Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,
SEC. 1. SHORT TITLE.
This Act may be cited as the “Innovation Districts
for School Improvement Act”.
SEC. 2. FINDINGS.
Congress finds the following:
(1) Too many students emerge from secondary
school unprepared for success in college or in the
workforce. It is children of color and children of pov-
erty who suffer most from a failure to provide them
effective teachers and adequate resources.

(2) In urban elementary schools, African-American
and Latino students are several times less likely
than their white peers to be reading at even a basic
level, and children living in poverty are several times
less likely than their peers who are not poor to be
proficient in reading or mathematics.

(3) These deficits continue on into higher levels
of education, so that 6,000,000 middle school and
secondary school students are reading with skills sig-
nificantly below their grade level. Half of all teen-
agers are unable to understand basic mathematics.

(4) In New York City, only 35 percent of Afri-
can-American students and 32 percent of Latino
students graduate from secondary school. In Chi-
cago, of every 100 African-American males, on aver-
age, only 38 graduate from secondary school by age
19, and less than 3 continue their education to earn
a diploma from a 4-year college.

(5) The dropout problem is not limited to cities.
Poor rural communities are also harmed by inad-
eesquate resources and low teacher quality. As a re-
sult, in some States, only 60 percent of white stu-
dents graduate from secondary school; in others,
there is a difference of 40 percentage points in the graduation rates of whites and students of color.

(6) Too many teachers and school leaders are not prepared adequately for their jobs, and too few States and local educational agencies have effective teacher induction or mentoring programs. Less-qualified teachers are concentrated in schools attended by African-American and Latino students, and in high-poverty areas, whether urban or rural.

(7) The effectiveness of teachers has a direct relationship to student academic achievement. Students who performed equally well in mathematics in second grade showed a significant performance gap 3 years later, depending on whether they had been assigned to the most effective or least effective teachers.

(8) Despite the numerous indicators that public schools are not adequately educating students, there are many pockets of innovation and success, where effective teachers work in schools where they support their students, with additional support from community organizations, foundations, and nonprofits. In high-poverty schools using the reforms of the Teacher Advancement Program, the most recent data shows that more that 70 percent of these schools in-
creased the percentage of students achieving at proficient levels or above on standardized tests. In rural schools using the Teacher Advancement Program reforms, nearly two-thirds of schools increased the percentage of students at or above the proficient level.

(9) Lessons from the Teacher Advancement Program and other successes will form the basis for the expansion of successful efforts, used to positively transform education in school districts, and, in so doing, generate additional information on a group of effective practices that can be widely disseminated and applied.

SEC. 3. DEFINITIONS.

In this Act, the terms “Department”, “elementary school”, “institution of higher education”, “local educational agency”, “secondary school”, and “Secretary” have the meanings given such terms in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

SEC. 4. GRANT PROGRAM.

(a) AUTHORIZATION.—

(1) IN GENERAL.—The Secretary shall establish a program to award grants, on a competitive basis, to 10 local educational agencies in urban areas and 10 local educational agencies in non-urban areas
(which shall include a mix of rural and suburban areas), to enable such agencies to create innovation districts to implement systemic reforms in areas of teaching, assessment, school leadership, and administration, including the following:

(A) Implementation of data systems to evaluate student progress, identify and share best practices, and conduct rigorous, data-driven evaluations to determine the effect of reforms on student academic achievement.

(B) Recruitment and retention of highly-effective teachers, and allocation of such teachers into the classrooms of the students who need them most, using incentives, including differential pay to reward high-performing teachers, teachers who choose to work in the most challenging schools within a local educational agency, and teachers with expertise in needed subject areas, such as mathematics, science, and special education, and systems and schedules to support teacher collaboration and mentoring, and career ladders for teachers to work as mentor or master teachers.

(C) Support of teacher academies to recruit talented candidates, develop effective
placement systems, and ensure that trainees receive both effective pre-service training and effective mentoring during induction as they enter the classroom.

(D) Placement of an outstanding principal in every school, including rigorous recruitment, selection, pre-service and in-service training, and placement of school leaders, and efforts to hold principals accountable for student academic achievement while providing the principals with the authority and autonomy needed especially regarding hiring and assigning teachers and staff.

