

Representative Jack R. Draxler proposes the following substitute bill:

PUBLIC EDUCATION INCREASED FUNDING PROGRAM

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jack R. Draxler

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends income tax provisions and provides for public school funding.

Highlighted Provisions:

This bill:

- ▶ increases the income tax rate imposed on an individual's state taxable income from 5% to 5.5%;
- ▶ creates the Income Tax Growth Account within the Education Fund;
- ▶ requires the increased collections from the state's income tax to be deposited into the Income Tax Growth Account;
- ▶ subject to legislative appropriation, requires the State Board of Education to distribute money from the Income Tax Growth Account to local education agencies (LEAs) through the Pay for Performance Incentive Pay Program, the Digital Teaching and Learning Technology Program, and to fund salary increases for educators under an existing educator salary adjustment program;
- ▶ creates the Pay for Performance Incentive Pay Program;
- ▶ requires an LEA to develop a pay for performance incentive payment plan to distribute incentive payments to outstanding classroom teachers within the LEA and submit the plan to the State Board of Education for approval;



- 26 ▶ creates the Digital Teaching and Learning Technology Program;
- 27 ▶ provides that an LEA may use money received from the Digital Teaching and
- 28 Learning Technology Program for certain purposes;
- 29 ▶ defines terms; and
- 30 ▶ makes technical changes.

31 **Money Appropriated in this Bill:**

32 None

33 **Other Special Clauses:**

34 This bill provides a special effective date.

35 **Utah Code Sections Affected:**

36 AMENDS:

37 **59-10-104**, as last amended by Laws of Utah 2008, Chapter 389

38 ENACTS:

39 **53A-16-201**, Utah Code Annotated 1953

40 **53A-16-202**, Utah Code Annotated 1953

41 **53A-16-203**, Utah Code Annotated 1953

42 **53A-16-204**, Utah Code Annotated 1953

43 **53A-16-205**, Utah Code Annotated 1953

44 **53A-16-206**, Utah Code Annotated 1953

45 **59-10-552**, Utah Code Annotated 1953



47 *Be it enacted by the Legislature of the state of Utah:*

48 Section 1. Section **53A-16-201** is enacted to read:

49 **Part 2. Public Education Increased Funding Program**

50 **53A-16-201. Public Education Increased Funding Program.**

51 This part is known as the "Public Education Increased Funding Program."

52 Section 2. Section **53A-16-202** is enacted to read:

53 **53A-16-202. Definitions.**

54 As used in this part:

55 (1) "Account" means the Income Tax Growth Account created in Section [53A-16-203](#).

56 (2) "Board" means the State Board of Education.

57 (3) "Educator" means an individual who holds or is required to hold a license under
58 Title 53A, Chapter 6, Educator Licensing and Professional Practices Act.

59 (4) "LEA" or "local education agency" means:

60 (a) a school district;

61 (b) a charter school; or

62 (c) the Utah Schools for the Deaf and the Blind.

63 Section 3. Section **53A-16-203** is enacted to read:

64 **53A-16-203. Income Tax Growth Account.**

65 (1) There is created within the Education Fund a restricted account known as the
66 "Income Tax Growth Account."

67 (2) The account consists of amounts deposited into the account in accordance with
68 Section [59-10-552](#).

69 (3) Interest earned on the account shall be deposited into the account.

70 (4) Upon appropriation by the Legislature, the board shall use:

71 (a) 50% of the money from the account to fund the Pay for Performance Incentive Pay
72 Program as provided in Section [53A-16-204](#);

73 (b) 25% of the money from the account to fund the Digital Teaching and Learning
74 Technology Program as provided in Section [53A-16-205](#); and

75 (c) 25% of the money from the account to fund educator salary adjustments as
76 described in Section [53A-17a-153](#).

77 Section 4. Section **53A-16-204** is enacted to read:

78 **53A-16-204. Pay for Performance Incentive Pay Program.**

79 (1) (a) As used in this section, "classroom teacher" means a permanent teacher:

80 (i) who is a licensed educator;

81 (ii) who is paid on the teacher's salary schedule;

82 (iii) who is hired for an entire contract period; and

83 (iv) whose primary function is to provide instructional or a combination of
84 instructional and counseling services to students in public schools.

