.08	65.92		59.76	59.74
06	71.58	69.84			
07	66.78	65.61	64.04		
08	71.36	59.74		60.09	45.22
10	65.90				
11		45.97	41.37	41.49	
12					39.87

Percents on the new Kentucky tests administered in the spring of 2012 are expected to change due to the alignment to the new Core Content and college readiness standards.

10. *Are schools in the Needs Improvement category distinguishable from each other?*

Kentucky’s model keys on a percentile score being assigned to each school and district. Even though 69% of the schools will fall in the Needs Improvement category, at least for the first year, the percentile score attached to the school will clearly label schools along the continuum of the first percentile to the sixty-ninth percentile. The Needs Improvement category, by virtue of the percentile score, does make all schools distinguishable within that label.