



**STATE OF MICHIGAN
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget
525 W. Allegan, Lansing MI 48913
P.O. Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **071B6600079**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	McREL International
	4601 DTC Blvd., Suite 500
	Denver, CO 80237
	Sue Desch
	(303) 337-0090
	sdesch@mcrel.org
	7728

STATE	Program Administrator	Kelly Young	MDE
		(517) 373-3202	
	Youngk13@michigan.gov		
	Contract Administrator	Jillian Yeates	DTMB
(517) 284-7019			
yeatesj@michigan.gov			

CONTRACT SUMMARY			
DESCRIPTION: Great Start to Quality (GSQ) Evaluation and Validation Study for the Michigan Department of Education (MDE).			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 3, 2016	December 31, 2017	3, 1-Year	December 31, 2017
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #007116B0006564. Orders for delivery will be issued directly by Departments through the issuance of a Purchase Order Form			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$1,300,509.00

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Tom Falik, Services Division Director

Name & Title

DTMB Procurement

Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and McREL International (“**Contractor**”), a Missouri Corporation. This Contract is effective on May 3, 2016 (“**Effective Date**”), and unless terminated, expires on December 31, 2017.

This Contract may be renewed for up to 3 additional 1 year period(s). Renewal must be by written agreement of the parties and will automatically extend the Term of this Contract.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Exhibit A – Statement of Work** (the “**Contract Activities**”). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Exhibit A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.



If to State:	If to Contractor:
Jillian Yeates 525 W. Allegan, 1 st Floor North Lansing, MI 48933 yeatesj@michigan.gov (517) 284-7019	Sue Desch 4601 DTC Blvd., Suite 500 Denver, CO 80237 sdesch@mcrel.org (303) 337-0990

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms and conditions of this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Jillian Yeates 525 W. Allegan, 1 st Floor North Lansing, MI 48933 yeatesj@michigan.gov (517) 284-7019	Sue Desch 4601 DTC Blvd., Suite 500 Denver, CO 80237 sdesch@mcrel.org (303) 337-0990

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

State:	Contractor:
Kelly Young, TRR-ELC Program Manager 608 W. Allegan, P.O. Box 30008 Lansing, MI 48909 Youngk13@michigan.gov (517) 373-3202	Dr. Tedra Clark 4601 DTC Blvd., Suite 500 Denver, CO 80237 tclark@mcrel.org (303) 632-5629

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Exhibit A) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better and a financial size of VII or better.

Insurance Type	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.



	Coverage must not have exclusions or limitations related to sexual abuse and molestation liability.
Automobile Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	
Workers' Compensation Insurance	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate <u>Deductible Maximum:</u> \$50,000 Per Loss	

If any of the required policies provide **claim-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of contract work; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the contract of work; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).



7. **MiDEAL Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all MiDEAL payments made to Contractor under the Contract including transactions with MiDEAL members and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

Department of Technology, Management and Budget
Financial Services – Cashier Unit
Lewis Cass Building
320 South Walnut St.
P.O. Box 30681
Lansing, MI 48909

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to DTMB-Procurement.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

8. **Extended Purchasing Program.** The Contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon written agreement between the State and Contractor, this Contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.



- 12. Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
- 13. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation, provide all necessary documentation and signatures, and continue to perform, with the third party, its obligations under the Contract.
- 14. Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

- 15. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Exhibit A.
- 16. Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Exhibit A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. Reserved

18. Reserved

19. Reserved



20. Terms of Payment. Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Exhibit A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/cpexpress> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. Liquidated Damages. Liquidated damages, if applicable, will be assessed as described in Exhibit A.

22. Stop Work Order. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

23. Termination for Cause. The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.



- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.



27. Infringement Remedies. If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

28. Limitation of Liability. The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

29. Disclosure of Litigation, or Other Proceeding. Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

30. Reserved

31. State Data.

- a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.



- d. Backup and Recovery of State Data. Unless otherwise specified in Exhibit A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Exhibit A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. Loss of Data. In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. This Section survives the termination of this Contract.

32. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on



behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

33. Data Privacy and Information Security.

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.



- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

34. Reserved

35. Reserved

- 36. Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 37. Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a



material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

- 38. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 39. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 40. Prevailing Wage.** This Contract and any subcontract is subject to the Prevailing Wage Act, 1965 PA 166. Contractor must comply with the state prevailing wage law and its requirements.
- 41. Reserved.**
- 42. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
- 43. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 44. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
- 45. Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 46. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
- 47. Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.



Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

- 48. Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
- 49. Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
- 50. Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
- 51. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 52. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 53. Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
- 54. Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").



STATE OF MICHIGAN
Contract No. 071B6600079
GSQ Evaluation and Validation Study for MDE

EXHIBIT A
STATEMENT OF WORK
CONTRACT ACTIVITIES

I. Project Request

The Michigan Department of Education (MDE) Office of Great Start (OGS) seeks an independent contractor to conduct a multi-year evaluation of the Great Start to Quality (GSQ) system. The evaluation will determine the relationship between the GSQ system, participating early learning and development program quality, and the learning and developmental outcomes of young children during the two years prior to kindergarten entry.

The evaluation will span from May 3, 2016 to December 31, 2017.

II. Background

The MDE OGS leads Michigan's efforts to prioritize investments in children from before birth through age 8, particularly those with the highest needs, and improving Michigan's early learning services and systems.

The GSQ system in particular focuses on programs that provide care to children prior to kindergarten entry. There are approximately 279,000 children between the ages of 0-5 in the State of Michigan, and about 42% of these children are low-income. In addition to children at risk due to their family's limited income (at or below 200% of the federal poverty level), Michigan has other populations of children who have high needs, such as those with developmental delays and disabilities, those who are dual language learners, those who are homeless, and those who are participating in the child welfare system. Michigan's children and families are served by approximately 9,376 licensed child care programs, including child care and preschool centers, group homes, and family homes. All programs are licensed through the Department of Health and Human Services (DHHS), Department of Licensing and Regulatory Affairs (LARA). Child care programs are supported by public funds in Michigan through various sources, including State School Aid; Title I under the Elementary and Secondary Education Act; and the Child Care and Development Fund (CCDF).

Michigan's GSQ system is a Tiered Quality Rating and Improvement System (TQRIS). TQRIS is a method used to assess, improve, and communicate the level of quality in early learning programs. GSQ participation beyond licensure is 100 percent voluntary, and providers choosing to participate are awarded a star rating from one to five based on the number of Quality Standards met. Programs are evaluated using five quality standards: Staff Qualifications and Professional Development; Family and Community Partnerships; Administration and Management; Environment; and Curriculum and Instruction. Regional GSQ Resource Centers offer quality improvement technical assistance (coaching, consultation, professional development, peer to peer learning) and financial support (participation incentives, tiered reimbursements) to programs participating in GSQ. For more information on GSQ and the star rating system, visit: <http://www.greatstarttoquality.org/>. Individual webinars about GSQ can be found at <http://www.greatstarttoquality.org/resources>.



