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DEPARTMENT OF EDUCATION

DOCKET ID ED-2009-OII-0012

RIN 1855-AA06

Investing in Innovation

Catalog of Federal Domestic Assistance (CFDA) Numbers:

84.396A, 84.396B and 84.396C.

AGENCY: Office of Innovation and Improvement, Department of Education.

ACTION: Notice of proposed priorities, requirements, definitions, and selection criteria.

SUMMARY: The Secretary of Education (Secretary) proposes priorities, requirements, definitions, and selection criteria under the Investing in Innovation Fund. The Secretary may use these priorities, requirements, definitions, and selection criteria for competitions of the Investing in Innovation Fund for fiscal year (FY) 2010 and later years. We intend for the priorities, requirements, definitions, and selection criteria to support the efforts

of local educational agencies (LEAs) and nonprofit organizations (as defined in this notice) that have strong track records of improving student achievement (as defined in this notice) to expand their work; identify, document, and share best practices; and take successful practices "to scale."

DATES: We must receive your comments on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Submit your comments through the Federal eRulemaking Portal or via postal mail, commercial delivery, or hand delivery. We will not accept comments by fax or by e-mail. Please submit your comments only one time in order to ensure that we do not receive duplicate copies. In addition, please include the Docket ID and the term "Investing in Innovation" at the top of your comments.

- Federal eRulemaking Portal: Go to <http://www.regulations.gov> to submit your comments electronically. Information on using Regulations.gov, including instructions for accessing agency documents, submitting comments, and viewing the docket, is available on the site under "How To Use This Site." A direct link to the docket page is also available at <http://www.ed.gov/programs/innovation/index.html>.

- Postal Mail, Commercial Delivery, or Hand Delivery.

If you mail or deliver your comments about these proposed priorities, requirements, definitions, and selection criteria, address them to Office of Innovation and Improvement (Attention: Investing in Innovation Comments), U.S. Department of Education, 400 Maryland Avenue, SW., room 4W321, Washington, DC 20202.

- Privacy Note: The Department's policy for comments received from members of the public (including those comments submitted by mail, commercial delivery, or hand delivery) is to make these submissions available for public viewing in their entirety on the Federal eRulemaking Portal at <http://www.regulations.gov>. Therefore, commenters should be careful to include in their comments only information that they wish to make publicly available on the Internet.

FOR FURTHER INFORMATION CONTACT: Mia Howerton. Telephone: (202) 205-0417; or Erin McHugh. Telephone: (202) 401-1304. Or by e-mail: [i3@ed.gov](mailto:i3@ed.gov). Note that we will not accept comments by e-mail.

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

SUPPLEMENTARY INFORMATION:

Invitation to Comment: We invite you to submit comments regarding this notice. To ensure that your comments have maximum effect in developing the notice of final priorities, requirements, definitions, and selection criteria, we urge you to identify clearly the specific proposed priority, requirement, definition, or selection criterion your comment addresses.

We invite you to assist us in complying with the specific requirements of Executive Order 12866 and its overall requirement of reducing regulatory burden that might result from the proposed priorities, requirements, definitions, and selection criteria. Please let us know of any further ways we could reduce potential costs or increase potential benefits while preserving the effective and efficient administration of the program.

During and after the comment period, you may inspect all public comments about this notice by accessing Regulations.gov. You may also inspect the comments in person, in room 4W335, 400 Maryland Avenue, SW., Washington, DC, between the hours of 8:30 a.m. and 4:00 p.m., Washington, DC time, Monday through Friday of each week except Federal holidays.

Assistance to Individuals With Disabilities in Reviewing the Rulemaking Record: On request we will provide an

appropriate accommodation or auxiliary aid to an individual with a disability who needs assistance to review the comments or other documents in the public rulemaking record for this notice. If you want to schedule an appointment for this type of accommodation or auxiliary aid, please contact the person listed under FOR FURTHER INFORMATION CONTACT.

Purpose of Program: The Investing in Innovation Fund, established under section 14007 of the American Recovery and Reinvestment Act of 2009 (ARRA), provides funding to support (1) LEAs, and (2) nonprofit organizations in partnership with (a) one or more LEAs or (b) a consortium of schools (as defined in this notice). The purpose of the program is to provide competitive grants to applicants with a record of improving student achievement, in order to expand the implementation of, and investment in, innovative practices that are demonstrated to have an impact on improving student achievement or student growth (as defined in this notice) for high-need students (as defined in this notice), as well as to promote school readiness, close achievement gaps, decrease dropout rates, increase high school graduation rates, and improve teacher and school leader effectiveness.

These grants will (1) allow eligible entities to

expand and develop their work so that their work can serve as models of best practices, (2) allow eligible entities to work in partnership with the private sector and the philanthropic community, and (3) identify and document best practices that can be shared and taken to scale based on demonstrated success.

Program Authority: American Recovery and Reinvestment Act of 2009, Division A, Section 14007, Pub. L. No. 111-5.

## BACKGROUND

### The Statutory Context

On February 17, 2009, President Obama signed into law the ARRA (Pub. L. 111-5), historic legislation designed to stimulate the economy, support job creation, and invest in critical sectors, including education. The ARRA lays the foundation for education reform by supporting investments in innovative strategies that are most likely to lead to improved results for students, long-term gains in school and LEA capacity for success, and increased productivity and effectiveness.

The ARRA provides \$98.2 billion to the Department for direct expenditures on education. Within this amount, \$650 million was authorized and appropriated for the Investing in Innovation Fund (referred to as the "Innovation Fund" in the ARRA), for a competitive grant program to enable LEAs

and nonprofit organizations with a record of improving kindergarten-through-grade-12 (K-12) student achievement to: expand their work; identify, document, and share best practices; and take successful practices to scale.

#### Education Reform Areas

One of the overall goals of the ARRA is to improve student achievement through school improvement and reform. Within the context of the ARRA, the Investing in Innovation Fund focuses on four key assurances, or education reform areas, that will help achieve this goal: (1) improvements in teacher effectiveness and ensuring that all schools have effective teachers, (2) gathering information to improve student learning, teacher performance, and college and career readiness through enhanced data systems, (3) progress toward college- and career-ready standards and rigorous assessments, and (4) improving achievement in low-performing schools through intensive support and effective interventions.

#### Overview of the Investing in Innovation Fund

The Department intends to use the Investing in Innovation Fund to support the overarching ARRA goal of improving student achievement by aligning four of the priorities proposed in this notice directly with the four ARRA reform areas. In this notice we propose four

additional priorities that are aligned with other Department reform goals in the areas of early learning, college access, students with disabilities and limited English proficient students, and rural LEAs. Finally, we propose to require that all funded projects provide educational or other services to support high-need students.

In this notice, the Department proposes to award three types of grants within the Investing in Innovation Fund: "Scale-up" grants, "Validation" grants, and "Development" grants. We have defined each of these types of grants in the section that follows.

Projects funded under each of the three types of grants would provide services to high-need students and would focus on priorities directly tied to the reform areas of the ARRA; applicants could also choose to meet the additional priority areas. Among the three grant types, there would be differences in terms of the evidence that an applicant would be required to submit in support of its proposed project; the expectations for scaling up successful projects during or after the grant period, either directly or through partners; and the funding that a successful applicant would receive.

The intent of these requirements is to ensure that

program funds are used to expand and take to scale the most promising practices, strategies, and programs. We are proposing definitions and criteria that would be used to evaluate the available evidence supporting a proposed project, in terms of the strength of the research, the significance of the effect, and the magnitude of the effect for each type of grant. As such, we are particularly interested in receiving comments on these proposed definitions and selection criteria, and whether, in evaluating the magnitude of the effect, we should specify a minimum effect size and, if so, what that effect size should be. We also are interested in your comments on how to ensure that projects that are innovative and comprehensive in scope or that may show a cumulative effect over time are properly considered, given the proposed definitions and selection criteria. We are cognizant of the need to balance our interest in innovation with the importance of research-based evidence, and welcome comments on how best to achieve the proper balance.

We also are interested in receiving comments on the criteria we are proposing to evaluate the cost-effectiveness of a proposed practice, strategy, or program. We believe that an important aspect of evaluating applications under the Investing in Innovation Fund is

assessing the extent to which a proposal is feasible and can be brought to scale in a cost-effective manner. So that we can judge the cost-effectiveness of a proposed project, we propose that applicants provide estimated start-up and operating costs per student (including indirect costs) for reaching the total number of students proposed to be served by the project, as well as for the applicant or others to reach 100,000, 250,000, and 500,000 students for Development grants and Validation grants; and to reach 100,000, 500,000, and 1,000,000 students for Scale-up grants. We are interested in your comments on whether there are other methods of determining cost-effectiveness that would be more informative or less burdensome.

Following is an overview of the three types of grants we are proposing to award:

1. Scale-up grants would provide funding to scale up practices, strategies, or programs for which there is strong evidence (as defined in this notice) that the proposed practice, strategy, or program will have a statistically significant effect on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates, and that the effect of implementing the

proposed practice, strategy, or program will be substantial and important. We also propose that an applicant for a Scale-up grant could demonstrate success through an intermediate variable directly correlated with these outcomes, such as teacher or school leader effectiveness or improvements in school climate.

