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Senate File 473

EDUCATION: Horn, Chair; Bruner and Rensink

FILED MAR 20 1987

SENATE FILE 473  
BY COMMITTEE ON EDUCATION  
*approp. (p. 223)*  
(formerly SSB 92)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act to establish an educational excellence program consisting  
2 of three phases relating to the recruitment of quality  
3 teachers, the retention of quality teachers, and the  
4 enhancement of the quality and effectiveness of teachers, to  
5 provide appropriations, and to provide an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 473

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DIVISION I

EDUCATIONAL EXCELLENCE PROGRAM

Section 1. NEW SECTION. 294A.1 EDUCATIONAL EXCELLENCE PROGRAM.

The purpose of this chapter is to promote excellence in education. In order to maintain and advance the educational excellence in the state of Iowa, this chapter establishes the Iowa educational excellence program. The program shall consist of three major phases addressing the following:

- 1. Phase I -- The recruitment of quality teachers.
- 2. Phase II -- The retention of quality teachers.
- 3. Phase III -- The enhancement of the quality and effectiveness of teachers through the utilization of performance pay.

Sec. 2. NEW SECTION. 294A.2 DEFINITIONS.

For the purposes of this chapter:

1. "Teacher" means an individual holding a teaching certificate issued under chapter 260 or a statement of professional recognition issued by the board of educational examiners who is employed in a nonadministrative position by a school district or area education agency pursuant to a contract issued by a board of directors under section 279.13. However, a teacher employed by an area education agency is not a teacher for the purposes of phase III under division IV of this chapter.

2. "Teacher's regular compensation" means the annual salary specified in a teacher's contract pursuant to the salary schedule adopted by the board of directors or negotiated under chapter 20. It does not include pay earned by a teacher for performance of additional noninstructional duties and does not include the costs of the employer's share of fringe benefits.

3. "Certified enrollment in a school district" means that district's basic enrollment for the budget year beginning July 1, 1987 as defined in section 442.4.

1 4. "Certified enrollment in an area education agency"  
2 means the sum of the certified enrollments of the school  
3 districts located in the area education agency.

4 5. "Specialized training requirements" means requirements  
5 prescribed by a board of directors to meet specific needs of  
6 the school district identified by the board of directors that  
7 provide for the acquisition of clearly defined skills through  
8 formal or informal education that are beyond the requirements  
9 necessary for initial certification under chapter 260.

10 6. "General training requirements" means requirements  
11 prescribed by a board of directors that provide for the  
12 acquisition of additional semester hours of graduate credit  
13 from an institution of higher education approved by the board  
14 of educational examiners or the completion of staff  
15 development activities approved by the department of education  
16 for renewal of certificates issued under chapter 260.

17 Sec. 3. NEW SECTION. 294A.3 EDUCATIONAL EXCELLENCE FUND.

18 An educational excellence fund is established in the office  
19 of treasurer of state to be administered by the department of  
20 education. Moneys in the fund shall be paid to school  
21 districts and area education agencies pursuant to the  
22 requirements of this chapter.

23 Annually beginning July 1, 1987, there is appropriated from  
24 the general fund of the state to the department of education  
25 for deposit in the educational excellence fund the following  
26 amounts:

- 27 1. For phase I, nine million (9,000,000) dollars.
- 28 2. For phase II, thirty-eight million five hundred  
29 thousand (38,500,000) dollars.
- 30 3. For phase III, fifty million (50,000,000) dollars.

31 DIVISION II

32 PHASE I

33 Sec. 4. NEW SECTION. 294A.4 GOAL.

34 The goal of phase I is to provide for establishment of pay  
35 plans incorporating sufficient annual compensation to attract

1 quality teachers to Iowa's public school system. This is  
2 accomplished by increasing the minimum salary. A beginning  
3 salary which is competitive with salaries paid to other  
4 professionals will provide incentive for top quality  
5 individuals to enter the teaching profession.

6 Sec. 5. NEW SECTION. 294A.5 MINIMUM SALARY SUPPLEMENT.

7 For the school year beginning July 1, 1987 and succeeding  
8 school years, the minimum annual salary paid to a full-time  
9 teacher as regular compensation shall be eighteen thousand  
10 dollars.

11 For the school year beginning July 1, 1987 for phase 1,  
12 each school district and area education agency shall certify  
13 to the department of education the names of all teachers  
14 employed by the district or area education agency whose  
15 regular compensation is less than eighteen thousand dollars  
16 per year and the amounts needed as minimum salary supplements.  
17 The minimum salary supplement for each eligible teacher is the  
18 total of the difference between eighteen thousand dollars and  
19 the teacher's regular compensation plus the amount required to  
20 pay the employer's share of the federal social security and  
21 Iowa public employees' retirement system payments on the  
22 additional salary moneys.

23 The board of directors shall report the salaries of  
24 teachers employed on less than a full-time equivalent basis,  
25 and the amount of minimum salary supplement shall be prorated.

26 Sec. 6. NEW SECTION. 294A.6 PAYMENTS.

27 For the school year beginning July 1, 1987, the department  
28 of education shall notify the department of revenue and  
29 finance of the total minimum salary supplement to be paid to  
30 each school district and area education agency under phase I.  
31 The amount of the total minimum salary supplement paid to a  
32 school district or area education agency for the school year  
33 beginning July 1, 1987 shall be paid to that school district  
34 or area education agency in succeeding school years from  
35 moneys appropriated in section 294A.3 and shall be used to

1 increase teacher salaries. The department of revenue and  
2 finance shall pay the total minimum salary supplement moneys  
3 from moneys appropriated for that purpose in the educational  
4 excellence fund.

5 If the moneys appropriated for phase I in section 294A.3,  
6 subsection 1, are either insufficient or moneys remain after  
7 payments are made for a fiscal year, moneys shall be  
8 transferred from or added to the moneys appropriated for phase  
9 III.