As of September 2nd, 2015, the program participation in GSQ is as follows:

Program Type	Total number of programs statewide*	Empty Star	1 Star	2 Star	3 Star	4 Star	5 Star
Child Care & Preschool Centers	3,952	2,171	5	23	530	1,079	144
Group Child Care Homes	1,786	1,444	16	65	210	31	20
Family Child Care Homes	3,638	3,220	42	10	239	20	13
Total Programs Per Star Level:	9,376*	6,835	63	192	979	1,130	177

** Includes programs/providers that are eligible to participate in Great Start to Quality, does not include programs/providers that provide school age services only or those programs not in good standing with licensing. Total published ratings include programs that have chosen to decline validation or PQA and are posting as an Empty Star.*

Michigan is working toward 50 percent of early learning providers obtaining a rating (beyond an empty star) in GSQ by the end of 2017, and for 70 percent of those programs to attain a 3 Star level or higher.

Significant resources to support the GSQ system are being provided to the State of Michigan through the Race to the Top-Early Learning Challenge (RTT-ELC); a competitive grant awarded by the U.S. Departments of Education and Health and Human Services. As part of Michigan’s RTT-ELC grant application, Michigan committed to conducting a multi-year evaluation of GSQ to determine the relationship between GSQ system, program quality, and child outcomes. The GSQ evaluation is part of the Michigan’s RTT-ELC Project 6, designed to measure outcomes for children, programs, and educators, and will also support Project 4, which is focused on enhancing the GSQ system.

According to Michigan’s RTT-ELC grant application, the evaluation will validate the effectiveness of GSQ by:

- Validating, using research-based measures, that the tiers in the State’s Tiered Quality Rating and Improvement System accurately reflect differential levels of program quality; and
- Assessing, using appropriate research designs and measures of progress, the extent to which changes in quality ratings are related to progress in children’s learning, development, and school readiness.

Michigan’s full RTT-ELC application can be found on the MDE’s website, at:

http://www.michigan.gov/documents/mde/Michigan_Race_to_the_Top_Early_Learning_Challenge_Grant_-_2013_Application_437788_7.pdf.

Pages 137-145 provide additional details on Michigan’s proposal for the GSQ evaluation.

III. Requirements

1. Methodology

The Contractor must conduct a multi-year evaluation of the (GSQ) system. The evaluation must determine the relationship between the GSQ system and the learning and developmental outcomes of young children. To best determine the validity and effectiveness of the GSQ system, the Contractor must focus on the following three research questions:

- 1) *How effectively do the GSQ rating levels differentiate the quality level of programs?*

Proposed methodology for GSQ rating system validation

To address the effectiveness of the GSQ rating system for differentiating the quality level of participating projects, Contractor proposes a multi-step approach following recommendations of Zellman and Fiene (2012) on the validation of Quality Rating and Improvement Systems (QRIS). The following validation steps will help determine whether the ratings are accurate and meaningful indicators of quality.



a. Examining the validity of underlying constructs:

Examining the underlying constructs of a quality rating system is an important first step toward validating a QRIS. Thus, Contractor will examine past empirical research, synthesize data related to each component of the rating system, and analyze the degree to which evidence meets criteria for relatedness to important outcomes (i.e., child learning and development). This will provide important background for the full validation study and allow Contractor to make practical assessments of the value of the data and the alignment of information with overall goals and outcomes of the system.

b. Examining measurement strategy and psychometric properties of measures used to assess quality:

This process involves assessing the extent to which GSQ ratings are reliable and yield accurate results regarding program quality. Contractor will use available GSQ quality ratings for all participating sites to conduct a psychometric analysis of the rating instrument. This analysis will use item-level analysis (i.e., Rasch modeling) to determine internal consistency (reliability) of the rating system and exploratory factor analysis to determine construct validity (i.e., whether items within a category (e.g., administration and management) measure the same overarching construct). Contractor will also examine cut scores and combining rules to ensure that the rating system appropriately combines indicator scores to form overall star ratings.

c. Assessing the outputs of the rating process:

An integral part of a QRIS validation study is to assess whether programs with different quality ratings differ in meaningful ways on alternative measures of quality. Ratings from the GSQ quality scale will be compared to ratings from alternative measures, both within and across program types (i.e., center-based, group-based, home based) to assess whether the GSQ rating measure is functioning as intended. Alternative measures of quality will be selected by Contractor in collaboration with the State to ensure that they are aligned with the GSQ program goals. Possible alternative measures of quality include observed measures of both structural and process quality such as the Observational Record of the Caregiving Environment (ORCE) (NICHD ECCRN, 2003), the Caregiver Interaction Scale (CIS) (Arnett, 1989), observed group size, and observed child: teacher ratio, as well as caregiver reported measures such as teacher/provider's education level, teacher/provider's early childhood credentials, child-centered activities, and reading and math activities. In addition to existing reliable and valid alternative quantitative measures of quality, Contractor will identify and/or develop a variety of qualitative protocols to administer during site visits. These will include observation protocols and teacher/administrator interview protocols. Furthermore, Contractor proposes to conduct virtual focus groups with parents to assess their awareness, understanding, and use of the GSQ quality rating system. Further, individual parent surveys will be administered online to gain parent perspectives on the quality of their child's specific GSQ site Contractor will attempt to conduct phone interviews with a small sample (approximately 2 per region [see sampling section III.2.2a&b]; 20 total) of centers who have empty stars due to non-participation. Questions on this protocol will focus on their awareness and understanding of the program as well as perceived barriers to participation.

Each of the sites for this study will be randomly sampled and recruited by Contractor via their respective Resource Centers (see sampling section III.2.2a&b). Contractor understands the importance of maximizing response rates for reducing response bias and providing adequate power for making strong inferences about program quality. Contractor proposes a \$100 gift card incentive for participants; however, because of the importance of local context and history, Contractor will work with the State to determine the appropriateness of both the incentive and the dollar amount for completing all data collection each year of the project, including accommodating site visits and child assessments.



d. Examining how ratings are associated with children's outputs:

The ultimate analysis will examine the relationship of program quality to child outcomes of learning and development. See section III.1.2 for details on proposed methodology.