We further propose that an applicant for a Scale-up grant estimate the number of students to be reached by the proposed project and provide evidence of its capacity to reach the proposed number of students during the course of the grant. In addition, we propose that an applicant for a Scale-up grant provide evidence of its capacity (e.g., in terms of qualified personnel, financial resources, management capacity) to scale up to a State, regional, or national level (as defined in this notice), working directly or through partners either during or following the end of the grant period. We recognize that LEAs are not typically responsible for taking to scale their practices, strategies, or programs to other LEAs and States. Applicants can and should partner with others (e.g., service centers, State educational agencies, institutions of higher education) to disseminate and take to scale their effective practices, strategies, and programs.

Successful applicants for Scale-up grants would

receive larger levels of funding than successful applicants for Validation or Development grants.

2. Validation grants would provide funding to support practices, strategies, or programs that show promise, but for which there is currently only moderate evidence (as defined in this notice) that the proposed practice, strategy, or program will have a statistically significant effect on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates, and that with further study, the effect of implementing the proposed practice, strategy, or program may prove to be substantial and important. Thus, proposals for Validation grants would not need to have the same level of research evidence to support the proposed project that would be required for Scale-up grants. We also propose that applicants could demonstrate success through an intermediate variable directly correlated with these outcomes, such as teacher or school leader effectiveness or improvements in school climate.

An applicant for a Validation grant would have to estimate the number of students to be reached by the proposed project and provide evidence of its capacity to reach the proposed number of students during the course of

the grant. In addition, we propose that an applicant for a Validation grant provide evidence of its capacity (e.g., in terms of qualified personnel, financial resources, management capacity) to scale up to a State or regional level, working directly or through partners either during or following the end of the grant period. As noted earlier, we recognize that LEAs are not typically responsible for taking to scale their practices, strategies, or programs to other LEAs and States. Applicants can and should partner with others to disseminate and take to scale their effective practices, strategies, and programs.

Successful applicants for Validation grants would receive more funding than successful applicants for Development grants.

3. Development grants would provide funding to support new, high-potential, and relatively untested practices, strategies, or programs whose efficacy should be systematically studied. An applicant would have to provide evidence that the proposed practice, strategy, or program, or one similar to it, has been attempted previously, albeit on a limited scale or in a limited setting, and yielded promising results that suggest that more formal and systematic study is warranted. An applicant must provide a

rationale for the proposed practice, strategy, or program that is based on research findings or reasonable hypotheses, including related research or theories in education and other sectors. Thus, proposals for Development grants would not need to provide the same level of evidence to support the proposed project that would be required for Validation or Scale-up grants.

We also propose that an applicant for a Validation grant estimate the number of students to be served by the project, and provide evidence of its ability to implement and appropriately evaluate the proposed project and, if positive results are obtained, its capacity (e.g., in terms of qualified personnel, financial resources, management capacity) to further develop and bring the project to a larger scale directly or through partners either during or following the end of the grant period. As noted earlier, we recognize that LEAs are not typically responsible for taking to scale their practices, strategies, or programs. Applicants can and should partner with others to disseminate and take to scale their effective practices, strategies, and programs.

To summarize, in terms of the evidence required to support the proposed practice, strategy, or program, the major differences between Scale-up, Validation, and

Development grants are (see Table 1): (1) the strength of the research; (2) the significance of the effect; and (3) the magnitude of the effect.

Table 1. Differences between the three types of Investing in Innovation grants in terms of the evidence required to support the proposed practice, strategy, or program.

	Scale-up grants	Validation grants	Development grants
Strength of Research	Strong evidence	Moderate evidence	Reasonable hypotheses
Significance of Effect	Statistically significant	Statistically significant	Warrants further study
Magnitude of Effect	Substantial and important	Potential to be substantial and important	Promising

In addition, the three types of grants differ in terms of the expectations to scale up successful projects during or following the end of the grant period, either directly or through partners, and the level of funding that would be available. (See Table 2).

It is our intent to make one or more awards for each type of grant (Scale-up, Validation, Development), assuming that we receive applications for each type of grant that are of sufficient quality. We will announce specific funding ranges for each type of grant in the notice inviting applications for this program.

Table 2. Differences between the three types of Investing in Innovation grants in terms of expectations to scale up and the funding to be provided.

	Scale-up grants	Validation grants	Development grants
Scale up	National, Regional, or State	Regional or State	Further develop and scale
Funding to be provided	Highest	Moderate	Modest

PROPOSED PRIORITIES:

Types of Priorities

The Secretary proposes eight priorities for the Investing in Innovation Fund. Proposed Priorities 1, 2, 3, and 4 are proposed as absolute priorities and are aligned with the four reform areas under the ARRA; all applicants must apply under one of these four priorities. Proposed Priorities 5, 6, 7, and 8 are proposed as competitive preference priorities and are aligned with other key education reform goals of the Department. We may apply one or more of the competitive preference priorities to one or more of the three types of grants (Scale-up, Validation, Development grants).

We may choose, in the notice of final priorities, requirements, definitions, and selection criteria, to change the designation of any of these priorities to

absolute, competitive preference, or invitational priorities, or to include the substance of these priorities in the selection criteria.

Under an absolute priority, as specified by 34 CFR 75.105(c) (3), we would consider only applications that meet the priority. Under a competitive preference priority, we would give competitive preference to an application by (1) awarding additional points, depending on the extent to which the application meets the priority (34 CFR 75.105(c) (2) (i)); or (2) selecting an application that meets the priority over an application of comparable merit that does not meet the priority (34 CFR 75.105(c) (2) (ii)). With an invitational priority, we would signal our interest in receiving applications that meet the priority; however, consistent with 34 CFR 75.105(c) (1), we would not give an application that meets an invitational priority preference over other applications.

#### Proposed Absolute Priorities:

##### Proposed Absolute Priority 1--Innovations that Support Effective Teachers and School Leaders.

Background. Research indicates that teacher quality is a critical contributor to student learning.<sup>1</sup> Yet we

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<sup>1</sup> See, e.g., Kane, Thomas J., Jonah E. Rockoff, and Douglas O. Staiger (2006), "What Does Certification Tell Us About Teacher Effectiveness? Evidence from New York City," NBER Working Paper No. 12155; Rivkin,

know that there is dramatic variation in teacher effectiveness across schools and LEAs, as well as inequity in the distribution of effective teachers between high- and low-poverty schools. We also know that it is difficult to predict teacher effectiveness based on the qualifications that teachers bring to the job.<sup>2</sup> Furthermore, studies show that school leadership is a major contributing factor to what students learn at school and that strong teachers are more likely to teach in schools with strong principals.<sup>3</sup> Absolute priority 1 is intended to support projects that promote practices, strategies, or programs to increase the number and percentage of effective teachers and school leaders, or help reduce the inequities in the distribution of effective teachers and school leaders. It is also designed to encourage the use of teacher and school leader evaluation systems that are tied to student growth.

Statement of the Proposed Absolute Priority. Under proposed absolute priority 1, the Department would provide funding to support practices, strategies, or programs that

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Steven G., Eric A. Hanushek, and John F. Kain (2005), "Teachers, Schools, and Academic Achievement," *Econometrica*, 73(2), 417-458; Rockoff, Jonah. E. (2004), "The Impact of Individual Teachers on Students' Achievement: Evidence from Panel Data," *American Economic Review* 94(2), 247-52; Aaronson, Daniel, Lisa Barrow, and William Sander (2003), "Teacher and Student Achievement in the Chicago Public High Schools," Federal Reserve Bank of Chicago Working Paper 2002-28.

<sup>2</sup> Rivkin, Hanushek, and Kain (2005); Kane, Rockoff, and Staiger (2006).

<sup>3</sup> Leithwood, Kenneth, Karen Seashore Louis, Stephen Anderson, and Kyla Sahlstrom (2004), "How leadership influences student learning," Wallace Foundation Learning from Leadership Project.

increase the number or percentages of highly effective teachers and school leaders or reduce the number or percentages of ineffective teachers and school leaders, especially for high-need students, by identifying, recruiting, developing, placing, rewarding, and retaining highly effective teachers and school leaders (or removing ineffective teachers and school leaders). In such initiatives, teacher or school leader effectiveness should be determined by an evaluation system that is rigorous, transparent, and fair; performance should be differentiated using multiple rating categories of effectiveness; multiple measures of teachers' effectiveness should be taken into account, with data on student growth as a significant factor; and the measures should be designed and developed with teacher involvement.

Proposed Absolute Priority 2--Innovations that Improve the Use of Data.

Background. Section 14005(d)(3) of the ARRA requires States receiving State Fiscal Stabilization funds to establish a longitudinal data system that includes the elements described in section 6401(e)(2) of the America COMPETES Act (20 U.S.C. 9871). Providing student achievement or student growth data to teachers and principals, including estimates of individual teacher

impact on student achievement or student growth, is key to driving education reform in general and improvements in the classroom, in particular.<sup>4</sup> This priority is designed to increase the availability and use of practices, strategies, and programs that provide teachers, principals, administrators, families, and other stakeholders with the data they need to inform and improve school and classroom instructional practices, decision-making, and overall effectiveness.