10 DIVISION III

11 PHASE II

12 Sec. 7. NEW SECTION. 294A.7 GOAL.

13 The goal of phase II is to keep Iowa's best educators in  
14 the profession and assist in their development by providing  
15 general salary increases.

16 Sec. 8. NEW SECTION. 294A.8 PHASE II PROGRAM.

17 Phase II is established to improve the salaries of  
18 teachers. Annually beginning July 1, 1987, the department of  
19 education shall allocate to each school district for the  
20 purpose of implementing phase II an amount equal to seventy-  
21 five dollars and ninety-three cents multiplied by the  
22 district's certified enrollment. Annually beginning July 1,  
23 1987, the department of education shall allocate to each area  
24 education agency for the purpose of implementing phase II an  
25 amount equal to three dollars and ninety-one cents multiplied  
26 by the certified enrollment in the area education agency. The  
27 department of education shall certify the amounts of the  
28 allocations to the department of revenue and finance and the  
29 department of revenue and finance shall make the payments to  
30 school districts and area education agencies.

31 If a school district uses teachers under a contract with an  
32 area education agency, the school district shall transmit to  
33 the employing area education agency a portion of its phase II  
34 allocation based upon the portion of the certified enrollment  
35 taught by the teacher.

1 If the school district or area education agency is  
2 organized under chapter 20 for collective bargaining purposes,  
3 the board of directors and certified bargaining representative  
4 for the certificated employees shall mutually agree upon a  
5 formula for distributing the phase II allocation among the  
6 teachers. For the school year beginning July 1, 1987 only,  
7 the parties shall follow the procedures specified in chapter  
8 20 except that if the parties reach an impasse, neither  
9 impasse procedures agreed to by the parties nor sections 20.20  
10 through 20.22 shall apply and the phase II allocation shall be  
11 divided as provided in section 294A.9. Negotiations under  
12 this section are subject to the scope of negotiations  
13 specified in section 20.9. If a board of directors and  
14 certified bargaining representative for certificated employees  
15 have not reached mutual agreement by June 15, 1987 for the  
16 distribution of the phase II payment, section 294A.9 will  
17 apply.

18 If the school district or area education agency is not  
19 organized for collective bargaining purposes, the board of  
20 directors shall determine the method of distribution.

21 Sec. 9. NEW SECTION. 294A.9 FAILURE TO AGREE ON  
22 DISTRIBUTION.

23 For the school year beginning July 1, 1987 only, if the  
24 board of directors and certified bargaining representative for  
25 the certificated employees have not reached agreement under  
26 section 294A.8, the board of directors shall divide the  
27 payment among the teachers employed by the district or area  
28 education agency as follows:

29 1. All full-time teachers whose regular compensation is  
30 equal to or more than eighteen thousand dollars per year will  
31 receive an equal amount from the phase II allocation.

32 2. A teacher who will receive a minimum salary supplement  
33 under section 294A.5 will receive moneys equal to the  
34 difference between the amount from the phase II allocation and  
35 the minimum salary supplement paid to that teacher.

1 3. The amount from the phase II allocation will be  
2 prorated for a teacher employed on less than a full-time  
3 basis.

4 4. An amount from the phase II allocation includes the  
5 amount required to pay the employers' share of the federal  
6 social security and Iowa public employees' retirement system  
7 payments on the additional salary.

8 Sec. 10. NEW SECTION. 294A.10 REPORTS.

9 By August 15, 1987, each school district and area education  
10 agency shall file a report with the department of education,  
11 on forms provided by the department of education, specifying  
12 the method used to distribute the phase II allocation.

13 Reports filed by area education agencies shall include a  
14 description of the method used to distribute phase II  
15 allocations to teachers employed by the area education agency  
16 working under contract in a school district.

17 DIVISION IV

18 PHASE III

19 Sec. 11. NEW SECTION. 294A.11 GOAL.

20 The goal of phase III is to enhance the quality,  
21 effectiveness, and performance of Iowa's teachers by promoting  
22 teacher excellence. This will be accomplished through the  
23 development of performance-based pay plans and supplemental  
24 pay for additional instructional work assignments which may  
25 include specialized training or differential training, or  
26 both.

27 Sec. 12. NEW SECTION. 294A.12 PHASE III PROGRAM.

28 For the school year beginning July 1, 1987 and succeeding  
29 school years, each school district in the state is eligible to  
30 receive moneys for the implementation of a performance-based  
31 pay plan under phase III. Annually, the payments for an  
32 approved plan for a school district are equal to the product  
33 of a district's certified enrollment and one hundred three  
34 dollars and sixty-nine cents. However, the department of  
35 education may adjust the per pupil amount for determining

1 payments for an approved phase III plan when the moneys  
2 available for phase III are either more or less than the  
3 moneys appropriated for phase III in section 294A.3 because of  
4 transfers of appropriated moneys under section 294A.6 or  
5 section 294A.8.

6 A plan shall be developed using the procedure specified  
7 under section 294A.13. The plan shall provide for the  
8 establishment of a performance-based pay plan, a supplemental  
9 pay plan, or a combination of the two pay plans and shall  
10 include a budget for the cost of implementing the plan. In  
11 addition to the costs of providing additional salary for  
12 teachers and the amount required to pay the employers' share  
13 of the federal social security and Iowa public employees'  
14 retirement system payments on the additional salary, the  
15 budget may include costs associated with providing specialized  
16 or general training. Moneys received under phase III shall  
17 not be used to employ additional employees of a school  
18 district. However, all teachers employed are eligible to  
19 receive additional salary under an approved plan.

20 For the purpose of this section, a performance-based pay  
21 plan shall provide for salary increases for teachers who  
22 demonstrate superior performance in completing assigned  
23 duties. The plan shall include the method used to determine  
24 superior performance of a teacher which may include  
25 assessments of specific teaching behavior, assessments of  
26 student performance, assessments of other characteristics  
27 associated with effective teaching, or a combination of these  
28 criteria.