2) *To what extent do the GSQ levels relate to progress in children's learning, development and school readiness?*

The validation process will seek to understand if children who attend higher-rated GSQ programs show greater levels and/or gains in these key outcomes than children who attend lower-quality programs. Methodology for addressing this question will include the following key processes:

a. Program/child sampling:

In order to conserve resources while controlling for possible selection bias, Contractor will use a stratified random sampling procedure to ensure the sample selected for analysis is representative of the population of GSQ participating sites in terms of program region/locale, quality ratings, and various characteristics of families served. Details on the proposed sampling methodology are provided in sections III.2.2a&b.

b. Instrument Selection:

Measures identified for use in this study are shown in Appendix A, Table A1. Specifically, Contractor proposes measuring five key areas of child learning and development which are strong predictors of success in kindergarten: language, cognition and general knowledge, approaches toward learning, social and emotional development, and adaptive skills. The final selection of instruments will be made in collaboration with the MDE.

c. Analytic Strategy:

The main analysis will determine the relationship between GSQ program ratings and child outcomes as measured by the proposed measures of learning and development. The research questions for studying change in the context of this evaluation are as follows:

- i. How does the measured child outcome (e.g., learning/development/kindergarten readiness) change over time in the years leading up to kindergarten entry?
- ii. Can we predict differences in these changes according to the GSQ quality rating scale? More specifically, we want to understand if children in centers that receive higher quality ratings show a greater amount of growth in learning and development than children in programs with lower quality rating.

To conduct the preferred longitudinal analysis of individual student growth over time, it is recommended that at least three time points of child performance data be collected (Singer and Willet, 2003). Although the contract period for this grant is only specified for two years, provided the possibility of a no-cost extension, Contractor proposes a third year of data collection to complete a rigorous longitudinal analysis of student performance. This would require that families of children who agree to participate provide contact information so their children can be assessed after they leave their GSQ program. In the event that Contractor is unable to collect data from children for a third year and/or children cannot be tracked beyond the GSQ sites, Contractor will perform a growth analysis that includes two years of student performance data. Table 1 below provides the proposed data collection time points relative to children's entry into kindergarten. Note that an optional third year of kindergarten data collection is included in the Table.



Table 1. Child assessment time periods relative to children’s ages leading up to kindergarten

Year 1 Fall 2016	Year 2 Fall 2017	Year 3 (optional) Fall 2018
2 years pre K	1 year pre K	K

Note: K = Kindergarten (approximately age 5). It is assumed that the majority of children 2 years prior to kindergarten will be age 3 in fall of 2016, age 4 in fall of 2017, and age 5 in their kindergarten year. Assessments will be scored according to chronological age and therefore can accommodate children who are on an earlier or later path to kindergarten relative to their age.

For modeling growth over time, Contractor will use a multi-level model to account for the fact that there will be multiple test scores per child (2 or 3 years), and that children will be nested within GSQ programs and within region (10 regions each represented by one GSQ Resource Center; Great Start to Quality Website). As discussed extensively elsewhere (Bickel, 2007; Gelman & Hill, 2007; Hox, 2010; Raudenbush & Bryk, 2001; Snijders & Bosker, 1999), it is important to account for such clustering to produce unbiased estimates of the standard errors associated with the regression coefficients when the data are nested. Therefore, a three-level longitudinal growth model is proposed with repeated assessment measures at level 1, children at level 2, and GSQ sites at level 3. The geographic regions corresponding to the 10 GSQ Resource Centers will be included at the third level as a block variable. This will allow Contractor to estimate variability among regions in the relationship between program quality and child outcomes. Additionally, it will be important to control for child- and program-level characteristics such as SES and minority status by including them as covariates in the model. Data availability will determine at which level (child or program) the demographic variables will be modeled (e.g. child minority status at the person level and/or percent minority children at the site level). Inclusion of these typical predictors of student learning/development as covariates will increase the precision of the model for estimating the relationship between program quality and child outcomes.

Contractor proposes to conduct exploratory analyses that examine relationships of program quality to child outcomes separately based on the program type. Contractor will still be able to make inferences about the relationships based on effect sizes. This will allow Contractor to understand if the EQ rating system offers the same predictive value regardless of program type.

d. Interpretation/Presentation of Results:

The proposed analytic approach examines whether the GSQ ratings and quality components that comprise the ratings are related in expected ways to measures of children’s learning and development. Contractor will use available data to control for known factors other than program quality that could explain this relationship (i.e., program types and demographic variables such as socio-economic status, minority status, and locale) by including them as covariates in the analytic models. Nonetheless, any results suggesting a relationship of program quality to student outcomes must be interpreted as correlational rather than causal.

Contractor will provide semi-annual progress reports in years 1 and 2, as well as a final report at the end of year 2. In addition, Contractor will provide an in-person presentation of results at the conclusion of the project to discuss findings and make recommendations regarding next steps for GSQ. In the event that a no-cost extension is granted for following children into kindergarten (dependent on remaining funds), final reporting and presentation will occur in year 3 with a progress report at the end of year 2

- 3) *What are the specific local, regional, and state conditions that promote the implementation of GSQ and the increase of higher quality early childhood programs throughout the state and ensure children with high needs receive high-quality care?*



The Contractor must address quality improvement at the classroom and program level by defining a list of relevant conditions and attributes of effective implementation of Quality Rating Improvement System (QRIS) research.

Contractor will use administrator/provider interview protocols, provider background surveys, parent surveys, sample site observations, and extant site demographic data to document program conditions such as child-teacher ratios, administrator and teacher/assistant qualifications and years of experience, availability of child care choices, proximity of center to home, available hours of care, and cost. Once ascertained, these data can then be correlated with quantified change in GSQ quality ratings (e.g., +2 for a two star increase, + 1 for one star increase, 0 for no change, -1 for a one star decrease, and so on). In addition, Contractor will seek to understand the extent to which parents, families, and/or caregivers are aware of the rating system and whether and how they use the data to make decisions about childcare providers. Contractor will collect these data via interviews and surveys with participating parents. And, to better understand the perspectives of non-participants, Contractor will collect data from parents whose children are in Centers programs with empty star ratings. In addition, to better understand the challenges and successes of participating Centers, Contractor researchers will conduct a benefits cost analysis using “ingredients” costing. This analysis will allow for the examination of costs incurred during adoption and implementation of GSQ by sites and the benefits of participation (return on investment both in terms of parental satisfaction and educating children to obtain superior outcomes).

2. Work and Deliverables

1) **At minimum, the Contractor must perform the following in accordance to the evaluation of the GSQ system:**

a) Identification of sample population (children and program) for project data collection.

Contractor will identify a sample using a stratified random sampling procedure described in sections III.2.2a&b to help ensure that the sample for the full evaluation study is representative of the population of children and sites participating in GSQ across the state of Michigan. Contractor will attempt to individually assess all children who meet the inclusion criteria for the specified longitudinal analysis at each sampled site (this will require parent consent). Specifically, children who are 2 years pre-kindergarten entry in year 1 (2016) will be included in the evaluation and assessed annually as long as they remain in the same GSQ site. (Note that if children leave their initial GSQ program during the course of the two year evaluation, they will be excluded from the analysis. This will help preserve the integrity of the original study design, allow for more accurate estimates of the relationship between program quality and child outcomes, and conserve project resources). The children that remain in their original GSQ sites for the two year evaluation will be assessed in the fall of each year until the study completion. This will allow Contractor to conduct a longitudinal growth analysis to examine the relationship of child learning and development growth to program quality.

b) Annual qualitative interviews with programs and providers regarding GSQ.

