

3.7 Allocation of Costs Among States – Pricing Methodology

This Intergovernmental Agreement is based on a contract competitively procured by the Rhode Island Department of Education on behalf of the PARCC Consortium made up of 12 states, including Rhode Island. (hereinafter the "Model Contract"). The Model Contract describes the general terms and conditions that govern the contractual relationship as well as the Scope of Work the contractor, PARCC, Inc. will perform. That work is program management of all the activities of the PARCC Consortium including operationalizing the PARCC Assessment, managing the intellectual property, convening meetings of State leads, the Governing Board and others, etc.

The PARCC Consortium States have agreed to fund those services. The State specific prices set forth herein reflect a total price of \$5.5 million per contract period, which may diminish in future contract periods depending on revenues generated. Each state in the PARCC Consortium has agreed to pay a membership fee to cover a portion of that total project price based on each state's most recent student testing population data available from NCES for all participating states. Each state's contract value with PARCC, Inc. will be based on its proportional contribution of students being tested. The proportion is calculated by a denominator that equals the sum of all students in PARCC states between grades 3 and 11 eligible for testing; with the numerator being all test eligible students grades 3 through 11 in a contracting state. The resulting percentage is then multiplied against the total Consortium-wide cost of \$5.5 million to determine each state's contract value.

PARCC Inc. Estimated Membership Fee Structure

Projected Costs for 2014-2015
Using 2011-2012 Enrollment Data

STATE	TOTAL # OF STUDENTS	STUDENTS IN TESTED GRADES 3-11	ANTICIPATED COST
Arkansas	483,114	326,251	\$284,491
Colorado	971,013	563,419	\$491,301

D.C.	73,911	41,471	\$36,163
Illinois	2,083,097	1,406,602	\$1,226,557
Maryland	854,086	571,944	\$498,735
Massachusetts	953,369	648,371	\$565,380
Mississippi	490,619	330,368	\$288,081
New Jersey	1,356,431	887,458	\$773,863
New Mexico	337,225	229,130	\$199,801
Ohio	1,740,030	1,201,316	\$1,047,548
Rhode Island	142,854	98,402	\$85,807
TOTAL	9,485,749	6,304,732	\$5,497,726

- Total Number of Students - Pulled from NCES 2011-2012 enrollment data
- Students in Tested Grades - Represents 69% of the total number of students
- Anticipated Cost- Based on .872 per students in tested grades

As the chart above reflects for the State of Rhode Island, the total estimated annual contract sum is \$85,807 for the first contract period. Payment will be made in equal monthly installments based on proper invoices received beginning the first month after this contract is approved for execution by each State. The 1st contract period will be _____ to June 30, 2015. The 2nd contract period will be July 1, 2015 to June 30, 2016. The 3rd contract period is July 1, 2016 to June 30, 2017. The payment value for each state in the 2nd and 3rd contract periods will be determined in accordance with the methodology described herein.