

**Pay for Performance Commission
Final Report
Study of Pay-for-Performance Systems and
Recommendations for Pilot Implementation
January 2007**

Background

The Pay for Performance (PFP) Commission was created through a combination of Code requirements enacted by [House File 2792](#) (2006) and [Executive Order 48](#). The PFP Commission was “established to design and implement a pay-for-performance program and provide a study relating to teacher and staff compensation containing a pay-for-performance component.” The Pay for Performance Commission contracted with the Institute for Tomorrow’s Workforce (ITW) for the development of the study of possible pay-for-performance systems as required by HF 2792. The ITW, in turn, contracted with Learning Point Associates (LPA) for the development of the study and recommendations. The ITW submitted its recommendations for consideration by the PFP Commission on January 2, 2007. This research and suggested model informed the deliberations of the PFP Commission and is included an addendum to this final report. Interested parties can access the LPA/ITW recommendations at http://www.tomorrowworkforce.org/documents/1867_PFP_Commission_Report.pdf.

Members of the PFP Commission are appointed by the Governor. Current membership includes Steve Waterman, Chair, retired superintendent; Jan Reinicke, Vice-chair, Executive Director, Iowa State Education Association; Dr. Robert Koob, retired president, University of Northern Iowa, and co-chair of the ITW; Mike Haluska, superintendent, Jefferson-Scranton CSD; and Judy Jeffrey, Director, Iowa Department of Education. Information regarding the PFP Commission can be accessed at http://www.dom.state.ia.us/pfp_commission/index.html.

The PFP Commission was required by HF 2792 to submit its study of teacher and staff compensation to the legislature by January 2007. This final report is divided into two sections. The first addresses recommendations on the implementation of a school district pay-for-performance pilot process. The second addresses legislative concerns and recommends necessary Code corrections to ensure the proper implementation of the pilot process described in the first section.

Recommendations - Pay for Performance Pilot Process

The report submitted by ITW/LPA to the PFP Commission did not contain implementation strategies for the various models of career ladders and teacher compensation included in existing Iowa Code and recommended in the ITW/LPA recommendations. Consequently, the PFP Commission recommends the following:

Recommendation 1: The Pay for Performance Commission, in collaboration with the Iowa Department of Education, should continue to construct and implement a process by which Iowa school districts can experiment with the implementation of various enhanced models of teacher compensation, including models aligned to Iowa's existing career ladder contained in Iowa Code 284 and the model contained in the recommendations submitted by the Institute for Tomorrow's Workforce.

Additional specifications for the implementation of this pilot grant process include the following:

- a. The Commission ensuring that enough flexibility exists within the pilot process structure to allow for the implementation of multiple models.
- b. Any successful applicant to this process must include an agreement between the school district and exclusive bargaining agent that indicates the local support of the pilot by both parties. This agreement should include an indication of successful labor/management relations and a willingness to re-allocate district resources to support the pilot project.
- c. Any proposal must account for and integrate the existing components of Iowa's Student Achievement and Teacher Quality Program.
- d. The pilot projects may be implemented at the district or individual school building levels per the local plan.
- e. Successful proposals must include a transition plan for moving from the current local salary schedule to the enhanced salary schedule included in the grant proposal.
- f. Components of any approved plan may be from the models suggested by ITW/LPA, existing Teacher Quality legislation, or other alternative compensation strategy as long as it meets the following parameters:
 1. It raises teacher salaries from current levels for beginning, career, and advanced levels of teaching.
 2. The goals of the pay plan align with the goals included in the district's Comprehensive School Improvement Plan.
 3. There is a statement of desired and measurable outcomes.
 4. Any "pay for progress" provision in the plan uses multiple measures for tracking student achievement.
 5. The proposal includes a definition of roles and responsibilities includes for an enhanced salary.
 6. There is a plan for evaluating the effectiveness of any proposal being implemented. The Commission will ensure accountability for the quality of implementation of the pilot projects and assessment of the attainment of the expressed outcomes.
- g. Pilot planning grants shall be a maximum of one year in length. Pilot implementation grants shall exist for a minimum of two years prior to any summative evaluation. Districts must have achieved the desired outcomes of the planning grant in order to be eligible for application for an implementation grant.