Each year, Contractor’s staff will conduct site visits to sampled programs. During these site visits Contractor’s staff will conduct interviews with program administrators/providers to assess their understanding and use of GSQ. The interview protocols will be developed by Contractor’s expert evaluators to align with the goals set forth by MDE for GSQ. Contractor will employ two highly-trained Ph.D.-level evaluators who reside in Michigan; these staff will be in charge of liaising with sites and data collection. Contractor has also budgeted for two additional staff members from the Denver office to travel to Michigan to support the data collection efforts.

c) Assessment of readiness and identification of perceived barriers to utilizing GSQ.

The aforementioned interview protocols will include items to assess administrator/provider perceptions of their readiness and perceived barriers to using GSQ supports. Additionally, Contractor will conduct online surveys and virtual focus groups with parents of children in GSQ programs. Parents will be asked about their understanding of GSQ, whether they utilized the GSQ in their childcare decision



process, their overall perception of the usefulness of GSQ, perceived barriers to use, and suggestions for improvement. As previously mentioned, to encourage participation in data collection, all participants (administrators/providers/parents) will receive a monetary stipend for each year they participate

- d) Validation process and methods to determine program quality.

Contractor intends use multiple methods for assessing GSQ program quality. The validation process and methods to determine program quality are discussed extensively in sections III.1.1 and III.2.5.

- e) Geographic Information Systems (GIS) mapping to examine intersection of program quality, community, and regional characteristics.

Contractor has chosen a highly qualified Certified Mapping Scientist to subcontract as the GIS lead on the project,

- f) Data analyses comparing the outcomes relative to children's enrollment in program quality to gains in children's development and learning.

Contractor proposes a multi-level longitudinal analysis to examine the relationship of program quality to child outcomes as described in detail in section III.1.2.

- g) Semi-annual reports for review and analysis.

Contractor will provide semi-annual reports in quarter 2 and quarter 4 of year 1 and in quarter 2 and 3 of year 2. A final report will be provided in quarter 4 of year 2.

- h) Final evaluation report – Due December 31, 2017.

Contractor will produce a final evaluation report on or before December 31, 2017. Contractor would also be pleased to provide an in-person presentation of the study findings to MDE and discuss recommendations for next steps for the GSQ program.

Specifically, the Contractor must:

2) Plan for the identification of the sample population (children and program) for project data collection by:

- a. The program, child, and interview sample sizes proposed must be of a sufficient size to be used in rigorous data analyses, and produce both substantive and statistically significant findings.

i. Minimum detectable effect size (MDES) estimates:

In order to ensure that the sample is sufficient for detection of substantive and statistically significant relationships, Contractor conducted a power analysis. Contractor chose to use the Empirically Based Minimal Detectable Effect Size option to provide estimates specific to the particular program type (preschool) and assessment measures proposed for the study. Contractor conducted the analysis for both a cognitive assessment (Woodcock-Johnson: Letter-Word Identification) and a socio-emotional assessment (The Social Skills Rating Scale). Contractor ran three different scenarios to calculate the minimum detectable effect size (MDES): Scenario A: 40 program sites with 5 children per site; Scenario B: 60 program sites with 10 children per site; and Scenario C: 80 program sites with 20 children per site. Assuming power of .80, 2-tailed alpha level at .05, and intraclass correlations (ICCs) estimates of 0 (level 2) and .11 (level 3) estimated by OD based on empirical literature), the MDESs for the cognitive assessment were .07 for Scenario A, .05 for Scenario B, and .04 for Scenario C. For the socio-emotional assessment, with ICC estimates of .12 and .23, the MDESs were .10 for Scenario A, .06 for Scenario B, and .05 for Scenario C. Given these estimates, each of the study scenarios is adequately powered to detect statistical significance from effects of a small magnitude. Given that a substantial amount of attrition is likely, Contractor will aim to sample 60 sites to participate in the analysis. With a sample of sites consisting of large daycare/early learning centers, moderately sized group homes, and small family homes, we estimate that, on average, there will be 10 students per site, making for an approximate child sample of 600. Contractor believes



that even if 20 programs drop out at some point during the study, the study will remain adequately powered to detect statistically significant relationships (according to the MDES for Scenario A, the most conservative scenario that assumed the fewest number of students per site). Individual students leaving the study will have lesser impact on the study's MDES than attrition at the site level due to the multi-level nature of the analytic model in which the highest level of clustering (the program level in this case) is the greatest driver of power.

ii. Sampling Procedure:

Contractor will use a stratified random sampling procedure to provide a sample that is representative of Michigan early childhood/day care programs in terms of region (corresponding to 10 Resource Centers as shown on the GSQ website), program type (i.e., center, group, family), program quality as measured by the GSQ rating system, percent low income students, and percent children identified as high needs as specified by MDE (children with developmental delays, children with disabilities, dual language learners, homeless children, and those participating in the welfare system).

In order to produce a practical number of strata from which to sample, it will first be necessary to specify aggregate categories for each of the variables of interest. Once all of the variables have been examined and recoded to produce simple dichotomies or aggregation categories, all participating GSQ sites will be placed into "bins" based on how they fit into each of the variable categories. Contractor's analysts will ensure that the categories are not redundant. Once each of the programs has been stratified, Contractor will place the sites in a random order using statistical software for random number generation. Next, a weighted sampling process will be used such that the number of sites sampled per stratum will depend on the size of the stratum for the entire population of GSQ sites. In the event that a site within a stratum declines participation, Contractor will move to sampling the next site in that stratum based on random ordering to maintain the composition of the original population.

b. At minimum, the stratified sample will be based on these characteristics:

- i. Community setting (urban/rural)
- ii. Program type (family- and center-based: including Head Start, GSRP, and for-profit)
- iii. Program quality
- iv. Program size
Percentage of children in the program with high needs (as defined in the background section)

Contractor will use all of the suggested characteristics for the stratified random sampling procedure described in the previous section as long as the characteristics are not redundant and that a sufficient number of sites can be placed in each stratum created by combining variables. One addition to the list above will be an indicator of SES (high/low income) as this is a strong predictor of child outcomes of learning and development.

c. Describing data collection and interaction with at least 60 programs representative of the sample population each year, for two years leading up to kindergarten entry (120 total).