(E) Support for new schools, including charter schools or contract schools, or for networks of public schools within the local educational agency, serving predominantly low-income populations, which are sponsored by universities, education management organizations, or other nonprofit entities. Such new schools shall—

(i) serve as demonstration sites for high-quality kindergarten through grade 12 schooling;
(ii) be the locus for training and support of aspiring, new and veteran teachers and school leaders; and

(iii) be designed to share best practices with other schools served by the local educational agency, and other local educational agencies, State and nationwide.

(2) Fewer Grants.—If the amount appropriated for a fiscal year under subsection (h) is less than the amount authorized to be appropriated for such fiscal year, the Secretary may award fewer than 20 grants under this Act.

(b) Application.—

(1) In General.—A local educational agency that desires to receive a grant under this Act shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary shall require.

(2) Contents.—An application submitted under paragraph (1) shall include how the local educational agency will carry out the activities described in subparagraphs (A) through (E) of subsection (a)(1) and a description of activities the local educational agency will undertake to—
(A) recruit and induct new professional employees into the schools served by the local educational agency, including establishment of residency-based teacher or leadership academies;

(B) provide mentoring and support for teachers who are not meeting standards for teacher effectiveness described in this Act;

(C) use the financial and human resources of the agency to meet the needs of students in a performance-based model focused on student learning;

(D) develop and use data systems and accountability to establish instructional plans to benefit students in schools served by the agency, with regular evaluation of agency-supported programs; and

(E) address how the agency will use funds available under title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) to support the goals of this Act, including having effective teachers equitably placed in every classroom in every school served by the agency, and effective principals in every school served by the agency.
(c) **Mandatory Uses of Funds.**—A local educational agency that receives a grant under this Act shall use the grant funds to carry out each of the following:

(1) **Accountability.**—The local educational agency shall improve accountability as follows:

(A) Work to establish longitudinal data systems that can monitor student progress as the students move from grade to grade, to determine the value-added and effectiveness of specific teachers, schools, and programs within the local educational agency. The data system may be designed and established in cooperation with institutions of higher education, regional educational laboratories (established pursuant to section 174 of the Education Sciences Reform Act of 2002 (20 U.S.C. 9564)), offices in the Department, or other entities with expertise in data acquisition and interpretation. Such a data system shall have the following attributes:

(i) A unique student identifier to track the progress of each individual student served by the local educational agency.
(ii) The ability to track the progress and assessment results of each individual student from year to year.

(iii) Enrollment, demographic, and program participation information for each student.

(iv) A teacher identifier system to match each student to each teacher within the system.

(v) Student-level graduation and dropout data.

(vi) Inclusion of data on risk factors for individual students, including such indicators as non-promotion mobility, interaction with the criminal justice system involving the school, eligibility for a free or reduced price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), and such other factors as may be useful in targeting appropriate services, interventions, and supports for at-risk students.

(B) Devise or employ assessment tests to monitor the progress of all students in grade 1 through grade 12 in all the elementary schools
and secondary schools served by the local educational agency.

(C) Rate the effectiveness of individual teachers, administrators, and schools within the local educational agency, using when feasible, as 1 measure, a value-added system, a statistical method to measure the influence of a teacher or school on the rate of academic progress of students. The local educational agency shall evaluate 1 year’s worth of academic growth for each student using as the reference standard the national norm gain for each grade level, or the statewide or district-wide value-added gain.

(D) Assess the effectiveness of individual teachers, administrators, and schools, using when feasible, as 1 measure, the value-added system described in subparagraph (C), including a measure of progress toward the goal of every student becoming proficient in reading, writing, and mathematics, and a measure of the progress of students through coursework needed to gain the knowledge and skills necessary for eventual entrance into a postsecondary degree or certification program.
(E) Award incentives for effective teaching or school leadership that may be linked to the results of the assessments under subparagraph (D), including a measure of progress toward the goal of every student becoming proficient in reading, writing, and mathematics, and a measure of the progress of students through coursework needed to gain the knowledge and skills necessary for eventual entrance into a postsecondary degree or certification program.