29 A performance-based pay plan may provide for additional  
30 salary for individual teachers or for additional salary for  
31 all teachers assigned to an attendance center. If the plan  
32 provides additional salary for all teachers assigned to an  
33 attendance center, the receipt of additional salary by those  
34 teachers shall be determined on the basis of whether that  
35 attendance center meets specific objectives adopted for that

1 attendance center. The objectives may include, but are not  
2 limited to, decreasing the dropout rate, increasing the  
3 attendance rate, or accelerating the achievement growth of  
4 students enrolled in that attendance center.

5 If a performance-based pay plan provides additional salary  
6 for individual teachers:

7 1. The plan may provide for salary moneys in addition to  
8 the existing salary schedule of the school district and may  
9 require the participation by the teacher in specialized  
10 training requirements.

11 2. The plan may provide for salary moneys by replacing the  
12 existing salary schedule or as an option to the existing  
13 salary schedule and may include specialized training  
14 requirements, general training requirements, and experience  
15 requirements.

16 For the purpose of this section, a supplemental pay plan  
17 shall provide for the payment of additional salary to teachers  
18 who participate during a school year in either additional  
19 instructional work assignments or specialized training.

20 Sec. 13. NEW SECTION. 294A.13 DEVELOPMENT OF PLAN.

21 The board of directors of a school district desiring to  
22 receive moneys under phase III shall appoint a committee  
23 consisting of representatives of school administrators,  
24 teachers, parents, students, and other individuals interested  
25 in the public schools of the school district to develop a  
26 proposal. If the school district is organized under chapter  
27 20 for collective bargaining purposes, the board shall provide  
28 that one of the teacher members of the committee is an  
29 individual selected by the certified bargaining representative  
30 for certificated employees of the district. The proposal  
31 developed by the committee shall be submitted to the board of  
32 directors of the school district prior to its submission to  
33 the department of education. For the school year beginning  
34 July 1, 1987, if the school district is organized for  
35 collective bargaining purposes under chapter 20, the portions

1 of the proposed plan that are within the scope of negotiations  
2 specified in section 20.9 require the mutual agreement by  
3 January 1, 1988 of both the board of directors of the school  
4 district and the certified bargaining representative for the  
5 certificated employees. In succeeding years, if the school  
6 district is organized for collective bargaining purposes, the  
7 portions of the proposed plan that are within the scope of the  
8 negotiations specified in section 20.9 are subject to chapter  
9 20.

10 Nothing in this chapter shall be construed to expand or  
11 restrict the scope of negotiations in section 20.9.

12 Sec. 14. NEW SECTION. 294A.14 SUBMISSION OF PLAN.

13 A plan shall be submitted by the board of directors of a  
14 school district to the department of education not later than  
15 July 1 of a school year for that school year. Amendments to  
16 multiple year plans may be submitted annually.

17 The department of education shall review each plan and  
18 notify the department of management of the names of school  
19 districts with approved plans.

20 However, for the school year beginning July 1, 1987, a  
21 board of directors may submit a proposed plan not later than  
22 January 1, 1988, and the department of education shall notify  
23 the department of revenue and finance not later than February  
24 1, 1988.

25 Moneys allocated to a school district for the school year  
26 beginning July 1, 1987 for an approved plan for phase III that  
27 are not expended for that school year shall not revert to the  
28 general fund of the state but may be expended by that school  
29 district during the school year beginning July 1, 1988. For  
30 school years thereafter, moneys allocated to a school district  
31 for an approved phase III plan for a school year but not  
32 expended during that school year shall revert to the general  
33 fund of the state.

34 Sec. 15. NEW SECTION. 294A.15 REPORT.

35 Each school district receiving moneys for phase III during

1 a school year shall file a report with the department of  
2 education by July 1 of the next following school year. The  
3 report shall describe the plan, its implementation, and the  
4 expenditures made under the plan including the salary  
5 increases paid to each eligible employee. The report may  
6 include any proposed amendments to the plan for the next  
7 following school year.

8 Sec. 16. NEW SECTION. 294A.16 REVERSION OF MONEYS.

9 Any portion of moneys appropriated to the educational  
10 excellence trust fund for phase III for a fiscal year not  
11 expended by school districts during that fiscal year revert to  
12 the general fund of the state as provided in section 8.33.

13 DIVISION V

14 GENERAL PROVISIONS

15 Sec. 17. NEW SECTION. 294A.17 RULES.

16 The state board of education shall adopt rules under  
17 chapter 17A for the administration of this chapter.

18 Sec. 18. NEW SECTION. 294A.18 PAYMENTS.

19 Payments for each phase of the educational excellence  
20 program shall be made by the department of revenue and finance  
21 on a quarterly basis and may be made in conjunction with state  
22 aid payments under section 442.26. The payments to a school  
23 district or area education agency may be combined and a  
24 separate accounting of the amount paid for each program shall  
25 be included.

26 Any payments made to school districts or area education  
27 agencies under this chapter are miscellaneous income for  
28 purposes of chapter 442.

29 Sec. 19. NEW SECTION. 294A.19 MULTIPLE SALARY PAYMENTS.

30 The salary increases that may be granted to a teacher under  
31 phase III are in addition to any salary increases granted to a  
32 teacher under phase I or phase II.

33 DIVISION VI

34 APPROPRIATIONS

35 Sec. 20. APPROPRIATION TO THE DEPARTMENT OF EDUCATION.

1 There is appropriated from the general fund of the state to  
2 the department of education for the fiscal year beginning July  
3 1, 1987 and ending June 30, 1988, the sum of nine hundred  
4 thousand (900,000) dollars, or so much thereof as may be  
5 necessary, to be used for the following purposes:

6 1. For the administration  
7 of the educational excellence program  
8 established in chapter 294A ..... \$ 250,000

9 2. To be distributed to  
10 school districts for pilot projects  
11 to deliver additional foreign  
12 language courses in school districts ..... \$ 500,000

13 Moneys appropriated by this subsection shall only be  
14 distributed to school districts not now offering these foreign  
15 language courses and may provide for the use of new  
16 communications technologies.