Contractor proposes a mixed methods approach for validating the GSQ rating system and understanding the relationship between program quality and child outcomes for two years leading up to kindergarten entry. Data will be collected during site visits to a representative sample of programs throughout the states (see sampling methodology in sections III.2.2a&b). To assess quality, Contractor will utilize both extant and primary data. For extant data, Contractor will collect self-assessment data on the GSQ rating scale as well as any available independent observation data indicating program quality. For primary data collection, Contractor will use direct assessments of children's cognitive and socio-emotional development, as well as



various protocols (other than the GSQ rating system) to examine program quality as discussed in section III.1.1. These will include existing valid and reliable measures of early childhood program quality and Contractor- developed observation, interview, survey, and virtual focus group protocols tailored to various stakeholder groups (e.g. administrators, providers, parents).

- d. Describing how a specific sample of children to be followed over a two year period leading up to kindergarten entry (Identifying a sample size between 300-600 children per year and providing a justification for the proposed sample size)

Based on the power analysis for determining minimal detectable effect sizes described in section III.2.2.a&b, Contractor will acquire a stratified random sample of 60 sites. All children who are 2 years pre-kindergarten in fall 2016 will be assessed in each of the sampled programs and followed for 2 years as long as they remain in their originally sampled GSQ program. Contractor will also attempt to track these children into their first year of kindergarten (through contacts with families) for a third year of assessments should a no-cost extension be granted. As described previously, although the analysis can be completed across two year, three years of assessment data collection is the preferred methodology for a longitudinal growth analysis.

- e. Proposing the recommended assessments used to follow children over a two-year period. Examples of possible assessments include: direct assessment in the classroom or home, teacher ratings, and/or family questionnaire data collection.

As discussed in section III.1.2, Contractor will use a compilation of existing standardized assessments to examine individual child growth in learning and development. Proposed assessments will include measures of language, cognition, and general knowledge (Woodcock Johnson-IV), approaches toward learning (Social Ratings Scale), social and emotional development (Preschool and Kindergarten Behavior Skills-II), and adaptive skills (Adaptive Behavior Assessment System-II).

3) Conduct annual qualitative interviews with programs and providers to examine perceptions of GSQ

- a. Annual interviews, at minimum, should address perceptions about standards and indicators of GSQ, including:
 - i. Program strengths that providers believe are not represented in the indicators,
 - ii. What factors of GSQ may or has influenced providers’ classroom practices, and
 - iii. The value of all programs, by type; the need for them, and program capacity to utilize GSQ.
- b. Annual interview, at minimum, should address perceptions about incentives and whether or no they provide a motivation for participation or quality improvement.
- c. Annual site visits to each of the selected schools will allow Contractor to conduct interviews with program administrators and staff regarding their perceptions and use of GSQ in addition to online surveys (see next section III.2.4)). Interview and survey protocols will be developed by Contractor in collaboration with MDE to align with GSQ goals. Topical areas of interest will include stakeholder perceptions of the value of the GSQ rating system, factors influencing use of the rating system and GSQ supports, perceived child outcomes as result of GSQ use, program capacity to utilize GSQ supports, the value of current GSQ incentives for program use, the perceived return on investment, and potential barriers to GSQ program involvement. Contractor will also attempt to conduct phone interviews with administrator/providers of eligible GSQ sites who do not participate (i.e., receive an empty star rating). This will allow us identify barriers to participation and formulate strategies to help improve participation rates to reach the desired goals of MDE.

**4) Conduct an assessment of readiness and potential barriers to using GSQ**

- a. Collect questionnaire data from home- and center-based providers on:
 - i. Program/organizational readiness to change (i.e. to use GSQ supports) over a two year period.
 - ii. Assess effectiveness of Resource Center implementation of technical assistance, professional development and Quality Improvement (QI) resources, and examine the association and/or links between these inputs and the achievement of relevant intermediate outcomes, and ultimately improved child outcomes.
- b. Contractor will administer online surveys to program administrators/providers. Data from these surveys will be compiled to create implementation fidelity variables which can then be used to predict child outcomes. Specifically, Contractor proposes to use a powerful statistical approach – multi-level structural equation modeling – to assess the pathways from GSQ participation to implementation indicators to the ultimate outcomes of child learning and development. Hypothesized pathways to improved student outcomes will include GSQ implementation variables, site characteristics, and provider qualifications/readiness. Survey protocols will be developed by McREL in collaboration with MDE to align with GSQ program goals.

Contractor will provide paper/pencil (hardcopy) surveys at no additional cost to the contract for sites unable to accommodate online surveys. For administration of these surveys, Contractor has the ability to design and print custom, multiple-page paper/pencil forms using readily accessible word processing software. Once the forms are completed by study participants, the responses are returned to Contractor where a research specialist uses an optical character recognition software package that minimizes data entry errors, to scan the completed surveys and export the data to a spreadsheet application for analysis.

5) Conduct validation process of the GSQ system and assess program quality

- a. A validation study will be necessary to determine whether or not the rating system, as it was intended, and developed, is a valid system (e.g., are the graduated levels of quality accurately reflecting the differential levels of program quality) that accurately measures and provides support for increasing the quality of early learning programs in Michigan. The validation design should include both quantitative and qualitative approaches.

For the proposed validity study, Contractor will examine the rubrics from the five major categories [(1) staff qualifications and professional development, (2) family and community partnerships, (3) administration and management, (4) environment, and (5) curriculum and instruction] that contribute to the calculation of point ratings within each major category and across multiple categories (data that inform the overall star rating). Contractor's researchers will supplement the validity argument with data from key informants. Contractor's researchers will also examine the internal consistency of point ratings and star ratings. Contractor will examine how the sampled providers' scores have changed over time and determine the extent to which rating changes are a result of supports and incentives given to providers.

- b. The following elements should be considered in the validation process:
 - i. tiered standards and indicators;
 - ii. accountability and monitoring efforts; need to define what this means – assuming it is the actual rating process
 - iii. provider supports and incentives;
 - iv. family awareness; and
 - v. financing the system. The validation studies selected should reflect the research questions from Section III.1, Methodology.

Contractor will examine the extent to which GSQ levels relate to progress in children's learning, development, and school readiness via longitudinal growth models (predictive validity).



Contractor will use administrator/provider interview protocols, provider background surveys, parent surveys, sample site observations, and extant site demographic data to document program conditions such as child-teacher ratios, administrator and teacher/assistant qualifications and years of experience, availability of child care choices, proximity of center to home, available hours of care, and cost.

Contractor's ability to gather data from stakeholders in empty star sites will be dependent on the availability of contact information from the MDE and/or GSQ Resource Centers and the willingness of site directors and parents of children in these programs to participate in data collection activities. Contractor will attempt to contact two empty star sites in each geographic region corresponding to the 10 GSQ Resource Centers. If contact information for stakeholders of empty star schools is not available from the MDE or the Resource Centers, this exploratory analysis will be removed from the evaluation

6) Conduct Geographic Information Systems (GIS) mapping to examine intersection of quality, community and regional characteristics

The evaluation's GIS mapping should be designed to illustrate program quality and quality improvement across the state and its interaction with community demographics (e.g., poverty rates, unemployment rates, race) and the Resource Centers through which GSQ is implemented. It will allow the State to better understand the extent to which the most vulnerable children have access to high-quality early learning and development programs and which communities (and demographic profiles) are benefiting from improvements in program quality.