Statement of the Proposed Absolute Priority. Under proposed absolute priority 2, the Department would provide funding to support strategies, practices, or programs that encourage and facilitate the evaluation, analysis, and use of student achievement or student growth data by educators, families, and other stakeholders in order to inform decision-making; improve student achievement or student growth, and teacher, school leader, school, or LEA performance and productivity; or enable data aggregation, analysis, and research. Where applicable, these data would be disaggregated using the student subgroups described in section 1111(b) (3) (C) (xiii) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (economically

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<sup>4</sup> See, e.g., The Data Quality Campaign at <http://www.dataqualitycampaign.org/using-data-systems/roadmap-for-states>

disadvantaged students, students from major racial and ethnic groups, migrant students, students with limited English proficiency, students with disabilities, student gender).

Proposed Absolute Priority 3--Innovations that Complement the Implementation of High Standards and High-Quality Assessments.

Background. A third key ARRA reform area is improving State academic content standards and student academic achievement standards so that they build toward college and career readiness, and implementing high-quality assessments aligned with those standards. In order to make the transition to such standards and assessments, States will need support in: developing, acquiring, disseminating, and implementing high-quality curricular instructional materials and assessments; developing or acquiring and delivering high-quality professional development to support the transition to new standards, assessments, and instructional materials; and engaging in other strategies that align the standards and information from assessments with classroom practices that meet the needs of all students, including high-need students.

Statement of the Proposed Absolute Priority. Under proposed absolute priority 3, the Department would provide

funding for practices, strategies, or programs that support States' efforts to transition to college- and career-readiness standards and assessments, including curricular and instructional practices, strategies, or programs in core academic subjects that are aligned with high academic content and achievement standards and with high-quality assessments based on those standards. Proposals may include practices, strategies, or programs that: (a) increase the success of under-represented student populations in academically rigorous courses and programs (such as Advanced Placement or International Baccalaureate courses; dual enrollment programs; early college high schools; and science, technology, engineering, and mathematics courses, especially those that incorporate rigorous and relevant project-, inquiry-, or design-based contextual learning opportunities); (b) increase the development and use of formative assessments or interim assessments, or other performance-based tools and metrics that are aligned with student content and academic achievement standards; or (c) translate the standards and information from assessments into classroom practices that meet the needs of all students, including high-need students.

Proposed Absolute Priority 4--Innovations that Turn

### Around Persistently Low-Performing Schools.

Background. Although there are noted examples of successful school reform efforts, persistently low-performing schools (as defined in this notice) continue to plague this country's system of public education and fail to adequately educate our Nation's youth to succeed in a global economy. It is imperative that we as a Nation serve our most educationally needy schools in order to ensure that all students are prepared for the challenges of the global economy.

Statement of the Proposed Absolute Priority. Under proposed absolute priority 4, the Department would provide funding to support strategies, practices, or programs that turn around persistently low-performing schools through either whole-school reform or targeted approaches to reform. Applicants addressing this priority must focus on either:

(a) Whole-school reform, such as comprehensive interventions to assist, augment, or replace persistently low-performing schools; or

(b) Targeted approaches to reform, including, but not limited to: (1) providing more time for students to learn core academic content by expanding the school day, school week, or the school year, or by increasing instructional

time for core academic subjects during the day and in the summer; (2) integrating student supports to address non-academic barriers to student achievement; or (3) creating multiple pathways for students to earn regular high school diplomas (e.g., transfer schools, awarding credit based on demonstrated evidence of student competency, offering dual-enrollment options).

#### Proposed Competitive Preference Priorities

As stated previously, we are proposing four competitive preference priorities that we may choose to apply to one or more of the three types of grants (Scale-up, Validation, and Development grants).

#### Proposed Competitive Preference Priority 5-- Innovations for Improving Early Learning Outcomes.

Background. Research demonstrates the importance of efforts to build early language and literacy skills, as well as skills with numbers and spatial thinking, as a means of eliminating the differences in student achievement or student growth that develop between children from low-income families and children from middle-income families during their school years.<sup>5</sup> Investing in early learning programs to prevent the development of these gaps in skills can reduce the need for more costly and difficult

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5 National Research Council. 1998. Preventing Reading Difficulties in Young Children.

interventions, including referrals to special education, later on in a child's life.<sup>6</sup> In addition, research indicates that investments in young children can yield dramatic economic benefits over the course of those children's lives in the form of reduced incidence of crime and increased employment. This proposed competitive preference priority aligns with the Department's efforts to increase the quality of existing early learning programs and expand access to high-quality early learning programs, particularly for children from low-income families.

Statement of Proposed Competitive Preference Priority

5. We propose to give competitive preference to proposals that include practices, strategies, or programs to improve educational outcomes for high-need students who are young children (birth through 3<sup>rd</sup> grade) by enhancing the quality of early learning programs. Proposals must focus on (a) improving young children's school readiness (including social, emotional, and cognitive) so that children are prepared for success in core academic subjects; (b) improving and aligning developmental milestones and standards with appropriate outcome measures; and (c) improving alignment, collaboration, and transitions between

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<sup>6</sup> Schweinhart, L. J. (2002, June). How the HighScope Perry Preschool Study Grew: A Researcher's Tale. Phi Delta Kappa Center for Evaluation, Development, and Research. (No. 32).

early learning programs that serve children from birth to age three, in preschools, and in kindergarten through third grade.

Proposed Competitive Preference Priority 6--  
Innovations that Support College Access and Success.

Background. One way to help meet the President's goal of restoring the United States to first in the world in the percentage of citizens holding college degrees is to increase the number of high school students with access to college who are prepared to succeed in an institution of higher education. Proposed competitive preference priority 6 would fund practices, strategies, and programs that prepare K-12 students for success in college.

Statement of Proposed Competitive Preference Priority 6. We propose to give competitive preference to proposals for practices, strategies, or programs that enable K-12 students, particularly high school students, to successfully prepare for, enter, and graduate from a two- or four-year college. Proposals must include practices, strategies, or programs for K-12 students that address students' preparedness and expectations related to college; help students understand issues of college affordability and the financial aid and college application processes; and provide support to students from peers and

knowledgeable adults.

Proposed Competitive Preference Priority 7 --  
Innovations to Address the Unique Learning Needs of  
Students with Disabilities and Limited English Proficient  
Students

Background. One of the primary goals of the ESEA, as well as the Individuals with Disabilities Education Act (IDEA), is to improve the quality of education for all students, including students with disabilities and students who are limited English proficient. In particular, the ESEA requires each State and LEA to work toward narrowing achievement gaps and demonstrate high levels of progress for these two groups of students. However, as evidenced by results on State assessments under section 1111(b)(3) of the ESEA, schools often lack appropriate and effective strategies to enable a greater share of students with disabilities and limited English proficient students to meet high standards.

Statement of Proposed Competitive Preference Priority  
7. We propose to give competitive preference to proposals that include innovative strategies, practices, or programs to address the unique learning needs of students with disabilities, or the linguistic and academic needs of limited English proficient students. Proposals must focus

on particular practices, strategies, or programs that are designed to improve academic outcomes and increase graduation rates for students with disabilities or limited English proficient students.

Proposed Competitive Preference Priority 8--  
Innovations that Serve Schools in Rural LEAs.

Background. Solutions to educational challenges in rural areas frequently differ from what works in urban and suburban communities.<sup>7</sup> This proposed competitive preference priority recognizes the need to bring education innovation and reform to all regions of the country, including rural LEAs.

Statement of Proposed Competitive Preference Priority 8. We propose to give competitive preference to proposals that focus on the unique challenges of high-need students in schools within a rural LEA (as defined in this notice) and address the particular challenges faced by students in these schools. Proposals must include practices, strategies, or programs that improve student achievement or student growth, close achievement gaps, decrease dropout rates, increase high school graduation rates, or improve teacher and school leader effectiveness in one or more rural LEAs.

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<sup>7</sup> Status of Education in Rural America. (2007). U.S. Department of Education, National Center for Educational Statistics.

## PROPOSED REQUIREMENTS:

### Background:

The Investing in Innovation Fund would provide support to LEAs, and nonprofit organizations that partner with one or more LEAs or a consortium of schools that apply and successfully compete for a Scale-up, Validation, or Development grant. What follows are the statutory and proposed eligibility requirements for LEAs and nonprofit organizations.

### Proposed Requirements:

The Secretary proposes the following requirements for the Investing in Innovation Fund. We may apply these requirements in any year in which this program is in effect.

Providing Innovations that Improve Achievement for High-Need Students: All applicants must implement practices, strategies, or programs for high-need students (as defined in this notice).

Eligible applicants: Entities eligible to apply for Investing in Innovation Fund grants include: (a) an LEA or (b) a partnership between a nonprofit organization and (1) one or more LEAs or (2) a consortium of schools.