17 3. For contracting with the  
18 state board of regents to provide a  
19 three week summer residence program for  
20 gifted and talented students ..... \$ 150,000

21 The summer institute shall be conducted at an institution of  
22 higher education under the state board of regents. The  
23 department of education shall determine eligibility  
24 requirements for gifted and talented students.

25 Sec. 21. TAX ANTICIPATION NOTES APPROPRIATION. There is  
26 appropriated from the general fund of the state to the  
27 treasurer of state for the fiscal year beginning July 1, 1987  
28 and ending June 30, 1988, the sum of three million (3,000,000)  
29 dollars, or so much thereof as may be necessary, to be used  
30 for costs associated with the issuance of tax anticipation  
31 notes under section 12.36 deemed necessary to ensure that the  
32 appropriations made in section 442.26 are paid to school  
33 districts and area education agencies on the dates provided in  
34 that section.

35 Sec. 22. Sections 1 through 19 being deemed of immediate

1 importance take effect upon enactment.

2 EXPLANATION

3 This bill establishes an educational excellence program in  
4 three phases. It creates an educational excellence trust  
5 fund, and a total of \$100,000,000 is appropriated to it  
6 beginning July 1, 1987. The first phase increases minimum  
7 teacher salaries to \$18,000 per year. The second phase  
8 provides additional moneys to school districts and area  
9 education agencies based upon their certified enrollments to  
10 increase the salaries of experienced teachers. The third  
11 phase provides \$50,000,000 to school districts that submit  
12 plans to the department of education and receive approval to  
13 implement a performance pay plan or supplemental pay plan.  
14 These provisions take effect upon their enactment.

15 The bill also provides appropriations to the department of  
16 education to administer the educational excellence program, to  
17 administer a summer residence program for gifted and talented  
18 students, and for pilot projects for additional foreign  
19 language courses. It appropriates money for the costs of  
20 issuing tax anticipatory notes to assure that school aid  
21 payments will be made on a timely basis.

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SENATE FILE 473

-3315

- 1 Amend Senate File 473 as follows:
- 2 1. Page 1, by striking lines 23 through 25.
- 3 2. Page 2, by striking lines 1 through 3 and
- 4 inserting the following:
- 5 "4. "Enrollment served" means an area education
- 6 agency's enrollment served for the budget year
- 7 beginning July 1, 1987."
- 8 3. Page 4, line 25, by striking the word "ninety-
- 9 one" and inserting the following: "fifty-five".
- 10 4. Page 4, line 26, by striking the words
- 11 "certified enrollment" and inserting the following:
- 12 "enrollment served".
- 13 5. Page 6, line 29, by inserting after the word
- 14 "district" the following: "and area education
- 15 agency".
- 16 6. Page 6, lines 33 and 34, by striking the words
- 17 "one hundred three dollars and sixty-nine" and
- 18 inserting the following: "ninety-eight dollars and
- 19 sixty-three".
- 20 7. Page 6, line 34, by inserting after the word
- 21 "cents." the following: "Annually, the payments for
- 22 an approved plan for an area education agency are
- 23 equal to the product of an area education agency's
- 24 enrollment served and four dollars and sixty cents."
- 25 8. Page 6, line 35, by striking the word "amount"
- 26 and inserting the following: "amounts".
- 27 9. Page 7, line 18, by inserting after the word
- 28 "district" the following: "or area education agency".
- 29 10. Page 7, line 24, by striking the word "which"
- 30 and inserting the following: ". For school
- 31 districts, the plan".
- 32 11. Page 7, line 29, by striking the word "A" and
- 33 inserting the following: "For school districts, a".
- 34 12. Page 7, line 31, by inserting after the word
- 35 "center." the following: "For area education
- 36 agencies, a performance-based pay plan may provide for
- 37 additional salary for individual teachers or for
- 38 additional salary for all teachers assigned to a
- 39 specific discipline within an area education agency."
- 40 13. Page 7, line 33, by inserting after the word
- 41 "center," the following: "or specific discipline,".
- 42 14. Page 7, line 35, by inserting after the word
- 43 "center" the following: ", or specific discipline,".
- 44 15. Page 8, line 1, by inserting after the word
- 45 "center" the following: ", or specific discipline".
- 46 16. Page 8, line 1, by striking the word "The"
- 47 and inserting the following: "For school districts,
- 48 the".
- 49 17. Page 8, line 8, by inserting after the word
- 50 "district" the following: "or area education agency".

1 18. Page 8, line 26, by inserting after the word  
2 "proposal." the following: "The board of directors of  
3 an area education agency desiring to receive moneys  
4 under phase III shall appoint a committee of similar  
5 membership to develop a proposal."

6 19. Page 8, line 26, by inserting after the word  
7 "district" the following: "or area education agency".

8 20. Page 8, line 30, by inserting after the word  
9 "district" the following: "or area education agency".

10 21. Page 8, line 32, by inserting after the word  
11 "district" the following: "or area education agency".

12 22. Page 8, line 34, by inserting after the word  
13 "district" the following: "or area education agency".

14 23. Page 9, line 4, by inserting after the word  
15 "district" the following: "or area education agency".

16 24. Page 9, line 6, by inserting after the word  
17 "district" the following: "or area education agency".

18 25. Page 9, line 14, by inserting after the word  
19 "district" the following: "or area education agency".

20 26. Page 9, line 19, by inserting after the word  
21 "districts" the following: "and area education  
22 agencies".

23 27. Page 9, line 25, by inserting after the word  
24 "district" the following: "or area education agency".

25 28. Page 9, line 29, by inserting after the word  
26 "district" the following: "or area education agency".