Obtaining approval on a planning grant does not guarantee the granting of an implementation project. (See recommendations included in the next section.)

Recommendations – Current and Future Legislative Action

The Commission reviewed the legislation authorizing the pilot projects. The implementation of the above recommendations requires some adjustments to existing Iowa Code. Specific proposed Code adjustment language can be found in Appendix A.

Recommendation 2: The legislature should make a series of adjustments to existing law to ensure proper implementation of this pilot project. The Commission believes that unless these Code corrections are made, the pilot process should not be implemented.

Additional specifications for the adjustment of existing statute include the following:

- a. Strike the mandate for the percentage of funds to be used for individual teacher pay based on student achievement data. The Commission believes the data currently available in the system make any pay for performance system based solely on student achievement data unusable for this purpose for the majority of teachers.
- b. Modify the existing statute to allow for planning grants for the 07-08 year that lead to implementation grants during 08-09 and 09-10. It is clear in the ITW recommendation that plans must be negotiated. A sense of ownership of the plan is critical if a plan is to be successfully implemented. This takes time.
- c. The statute should be revised to align better with existing related statute on teacher quality and accountability measures.
- d. The number of pilot projects approved must be flexible to allow for a quality projects. A fixed number is arbitrary and may not be possible given the varying size of school districts and the amount of funding available.
- e. No state plan should be mandated prior to completion and full evaluation of the pilot projects.
- f. Legislative intent must be expressed to sustain successfully implemented plans once the pilot projects are completed. Lack of long-term legislative and fiscal support for this plan will only serve to further erode the morale and trust of teachers in the field related to policy-makers.

Recommendation 3: Within the existing funding allocated for these pilot projects, funding must be set aside for the Department of Education to properly administer this pilot program and for an independent external evaluation of the pilot projects.

The Pay for Performance Commission remains committed to the implementation of these pilots, but believes this implementation should be done in a way that builds on past and current efforts in this area and values the contributions of all stakeholders. Iowans want a high quality education system and believe they have one. The Commission believes we can collectively continue to raise the expectations for teachers

and students in the state through a thoughtful and deliberate series of enhancements to the current system.

The Commission thanks the legislature and Governor Vilsack for creating the opportunity for innovation this process presents. Additionally, the Commission thanks Learning Point Associates and the Institute for Tomorrow's Workforce for the effort behind the development of the study on this issue.

Appendix A: Recommended changes to Iowa Code prior to implementation of Pay for Performance Pilots

Section 284.13, subsection 1, Code 2007, is amended to read as follows:

1. For each fiscal year in which moneys are appropriated by the general assembly for purposes of the student achievement and teacher quality program, the moneys shall be allocated as follows in the following priority order:...

... g. For purposes of the pay-for-performance program established pursuant to section 284.14, the following amounts are allocated to the department of management for the following fiscal years:

(1) For the fiscal year beginning July 1, 2006, and ending June 30, 2007, the sum of one million dollars. Of the amount allocated under this subparagraph, an amount equal to one hundred fifty thousand dollars shall be distributed to the institute for tomorrow's workforce created pursuant to section 7K.1 for the activities of the institute.

(2) For the fiscal year beginning July 1, 2007, and ending June 30, 2008, the sum of two million five hundred thousand dollars. From the amount appropriated in this paragraph, ten thousand dollars for Commission expenses, one hundred thousand dollars to the Department of Education for oversight and administration of the pilot program, and two hundred thousand dollars for the employment of an external evaluator.

(3) For the fiscal year beginning July 1, 2008, and ending June 30, 2009, the sum of five million dollars. From the amount appropriated in this paragraph, ten thousand dollars for Commission expenses, one hundred thousand dollars to the Department of Education for oversight and administration of the pilot program, and two hundred thousand dollars for the employment of an external evaluator.

(4) Notwithstanding section 8.33, any moneys remaining unencumbered or unobligated from the moneys allocated for purposes of paragraph "1", "2", and "3" shall not revert but shall remain available in the succeeding fiscal year for expenditure for the purposes designated. The provisions of section 8.39 shall not apply to the funds appropriated pursuant to this subsection.