85 (b) "Classroom teacher" includes a teacher who:

86 (i) job-shares with one or more teachers; and

87 (ii) meets the description of a classroom teacher in Subsection (1)(a).

88 (2) There is created the Pay for Performance Incentive Pay Program to provide
89 incentive payments to outstanding classroom teachers.

90 (3) The board shall distribute money appropriated for the Pay for Performance
91 Incentive Pay Program to an LEA in proportion to the number of full-time-equivalent
92 classroom teacher positions in the LEA as compared to the total number of full-time-equivalent
93 classroom teacher positions in LEAs statewide.

94 (4) (a) To receive an allocation under this section, an LEA shall:

95 (i) submit, prior to July 1, 2016, a written pay for performance incentive payment plan
96 to the board that conforms to guidelines established by the board in rule; and

97 (ii) receive approval of the plan by the board.

98 (b) The LEA shall provide specific information in the LEA's pay for performance
99 incentive payment plan about how the LEA intends to spend its allocation, including:

100 (i) criteria for awarding pay for performance incentive payments to classroom teachers;

101 (ii) the instruments or assessments that may be used to measure or evaluate
102 performance;

103 (iii) the amount of pay for performance incentive payments that may be awarded; and

104 (iv) whether the pay for performance incentive payments will be based on individual,
105 team, or school-based performance, or a combination of those.

106 (c) The board shall send the approved plans to the Executive Appropriations
107 Committee and the Education Interim Committee by September 1, 2016, for review and
108 comment.

109 (5) (a) An LEA that is a charter school shall include an evaluation system as part of the
110 LEA's pay for performance incentive payment plan described in Subsection (4).

111 (b) The charter school's evaluation system described in Subsection (5)(a) shall include
112 the following components:

113 (i) the annual evaluation of all classroom teachers; and

114 (ii) a summative evaluation that differentiates among four levels of performance.

115 (c) A charter school may not award a pay for performance incentive payment to a
116 classroom teacher if the classroom teacher's rating on the most recent evaluation is at the
117 lowest or second lowest level of an evaluation instrument that differentiates among four levels
118 of performance as required in Subsection (5)(b).

119 (6) An LEA that is a school district or the Utah Schools for the Deaf and the Blind:
120 (a) shall align the LEA's pay for performance incentive payment plan described in
121 Subsection (4) with the LEA's annual evaluation system created in accordance with Title 53A,
122 Chapter 8a, Part 4, Educator Evaluations; and
123 (b) may not award a pay for performance incentive payment to a classroom teacher if
124 the classroom teacher's rating on the most recent evaluation is at the lowest or second lowest
125 level of an evaluation instrument that differentiates among four levels of performance as
126 described in Section [53A-8a-405](#).

127 (7) (a) An LEA shall award pay for performance incentive payments to classroom
128 teachers from money distributed under this section beginning with the 2016-17 school year.

129 (b) Pay for performance incentive payment money may only be used in accordance
130 with an LEA's pay for performance incentive payment plan.

131 Section 5. Section **53A-16-205** is enacted to read:

132 **53A-16-205. Digital Teaching and Learning Technology Program.**

133 (1) (a) There is created the Digital Teaching and Learning Technology Program to
134 improve school level outcomes through the use of digital teaching and learning technology and
135 educator professional development.

136 (b) The board shall distribute money appropriated for the Digital Teaching and
137 Learning Technology Program to LEAs as provided in this section.

138 (2) (a) The board shall distribute funding to charter schools for the Digital Teaching
139 and Learning Technology Program in an amount equal to the product of:

140 (i) enrollment on October 1 in the prior year in charter schools statewide, divided by
141 enrollment on October 1 in the prior year in public schools statewide; and

142 (ii) the total amount available for distribution under this section.

143 (b) The amount available for distribution to charter schools shall be allocated among
144 charter schools in proportion to each charter school's enrollment as a percentage of the total
145 enrollment in charter schools.

