

# D.C. PUBLIC EDUCATION ★ ★ ★ FUND

Ms. Michelle Rhee  
Chancellor  
D.C. Public Schools  
1200 First Street, NE  
Washington, DC 20002

March 30, 2010

Dear Michelle,

This letter serves to affirm the terms on which D.C. Public Education Fund will commit funds to support teacher compensation over three years up to the amounts set forth in the table below:

<b>FY10</b> <i>(10.1.09-9.30.10)</i>	<b>FY11</b> <i>(10.1.10-9.30.11)</i>	<b>FY12</b> <i>(10.1.11-9.30.12)</i>	<b>Total</b>
<b>\$25,000,000</b>	<b>\$21,750,000</b>	<b>\$17,000,000</b>	<b>\$63,750,000</b>

These funds may be used only for incremental salary increases, "performance-based excessing," and performance bonuses.

Disbursement of the grant to D.C. Treasury will be contingent on: (i) the execution of DCPS' proposed contract with the Washington Teachers Union, (ii) the execution of a Grant Agreement between D.C. Public Education Fund and DCPS that is subject to all of the terms and conditions of the General Grant Terms and Conditions Regarding Grants and Donations agreement between the parties effective as of August 28, 2009, and (iii) the additional conditions that will be imposed on D.C. Public Education Fund by the third parties that will be funding this grant.

Many of the third party funders' conditions are standard for private foundation grant agreements and must be met for the release of payments during the course of the grant period. These conditions include the following:

- The tentative agreement between DCPS and the WTU must receive fiscal certification, as required under Article 40.3 of the tentative agreement.
- The tentative agreement must be ratified by the WTU membership.
- The tentative agreement must not be materially altered from the draft version transmitted to the third party funders on February 5, 2010.
- Given that the successful implementation of the tentative agreement is dependent on effective leadership, the third party funders reserve the right to reconsider their support for this initiative if there is a material change in DCPS' leadership.
- Given that the funding commitments were based on a belief that the proposed teachers' contract will have a significant impact on the outcomes of your reform efforts, DCPS will be

# D.C. PUBLIC EDUCATION ★ ★ ★ FUND

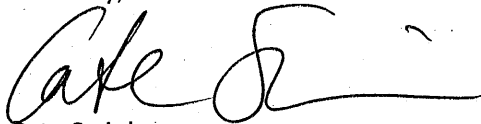
required to report on key metrics and outcomes, such as student achievement growth and teacher retention. In the case that the anticipated outcomes are not being realized, the third party funders reserve the right to reconsider their support.

- In order to facilitate the third-party funders' tracking of the impact of their grant, DCPS and the Office of the State Superintendent of Education will be expected to share all public charter school and traditional public school student level performance and demographic data, with student-identifying information deleted, in compliance with FERPA protections.
- In order to ensure that grant funds are being used for their intended purpose, DCPS will need to report on actual expenditures against the designated compensation categories before future payments are released to DC Public Education Fund by the third party funders. Any delays in reporting will delay remittance of payment by DC Public Education Fund to DCPS.
- Any portion of the grant not expended for the designated purpose will be returned by DC Public Education Fund the third party funders.
- The third party funders may not be asked to fund, underwrite, or support any aspect of the collective bargaining agreement after fiscal year 2012.

D.C. Public Education Fund is committed to fulfilling the necessary requirements of the District's Office of Partnerships and Grant Development, so that this grant may be properly reflected in the District's budget and appropriations process.

We look forward to working with you on this endeavor.