To enhance understanding of the relationships among GSQ program quality, Resource Centers, community, and regional characteristics, GIS analysis and map production will be performed using ESRI ArcGIS. GIS will be used on the front-end of the data management process to convert tabular data to a spatial format for inclusion in GIS analysis. A geocode process will be used to convert a list of program addresses to spatial data (points on a map) so the GSQ programs can be analyzed in GIS based on their location..

A wealth of demographic GIS data is available from public sources including the United States Census Bureau; the Michigan Department of Technology, Management and Budget; and the State of Michigan GIS Open Data Portal. Such data will be used in conjunction with spatial data describing program quality and the location of GSQ program sites throughout the state as well as the location of the ten Quality Resource Centers.

Spatial analyses will be performed to quantify more complex spatial relationships. These GIS techniques will help identify relationships between program quality across the state, Resource Center locations, and important demographic factors. By performing subsequent analyses with updated program performance data, it will be possible to track changes in program performance over time. To best present these changes, Contractor will create before and after maps (one per year for years 1 and 2) as well as a change-tracking map that calls out any differences between the two years.

7) Conduct data analyses comparing the outcomes relative to children's enrollment in program quality to gains in children's development and learning over the two years prior to kindergarten entry.

The proposed statistical methodology for comparing child outcomes of development and learning to program quality is a multi-level longitudinal regression analysis with repeated measures (learning and development assessments) nested within GSQ site. This analysis will include the quality indicator at level 3 (GSQ site) along with covariates representing child/family (e.g., minority status, SES) and program (region/locale, % low SES and % minority students) characteristics. A detailed explanation of the longitudinal analysis to link program quality to child learning and development gains is provided in section III.1.2



- 8) **Generate semi-annual evaluation reports for review and analysis, see Section VI.3. Reporting.**
- 9) **Finalize evaluation report, see Section VI.3. Reporting.**

IV Acceptance

1. Acceptance of Deliverables

The State will use the following criteria to determine acceptance of the Contract Activities:

The Program Manager will review each of the following deliverables, as described in Section III.2., once submitted, and determine acceptance.

1. Identification of sample population (children and program) for project data
2. Annual qualitative interviews with programs and providers to examine perceptions of GSQ
3. Assessment of readiness to utilize GSQ through data questionnaires
4. Validation process and assessment of program quality
5. Geographic Information System (GIS) mapping to examine intersection of quality, community, and regional characteristics
6. Data analyses comparing the outcomes relative to children's enrollment in program quality to gains in children's development and learning.
7. Semi-Annual Reports for Review and Analysis

2. Final Acceptance

Final Acceptance of the Final Evaluation Report will be made by the Deputy Superintendent in the Office of Great Start.

V. Staffing

1. Contractor Representative

The Contractor must appoint a *project manager*, specifically assigned to State of Michigan accounts. The Project Manager must be knowledgeable of the contractual requirements, and respond to State inquiries within 24 hours

Contractor's Project Manager: Dr. Tedra Clark, Managing Researcher

The Contractor must notify the Contract Administrator at least *five* calendar days before removing or assigning a new Project Manager.

2. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday 7:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

3. Key Personnel

1. The Contractor must appoint *at least one* individual who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable of the contractual requirements. The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.
2. Evaluation Team: The evaluation team must include a statistician with expertise in longitudinal modeling of nested data (such as children within programs housed within communities) and a methodologist with expertise in complex sampling designs who will validate the sampling design for the proposed evaluation.

Contractor's Statisticians: Dr. Tedra Clark and Dr. Christopher Rhoads.

Contractor's Methodologists: Dr. Tedra Clark and Dr. Jessaca Spybrook.



3. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.
4. Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms.
5. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):
 - i. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.
 - ii. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

6. **Additional Staffing:** The Contractor must list the names and roles of all staff assigned to this project, both key personnel and non-key personnel.

Contractor's Staff:

Dr. Hsiang Yeh-Ho, Data Collection & Quantitative Analysis

Dr. Sheila Arens-Olene, Evaluation Advisor

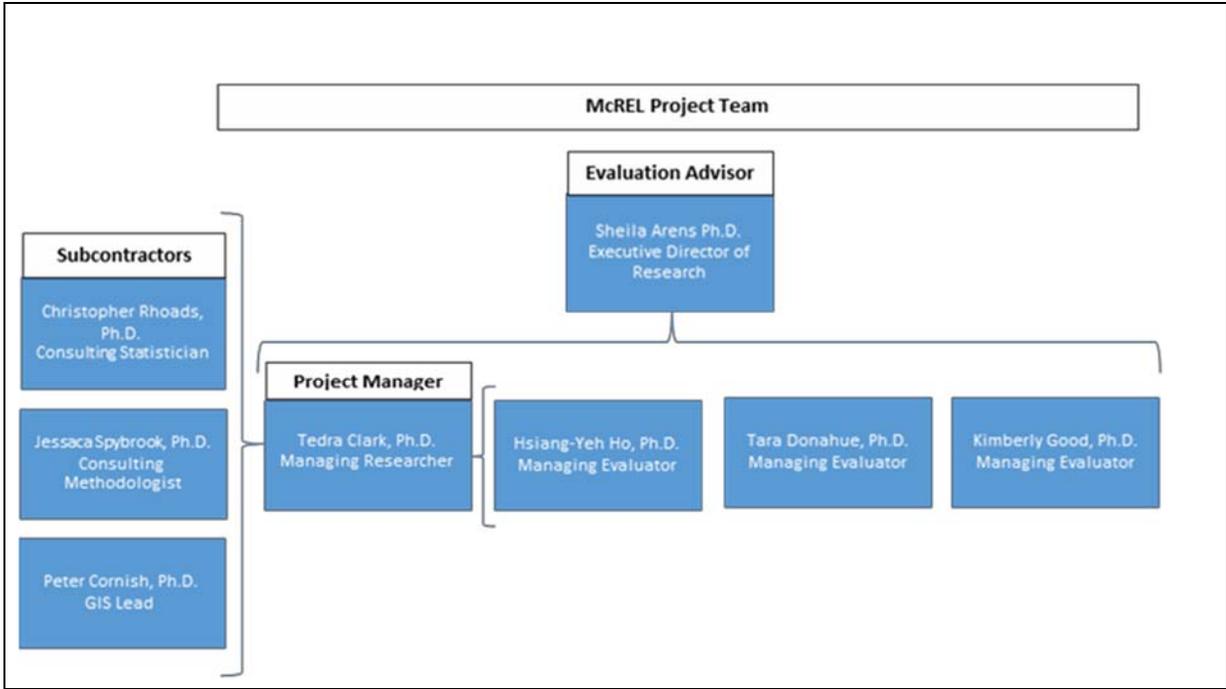
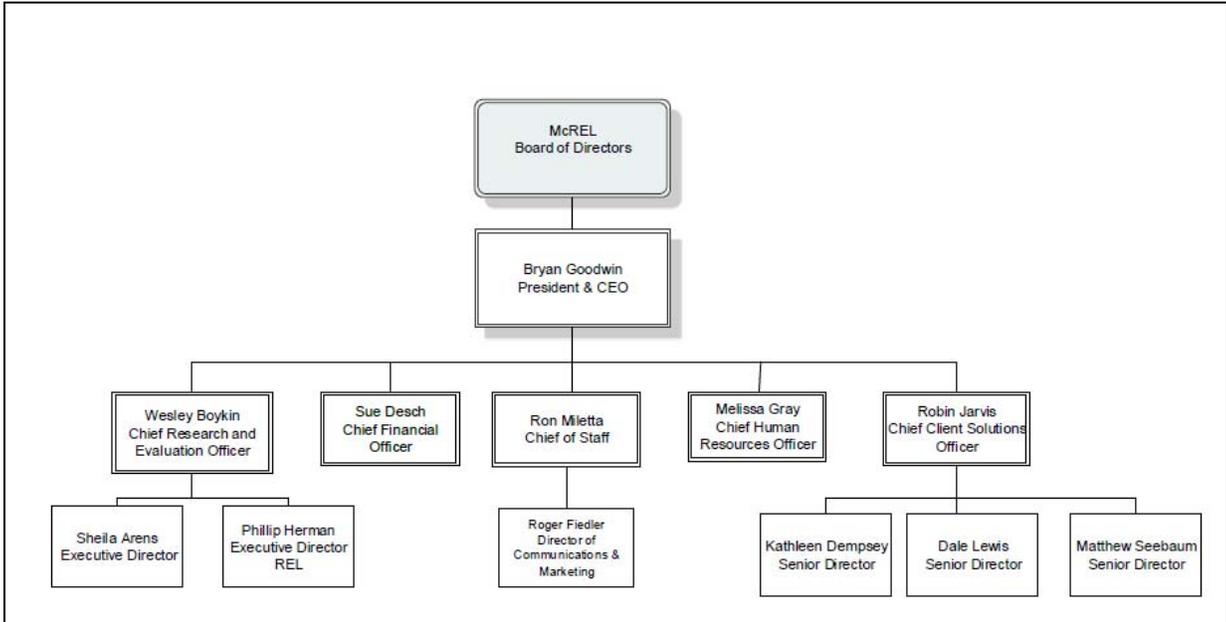
Dr. Tara Donahue, Data Collection & Site Liaison

Dr. Kimberly Good, Data Collection & Qualitative Analysis



Subcontractors:
 Dr. Peter Cornish, GIS Mapping
 Dr. Chris Rhoads, Statistician
 Dr. Jessaca Spybrook, Sampling Expert

4. Organizational Chart



5. Subcontractors

1. Peter Cornish

A colleague in the research field and a new partner to working with Contractor. He is a consultant GIS mapping consultant.

**2. Jessaca Spybrook**

Associate Professor in the Department of Educational Leadership, Research, and Technology.
Western Michigan University 3571 Sangren Hall
Kalamazoo, Michigan 49008

3. Chris Rhoads

UCONN - University
249 Glenbrook Road, #3064
Storrs, CT 06269-3064
8960-486-3321

5.1 Disclosure of Subcontractors If the Contractor intends to change subcontractors, the Contractor must disclose the following:

1. The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
2. The relationship of the subcontractor to the Contractor.
3. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
4. A complete description of the Contract Activities that will be performed or provided by the subcontractor.
5. Of the total bid, the price of the subcontractor's work.

6. Security

The Contractor must ensure measures are in place to ensure the security of State facilities.

Contractor requires background checks on all of its employees and will follow all security measures as required by the State of Michigan to ensure security of State facilities.

VI. Project Management

The contractor must name a project manager (see Section V.1) who is responsible for monthly updates to be submitted to the Program Manager. The due dates for the monthly updates and Contract Activities, detailed in Section III Requirements, are determined by agreed upon and approved project timeline.

1. **Project Plan.** The Contractor must submit a proposed Project Plan with proposal. This plan should identify items such as the required contact personnel; the date the project plan must be submitted to the State; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information.

Contractor's Proposed Project Plan:

Upon notice of award, Contractor's Project Manager will arrange a conference call with MDE representatives to gather necessary requirements and refine the scope of work in order to finalize the work plan. The work plan will include schedules for collecting requisite information for sampling sites, sampling sites and contacting sites for participating, developing and / or securing data collection instruments, collecting extant data from MDE and from participating GSQ program sites, arranging logistics for on-site and remote data collection and conducting all data collection, managing data (screening and cleaning data), conducting data analysis, and delivery of all project deliverables (including required presentations, semi-annual reports, final report, and the executive summary). The initial meeting will also include gathering MDE requirements for successfully marketing the opportunity to participate to Centers in the Regional areas.



Contractor's Project Manager will work with appropriate MDE staff to coordinate technical requirements for conducting this study. Contractor will create a "study orientation manual" for each GSQ site that agrees to participate so they are aware of the expectations, the planned timelines for data collection, and how they can correspond with researchers if needed. Unanticipated events constitute a need for (non-standard) incident reporting. Should an unanticipated event occur, Contractor's Project Manager Contractor's Executive Director of Evaluation will contact the MDE-designated representative immediately.

Table 2 provides a breakdown of the anticipated project tasks. Resources required from MDE will include extant GSQ rating data from all participating sites and as program site information such as license/registration number, name of provider, address (including city/zip), type of care (center, family, group), total capacity. Contractor also requests MDE staff participation on conference calls and feedback on deliverables as specified in Table 2.