146 (3) The board shall distribute funding to the Utah Schools for the Deaf and the Blind
147 for the Digital Teaching and Learning Technology Program in an amount equal to the product
148 of:

149 (a) enrollment on October 1 in the prior year at the Utah Schools for the Deaf and the

150 Blind, divided by enrollment on October 1 in the prior year in public schools statewide; and

151 (b) the total amount available for distribution under this section.

152 (4) Of the funds available for distribution under this section after the allocation of
153 funds for the Utah Schools for the Deaf and the Blind and charter schools, the board shall
154 distribute:

155 (a) \$50,000 to each school district; and

156 (b) the remaining amount of the funds after the distribution in Subsection (4)(a) to
157 school districts on a per student basis.

158 (5) Beginning with the 2016-17 school year, an LEA may use money received from the
159 Digital Teaching and Learning Technology Program for the following purposes:

160 (a) wireless network infrastructure or infrastructure related to digital teaching and
161 learning;

162 (b) digital licensed and unlicensed content, resources, and programs;

163 (c) software that provides a digital learning platform;

164 (d) technology support services;

165 (e) consultation services related to digital teaching and learning; and

166 (f) professional learning for educators, administrators, and support staff related to
167 digital teaching and learning.

168 (6) Beginning with the 2017-18 school year, in addition to the purposes described in
169 Subsection (5), an LEA may use the money received from the Digital Teaching and Learning
170 Technology Program for hardware related to digital teaching and learning, including laptop
171 computers or mobile devices.

172 Section 6. Section **53A-16-206** is enacted to read:

173 **53A-16-206. Accountability -- Reporting requirements.**

174 (1) If an LEA uses Pay for Performance Incentive Pay Program money for purposes
175 other than those stated in the LEA's pay for performance incentive payment plan, the LEA shall
176 reimburse the money that was improperly used.

177 (2) If an LEA uses Digital Teaching and Learning Technology Program money for
178 purposes other than those stated in Subsections [53A-16-205](#)(5) and (6), the LEA shall
179 reimburse the money that was improperly used.

180 (3) An LEA that awards pay for performance incentive payments from money

181 distributed under Section 53A-16-204 shall report the following information to the board:

182 (a) the number of educators who received pay for performance incentive payments;

183 (b) the total number of educators;

184 (c) the average pay for performance incentive payments awarded to educators; and

185 (d) the maximum pay for performance incentive payments awarded to an educator.

186 (4) The board shall report the information described in Subsection (3) to the Executive
187 Appropriations Committee by June 30, 2017.

188 (5) The board may make rules as necessary to administer this part, in accordance with
189 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

190 Section 7. Section 59-10-104 is amended to read:

191 **59-10-104. Tax basis -- Tax rate -- Exemption.**

192 (1) [~~For taxable years beginning on or after January 1, 2008, a~~] A tax is imposed on the
193 state taxable income of a resident individual as provided in this section.

194 (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the
195 product of:

196 (a) the resident individual's state taxable income for that taxable year; and

197 (b) [~~5%~~] 5.5%.

198 (3) This section does not apply to a resident individual exempt from taxation under
199 Section 59-10-104.1.

200 Section 8. Section 59-10-552 is enacted to read:

201 **59-10-552. Distribution of certain revenue for education.**

202 (1) For purposes of this section, "increased collections from the state's income tax"
203 means an amount equal to the difference between:

204 (a) the amount of money collected for a taxable year by the state by imposing a 5.5%
205 income tax on the state taxable income of a tax under this chapter; and

206 (b) the amount of money that would have been collected by the state during the same
207 taxable year if the state had imposed a 5% income tax on the state taxable income of a tax
208 under this chapter.

209 (2) Beginning January 1, 2017, the commission shall annually deposit an amount equal
210 to the increased collections from the state's income tax into the Income Tax Growth Account
211 created in Section 53A-2-203.

212 Section 9. **Effective date.**

213 This bill takes effect for a taxable year beginning on or after January 1, 2016.