Sincerely,



Cate Swinburn  
President

**Laura and John Arnold Foundation**  
**3050 Post Oak Blvd., Suite 825**  
**Houston, Texas 77056**  
**T 713-554-1346 F 713-554-0555**

March 17, 2010

Ms. Michelle Rhee  
Chancellor  
District of Columbia Public Schools  
1200 First Street, Northeast  
Washington, D.C. 20002

Ms. Cate Swinburn  
Executive Director  
D.C. Public Education Fund  
1534 14<sup>th</sup> Street, Northwest  
Washington, D.C. 20005

RE: Washington D.C. Teachers Union Contract

Dear Michelle and Cate:

We are delighted to inform you that the Laura and John Arnold Foundation (the "Foundation") has approved the D.C. Public Education Fund's (the "D.C. Fund") request to support the District of Columbia Public Schools' contract with the Washington, D.C. Teachers Union.

The Foundation is committed to funding up to \$10 million for this project, based on the activities and expenses described in the D.C. Public Education Fund's March 12, 2010 budget and subject to the terms of a grant agreement between our two entities (the "Grant Agreement") to be executed by each of us as soon as practicable. The Grant Agreement will outline, among other things, the terms, conditions, requirements and timelines for our investment in this project.

The Grant Agreement will contain requirements that must be met for funding during the course of the grant period. These requirements will include the following:

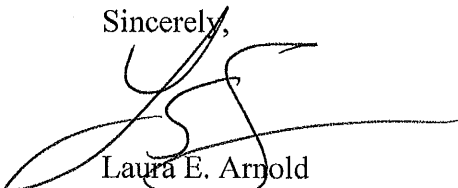
- The contract with the Washington D.C. Teachers Union must not be materially altered from the version the Foundation received by email on February 5, 2010.
- The Foundation reserves the right to reclaim a pro-rata share of the unused grant funds and/or reconsider any remaining grant payments in the case of a material change in the leadership of the District of Columbia Public Schools.

- The Foundation funds may only be used to fund performance-based bonuses for teachers and costs associated with “performance-based excessing” under section 4.5 of the proposed contract, consistent with the costs outlined in the D.C. Public Education Fund’s March 12, 2010 budget.
- The D.C. Fund must furnish written proof that at least \$54.5 million in additional philanthropic support has been committed to this project.
- D.C. Public Schools and the D.C. Public Education Fund must verify that D.C. Public Schools is meeting the student achievement outcomes detailed in the “Predicted Gains” document received on February 16, 2010.
- Any Foundation funds not used for the aforementioned purposes will be returned to the Foundation. In addition, if the actual amounts paid for performance-based bonuses and performance-based excessing are less than what is predicted in the budget received on March 12, 2010, the difference between budgeted and actual costs will be returned to all of the philanthropic donors who contribute to this grant program, including the Foundation, on a pro rata basis.

Marina Walne will manage this grant and will work with you to finalize the Grant Agreement.

Thank you for your continued dedication to the children of Washington, D.C. We look forward to working with you on this important project.

Sincerely,



Laura E. Arnold  
President

March 12, 2010

Ms. Michelle Rhee  
Chancellor  
District of Columbia Public Schools  
1200 First Street, Northeast  
Washington, D.C. 20002

Ms. Cate Swinburn  
Executive Director  
D.C. Public Education Fund  
1534 14<sup>th</sup> Street, Northwest  
Washington, D.C. 20005

**RE: Washington D.C. Teachers Union Contract**

Dear Michelle and Cate:

We are delighted to inform you that The Broad Foundation has approved the D.C. Public Education Fund's request to support the District of Columbia Public Schools contract with the Washington, D.C. Teachers Union.

The Broad Foundation is committed to fund up to \$10 million for this project, based on the activities and expenses described in D.C. Public Education Fund's March 12, 2010 budget.

The D.C. Public Education Fund, acting as fiscal sponsor for D.C. Public Schools, will soon receive Terms of Grant that outline foundation requirements and timelines for our investment in this project. Eli Kennedy will be managing the grant and will ensure that you receive these Terms shortly.