Section 284.14, Code 2007, is amended to read as follows:

284.14 PAY FOR PERFORMANCE COMMISSION

The intent of this section is to create a process by which select Iowa school districts research, develop, and implement projects designed to capture promising practice related to enhanced teacher compensation career ladders and performance pay models. If successful pilots processes are developed and implemented by local districts, sustained long-term funding of these successful pilots must be established.

1. COMMISSION.

a. A pay-for-performance commission is established to design and implement a pay-for-performance program and provide a study relating to teacher and staff compensation containing a pay-for-performance component. The study shall measure the cost and effectiveness in raising student achievement of a compensation system that provides financial incentives based on student performance. The commission is part of the executive branch of government.

2. DEVELOPMENT OF PROGRAM. Beginning July 1, 2006, the commission shall gather sufficient information to identify a pay-for-performance program based upon student achievement gains and global content standards where student achievement gains cannot be easily measured. The commission shall review pay-for-performance programs in both the public and private sector. ~~Based on this information, the commission shall design a program utilizing both individual and group incentive components. At least half of any available funding identified by the commission shall be designated for individual incentives.~~

a. Commencing with the school year beginning July 1, 2007, the commission shall initiate demonstration planning projects, in selected kindergarten through grade twelve schools, to test the effectiveness of the pay-for-performance program. The purpose of the demonstration planning projects is to identify the strengths and weaknesses of the various pay-for-performance program designs including the career ladder components currently existing within the Student Achievement and Teacher Quality program, evaluate cost effectiveness, analyze student achievement gains needs, select formative and summative student achievement measures that align to identify needs, consider necessary supports related to the student achievement goals included in the district's Comprehensive School Improvement Plan, test assessments needs, identify mechanisms to account for existing teacher contract provisions within the proposed career ladder salary increments, allow thorough review of data, and make necessary adjustments before the possible implementation of the a pay-for-performance program statewide.

b. The commission shall select up to ten school districts as demonstration planning projects, with one or more selected grants including a regional approach. ~~To the extent practicable, participants shall represent geographically distinct rural, urban, and suburban areas of the state.~~ Participants shall provide reports or other information as required by the commission.

c. Commencing with the school year beginning July 1, 2008, the commission shall select ~~twenty additional~~ up to twenty school districts as demonstration planning or implementation projects.

3. REPORTS AND FINAL STUDY. Based on the information generated by the demonstration planning or implementation projects, the commission shall prepare an interim report by January 15, 2007, followed by interim progress reports annually, followed by a final study report analyzing the effectiveness of pay-for-performance in raising student achievement levels. The final study report shall be completed no later than six months after the completion of the demonstration implementation projects. The commission shall provide copies of the final study report to the department of education and to the chairpersons and ranking members of the senate and house standing committees on education.

~~4. STATEWIDE IMPLEMENTATION == REMEDIATION. The general assembly shall consider implementing the pay-for-performance program statewide for the 2009-2010 school year, notwithstanding the provisions of chapters 20 and 279 to the contrary.~~

~~a. The commission, in consultation with the department of education, shall develop a system which will provide for valid, reliable tracking and measuring of enhanced student achievement under the pay-for-performance program.~~

~~—b. The commission shall develop a pay=for=performance pay plan for teacher compensation. The plan shall establish salary adjustments which vary directly with the enhancement of student achievement. The plan shall include teacher performance standards which identify the following five levels of teacher performance with standards to measure each level:~~

- ~~—(1) Superior performance.~~
- ~~—(2) Exceeds expectations.~~
- ~~—(3) Satisfactory.~~
- ~~—(4) Emerging.~~
- ~~—(5) In need of remediation.~~

54. IOWA EXCELLENCE FUND. An Iowa excellence fund is created within the office of the treasurer of state, to be administered by the commission. Notwithstanding section 8.33 moneys in the fund that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain in the fund. The commission may provide grants from this fund, according to criteria developed by the commission, for implementation of the pay-for-performance program.