Eligibility requirements<sup>8</sup>: To be eligible for an award, an eligible applicant must meet several statutory requirements and one additional requirement. The requirements in paragraphs (1), (2), (3), and (4) that follow are statutory; we are including them here for clarity. We are requesting comment on the proposed requirement in paragraph (5).

To be eligible for an award, an applicant must:

(1) Have significantly closed the achievement gaps between groups of students described in section 1111(b) (2) of the ESEA (economically disadvantaged students, students from major racial and ethnic groups, students with limited English proficiency, students with disabilities).

(2) Have exceeded the State's annual measurable objectives consistent with section 1111(b) (2) of the ESEA for two or more consecutive years or have demonstrated success in significantly increasing student achievement for

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<sup>8</sup> We note that at the time of publication of this notice, the pending House and Senate appropriations bills would, if enacted, make technical changes to provisions of the authorizing legislation for this program. (See <http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp111&sid=cp111LTV8y&refer=&r n=hr220.111&item=&sel=TOC 1120308&>; and <http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp111&sid=cp111M6VRe&refer=&r n=sr066.111&item=&sel=TOC 904504&>). These changes would modify the eligibility requirements currently set forth in section 14007(b) (2) and (c) by: (1) making minor alterations to the sections concerning the basis for awards and the special eligibility rule, and (2) removing the reference to State measurable annual achievement objectives. In addition to these minor changes to the eligibility requirements, enactment of the proposed legislation would authorize eligible entities that include a partnership with a nonprofit organization, to make subgrants within the partnership.

all groups of students described in that section through another measure, such as measures described in section 1111(c)(2) of the ESEA (i.e., the National Assessment of Educational Progress);

(3) Have made significant improvements in other areas, such as graduation rates or increased recruitment and placement of high-quality teachers and school leaders, as demonstrated with other meaningful data;

(4) Demonstrate that they have established partnerships with the private sector, which may include philanthropic organizations, and that the private sector will provide matching funds in order to help bring results to scale; and

(5) In the case of a nonprofit organization, provide in its application the names of the LEAs with which it will partner, or the names of the schools in the consortium with which it will partner. If a nonprofit organization applicant intends to partner with additional LEAs or schools that are not named in its application, it must describe in its application the demographics and other characteristics of these LEAs and schools and the process it will use to select them as partners. An applicant must identify its specific partners before a grant award will be made.

Note about LEA Eligibility: To be eligible for an award, an LEA applicant must be located within one of the 50 States, the District of Columbia, or the Commonwealth of Puerto Rico.

Note about Eligibility for an Entity that Includes a Nonprofit Organization: To be eligible for an award, the statute requires that an application submitted by a nonprofit organization, in partnership with one or more LEAs or a consortium of schools, be considered to have met the eligibility requirements in paragraphs (1), (2), and (3) described earlier in this notice, if the nonprofit organization has a record of meeting those requirements. We are proposing that a nonprofit organization applicant be considered to have met these eligibility requirements through its record of work with an LEA. Therefore, an applicant that is a nonprofit organization would not necessarily need to select as a partner for its Investing in Innovation Fund grant an LEA or a consortium of schools that meets the eligibility requirements in paragraphs (1), (2), and (3) described earlier. Rather, the nonprofit organization would have to demonstrate that it has a record of meeting those requirements through the assistance it has provided to one or more LEAs in the past.

Funding Categories: An applicant must state in its

application whether it is applying for a Scale-up, Validation, or Development grant. An applicant may not submit an application for the same proposed project under more than one type of grant. An applicant will be considered for an award only for the type of grant for which it applies.

Cost Sharing or Matching: To be eligible for an award, an applicant must demonstrate that it has established one or more partnerships with an entity or organization in the private sector, which may include philanthropic organizations, and that the entity or organization in the private sector will provide matching funds in order to help bring project results to scale. An applicant must obtain matching funds or in-kind donations equal to at least 20 percent of its grant award. The Secretary may consider decreasing the 20 percent matching requirement in the most exceptional circumstances, on a case-by-case basis. An applicant that anticipates being unable to meet the 20 percent matching requirement must include in its application a request to the Secretary to reduce the matching level requirement, along with a statement of the basis for the request.

Evaluation: An applicant receiving funds under this program must comply with the requirements of any evaluation

of the program conducted by the Department. In addition, an applicant is required to conduct an independent evaluation (as defined in this notice) of its proposed project and must agree, along with its independent evaluator, to cooperate with any technical assistance provided by the Department or its contractor. The purpose of this technical assistance would be to ensure that the evaluations are of the highest quality and to encourage commonality in evaluation approaches across funded projects where it is feasible and useful to do so. Finally, an applicant receiving funds under this program must make broadly available through formal (e.g., peer-reviewed journals) or informal (e.g., newsletters) mechanisms, and in print or electronically, the results of any evaluations it conducts of its funded activities

Participation in "Communities of Practice": Grantees will be required to participate in, organize, or facilitate, as appropriate, communities of practice for the Investing in Innovation Fund. A community of practice is a group of grantees that agrees to interact regularly to solve a persistent problem or improve practice in an area that is important to them. Establishment of communities of practice under the Investing in Innovation Fund will enable grantees to meet, discuss, and collaborate with each other

regarding grantee projects.

PROPOSED DEFINITIONS:

Background:

Several important terms associated with the Investing in Innovation Fund are not defined in the ARRA.

Proposed Definitions:

The Secretary proposes the following definitions for the Investing in Innovation Fund.<sup>9</sup> We may apply one or more of these definitions in any year in which this program is in effect.

1. Definitions Related to Evidence

Strong evidence means evidence from previous studies whose designs can support causal conclusions (i.e., studies with high internal validity), and studies that in total include enough of the range of participants and settings to support scaling up to the State, regional, or national level (i.e., studies with high external validity). The following are examples of strong evidence: (1) more than one well-designed and well-implemented experimental study

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<sup>9</sup> In this notice, we use many of the same definitions that were in the Race to the Top notice of proposed priorities, requirements, definitions, and selection criteria (see <http://www.ed.gov/legislation/FedRegister/proprule/2009-3/072909d.html>). The comment period for the Race to the Top program is now closed, and we are considering the comments on the definitions, as well as other sections of that notice. In the final notice for the Investing in Innovation Fund, we will align our definitions, as appropriate, with those included in the final notice for the Race to the Top program.

(as defined in this notice) or well-designed and well-implemented quasi-experimental study (as defined in this notice) that supports the effectiveness of the practice, strategy, or program; or (2) one large, well-designed and well-implemented randomized controlled, multisite trial that supports the effectiveness of the practice, strategy, or program.

Moderate evidence means evidence from previous studies whose designs can support causal conclusions (i.e., studies with high internal validity) but have limited generalizability (i.e., moderate external validity), or studies with high external validity but moderate internal validity. The following would constitute moderate evidence: (1) at least one well-designed and well-implemented experimental or quasi-experimental study supporting the effectiveness of the practice **strategy, or program**, with small sample sizes or other conditions of implementation or analysis that limit generalizability; (2) at least one well-designed and well-implemented experimental or quasi-experimental study that does not demonstrate equivalence between the intervention and comparison groups at program entry but that has no other major flaws related to internal validity; or (3) correlational research with strong statistical controls for

selection bias and for discerning the influence of internal factors.

Experimental study means a study that employs random assignment of students, teachers, classrooms, or schools to participate in a project being evaluated (treatment group) or not to participate in the project (control group). The effect of the project is the difference in outcomes between the treatment and control groups.

Quasi-experimental study means an evaluation design that attempts to approximate an experimental design and can support causal conclusions (i.e., minimizes threats to internal validity, such as selection bias, or allows them to be modeled). Well-designed quasi-experimental studies include carefully matched comparison group designs (as defined in this notice), interrupted time series designs (as defined in this notice), or regression discontinuity designs (as defined in this notice).

Carefully matched comparison group design means a type of quasi-experimental study that attempts to approximate an experimental study. More specifically, it is a design in which project participants are matched with non-participants based on key characteristics that are thought to be related to the outcome. These characteristics include, but are not limited to: (1) prior test scores and

other measures of academic achievement (preferably, the same measures that the study will use to evaluate outcomes for the two groups); (2) demographic characteristics, such as age, disability, gender, English proficiency, ethnicity, poverty level, parents' educational attainment, and single- or two-parent family background; (3) the time period in which the two groups are studied (e.g., the two groups are children entering kindergarten in the same year as opposed to sequential years); and (4) methods used to collect outcome data (e.g., the same test of reading skills administered in the same way to both groups).

Interrupted time series design means a type of quasi-experimental study in which the outcome of interest is measured multiple times before and after the treatment for program participants only. If the program had an impact, the outcomes after treatment will have a different slope or level from those before treatment. That is, the series should show an "interruption" of the prior situation at the time when the program was implemented. Adding a nonequivalent control group time series, such as schools not participating in the program or schools participating in the program in a different geographic area, increases the reliability of the findings.