Our Terms of Grant will contain requirements that must be met for the release of payments during the course of the grant period. These requirements include the following:

- The contract with the Washington D.C. Teachers Union must not be materially altered from the version TBF received by email on February 5, 2010.
- TBF reserves the right to reclaim a pro-rata share of unused grant funds and/or reconsider any remaining grant payments in the case of a material change in the leadership of the District of Columbia Public Schools.
- TBF funds can only be used to fund performance-based bonuses for teachers and costs associated with "performance-based excessing" under section 4.5 of the proposed contract, consistent with the costs outlined in D.C. Public Education Fund's March 12, 2010 budget.
- D.C. Public Education Fund must furnish written proof that at least \$54.5 million in additional philanthropic support has been committed to this project by their funders.
- D.C. Public Schools and D.C. Public Education Fund must verify that D.C. Public Schools is meeting the student achievement outcomes detailed in the "Predicted Gains" document received on February 16, 2010.

- Any TBF funds not used for the aforementioned purposes will be returned to TBF. In addition, if the actual amounts paid for performance-based bonuses and performance-based excessing are less than what is predicted in the budget received on March 12, 2010, the difference between budgeted and actual costs will be returned to all of the philanthropic donors who contribute to this grant program, including TBF, on a pro rata basis.

Thank you for your continued dedication to the children of Washington, D.C. We look forward to working with you on this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Eli Broad". The signature is written in a cursive, flowing style with a large initial "E".

Eli Broad



March 16, 2010

Michelle Rhee  
Chancellor  
District of Columbia Public Schools  
1200 First Street, N.E.  
Washington, D.C. 20002

Cate Swinburn  
Executive Director  
D.C. Public Education Fund  
1534 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

Dear Chancellor Rhee,  
Dear Ms. Swinburn,

This letter serves to affirm the Robertson Foundation's commitment of up to \$19,500,000.00 (Nineteen Million, Five Hundred Thousand Dollars) over three years to the D.C. Public Education Fund in support of the District of Columbia Public Schools' collective bargaining agreement with the Washington Teachers' Union.

Robertson Foundation funds may only be allocated towards costs associated with base salary increases for teachers; performance-based excessing; and performance-based bonuses. Notwithstanding the foregoing, up to \$250,000.00 of the total grant may also be allocated towards fees incurred by the D.C. Public Education Fund for the management of this grant.

Release of funds will be contingent upon ratification of the collective bargaining agreement by the Washington Teachers' Union and execution of a formal grant agreement with terms, conditions, and performance metrics that are mutually agreed upon. The grant agreement with the D.C. Public Education Fund will be finalized and executed after ratification has been achieved. The grant will be conditioned upon satisfaction of terms such as, but not limited to:

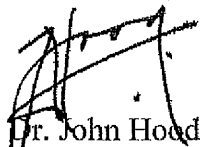
1. The final, executed, and binding collective bargaining agreement with the Washington Teachers' Union must not be materially altered or subsequently amended from the version electronically received by the Robertson Foundation on February 5, 2010.
2. The provision of written evidence documenting satisfaction of the D.C. Public Education Fund's \$64.5 million funding requirement and a copy of the District of Columbia's fiscal certification. In addition, prior to the release of any funds under the grant each year, the D.C. Public Education Fund must demonstrate District of Columbia Public Schools' commitment to allocate an amount of public dollars sufficient to bear the costs of the collective bargaining agreement's provisions.

3. Confirmation that the Robertson Foundation will not be asked to fund, underwrite, or support any aspect of the collective bargaining agreement with the Washington Teachers' Union after fiscal year 2012.
4. In case of material change in the leadership of the District of Columbia Public Schools, the Robertson Foundation reserves the right to reconsider remaining grant payments and reclaim a pro-rata share of any unused grant funds.
5. Grant funds will be released according to a mutually agreed upon payment schedule. Payments will be made in installments and will be contingent on successful completion of milestones and achievement of projected outcomes (such as, student achievement gains; and hiring and retention rates of effective teachers).
6. Any portion of the grant not expended at the completion of the grant period will be promptly returned to the Robertson Foundation. In addition, if the actual amounts paid for base salary increases; performance-based bonuses; and performance-based excessing are less than forecasted, any difference between budgeted and actual costs will be returned to all private donors who contribute to this effort, including, the Robertson Foundation, on a pro rata basis.