27 29. Page 9, line 30, by inserting after the word  
28 "district" the following: "or area education agency".

29 30. Page 9, line 35, by inserting after the word  
30 "district" the following: "and area education  
31 agency".

32 31. Page 10, line 11, by inserting after the word  
33 "districts" the following: "and area education  
34 agencies".

STATE OF IOWA

FISCAL NOTE TO  
SENATE FILE 473

LSB No. 2899S  
Staff ID. TLJ

REQ. BY SENATOR MURPHY

In compliance with a written request received March 16, 1987, a fiscal note for **SENATE FILE 473** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 473 establishes an educational excellence program which makes provisions for salary improvements for K-12 certificated staff. It also appropriates funds to the Department of Education to administer the program, to administer a summer residency program for gifted and talented students, and for pilot projects for additional foreign language courses. The proposal also appropriates funds for the issuance of tax anticipatory notes to ensure that state aid payments will be made on a timely basis.

Section 1 relates to the establishment of an educational excellence program in three phases, beginning with the 1987-88 school year. Phase I increases *minimum* teacher salaries to \$18,000 per year. Funding is used to bring salaries up to the minimum and to pay the employer's share of the cost of benefits. The total funds necessary to increase teacher salaries to \$18,000 in the 1987-88 school year will be provided to the school districts and area education agencies (AEA's) in each succeeding school year.

Phase II provides additional funds to school districts and AEA's to increase other teacher salaries. The monies are allocated to school districts based on their 1986 certified enrollments, and to AEA's based on their 1986 certified enrollments served. The total amounts allocated to the school districts and AEA's in the 1987-88 school year under phase II will be allocated in each succeeding school year.

Phase III provides funds to school districts for performance-based and/or supplemental pay plans. The monies are allocated to the school districts in a manner similar to the allocation of phase II funds. A school district must submit plans to the department of education and receive approval in order to implement a plan based on phase III funds. For the 1987-88 school year only, monies for an approved plan which are not expended by the school district may be expended in the following year. The total amount allocated to a school district in the 1987-88 school year under phase III will be allocated to the school district in each succeeding school year.

Monies are appropriated from the general fund of the state beginning in FY 1988 for the three phases as follows:

Phase I	\$ 9.0 million
Phase II	38.5 million
Phase III	50.0 million

If the funds appropriated for phase I are either insufficient or exceed the actual payments made for phase I, phase III will be adjusted so that the total appropriated for all three phases does not exceed the total \$97.5 million.

Assumptions:

1. Teacher salaries will increase five percent per year from 1986-87.

STATE OF IOWA  
FISCAL NOTE

LSB No. 2899S  
Staff ID. TLJ

FN pg. 2

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2. The number of teachers and their relative placement on the salary schedule will not depart significantly from 1986-87.

Fiscal Effect:

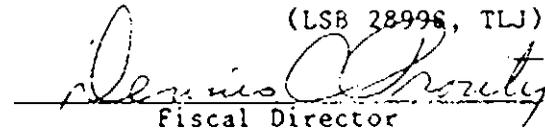
The estimated cost to the state of phase I for the 1987-88 and 1988-89 school years is \$9.5 million per year. Therefore, the amount appropriated under phase III would be reduced by a like amount.

Section 2 relates to the additional appropriations. The appropriations under the proposal are as follows:

Administration of educational excellence program	\$ 250,000
Pilot projects for additional foreign language courses	500,000
Summer residency program for gifted and talented	150,000
Tax anticipation notes	3,000,000

Sources: Department of Education  
Department of Management

(LSB 2899S, TLJ)

  
Fiscal Director  
Legislative Fiscal Bureau  
Date: 3/31/87

Filed by the Sec. of the Senate April 1, 1987

SSB #92  
Education  
SF 473

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act to establish an educational excellence program consisting  
2 of three phases relating to the recruitment of quality  
3 teachers, the retention of quality teachers, and the  
4 enhancement of the quality and effectiveness of teachers, to  
5 provide appropriations, and to provide an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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**SUB COMMITTEE ASSIGNMENTS**  
CHAIR: *Horn*  
COMMITTEE: *Education*  
*2/5/87*

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DIVISION I

EDUCATIONAL EXCELLENCE PROGRAM

Section 1. NEW SECTION. 294A.1 EDUCATIONAL EXCELLENCE PROGRAM.

The purpose of this chapter is to promote excellence in education. In order to maintain and advance the educational excellence in the state of Iowa, this chapter establishes the Iowa educational excellence program. The program shall consist of three major phases addressing the following:

1. Phase I -- The recruitment of quality teachers.
2. Phase II -- The retention of quality teachers.
3. Phase III -- The enhancement of the quality and effectiveness of teachers through the utilization of performance pay.

Sec. 2. NEW SECTION. 294A.2 DEFINITIONS.

For the purposes of this chapter:

1. "Teacher" means an individual holding a teaching certificate issued under chapter 260 or a statement of professional recognition issued by the board of educational examiners who is employed in a nonadministrative position by a school district or area education agency pursuant to a contract issued by a board of directors under section 279.13. However, a teacher employed by an area education agency is not a teacher for the purposes of phase III under division IV of this chapter.

2. "Teacher's regular compensation" means the annual salary specified in a teacher's contract pursuant to the salary schedule adopted by the board of directors or negotiated under chapter 20. It does not include pay earned by a teacher for performance of additional noninstructional duties and does not include the costs of the employer's share of fringe benefits.

3. "Certified enrollment in a school district" means that district's basic enrollment for the budget year beginning July 1, 1987 as defined in section 442.4.

1 4. "Certified enrollment in an area education agency"  
2 means the sum of the certified enrollments of the school  
3 districts located in the area education agency.

4 5. "Specialized training requirements" means requirements  
5 prescribed by a board of directors to meet specific needs of  
6 the school district identified by the board of directors that  
7 provide for the acquisition of clearly defined skills through  
8 formal or informal education that are beyond the requirements  
9 necessary for initial certification under chapter 260.