Regression discontinuity design study means, in part,

a quasi-experimental study design that closely approximates an experimental study. In a regression discontinuity design, participants are assigned to a treatment or control group based on a numerical rating or score of a variable unrelated to the treatment such as the rating of an application for funding. Another example would be assignment of eligible students, teachers, classrooms, or schools above a certain score ("cut score") to the treatment group and assignment of those below the score to the control group.

Independent evaluation means that the evaluation is designed and carried out independent of, but in coordination with, any employees of the entities who develop a practice, strategy, or program and are implementing it. This independence helps ensure the objectivity of an evaluation and prevents even the appearance of a conflict of interest.

## 2. Other Definitions

Consortium of schools means two or more public elementary or secondary schools acting collaboratively for the purpose of applying for and implementing an Investing in Innovation Fund grant jointly with an eligible nonprofit organization.

Nonprofit organization means an entity that meets the

definition of “nonprofit” under 34 CFR 77.1(c), or an institution of higher education as defined by section 101(a) of the Higher Education Act of 1965, as amended.

Formative assessment means an assessment that is embedded in instruction and is used by teachers to provide timely feedback on student understanding and to adjust ongoing teaching and learning effectively.

Interim assessment means an assessment given at regular and specified intervals throughout the school year, and is designed to evaluate students’ knowledge and skills relative to a specific set of academic standards, the results of which can be aggregated (e.g., by course, grade level, school, or LEA) in order to inform teachers and administrators at the student, classroom, school, and LEA levels.

Highly effective school leader means a principal or other school leader whose students, overall and for each subgroup as described in section 1111(b)(3)(C)(xiii) of the ESEA (i.e., economically disadvantaged students, students from major racial and ethnic groups, migrant students, students with disabilities, students with limited English proficiency, student gender), demonstrate high rates (e.g., more than one grade level in an academic year) of student growth. Applicants may supplement this definition as they

see fit so long as school leader effectiveness is judged, in significant measure, by student growth.

Highly effective teacher means a teacher whose students achieve high rates (e.g., more than one grade level in an academic year) of student growth. Applicants may supplement this definition as they see fit so long as teacher effectiveness is judged, in significant measure, by student growth.

High-need student means a student at risk of educational failure, or otherwise in need of special assistance and support, such as students who are living in poverty, who are far below grade level, who are over-age and under-credited, who have left school before receiving a regular high school diploma, who are at risk of not graduating with a regular high school diploma on time, who are homeless, who are in foster care, who have been incarcerated, who have disabilities, or who are limited English proficient.

Persistently low-performing schools means Title I schools in corrective action or restructuring in the State and the secondary schools (both middle and high schools) in the State that are equally as low-achieving as these Title I schools and are eligible for, but do not receive, Title I funds.

National level, as used in reference to a Scale-up grant, describes a project that is able to be effective in a wide variety of communities and student populations around the country, including rural and urban areas, as well as with different groups of students described in section 1111(b)(3)(C)(xiii) of the ESEA (i.e., economically disadvantaged students, students from major racial and ethnic groups, migrant students, students with disabilities, students with limited English proficiency, student gender).

Regional level, as used in reference to a Scale-up or Validation grant, describes a project that is able to serve a variety of communities and student populations within a State or multiple States, including rural and urban areas, as well as with different groups of students described in section 1111(b)(3)(C)(xiii) of the ESEA (i.e., economically disadvantaged students, students from major racial and ethnic groups, migrant students, students with disabilities, students with limited English proficiency, student gender).

Rural LEA means an LEA that is eligible under the Small Rural School Achievement (SRSA) program or the Rural and Low-Income School (RLIS) program authorized under Title VI, Part B of the ESEA. Applicants may determine whether a

particular LEA is eligible for these programs by referring to information on the following Department Web sites. For the SRSA:

[www.ed.gov/programs/reapsrsa/eligible08/index.html](http://www.ed.gov/programs/reapsrsa/eligible08/index.html). For the RLIS: [www.ed.gov/programs/reaprlisp/eligibility.html](http://www.ed.gov/programs/reaprlisp/eligibility.html).

Student achievement means, at a minimum--

(a) For tested grades and subjects: A student's score on the State's assessments under section 1111(b)(3) of the ESEA and may also include other measures of learning, as appropriate, such as those described in paragraph (b) of this definition.

(b) For non-tested grades and subjects: An alternative academic measure of student learning and performance (e.g., performance on interim assessments or on other classroom-based assessments; rates at which students are on track to graduate from high school; percentage of students enrolled and achieving at successful levels in Advanced Placement, pre-Advanced Placement, International Baccalaureate, or dual-enrollment courses).

Student growth means the change in student achievement data for an individual student between two or more points in time. Growth may be measured by a variety of approaches, but any approach used must be statistically rigorous and based on student achievement data, and may

also include other measures of student learning in order to increase the construct validity and generalizability of the information.

PROPOSED SELECTION CRITERIA:

Background:

The proposed selection criteria are intended to ensure that applicants--regardless of grant type--can demonstrate that they have the experience and capacity to expand or develop practices, strategies, or programs that will have a positive impact on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates.

Proposed Selection Criteria:

The Secretary proposes the following selection criteria for evaluating an application under the Investing in Innovation Fund. We may apply one or more of these criteria in any year in which this program is in effect. In the notice inviting applications or the application package, or both, we will announce the maximum possible points assigned to each criterion.

1. Scale-up Grants.

A. Need for the Project and Quality of the Project Design.

- (1) The Secretary considers the need for the project

and quality of the design of the proposed project.

(2) In determining the need for the project and quality of the design of the proposed project, the Secretary considers the following factors:

(a) The extent to which the proposed project represents an exceptional approach to the priorities the applicant is seeking to meet (i.e., addresses a largely unmet need, particularly for high-need students, and is a practice, strategy, or program that has not already been widely adopted).

(b) The extent to which the proposed project has a clear set of goals and an explicit strategy (i.e., logic model), with actions that are (i) aligned with the priorities the applicant is seeking to meet, and (ii) expected to result in achieving the goals, objectives, and outcomes of the proposed project.

B. Strength of Research, Significance of Effect, and Magnitude of Effect.

(1) The Secretary considers the strength of the existing research evidence and the significance of effect in support of the proposed project, as well as the magnitude of the effect on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates.

Applicants may also demonstrate success through an intermediate variable that is directly correlated with improving these outcomes, such as teacher or school leader effectiveness, or improvements in school climate.

(2) In determining the strength of the existing research evidence and the significance of effect to support the proposed project, as well as the magnitude of the effect, the Secretary considers the following factors:

(a) The extent to which the applicant demonstrates that there is strong evidence that the proposed practice, strategy, or program will have a statistically significant effect on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates, and that the effect will be substantial and important.

(b) The importance and magnitude of the effect expected to be obtained by the proposed project, including the extent to which the project will substantially and measurably improve student achievement or student growth, close achievement gaps, decrease dropout rates, or increase high school graduation rates. The evidence in support of the importance and magnitude of the effect would be the research-based evidence provided by the applicant to support the proposed project.

C. Experience of the Applicant.

(1) The Secretary considers the experience of the applicant in implementing the proposed project.

(2) In determining the experience of the applicant, the Secretary considers the following factors:

(a) The past performance of the applicant in implementing large, complex, and rapidly growing projects.

(b) The extent to which an applicant provides information and data demonstrating that it has (or has supported an LEA in taking actions that have)--

(i) Significantly closed the achievement gaps between groups of students described in section 1111(b)(2) of the ESEA;

(ii) Exceeded the State's annual measurable objectives consistent with section 1111(b)(2) of the ESEA for two or more consecutive years or demonstrated success in significantly increasing student achievement for all groups of students described in that section through another measure, such as measures described in section 1111(c)(2) of the ESEA (i.e., the National Assessment of Educational Progress); and

(iii) Made significant improvements in other areas, such as graduation rates or increased recruitment and placement of high-quality teachers and school leaders, as

demonstrated with other meaningful data.

D. Quality of the Project Evaluation.

1. The Secretary considers the quality of the evaluation to be conducted of the proposed project.

2. In determining the quality of the evaluation, the Secretary considers the following factors:

(a) The extent to which the methods of evaluation will include an experimental study or, if a well-designed experimental study of the project cannot be conducted, the extent to which the methods of evaluation will include a well-designed quasi-experimental study.

(b) The extent to which, for either an experimental study or quasi-experimental study, the study will be conducted of the practice, strategy, or program as implemented at scale.

(c) The extent to which the methods of evaluation will provide high-quality implementation data and performance feedback, and permit periodic assessment of progress toward achieving intended outcomes.

(d) The extent to which the evaluation will provide sufficient information about the key elements and approach of the project to facilitate replication or testing in other settings.

(e) The extent to which the proposed project plan

includes sufficient resources to effectively carry out the project evaluation.

(f) The extent to which the proposed evaluation is rigorous, independent, and neither the program developer nor the project implementer is evaluating the impact of the project.