Should you have any questions regarding this matter, please do not hesitate to contact us.

On behalf of the Robertson Foundation, I thank you for your commitment to ensuring that all students in Washington, D.C. achieve. We look forward to working with you.

Sincerely,



Dr. John Hood  
President and Chief Executive Officer



*The*  
**WALTON FAMILY**  
FOUNDATION

| P.O. Box 2030 | Bentonville | AR 72712-2030

March 17, 2010

Catherine Swinburn  
D.C. Public Education Fund  
1534 14th Street NW  
Washington, DC 20005

Dear Ms. Swinburn,

The Walton Family Foundation is willing to commit grant funds over the next three years of up to \$25 million to cover a portion of specified costs associated with implementation of the negotiated Washington Teachers' contract, referred to below as the Teacher Agreement. Our commitment is contingent upon DCPS fully meeting it's agreed upon portion of the payments.

The Foundation is proud to support the DC Chancellor's belief that effective teachers can unlock the potential of their students. We believe the contract she and her team have forged with the Washington Teachers' Union will contribute to the goals of providing every DCPS student with a quality education, closing the achievement gap and leading to higher achievement for Washington's students. Districts around the country will be interested in the provisions of the Teacher Agreement, which will reward teachers for outstanding classroom results, including gains in student achievement.

A fuller grant agreement will follow upon ratification of the Teacher Agreement, but a summary of the payment schedule and conditions is listed below. Subject to those conditions, the Foundation commits to the following grant funds:

Fiscal Year 2010:	\$10 million
Fiscal Year 2011:	\$8 million
Fiscal Year 2012:	\$7 million

The Foundation will place several conditions on the payments:

- The WTU membership must vote to approve the Teacher Agreement.
- WFF commitment is contingent on the fiscal certification required under Article 40.3 of the Teacher Agreement. DCPS must agree that the Foundation will not be asked to fund any aspect of the Teacher Agreement after FY 2012.
- DC Public Education Fund must demonstrate that it has raised sufficient commitments to fund the entire philanthropic component (i.e., \$64.5 million) related to the Teacher Agreement.
- Grant funds will be released according to a mutually agreed upon payment schedule. Payments will be made in installments and will be contingent on successful completion of milestones and achievement of projected outcomes, in particular the student achievement goals outlined in the "Predicted Gains" document received on February 16, 2010.

- In order for the Foundation to track the impact on student performance of this new contract, DCPS and the Office of State Superintendent of Education (OSSE) must agree to share with the Foundation (and/or a mutually agreeable third-party researcher) all public charter school and traditional public school student level performance and demographic data, with student-identifying information deleted, in compliance with FERPA protections. The data must be shared within 14 days of a Foundation request. To the extent that DCPS authorizes its own third-party evaluation, the Foundation will be consulted in determining the research methodology.
- DCPS and the DC government must demonstrate actual expenditures related to the relevant contract components before payments are released in 2011 and 2012. If expenditures fall below projections, future payments will be adjusted accordingly in collaboration with the Foundation. Public monies (such as Teacher Incentive Fund grants) to implement performance pay models during the budget years covered by the Foundation grant will be deducted from payments.
- Implementing this contract will require significant support and leadership from DCPS' executive leadership. As such, the Foundation reserves the right to discontinue support for this initiative if there is a material change in DCPS' leadership.
- Receiving the Foundation's grant funds will not adversely impact DC Public Education Fund's ability to satisfy a public support test and maintain its status as a public charity under section 509(a)(1) of the Internal Revenue Code.

The negotiated Teacher Agreement represents a significant milestone and raises the promise of better education for students in the District of Columbia. We look forward to a successful rank-and-file vote and implementation of this watershed contract.

Sincerely,



Buddy D. Philpot  
Executive Director