Table 2: Proposed Project Plan

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Project Management and Client Communications								
Internal project team meetings / coordination	--	--	--	--	--	--	--	--
Calls with designated staff from MDE (monthly updates)	--	--	--	--	--	--	--	--
Create study orientation manuals for participating sites	--							
Instrument Development & Purchase								
Develop Teacher and Administrator Surveys	Δ*▲							
Develop Teacher and Administrator Interviews	Δ*▲							
Develop parent focus group protocols	Δ*▲							
Purchase data collection instruments (e.g., Woodcock-Johnson)	--				--			
Acquire instruments for examination of concurrent validity	--							
Sampling								
Collect names and locations of participating Centers from state	--							
Create strata; sample; invite sites to participate	--							
Identify non-participating centers for interviews	--							
Extant Data Collection								
Collect GSO data for sampled sites; update in Yr 2	--**				--**			
Collect additional background information on sampled sites; update in Yr 2	--**				--**			
Collect additional information on communities; update in Yr 2	--**				--**			
Primary Data Collection								
Establish / maintain relationships with sampled sites	--	--	--	--	--	--	--	--
Conduct site observations		--	--	--	--	--	--	--
Administer child-level and center-level assessments		--	--	--	--	--	--	--
Conduct interviews with participating sites		--	--	--	--	--	--	--
Conduct interviews with non-participating sites			--	--			--	--
Conduct focus groups with parents (coordination via Centers)			--	--			--	--
GIS								
Draft wireframe for maps; share with state for approval	Δ*	--	▲					
Data acquisition/formatting/import (Demographics, Resource Centers, Program quality)	--	--						
Base map development		--	--					
Spatial analysis (analyze spatial relationships b/t pgn quality, RCs, demos)			--	--				
Cartography/Deliverables (prepare PDF maps with interactive component (clickable links within the multipage PDF file); Create KML/KMZ files of some of the spatial data to allow for viewing/casual use without specialized software)			--	--	--	--	--	
Share maps with state for approval							Δ*	▲
Data analysis								
Data cleaning		--	--	--	--	--	--	--
Qualitative data analysis		--	--	--	--	--	--	--
Quantitative data analysis		--	--	--	--	--	--	--
Reporting								
Semi-annual report (draft and final)		Δ*▲		Δ*▲		Δ*▲	Δ*▲	
Presentation on progress; findings		--		--		--		--
Final Evaluation Report & Executive Summary (drafts and final)							Δ*	▲

Legend: Q1: March – May; Q2: June – Aug; Q3: Sept – Nov; Q4: Dec – Feb; -- = Activity; Δ = Interim/draft deliverable; ▲ = Completed/Deliverable Submitted; * = feedback from MDE on deliverables requested; **extant data needed from MDE.

1. The Contractor will carry out this project under the direction and control of the Program Manager. Within 7 calendar days of the Effective Date, the Contractor must submit a project plan to the Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.



2. Meetings

1. The Contractor will meet with the State, via phone or video conference, monthly to report on progress, or as otherwise determined by the State.
2. The State may request other meetings, as it deems appropriate.
3. The Contractor is expected to present to OGS and stakeholders in person at least twice a year to report on progress, and as requested, implications for program design, implementation, and improvement.

3. Reporting

a) The Contractor must submit, to the Program Manager electronically, the following written reports:

1. Final Evaluation Report- This report should include at a minimum, answers to all research questions and provide information on how the answers were reached.;
2. Executive Summary- This summary should be a shorter version of the final report. At a minimum, the report should give the highlights of the final report and provide overall findings; and
3. Semi-annual document that may be used to present to various stakeholders with status updates of the study. This document should include at a minimum, updates and information regarding the status of the project throughout the contract period. The document should be similar to the executive summary mentioned above.

b) Contractor's reporting capabilities and reporting included follow:

Contractor's approach to reports is to draft sections and provide these to the State so that there is ample time for the State to review, provide feedback to Contractor, and for Contractor to incorporate that feedback.

Contractor's reports include actionable recommendations which are often developed in collaboration with key stakeholders to ensure recommendations are relevant and feasible, and work with the State to help determine how to leverage findings to inform next steps.

Contractor's staff will deliver two in-person presentations each year, will deliver drafts and final versions of semi-annual project documents to provide timely updates on the status of the study (in addition, we will host monthly telephone conferences with GSQ project staff to provide updates), an executive summary that provides highlights of the final report, and a final evaluation report that addresses all of the research questions. The GIS tasks will result in PDF maps with an interactive component (clickable links within the multipage PDF file) as well as Keyhole Markup Language compressed (KML/KMZ) files of some of the spatial data to allow for viewing/casual use without specialized software.

VII. Ordering

1. Authorizing Document

The appropriate authorizing document for the Contract will be a Blanket Purchase Order and Purchase Order release.

VIII. Invoice and Payment

1. Invoice Requirements



All invoices submitted to the State must include: (a) date; (b) purchase order; (c) description of the Contract Activities; (d) unit price; and (e) total price. Overtime, holiday pay, and travel expenses will not be paid.

2. Payment Methods

The State will make payment for Contract Activities via electronic funds transfer.

3. Procedure

When the Program Manager performs acceptance of the deliverables described in Section III.2, the Contractor must submit the invoice (See Section VIII.1) to the State. The State will then make payment of the approved invoice from Purchase Order release.

IX. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of \$5,000 and an additional \$1000 per day for each day Contractor fails to remedy the late or improper completion of the Work in Section III.2, Work and Deliverable.



STATE OF MICHIGAN

Contract No. 071B6600079
GSQ Evaluation and Validation Study for MDE

**EXHIBIT B
RESERVED**



STATE OF MICHIGAN

Contract No. 071B6600079
 GSQ Evaluation and Validation Study for MDE

**EXHIBIT C
 PRICING**

Pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and travel).

Tasks and Deliverables	Yearly Est. # Hours to Complete	Average Hourly Rate	Year 1	Year 2	Total Price
1. Exhibit A Section III.2.2. Identification of sample population (children and program) for project data collection.	Year 1=148 Year 2=8	\$226	\$33,504	\$1,811	\$35,315
2. Exhibit A Section III.2.3. Annual qualitative interviews with programs and providers to examine perceptions of GSQ.	Year 1=759 Year 2=664	\$226	\$171,819	\$150,314	\$322,133
3. Exhibit A Section III.2.4. Assessment of readiness to utilize GSQ through data questionnaires.	Year 1=720 Year 2=429	\$209	\$150,459	\$89,648	\$240,107
4. Exhibit A Section III.2.5. Validation process and assessment of program quality.	Year1=446 Year 2=364	\$214	\$95,458	\$77,907	\$173,365
5. Exhibit A Section III.2.6. Geographic Information Systems (GIS) mapping to examine intersection of quality, community, and regional characteristics.	Year 1=376 Year 2=232	\$239	\$90,018	\$55,543	\$145,561
6. Exhibit A Section III.2.7. Data analyses comparing the outcomes relative to children's enrollment in program quality to gains in children's development and learning.	Year 1=342 Year 2=304	\$208	\$71,238	\$63,322	\$134,560
7. Exhibit A Section III.2.8. Semi-annual reports for review and analysis.	Year 1=351 Year 2=286	\$226	\$79,459	\$64,744	\$144,203
8. Exhibit A Section III.2.9. Final evaluation report due by October 31, 2017	Year 1=0 Year 2=465	\$226	\$0	\$105,265	\$105,265
Total Price	5738	\$222/average hourly rate	\$691,954	\$608,555	\$1,300,509