Note: We encourage applicants to review the following technical assistance resources on evaluation: (1) What Works Clearinghouse Procedures and Standards Handbook: <http://ies.ed.gov/ncee/wwc/references/idocviewer/doc.aspx?docid=19&tocid=1>; and (2) IES/NCEE Technical Methods papers: [http://ies.ed.gov/ncee/tech\\_methods/](http://ies.ed.gov/ncee/tech_methods/).

E. Strategy and Capacity to Scale.

1. The Secretary considers the quality of the applicant's strategy and capacity to bring the proposed project to scale on a national, regional, or State level.

2. In determining the quality of the strategy and capacity to scale, the Secretary considers:

(a) The number of students to be reached by the proposed project and the applicant's capacity to reach the proposed number of students during the course of the grant period.

(b) The applicant's capacity (e.g., in terms of qualified personnel, financial resources, management

capacity) to bring the project to scale on a national, regional, or State level working directly, or through partners, either during or following the end of the grant period.

(c) The feasibility of the proposed project to be replicated successfully, if positive results are obtained, in a variety of settings and with a variety of student populations. Evidence of this ability includes the proposed project's demonstrated success in multiple settings with different types of students, the availability of resources and expertise required for implementing the project with fidelity, and the proposed project's evidence of relative ease of use or user satisfaction.

(d) The applicant's estimate of the cost of the proposed project, which includes start-up and operating costs per student (including indirect costs) for reaching the total number of students proposed to be served by the project, as well as for the applicant or others to reach 100,000, 500,000, and 1,000,000 students.

(e) The mechanisms the applicant will use to broadly disseminate information on its project to support replication.

F. Sustainability.

1. The Secretary considers the adequacy of resources

to continue the proposed project after the grant period ends.

2. In determining the adequacy of resources for the proposed project, the Secretary considers the following factors:

(a) The extent to which the applicant demonstrates that it has the resources to operate the project beyond the length of the Scale-up grant, including a multi-year financial and operating model and accompanying plan; the demonstrated commitment of current and future partners; and evidence of broad support from stakeholders (e.g., State educational agencies, teachers' unions) critical to the project's long-term success.

(b) The potential and planning for the incorporation of project purposes, activities, or benefits into the ongoing work of the LEA, schools, or nonprofit organization at the end of the Scale-up grant.

G. Quality of the Management Plan and Personnel.

1. The Secretary considers the quality of the management plan and personnel for the proposed project.

2. In determining the quality of the management plan and personnel for the proposed project, the Secretary considers:

(a) The adequacy of the management plan to achieve

the objectives of the proposed project on time and within budget, including clearly defined responsibilities, timelines, and milestones for accomplishing project tasks, as well as plans for sustainability and scalability of the proposed project.

(b) The qualifications, including relevant training and experience, of the project director and key project personnel, especially in managing large, complex, and rapidly growing projects.

(c) The qualifications, including relevant expertise and experience, of the project director and key personnel of the independent evaluator, especially in designing and conducting large-scale experimental and quasi-experimental studies of educational initiatives.

## 2. Validation Grants.

### A. Need for the Project and Quality of the Project Design.

(1) The Secretary considers the need for the project and quality of the design of the proposed project.

(2) In determining the need for the project and quality of the design of the proposed project, the Secretary considers the following factors:

(a) The extent to which the proposed project represents an exceptional approach to the priorities the

applicant is seeking to meet (i.e., addresses a largely unmet need, particularly for high-need students, and is a practice, strategy, or program that has not already been widely adopted).

(b) The extent to which the proposed project has a clear set of goals and an explicit strategy (i.e., logic model), with actions that are (1) aligned with the priorities the applicant is seeking to meet, and (2) expected to result in achieving the goals, objectives, and outcomes of the proposed project.

B. Strength of Research, Significance of Effect, and Magnitude of Effect.

(1) The Secretary considers the strength of the existing research evidence and the significance of effect in support of the proposed project, as well as the magnitude of the effect on improving student achievement, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates. Applicants may also demonstrate success through an intermediate variable that is directly correlated with these outcomes, such as teacher or school leader effectiveness, or improvements in school climate.

(2) In determining the strength of the existing research evidence and the significance of the effect to

support the proposed project, as well as the magnitude of the effect the Secretary considers the following factors:

(a) The extent to which the applicant demonstrates that there is moderate evidence that the proposed practice, strategy, or program will have a statistically significant effect on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates and that with further study, the effect may prove to be substantial and important.

(b) The importance and magnitude of the effect expected to be obtained by the proposed project, including the likelihood that the project will substantially and measurably improve student achievement or student growth, close achievement gaps, decrease dropout rates, or increase high school graduation rates. The evidence in support of the importance and magnitude of the effect would be the research-based evidence provided by the applicant to support the proposed project.

C. Experience of the Applicant.

(1) The Secretary considers the experience of the applicant in implementing the proposed project.

(2) In determining the experience of the applicant, the Secretary considers the following factors:

(a) The past performance of the applicant in implementing complex projects.

(b) The extent to which an applicant provides information and data demonstrating that it has (or supported an LEA in taking actions that have)--

(i) Significantly closed the achievement gaps between groups of students described in section 1111(b)(2) of the ESEA;

(ii) Exceeded the State's annual measurable objectives consistent with section 1111(b)(2) of the ESEA for two or more consecutive years or demonstrated success in significantly increasing student achievement for all groups of students described in that section through another measure, such as measures described in section 1111(c)(2) of the ESEA (i.e., the National Assessment of Educational Progress); and

(iii) Made significant improvements in other areas, such as graduation rates or increased recruitment and placement of high-quality teachers and school leaders, as demonstrated with other meaningful data.

D. Quality of the Project Evaluation.

1. The Secretary considers the quality of the evaluation to be conducted of the proposed project.

2. In determining the quality of the evaluation, the

Secretary considers the following factors:

(a) The extent to which the methods of evaluation will include a well-designed experimental or well-designed quasi-experimental study.

(b) The extent to which the methods of evaluation will provide high-quality implementation data and performance feedback, and permit periodic assessment of progress toward achieving intended outcomes.

(c) The extent to which the evaluation will provide sufficient information about the key elements and approach of the project to facilitate replication or testing in other settings.

(d) The extent to which the proposed project plan includes sufficient resources to effectively carry out the project evaluation.

(e) The extent to which the proposed evaluation is rigorous, independent, and neither the program developer nor the project implementer is evaluating the impact of the project.

Note: We encourage applicants to review the following technical assistance resources on evaluation: (1) What Works Clearinghouse Procedures and Standards Handbook: <http://ies.ed.gov/ncee/wwc/references/idocviewer/doc.aspx?docid=19&tocid=1>; and (2) IES/NCES Technical Methods papers:

[http://ies.ed.gov/ncee/tech\\_methods/](http://ies.ed.gov/ncee/tech_methods/).

E. Strategy and Capacity to Scale.

1. The Secretary considers the quality of the applicant's strategy and capacity to bring the proposed project to scale on a State or regional level.

2. In determining the quality of the strategy and capacity to scale, the Secretary considers:

(a) The number of students proposed to be reached by the proposed project and the applicant's capacity to reach the proposed number of students during the course of the grant period.

(b) The applicants capacity (e.g., in terms of qualified personnel, financial resources, management capacity) to bring the project to scale on a State or regional level (as appropriate, based on the findings of the proposed project) working directly, or through partners, either during or following the end of the grant period.

(c) The feasibility of the proposed project to be replicated successfully, if positive results are obtained, in a variety of settings and with a variety of student populations. Evidence of this ability includes the availability of resources and expertise required for implementing the project with fidelity, and the proposed

project's evidence of relative ease of use or user satisfaction.

(d) The applicant's estimate of the cost of the proposed project, which includes start-up and operating costs per student (including indirect costs) for reaching the total number of students proposed to be served by the project, as well as for the applicant or others to reach 100,000, 250,000, and 500,000 students.

(e) The mechanisms the applicant will use to broadly disseminate information on its project to support further development, expansion, or replication.

E. Sustainability.

1. The Secretary considers the adequacy of resources to continue to develop the proposed project.

2. In determining the adequacy of resources for the proposed project, the Secretary considers the following factors:

(a) The extent to which the applicant demonstrates that it has the resources, as well as the support of stakeholders (e.g., State educational agencies, teachers' unions), to operate the project beyond the length of the Validation grant.

(b) The potential and planning for the incorporation of project purposes, activities, or benefits into the

ongoing work of the LEA, schools, or nonprofit organization at the end of the Validation grant.

G. Quality of the Management Plan and Personnel.

1. The Secretary considers the quality of the management plan and personnel for the proposed project.

2. In determining the quality of the management plan and personnel for the proposed project, the Secretary considers:

(a) The adequacy of the management plan to achieve the objectives of the proposed project on time and within budget, including clearly defined responsibilities, timelines, and milestones for accomplishing project tasks, as well as plans for sustainability and scalability of the proposed project.

(b) The qualifications, including relevant training and experience, of the project director and key project personnel, especially in managing complex projects.

(c) The qualifications, including relevant expertise and experience, of the project director and key personnel of the independent evaluator, especially in designing and conducting experimental and quasi-experimental studies of educational initiatives.