10 6. "General training requirements" means requirements  
11 prescribed by a board of directors that provide for the  
12 acquisition of additional semester hours of graduate credit  
13 from an institution of higher education approved by the board  
14 of educational examiners or the completion of staff  
15 development activities approved by the department of education  
16 for renewal of certificates issued under chapter 260.

17 Sec. 3. NEW SECTION. 294A.3 EDUCATIONAL EXCELLENCE FUND.

18 An educational excellence fund is established in the office  
19 of treasurer of state to be administered by the department of  
20 education. Moneys in the fund shall be paid to school  
21 districts and area education agencies pursuant to the  
22 requirements of this chapter.

23 Annually beginning July 1, 1987, there is appropriated from  
24 the general fund of the state to the department of education  
25 for deposit in the educational excellence fund the following  
26 amounts:

- 27 1. For phase I, nine million (9,000,000) dollars.
- 28 2. For phase II, thirty-eight million five hundred  
29 thousand (38,500,000) dollars.
- 30 3. For phase III, fifty million (50,000,000) dollars.

31 DIVISION II  
32 PHASE I

33 Sec. 4. NEW SECTION. 294A.4 GOAL.

34 The goal of phase I is to provide for establishment of pay  
35 plans incorporating sufficient annual compensation to attract

1 quality teachers to Iowa's public school system. This is  
2 accomplished by increasing the minimum salary. A beginning  
3 salary which is competitive with salaries paid to other  
4 professionals will provide incentive for top quality  
5 individuals to enter the teaching profession.

6 Sec. 5. NEW SECTION. 294A.5 MINIMUM SALARY SUPPLEMENT.

7 For the school year beginning July 1, 1987 and succeeding  
8 school years, the minimum annual salary paid to a full-time  
9 teacher as regular compensation shall be eighteen thousand  
10 dollars.

11 For the school year beginning July 1, 1987 for phase I,  
12 each school district and area education agency shall certify  
13 to the department of education the names of all teachers  
14 employed by the district or area education agency whose  
15 regular compensation is less than eighteen thousand dollars  
16 per year and the amounts needed as minimum salary supplements.  
17 The minimum salary supplement for each eligible teacher is the  
18 total of the difference between eighteen thousand dollars and  
19 the teacher's regular compensation plus the amount required to  
20 pay the employer's share of the federal social security and  
21 Iowa public employees' retirement system payments on the  
22 additional salary moneys.

23 The board of directors shall report the salaries of  
24 teachers employed on less than a full-time equivalent basis,  
25 and the amount of minimum salary supplement shall be prorated.

26 Sec. 6. NEW SECTION. 294A.6 PAYMENTS.

27 For the school year beginning July 1, 1987, the department  
28 of education shall notify the department of revenue and  
29 finance of the total minimum salary supplement to be paid to  
30 each school district and area education agency under phase I.  
31 The amount of the total minimum salary supplement paid to a  
32 school district or area education agency for the school year  
33 beginning July 1, 1987 shall be paid to that school district  
34 or area education agency in succeeding school years from  
35 moneys appropriated in section 294A.3 and shall be used to

1 increase teacher salaries. The department of revenue and  
2 finance shall pay the total minimum salary supplement moneys  
3 from moneys appropriated for that purpose in the educational  
4 excellence fund.

5 If the moneys appropriated for phase I in section 294A.3,  
6 subsection 1, are either insufficient or moneys remain after  
7 payments are made for a fiscal year, moneys shall be  
8 transferred from or added to the moneys appropriated for phase  
9 III.

10 DIVISION III

11 PHASE II

12 Sec. 7. NEW SECTION. 294A.7 GOAL.

13 The goal of phase II is to keep Iowa's best educators in  
14 the profession and assist in their development by providing  
15 general salary increases.

16 Sec. 8. NEW SECTION. 294A.8 PHASE II PROGRAM.

17 Phase II is established to improve the salaries of  
18 teachers. Annually beginning July 1, 1987, the department of  
19 education shall allocate to each school district for the  
20 purpose of implementing phase II an amount equal to seventy-  
21 five dollars and ninety-three cents multiplied by the  
22 district's certified enrollment. Annually beginning July 1,  
23 1987, the department of education shall allocate to each area  
24 education agency for the purpose of implementing phase II an  
25 amount equal to three dollars and ninety-one cents multiplied  
26 by the certified enrollment in the area education agency. The  
27 department of education shall certify the amounts of the  
28 allocations to the department of revenue and finance and the  
29 department of revenue and finance shall make the payments to  
30 school districts and area education agencies.

31 If a school district uses teachers under a contract with an  
32 area education agency, the school district shall transmit to  
33 the employing area education agency a portion of its phase II  
34 allocation based upon the portion of the certified enrollment  
35 taught by the teacher.

1 If the school district or area education agency is  
2 organized under chapter 20 for collective bargaining purposes,  
3 the board of directors and certified bargaining representative  
4 for the certificated employees shall mutually agree upon a  
5 formula for distributing the phase II allocation among the  
6 teachers. For the school year beginning July 1, 1987 only,  
7 the parties shall follow the procedures specified in chapter  
8 20 except that if the parties reach an impasse, neither  
9 impasse procedures agreed to by the parties nor sections 20.20  
10 through 20.22 shall apply and the phase II allocation shall be  
11 divided as provided in section 294A.9. Negotiations under  
12 this section are subject to the scope of negotiations  
13 specified in section 20.9. If a board of directors and  
14 certified bargaining representative for certificated employees  
15 have not reached mutual agreement by June 15, 1987 for the  
16 distribution of the phase II payment, section 294A.9 will  
17 apply.

18 If the school district or area education agency is not  
19 organized for collective bargaining purposes, the board of  
20 directors shall determine the method of distribution.

