



**CTB**  
**McGraw-Hill**

Ellen Haley  
President

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August 16, 2007

Christopher S. Domaleski, Ph.D.  
Associate Superintendent for Assessment and Accountability  
Georgia Department of Education  
1554 Twin Towers East  
Atlanta, GA 30334

Subject: Georgia Criterion Referenced Competency Tests

Dear Chris:

I received your correspondence dated August 10, 2007. Thank you for recognizing that CTB/McGraw-Hill immediately responded upon learning of the missing documents and, among other things, conducted more than one diligent search for the documents; quickly created and implemented a retesting plan; and expedited the scoring process so that the test results were received five days after the retesting date.

I understand that the Georgia Department of Education seeks to reduce invoice number 31756862001 by the sum of \$10,000, and I agree to a reduction of the invoice in that amount.

CTB greatly values Georgia's business and our strong relationship, and we look forward to working with you long into the future.

Sincerely,

Ellen Haley

August 10, 2007

Ms. Ellen Haley, President  
CTB McGraw-Hill  
20 Ryan Ranch Road  
Monterey, CA 93940-5703

**RE: Assessment of Liquidated Damages for Georgia Criterion Referenced Competency Tests (CRCT)**

Dear Ms. Haley,

CTB McGraw-Hill has failed to meet an Extremely Critical Work Task specified in the Contract between the Georgia Department of Education (GaDOE) and CTB McGraw-Hill (CTB) for Criterion Referenced Competency Tests (the "Contract"), and in response, GaDOE is hereby assessing liquidated damages in the amount of \$10,000.00.

On May 17, 2007 the Georgia Department of Education (GaDOE) was made aware that the Carroll County School District was missing CRCT score reports for 95 eighth grade students at Central Middle School. Although all indicators reflected that Carroll County shipped the answer documents for these students to CTB, they could not be located at the scoring center. As a consequence, Carroll County was compelled to retest these students. Naturally, this situation was a source of substantial frustration for the students, parents, and educators in Carroll County and led to delays in receiving their full roster of scores. GaDOE considers this failure to properly manage and maintain security for answer documents and failure to provide results in one week to be a very severe breach of Contract.

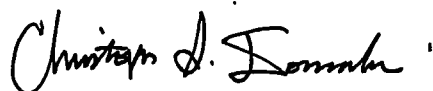
Under Appendix E of the RFP, CTB must "ensure security and 1 week return of results." That task was identified as an Extremely Critical Work Task. Paragraph 14 subsection (b) of the Contract provides that CTB may be assessed liquidated damages in the amount of Ten Thousand Dollars (\$10,000.00) per day in the event of any default on an Extremely Critical Work Task.

CTB did respond commendably when this failure was discovered. After diligently searching for the missing documents, CTB implemented a plan to permit Carroll County to retest the affected students and receive results soon thereafter. GaDOE considered CTB's response to the situation and CTB's generally satisfactory past performance on this Contract as mitigating factors. Consequently, GaDOE is assessing liquidated damages in the amount of \$10,000.00, in lieu of a potentially higher amount.

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GaDOE will assess liquated damages by deducting \$10,000.00 from the payment remitted for invoice number 31756862001, dated June 15, 2007. GaDOE appreciates CTB's cooperation in this matter.

Sincerely,



Christopher S. Domaleski, Ph.D.  
Associate Superintendent for Assessment and Accountability

cc: Kathy Cox, State Superintendent of Schools  
Martha Reichrath, Ph.D., Deputy State Superintendent of Schools  
Jeff Barker, Ph.D., Director of Assessment Administration  
Shirley Millicans, Assessment Specialist, CRCT