3. Development Grants.

We anticipate using a two-tier process to review the

applications for Development grants. This two-tier review would include a pre-application process to select applicants that would be invited to submit a full application. We anticipate that the pre-application process will require an applicant to submit a short summary of its proposed project and that we will use some or all of the selection criteria that follow to rate the proposed projects, but with a particular focus on the need for the project and quality of the project design and the strength of research, significance of effect, and magnitude of effect in support of the proposed project. Applicants that are rated highly in the pre-application phase would be invited to submit a full application, from which the awards for Development grants would be made.

A. Need for the Project and Quality of the Project Design.

(1) The Secretary considers the need for the project and quality of the design of the proposed project.

(2) In determining the need for the project and quality of the design of the proposed project, the Secretary considers the following factors:

(a) The extent to which the proposed project represents an exceptional approach to the priorities the applicant is seeking to meet (i.e., addresses a largely

unmet need, particularly for high-need students, and is a practice that has not already been widely adopted).

(b) The extent to which the proposed project has a clear set of goals and an explicit strategy (i.e., logic model), with the goals, objectives, and outcomes to be achieved by the proposed project clearly specified and measurable and linked to the priorities the applicant is seeking to meet.

B. Strength of Research, Significance of Effect, and Magnitude of Effect.

(1) The Secretary considers the strength of the existing research evidence to support the proposed project and the significance of effect in support of the proposed project, as well as the magnitude of the effect on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates. Applicants may also demonstrate success through an intermediate variable that is directly correlated with improving these outcomes, such as teacher or school leader effectiveness, or improvements in school climate.

(2) In determining the strength of the existing research evidence, the significance of effect to support the proposed project, and the magnitude of effect, the

Secretary considers the following factors:

(a) The extent to which the applicant demonstrates that there are research-based findings or reasonable hypotheses that support the proposed project, including related research in education and other sectors.

(b) The extent to which the proposed project has been attempted previously, albeit on a limited scale or in a limited setting, with promising results that suggest that more formal and systematic study is warranted.

(c) The extent to which the applicant demonstrates that, if funded, the proposed project likely will have a positive impact, as measured by the importance or magnitude of the effect, on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, or increasing high school graduation rates.

C. Experience of the Applicant.

(1) The Secretary considers the experience of the applicant in implementing the proposed project or a similar project.

(2) In determining the experience of the applicant, the Secretary considers the following factors:

(a) The past performance of the applicant in implementing projects of the size and scope proposed by the applicant.

(b) The extent to which an applicant provides information and data demonstrating that it has (or supported an LEA in taking actions that)--

(i) Significantly closed the achievement gaps between groups of students described in section 1111(b)(2) of the ESEA;

(ii) Exceeded the State's annual measurable objectives consistent with section 1111(b)(2) of the ESEA for two or more consecutive years or has demonstrated success in significantly increasing student achievement for all groups of students described in that section through another measure, such as measures described in section 1111(c)(2) of the ESEA (i.e., the National Assessment of Educational Progress); and

(iii) Made significant improvements in other areas, such as graduation rates or increased recruitment and placement of high-quality teachers and school leaders, as demonstrated with other meaningful data.

D. Quality of the Project Evaluation.

1. The Secretary considers the quality of the evaluation to be conducted of the proposed project.

2. In determining the quality of the evaluation, the Secretary considers the following factors.

(a) The extent to which the methods of evaluation are

appropriate to the size and scope of the proposed project.

(b) The extent to which the methods of evaluation will provide high-quality implementation data and performance feedback, and permit periodic assessment of progress toward achieving intended outcomes.

(c) The extent to which the evaluation will provide sufficient information about the key elements and approach of the project to facilitate further development, replication, or testing in other settings.

(d) The extent to which the proposed project plan includes sufficient resources to effectively carry out the project evaluation.

Note: We encourage applicants to review the following technical assistance resources on evaluation: (1) What Works Clearinghouse Procedures and Standards Handbook: <http://ies.ed.gov/ncee/wwc/references/idocviewer/doc.aspx?docid=19&tocid=1>; and (2) IES/NCEE Technical Methods papers: [http://ies.ed.gov/ncee/tech\\_methods/](http://ies.ed.gov/ncee/tech_methods/).

E. Strategy and Capacity to Further Develop and Scale.

1. The Secretary considers the quality of the applicant's strategy and capacity to further develop and scale the proposed project.

2. In determining the quality of the strategy and

capacity to further develop and scale the proposed project, the Secretary considers:

(a) The number of students proposed to be reached by the proposed project and the applicant's capacity to reach the proposed number of students during the course of the grant period.

(b) The applicant's capacity (e.g., in terms of qualified personnel, financial resources, management capacity) to further develop and scale the proposed practice, strategy, or program, or to work with others to ensure that the proposed practice, strategy, or program can be further developed and scaled, based on the findings of the proposed project.

(c) The feasibility of the proposed project to be replicated successfully, if positive results are obtained, in a variety of settings and with a variety of student populations. Evidence of this ability includes the availability of resources and expertise required for implementing the project with fidelity, and the proposed project's evidence of relative ease of use or user satisfaction.

(d) The applicant's estimate of the cost of the proposed project, which includes the start-up and operating costs per student (including indirect costs) for reaching

the total number of students proposed to be served by the project as well as for the applicant or others to reach 100,000, 250,000, and 500,000 students.

(e) The mechanisms the applicant will use to broadly disseminate information on its project to support further development or replication.

F. Sustainability.

1. The Secretary considers the adequacy of resources to continue to develop or expand the proposed practice, strategy, or program after the grant period ends.

2. In determining the adequacy of resources for the proposed project, the Secretary considers the following factors:

(a) The extent to which the applicant demonstrates that it has the resources, as well as the support from stakeholders (e.g., State educational agencies, teachers' unions) to operate the project beyond the length of the Development grant.

(b) The potential and planning for the incorporation of project purposes, activities, or benefits into the ongoing work of the LEA, schools, or nonprofit organization at the end of the Development grant.

G. Quality of the Management Plan and Personnel.

1. The Secretary considers the quality of the

management plan and personnel for the proposed project.

2. In determining the quality of the management plan and personnel for the proposed project, the Secretary considers:

(a) The adequacy of the management plan to achieve the objectives of the proposed project on time and within budget, including clearly defined responsibilities, timelines, and milestones for accomplishing project tasks.

(b) The qualifications, including relevant training and experience, of the project director and key project personnel, especially in managing projects of the size and scope of the proposed project.

Final Priorities, Requirements, Definitions, and Selection Criteria:

We will announce the final priorities, requirements, definitions, and selection criteria in a notice in the Federal Register. We will determine the final priorities, requirements, definitions, and selection criteria after considering responses to this notice and other information available to the Department. This notice does not preclude us from proposing additional priorities, requirements, definitions, or selection criteria, subject to meeting applicable rulemaking requirements.

Note: This notice does not solicit applications. In

any year in which we choose to use these priorities, requirements, and selection criteria, we invite applications through a notice in the Federal Register.

Executive Order 12866: Under Executive Order 12866, the Secretary must determine whether this regulatory action is "significant" and, therefore, subject to the requirements of the Executive Order and subject to review by OMB.

Section 3(f) of Executive Order 12866 defines a "significant regulatory action" as an action likely to result in a rule that may (1) have an annual effect on the economy of \$100 million or more, or adversely affect a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments, or communities in a material way (also referred to as an "economically significant" rule); (2) create serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive order. Pursuant to the Executive order, it has been determined that this regulatory action will have an annual

effect on the economy of more than \$100 million because the amount of government transfers provided through the Investing in Innovation Fund will exceed that amount. Therefore, this action is "economically significant" and subject to OMB review under section 3(f)(1) of the Executive order.

The potential costs associated with this proposed regulatory action are those resulting from statutory requirements and those we have determined as necessary for administering this program effectively and efficiently.

In assessing the potential costs and benefits--both quantitative and qualitative--of this proposed regulatory action, we have determined that the benefits of the proposed priorities, requirements, definitions, and selection criteria justify the costs.

We have determined, also, that this proposed regulatory action does not unduly interfere with State, local, and tribal governments in the exercise of their governmental functions.

#### Need for Federal Regulatory Action

These proposed priorities, requirements, definitions, and selection criteria are needed to implement the Investing in Innovation Fund. The Secretary does not believe that the statute, by itself, provides a sufficient

level of detail to ensure that the program achieves the greatest national impact in promoting educational innovation. The authorizing language is very brief and provides only broad parameters governing the program. The proposals discussed in this notice would provide greater clarity on the types of activities the Department seeks to fund, and permit the Department to use selection criteria that are closely aligned with the Secretary's priorities.

In the absence of specific selection criteria for the Investing in Innovation Fund, the Department would use the general selection criteria in 34 CFR 75.210 of the Education Department General Administrative Regulations in selecting grant recipients. The Secretary does not believe the use of those general criteria would be appropriate for the Investing in Innovation Fund grant competition, because they do not focus on the educational reform and innovation activities most likely to raise student achievement and eliminate persistent disparities in achievement across different populations of students.

