

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 609
OFFERED BY MR. PRICE OF GEORGIA**

In title II of the Amendment, after section 203, insert the following new section (and amend the table of contents and redesignate succeeding sections accordingly):

1 SECTION 204. TEACHER INCENTIVE FUND PROGRAM.

2 Title II of the Higher Education Act of 1965 (20
3 U.S.C. 1021 et seq.), as amended by section 203 of this
4 Act, is further amended by adding at the end the fol-
5 lowing:

6 “PART D—TEACHER INCENTIVE FUND PROGRAM

7 “SEC. 241. PURPOSE; DEFINITIONS.

8 “(a) PURPOSE.—The purpose of this part is to assist
9 States, local educational agencies, and non-profit or for-
10 profit organizations to develop and implement, or expand,
11 innovative compensation systems to provide financial re-
12 wards for teachers and principals who raise student aca-
13 demic achievement and close the achievement gap, espe-
14 cially in the highest-need local educational agencies.

15 “(b) DEFINITIONS.—For purposes of this part:



1 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
2 tity’ means—

3 “(A) a local educational agency, including
4 a charter school that is a local educational
5 agency;

6 “(B) a State educational agency, or other
7 State agency designated by the chief executive
8 of the State; or

9 “(C) a partnership of—

10 “(i) one or more agencies described in
11 subparagraph (A) or (B), or both; and

12 “(ii) at least one non-profit or for-
13 profit organization.

14 “(2) HIGH-NEED LOCAL EDUCATIONAL AGEN-
15 CY.—The term ‘high-need local educational agency’
16 has the meaning given that term in section 201.

17 **“SEC. 242. TEACHER INCENTIVE FUND GRANTS.**

18 “(a) PROGRAM AUTHORIZED.—

19 “(1) IN GENERAL.—From the amounts appro-
20 priated to carry out this part, the Secretary is au-
21 thorized to award competitive grants of up to 5
22 years in length to eligible entities to develop and im-
23 plement, or expand, a comprehensive performance-
24 based compensation system for teachers and prin-
25 cipals for one or more local educational agencies.



1 “(2) COMPREHENSIVE PERFORMANCE-BASED
2 COMPENSATION SYSTEMS.—A comprehensive per-
3 formance-based compensation system developed and
4 implemented, or expanded with funds under this
5 part—

6 “(A) shall differentiate levels of compensa-
7 tion primarily on the basis of increases in stu-
8 dent academic achievement; and

9 “(B) may—

10 “(i) differentiate levels of compensa-
11 tion on the basis of high-quality teachers’
12 and principals’ employment and success in
13 hard-to-staff schools or high-need subject
14 areas; and

15 “(ii) recognize teachers’ and prin-
16 cipals’ skills and knowledge as dem-
17 onstrated through—

18 “(I) successful fulfillment of ad-
19 ditional responsibilities or job func-
20 tions; and

21 “(II) evidence of high achieve-
22 ment and mastery of content knowl-
23 edge and teaching skills.

24 “(b) USE OF FUNDS.—A grantee shall use grant
25 funds provided under this part only to design and imple-



1 ment, or expand, in collaboration with teachers, principals,
2 other school administrators, and members of the public,
3 a compensation system consistent with the requirements
4 of this part. Authorized activities under this part may in-
5 clude the following:

6 “(1) Developing appraisal systems that reflect
7 clear and fair measures of student academic achieve-
8 ment.

9 “(2) Conducting outreach within the local edu-
10 cational agency (or agencies) or the State to gain
11 input on how to construct the appraisal system and
12 to develop support for it.

13 “(3) Paying, as part of a comprehensive per-
14 formance-based compensation system, bonuses and
15 increased salaries to teachers and principals who
16 raise student academic achievement, so long as the
17 grantee uses an increasing share of non-Federal
18 funds to pay these monetary rewards each year of
19 the grant.

20 “(4) Paying, as part of a comprehensive per-
21 formance-based compensation system, additional bo-
22 nuses to teachers who both raise student academic
23 achievement and either teach in high-poverty schools
24 or teach subjects that are difficult to staff, or both,
25 so long as the grantee uses an increasing share of



1 non-Federal funds to pay these monetary rewards
2 each year of the grant.

3 “(5) Paying, as part of a comprehensive per-
4 formance-based compensation system, additional bo-
5 nuses to principals who both raise student academic
6 achievement and serve in high-poverty schools, so
7 long as the grantee uses an increasing share of non-
8 Federal funds to pay these monetary rewards each
9 year of the grant.

10 “(c) APPLICATIONS.—To be eligible to receive a grant
11 under this part, an eligible entity shall submit an applica-
12 tion that includes—

13 “(1) a description of the local educational agen-
14 cy or local educational agencies to be served by the
15 project, including such demographic information as
16 the Secretary may request;

17 “(2) information on student academic achieve-
18 ment and the quality of the teachers and principals
19 in the local educational agency or agencies to be
20 served by the project;

21 “(3) a description of the performance-based
22 teacher and principal compensation system that the
23 applicant proposes to develop and implement or ex-
24 pand;



1 “(4) a description of how the applicant will use
2 grant funds under this part in each year of the
3 grant;

4 “(5) an explanation of how the applicant will
5 meet the requirement in subsection (b)(3) and how
6 the grantee will continue its performance-based com-
7 pensation system after the grant ends;

8 “(6) a description of the support and commit-
9 ment from teachers, the community or local edu-
10 cational agency or agencies for the development and
11 implementation, or expansion, of a performance-
12 based teacher and principal compensation system;

13 “(7) a description of how teacher, principal and
14 student performance will be measured and the base-
15 line measurement units; and

16 “(8) a description, if applicable, of how the ap-
17 plicant will define the term ‘high-quality’ for the
18 purposes of subsection (a)(2)(B)(i) of this part,
19 through the use of measurable indicators, such as ef-
20 fectiveness in raising student academic achievement,
21 or demonstrated mastery of subject matter knowl-
22 edge.

23 “(d) PRIORITY.—The Secretary shall give priority to
24 applications for projects that would establish comprehen-



1 sive performance-based compensation systems in high-
2 need local educational agencies.

3 **“SEC. 243. EVALUATIONS.**

4 “The Secretary shall conduct an independent evalua-
5 tion of the program under this part and may use up to
6 1 percent of the funds made available under this part or
7 \$1,000,000, whichever is less, for any fiscal year for the
8 cost of the evaluation.

9 **“SEC. 244. AUTHORIZATION OF APPROPRIATIONS.**

10 “There are authorized to be appropriated to carry out
11 this part \$100,000,000 for fiscal year 2006 and such sums
12 as may be necessary for each of the 4 succeeding fiscal
13 years.”.