21 Sec. 9. NEW SECTION. 294A.9 FAILURE TO AGREE ON  
22 DISTRIBUTION.

23 For the school year beginning July 1, 1987 only, if the  
24 board of directors and certified bargaining representative for  
25 the certificated employees have not reached agreement under  
26 section 294A.8, the board of directors shall divide the  
27 payment among the teachers employed by the district or area  
28 education agency as follows:

29 1. All full-time teachers whose regular compensation is  
30 equal to or more than eighteen thousand dollars per year will  
31 receive an equal amount from the phase II allocation.

32 2. A teacher who will receive a minimum salary supplement  
33 under section 294A.5 will receive moneys equal to the  
34 difference between the amount from the phase II allocation and  
35 the minimum salary supplement paid to that teacher.

1 3. The amount from the phase II allocation will be  
2 prorated for a teacher employed on less than a full-time  
3 basis.

4 4. An amount from the phase II allocation includes the  
5 amount required to pay the employers' share of the federal  
6 social security and Iowa public employees' retirement system  
7 payments on the additional salary.

8 Sec. 10. NEW SECTION. 294A.10 REPORTS.

9 By August 15, 1987, each school district and area education  
10 agency shall file a report with the department of education,  
11 on forms provided by the department of education, specifying  
12 the method used to distribute the phase II allocation.

13 Reports filed by area education agencies shall include a  
14 description of the method used to distribute phase II  
15 allocations to teachers employed by the area education agency  
16 working under contract in a school district.

17 DIVISION IV

18 PHASE III

19 Sec. 11. NEW SECTION. 294A.11 GOAL.

20 The goal of phase III is to enhance the quality,  
21 effectiveness, and performance of Iowa's teachers by promoting  
22 teacher excellence. This will be accomplished through the  
23 development of performance-based pay plans and supplemental  
24 pay for additional instructional work assignments which may  
25 include specialized training or differential training, or  
26 both.

27 Sec. 12. NEW SECTION. 294A.12 PHASE III PROGRAM.

28 For the school year beginning July 1, 1987 and succeeding  
29 school years, each school district in the state is eligible to  
30 receive moneys for the implementation of a performance-based  
31 pay plan under phase III. Annually, the payments for an  
32 approved plan for a school district are equal to the product  
33 of a district's certified enrollment and one hundred three  
34 dollars and sixty-nine cents. However, the department of  
35 education may adjust the per pupil amount for determining

1 payments for an approved phase III plan when the moneys  
2 available for phase III are either more or less than the  
3 moneys appropriated for phase III in section 294A.3 because of  
4 transfers of appropriated moneys under section 294A.6 or  
5 section 294A.8.

6 A plan shall be developed using the procedure specified  
7 under section 294A.13. The plan shall provide for the  
8 establishment of a performance-based pay plan, a supplemental  
9 pay plan, or a combination of the two pay plans and shall  
10 include a budget for the cost of implementing the plan. In  
11 addition to the costs of providing additional salary for  
12 teachers and the amount required to pay the employers' share  
13 of the federal social security and Iowa public employees'  
14 retirement system payments on the additional salary, the  
15 budget may include costs associated with providing specialized  
16 or general training. Moneys received under phase III shall  
17 not be used to employ additional employees of a school  
18 district. However, all teachers employed are eligible to  
19 receive additional salary under an approved plan.

20 For the purpose of this section, a performance-based pay  
21 plan shall provide for salary increases for teachers who  
22 demonstrate superior performance in completing assigned  
23 duties. The plan shall include the method used to determine  
24 superior performance of a teacher which may include  
25 assessments of specific teaching behavior, assessments of  
26 student performance, assessments of other characteristics  
27 associated with effective teaching, or a combination of these  
28 criteria.

29 A performance-based pay plan may provide for additional  
30 salary for individual teachers or for additional salary for  
31 all teachers assigned to an attendance center. If the plan  
32 provides additional salary for all teachers assigned to an  
33 attendance center, the receipt of additional salary by those  
34 teachers shall be determined on the basis of whether that  
35 attendance center meets specific objectives adopted for that

1 attendance center. The objectives may include, but are not  
2 limited to, decreasing the dropout rate, increasing the  
3 attendance rate, or accelerating the achievement growth of  
4 students enrolled in that attendance center.

5 If a performance-based pay plan provides additional salary  
6 for individual teachers:

7 1. The plan may provide for salary moneys in addition to  
8 the existing salary schedule of the school district and may  
9 require the participation by the teacher in specialized  
10 training requirements.

11 2. The plan may provide for salary moneys by replacing the  
12 existing salary schedule or as an option to the existing  
13 salary schedule and may include specialized training  
14 requirements, general training requirements, and experience  
15 requirements.

16 For the purpose of this section, a supplemental pay plan  
17 shall provide for the payment of additional salary to teachers  
18 who participate during a school year in either additional  
19 instructional work assignments or specialized training.

20 Sec. 13. NEW SECTION. 294A.13 DEVELOPMENT OF PLAN.

21 The board of directors of a school district desiring to  
22 receive moneys under phase III shall appoint a committee  
23 consisting of representatives of school administrators,  
24 teachers, parents, students, and other individuals interested  
25 in the public schools of the school district to develop a  
26 proposal. If the school district is organized under chapter  
27 20 for collective bargaining purposes, the board shall provide  
28 that one of the teacher members of the committee is an  
29 individual selected by the certified bargaining representative  
30 for certificated employees of the district. The proposal  
31 developed by the committee shall be submitted to the board of  
32 directors of the school district prior to its submission to  
33 the department of education. For the school year beginning  
34 July 1, 1987, if the school district is organized for  
35 collective bargaining purposes under chapter 20, the portions

1 of the proposed plan that are within the scope of negotiations  
2 specified in section 20.9 require the mutual agreement by  
3 January 1, 1988 of both the board of directors of the school  
4 district and the certified bargaining representative for the  
5 certificated employees. In succeeding years, if the school  
6 district is organized for collective bargaining purposes, the  
7 portions of the proposed plan that are within the scope of the  
8 negotiations specified in section 20.9 are subject to chapter  
9 20.