#### Regulatory Alternatives Considered

The Department considered a variety of possible priorities, requirements, definitions, and selection criteria before deciding to propose those included in this notice. The proposed priorities, requirements,

definitions, and selection criteria are those that the Secretary believes best capture the purposes of the program while clarifying what the Secretary expects the program to accomplish and ensuring that program activities are aligned with Departmental priorities. The proposals would also provide eligible applicants with flexibility in selecting activities to apply to carry out under the program. The Secretary believes that the proposals, thus, appropriately balance a limited degree of specificity with broad flexibility in implementation. We seek public comment on whether we have achieved the optimal balance.

#### Summary of Costs and Benefits

The Secretary believes that the proposed priorities, requirements, definitions, and selection criteria would not impose significant costs on eligible LEAs, nonprofit organizations, or other entities that would receive assistance through the Investing in Innovation Fund. The Secretary also believes that the benefits of implementing the proposals contained in this notice outweigh any associated costs.

The Secretary believes that the proposed priorities, requirements, definitions, and selection criteria would result in selection of high-quality applications to implement activities that are most likely to have a

significant national impact on educational reform and improvement. Through the proposals discussed in this notice, the Secretary seeks to provide clarity as to the scope of activities he expects to support with program funds and the expected burden of work involved in preparing an application and implementing a project under the program. The pool of possible applicants is very large; during school year 2007-08, 9,729 LEAs across the country (about 65 percent of all LEAs) made adequate yearly progress. Although not every one of those LEAs would necessarily meet all the eligibility requirements, the number of LEAs that would meet them is likely to be in the thousands. Potential applicants, both LEAs and nonprofit organizations, would need to consider carefully the effort that will be required to prepare a strong application, their capacity to implement a project successfully, and their chances of submitting a successful application.

The Secretary believes that the costs imposed on applicants by the proposed priorities, requirements, definitions, and selection criteria would be limited to paperwork burden related to preparing an application and that the benefits of implementing these proposals would outweigh any costs incurred by applicants. The costs of carrying out activities would be paid for with program

funds and with matching funds provided by private-sector partners. Thus, the costs of implementation would not be a burden for any eligible applicants, including small entities. However, under the proposed selection criteria the Secretary would assess the extent to which an applicant would be able to sustain a project once Federal funding through the Investing in Innovation Fund is no longer available. Thus, eligible applicants should propose activities that they will be able to sustain without funding from the program and, thus, in essence, should include in their project plan the specific steps they will take for sustained implementation of the proposed project.

The proposed priorities would provide flexibility on the topics and types of grant activities applicants could propose. The proposal for the three types of grants--Scale-up, Validation, and Development grants--would allow potential applicants to determine which type of grant they are best suited to apply for, based on their own priorities, resources, and capacity to implement grant activities.

#### Accounting Statement

As required by OMB Circular A-4 (available at <http://www.Whitehouse.gov/omb/Circulars/a004/a-4.pdf>), in the following table, we have prepared an accounting

statement showing the classification of the expenditures associated with the provisions of this proposed regulatory action. This table provides our best estimate of the Federal payments to be made to LEAs and nonprofit organizations under this program as a result of this proposed regulatory action. Expenditures are classified as transfers to those entities.

Table--Accounting Statement Classification of  
Estimated Expenditures

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Category	Transfers (in millions)
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Annual Monetized Transfers.....	\$643.5
From Whom to Whom.....	Federal
Government to LEAs, nonprofits.	
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Paperwork Reduction Act of 1995

The requirements and selection criteria proposed in this notice will require the collection of information that is subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). It is our plan to offer a comment period for

the information collection at the time of the notice of final priorities, requirements, definitions, and selection criteria. At that time, the Department will submit the information collection to OMB for its review and provide the specific burden hours associated with each of the requirements and selection criteria for comment. However, because it is likely that the information collection will be reviewed under emergency OMB processing, the Department encourages the public to comment on the estimates we are providing for the burden hours associated with the requirements and selection criteria proposed in this notice.

Estimates for Scale-up Grants: We estimate 100 applicants for Scale-up grants, and that each applicant would spend approximately 120 hours of staff time to address the application requirements and criteria, prepare the application, and obtain necessary clearances. The total number of hours for all Scale-up applicants is an estimated 12,000 hours (100 applicants times 120 hours equals 12,000 hours).

Estimates for Validation Grants: We estimate 500 applicants for Validation grants, and that each applicant would spend approximately 120 hours of staff time to address the application requirements and criteria, prepare

the application, and obtain necessary clearances. The total number of hours for all Validation applicants is an estimated 60,000 hours (500 applicants times 120 hours equals 60,000 hours).

Estimates for Development Grants: We estimate 2000 pre-applications and 100 full applications for Development grants. We estimate that pre-applicants will spend approximately 60 hours of staff time to address the pre-application requirements and criteria, prepare the pre-application, and obtain all necessary clearances for the pre-application. We estimate that full applicants will spend approximately 60 hours of staff time to address the full application requirements and criteria, prepare the full application, and obtain all necessary clearances for the full application. The total number of hours for all Development pre-applicants and full applicants is an estimated 126,000 hours ((2000 pre-applicants times 60 hours equals 120,000 hours) plus (100 full applicants times 60 hours equals 6,000 hours)).

Total Estimates: Across the three grant types, we estimate the average total cost per hour of the LEA and nonprofit organization staff who carry out this work to be \$25.00 an hour. The total estimated cost for all

applicants would be \$4,950,000 (\$25.00 times 198,000 (12,000 + 60,000 + 126,000) hours equals \$4,950,000).

Regulatory Flexibility Act Certification

The Secretary certifies that this proposed regulatory action will not have a significant economic impact on a substantial number of small entities. The small entities that this proposed regulatory action will affect are small LEAs or nonprofit organizations applying for and receiving funds under this program. The Secretary believes that the costs imposed on applicants by the proposed priorities, requirements, definitions, and selection criteria would be limited to paperwork burden related to preparing an application and that the benefits of implementing these proposals would outweigh any costs incurred by applicants.

Participation in this program is voluntary. For this reason, the proposed priorities, requirements, definitions, and selection criteria would impose no burden on small entities in general. Eligible applicants would determine whether to apply for funds, and have the opportunity to weigh the requirements for preparing applications, and any associated costs, against the likelihood of receiving funding and the requirements for implementing projects under the program. Eligible applicants most likely would apply only if they determine that the likely benefits

exceed the costs of preparing an application. The likely benefits include the potential receipt of a grant as well as other benefits that may accrue to an entity through its development of an application, such as the use of that application to spur educational reforms and improvements without additional Federal funding.

The U.S. Small Business Administration Size Standards defines as "small entities" for-profit or nonprofit institutions with total annual revenue below \$7,000,000 or, if they are institutions controlled by small governmental jurisdictions (that are comprised of cities, counties, towns, townships, villages, school districts, or special districts), with a population of less than 50,000. The Urban Institute's National Center for Charitable Statistics reported that of 203,635 nonprofit organizations that had an educational mission and reported revenue to the IRS by July 2009, 200,342 (or about 98 percent) had revenues of less than \$5 million. In addition, there are 12,484 LEAs in the country that meet the definition of small entity. However, the Secretary believes that only a small number of these entities would be interested in applying for funds under this program, thus reducing the likelihood that the proposals contained in this notice would have a significant economic impact on small entities.

In addition, the Secretary believes that the proposed priorities, requirements, definitions, and selection criteria discussed in this notice do not impose any additional burden on small entities applying for a grant than they would face in the absence of the proposed action. That is, the length of the applications those entities would submit in the absence of the regulatory action and the time needed to prepare an application would likely be the same.

Further, the proposed action may help small entities determine whether they have the interest, need, or capacity to implement activities under the program and, thus, prevent small entities that do not have such an interest, need, and capacity from absorbing the burden of applying.

This proposed regulatory action would not have a significant economic impact on small entities once they receive a grant because they would be able to meet the costs of compliance using the funds provided under this program and with any matching funds provided by private-sector partners.

The Secretary invites comments from small nonprofit organizations and small LEAs as to whether they believe this proposed regulatory action would have a significant economic impact on them and, if so, requests evidence to

support that belief.

Intergovernmental Review: This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive order is to foster an intergovernmental partnership and a strengthened federalism. The Executive order relies on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

This document provides early notification of our specific plans and actions for this program.

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or computer diskette) on request to the program contact person listed under FOR FURTHER INFORMATION CONTACT.

Electronic Access to This Document: You can view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF) on the Internet at the following site: [www.ed.gov/news/fedregister](http://www.ed.gov/news/fedregister).

To use PDF you must have Adobe Acrobat Reader, which is available free at this site. If you have questions about using PDF, call the U.S. Government Printing Office (GPO), toll free, at 1-888-293-6498; or in the Washington,

DC, area at (202) 512-1530.

Note: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available on GPO Access at: [www.gpoaccess.gov/nara/index.html](http://www.gpoaccess.gov/nara/index.html).

Dated:

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Arne Duncan,  
Secretary of Education.