

702 KAR 3:310. Differentiated compensation.

RELATES TO: KRS 157.075, 157.320, 157.390, 161.1211

STATUTORY AUTHORITY: KRS 157.075(2)(b)

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 157.075(2)(b) requires the Kentucky Board of Education to define the factors that may be included in a local district differentiated compensation plan and procedures for the development and approval of a plan. In addition, KRS 157.075(3)(d) requires the Kentucky Board of Education to establish criteria for the awarding of grants to promote development of local district differentiated compensation plans. KRS 157.075(2)(a) requires that plans have one (1) or more of the following purposes: to recruit and retain teachers in critical shortage areas; to help reduce the number of emergency certified teachers employed in the district; to provide incentives to recruit and retain highly skilled teachers to serve in difficult assignments and hard-to-fill positions; to provide career advancement opportunities for classroom teachers who voluntarily wish to participate; or to reward teachers for increasing their skills, knowledge, and instructional leadership within the district or school. This administrative regulation establishes the factors that may be included in a plan and specifies the maximum size of a grant, the application and selection process, the obligation of the local board of education and the evaluation and data requirements.

Section 1. Factors that May be Included in a Differentiated Compensation Plan. A local board of education may adopt a differentiated compensation plan to accomplish the purposes established in KRS 157.075 to address identified district needs. The plan shall include one (1) or more of the following factors:

- (1) Individual performance;
- (2) Individual skills;
- (3) Knowledge, which may include:
 - (a) A major or minor in the teaching area or an advanced degree in the subject taught;
 - (b) Completion of a district-recognized professional development program;
 - (c) Dual certification; or
 - (d) National Board for Professional Teaching Certification;
- (4) School-based performance;
- (5) Multiple measures of student performance, which may include portfolios of student work;
- (6) Assignment to a specific school or type of school, or to teach a certain subject area, or group of students, or to diversify the staffing of the school; or
- (7) Credit for professional nonteaching experience or military service.

Section 2. Procedures for Development and Approval of a Differentiated Compensation Plan.

- (1) Prior to adopting a proposal to implement a differentiated compensation plan, a local board of education shall establish a planning committee if an employee evaluation component is included and requires any modification to the district's evaluation plan for all employees. The committee shall include at least the following members:
 - (a) The superintendent or a designee;
 - (b) A representative of the local board of education;
 - (c) An instructional supervisor;
 - (d) The district finance officer;
 - (e) A principal;
 - (f) A teacher;
 - (g) A parent; and
 - (h) Other members identified by the local board.

- (2) The planning committee shall develop or review the differentiated compensation proposal and provide feedback to the superintendent.
- (3) Prior to adopting a proposal to implement a differentiated compensation plan, a local board of education shall provide an opportunity for all potentially affected employees to respond in writing or at a public hearing. Written notice to employees that the board plans to consider a differentiated compensation proposal matter shall occur at least thirty (30) days before final action is taken.
- (4) To be approved, a differentiated compensation plan shall address the following criteria:
 - (a) Employee participation in any career advancement initiative shall be voluntary;
 - (b) Each certified employee of a like group who elects to participate in the differentiated compensation plan shall be treated in a similar manner. This may include applicants for a certain type of position, teachers assigned to a certain school or group of schools or certain grade level, or teachers who maintain a certain certificate;
 - (c) Any compensation earned under a differentiated compensation plan shall be in addition to the amount the employee is paid under the district single salary schedule and shall be coded separately in the district's accounting system;
 - (d) Any evaluation of performance to be rewarded shall be measurable and the measurement method shall be valid based on a systematic plan to collect data by the district; and
 - (e) The local board shall annually review the plan and make revisions if necessary.
- (5) Upon adoption of a differentiated compensation plan, the local board shall submit the board minutes and the proposal to the commissioner of education for consideration of approval.

Section 3. Differentiated Compensation Grant Program.

- (1) The purpose of a grant shall be to provide resources to local districts to plan and implement a differentiated compensation plan. These grants may be for up to \$200,000 each fiscal year. The local board of education shall be required to make a substantial financial contribution and have a clear methodology for evaluation of the program. The local district shall advise each program participant in writing of the conditions under which the individual's differentiated compensation may be discontinued. Second year funding shall be contingent upon evaluation, meeting all agreements, timelines, and reporting requirements included in the first year's plan and the availability of funds.
- (2) The Department of Education shall solicit grant proposals through a request for proposals. The proposal shall include the following components:
 - (a) The purpose of the plan, rationale and expected results. The application shall describe how the plan promotes the district's goals and needs and include data to support the need. If the proposal includes a classroom mentor, teaching partner, or professional development leader, a district may also apply for Professional Development Leadership and Mentor Funds as established in KRS 157.390 and 704 KAR 3:500 as part of the proposal if funds are available. In order to qualify for these funds, the proposal shall include a project designed to improve instruction for all students in a school in the focus core area, designate a position eligible for additional compensation up to \$10,000, provide for the individual's professional development, and evaluate the results;
 - (b) The number of students affected and the impact on those students;
 - (c) The number of staff potentially affected;
 - (d) Implementation plan and timeline;
 - (e) A proposed budget and district's capacity to fully implement the plan; and
 - (f) An evaluation of the effectiveness of the plan.

(3) The commissioner of education shall appoint a panel of educators knowledgeable about finance and evaluation to review all applications for funding based on the following criteria:

- (a) Description of the rationale;
- (b) Effectiveness of the model;
- (c) Level of commitment of the local board and the district;
- (d) The district's capacity to fully implement the plan;
- (e) Quality of the plan to evaluate results of the project; and
- (f) Efficiency and effectiveness of the budget.

(4) After consideration of the criteria established in subsection (3) of this section, the purpose of the compensation plan may be considered so as to provide comprehensive information about different types of differentiated compensation plans.

(702 KAR 003:310. 29 Ky.R. 1436; 1840; 2093; eff. 2-3-2003; Crt eff. 11-16-2018; Crt eff. 6-9-2025.)