10 Nothing in this chapter shall be construed to expand or  
11 restrict the scope of negotiations in section 20.9.

12 Sec. 14. NEW SECTION. 294A.14 SUBMISSION OF PLAN.

13 A plan shall be submitted by the board of directors of a  
14 school district to the department of education not later than  
15 July 1 of a school year for that school year. Amendments to  
16 multiple year plans may be submitted annually.

17 The department of education shall review each plan and  
18 notify the department of management of the names of school  
19 districts with approved plans.

20 However, for the school year beginning July 1, 1987, a  
21 board of directors may submit a proposed plan not later than  
22 January 1, 1988, and the department of education shall notify  
23 the department of revenue and finance not later than February  
24 1, 1988.

25 Moneys allocated to a school district for the school year  
26 beginning July 1, 1987 for an approved plan for phase III that  
27 are not expended for that school year shall not revert to the  
28 general fund of the state but may be expended by that school  
29 district during the school year beginning July 1, 1988. For  
30 school years thereafter, moneys allocated to a school district  
31 for an approved phase III plan for a school year but not  
32 expended during that school year shall revert to the general  
33 fund of the state.

34 Sec. 15. NEW SECTION. 294A.15 REPORT.

35 Each school district receiving moneys for phase III during

1 a school year shall file a report with the department of  
2 education by July 1 of the next following school year. The  
3 report shall describe the plan, its implementation, and the  
4 expenditures made under the plan including the salary  
5 increases paid to each eligible employee. The report may  
6 include any proposed amendments to the plan for the next  
7 following school year.

8 Sec. 16. NEW SECTION. 294A.16 REVERSION OF MONEYS.

9 Any portion of moneys appropriated to the educational  
10 excellence trust fund for phase III for a fiscal year not  
11 expended by school districts during that fiscal year revert to  
12 the general fund of the state as provided in section 8.33.

13 DIVISION V

14 GENERAL PROVISIONS

15 Sec. 17. NEW SECTION. 294A.17 RULES.

16 The state board of education shall adopt rules under  
17 chapter 17A for the administration of this chapter.

18 Sec. 18. NEW SECTION. 294A.18 PAYMENTS.

19 Payments for each phase of the educational excellence  
20 program shall be made by the department of revenue and finance  
21 on a quarterly basis and may be made in conjunction with state  
22 aid payments under section 442.26. The payments to a school  
23 district or area education agency may be combined and a  
24 separate accounting of the amount paid for each program shall  
25 be included.

26 Any payments made to school districts or area education  
27 agencies under this chapter are miscellaneous income for  
28 purposes of chapter 442.

29 Sec. 19. NEW SECTION. 294A.19 MULTIPLE SALARY PAYMENTS.

30 The salary increases that may be granted to a teacher under  
31 phase III are in addition to any salary increases granted to a  
32 teacher under phase I or phase II.

33 DIVISION VI

34 APPROPRIATIONS

35 Sec. 20. APPROPRIATION TO THE DEPARTMENT OF EDUCATION.

1 There is appropriated from the general fund of the state to  
2 the department of education for the fiscal year beginning July  
3 1, 1987 and ending June 30, 1988, the sum of nine hundred  
4 thousand (900,000) dollars, or so much thereof as may be  
5 necessary, to be used for the following purposes:

6 1. For the administration  
7 of the educational excellence program  
8 established in chapter 294A ..... \$ 250,000

9 2. To be distributed to  
10 school districts for pilot projects  
11 to deliver additional foreign  
12 language courses in school districts ..... \$ 500,000

13 Moneys appropriated by this subsection shall only be  
14 distributed to school districts not now offering these foreign  
15 language courses and may provide for the use of new  
16 communications technologies.

17 3. For contracting with the  
18 state board of regents to provide a  
19 three week summer residence program for  
20 gifted and talented students ..... \$ 150,000

21 The summer institute shall be conducted at an institution of  
22 higher education under the state board of regents. The  
23 department of education shall determine eligibility  
24 requirements for gifted and talented students.

25 Sec. 21. TAX ANTICIPATION NOTES APPROPRIATION. There is  
26 appropriated from the general fund of the state to the  
27 treasurer of state for the fiscal year beginning July 1, 1987  
28 and ending June 30, 1988, the sum of three million (3,000,000)  
29 dollars, or so much thereof as may be necessary, to be used  
30 for costs associated with the issuance of tax anticipation  
31 notes under section 12.36 deemed necessary to ensure that the  
32 appropriations made in section 442.26 are paid to school  
33 districts and area education agencies on the dates provided in  
34 that section.

35 Sec. 22. Sections 1 through 19 being deemed of immediate

1 importance take effect upon enactment.

2 EXPLANATION

3 This bill establishes an educational excellence program in  
 4 three phases. It creates an educational excellence trust  
 5 fund, and a total of \$100,000,000 is appropriated to it  
 6 beginning July 1, 1987. The first phase increases minimum  
 7 teacher salaries to \$18,000 per year. The second phase  
 8 provides additional moneys to school districts and area  
 9 education agencies based upon their certified enrollments to  
 10 increase the salaries of experienced teachers. The third  
 11 phase provides \$50,000,000 to school districts that submit  
 12 plans to the department of education and receive approval to  
 13 implement a performance pay plan or supplemental pay plan.  
 14 These provisions take effect upon their enactment.

15 The bill also provides appropriations to the department of  
 16 education to administer the educational excellence program, to  
 17 administer a summer residence program for gifted and talented  
 18 students, and for pilot projects for additional foreign  
 19 language courses. It appropriates money for the costs of  
 20 issuing tax anticipatory notes to assure that school aid  
 21 payments will be made on a timely basis.

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