(2) REMOVING OBSTACLES TO INNOVATION.—The local educational agency shall work with local teacher representatives or unions and other community partners to achieve the following:

(A) Equitable distribution of effective teachers to all students within the agency to ensure that poor and minority students are not disproportionately taught by teachers who are—

(i) poorly trained in the subject being taught;

(ii) less likely to have significant teaching experience; and

(iii) less likely to excel in other measures of teacher effectiveness.
(B) Equitable distribution of expenditures to rectify policies and practices that guide teacher pay and have an adverse impact on disadvantaged students and schools. This may include the consideration of teacher salaries and policies of salary averaging in meeting agency-wide goals based on high expectations for student academic achievement.

(C) Modification of staffing procedures and collective bargaining rules to provide greater flexibility for agency and school leaders to establish effective school-level staffing, to fairly balance the distribution of experienced teachers, and to recruit, place, and retain new teachers within schools served by the agency, including the completion of staffing decisions in a timely fashion to provide effective planning for student academic achievement.

(3) TEACHERS.—The local educational agency shall evaluate and reward teacher effectiveness as follows:

(A) TEACHER EFFECTIVENESS.—The local educational agency shall evaluate teacher effectiveness by working with unions and other community stakeholders to establish a metric to de-
termine the effectiveness of teachers, administrators, and schools served by the local educational agency. The metric may be used as the basis for systems of pay, incentives, and placement within the local educational agency. Such a metric may include the following items:

(i) **Student Growth.**—Teachers may be rated for meeting annual objectives that are monitored by evaluating student improvement in value-added assessments. These evaluations may include value-added data averaged for a period of several years.

(ii) **Measuring Teams of Teachers.**—Measures may be used to track the progress and reward teams of teachers (such as a particular grade level or subject area) to encourage teamwork and sharing of best practices, and draw on similar effective approaches to financial rewards in the private sector.

(iii) **Professional Evaluation.**—

(I) **In General.**—Professional evaluation shall be based on formal and informal observations of teacher effectiveness. The ratings shall be pre-
pared by the supervisor of each teacher, based on observations of such domains of teaching as the following:

   (aa) Planning and preparation, including demonstrating knowledge of content, pedagogy, and assessment, including the use of formative assessment to improve student learning.

   (bb) Classroom and school environment, which establishes a culture for learning, using when appropriate, schoolwide positive behavioral intervention and support.

   (cc) Instruction, which clearly and accurately engages students in learning.

   (dd) Professional responsibilities, including appropriate interaction with families of students, and with professional colleagues, which requires a demonstrated ability to work with mentors and instructional leaders
to improve the teacher’s teaching and resultant student learning.

(ee) Fair analysis of gains in student academic achievement over time.

(II) IMPROVEMENT PLAN.—A teacher who receives an unsatisfactory professional evaluation under subclause (I) shall comply with an improvement plan, developed by the teacher and the school in which the teacher teaches or the local educational agency and provided by such school or agency.

(B) TEACHING INCENTIVES.—Based on measures of teacher effectiveness and the needs of the school and the local educational agency, the local educational agency shall work with teacher and community representatives to develop a differentiated pay scale to provide incentives for effective teaching, teaching specific subject areas, and teaching in specific schools, including hard-to-staff schools or schools with high proportions of students who have been
achieving at levels below the local educational agency or State average.

(4) TEACHER ACADEMIES.—

(A) IN GENERAL.—The local educational agency shall establish a Teacher Academy, based upon models of successful residency-based teacher training and induction programs, as a mechanism to train teachers for success in such local educational agency. Each Teacher Academy shall be headed by a director who shall award grants to eligible individuals to attend such Teacher Academy.

(B) ELIGIBLE INDIVIDUALS.—An individual may be eligible for a grant to attend a Teacher Academy if the individual is a recent college graduate or mid-career professional from outside the field of education, possessing strong content knowledge or a record of achievement, or other such individual at the discretion of the Secretary.

(C) APPLICATION.—An individual who is eligible under subparagraph (B) and who desires a grant under this paragraph shall submit an application to the Teacher Academy.
(D) Selection criteria.—The director of the Teacher Academy shall establish criteria for selection of individuals to receive grants under this paragraph, based on such domains of teaching as the following characteristics shared by highly-effective teachers:

(i) Comprehensive subject knowledge or record of accomplishment in an area outside of education.

(ii) Strong verbal and written communication skills.

(iii) Other attributes linked to effective teaching.

(E) Receipt of grant.—An individual who receives a grant under this paragraph shall enroll in the program of the Teacher Academy, which shall include the following:

(i) A 1-year residency-based program of teaching in a school served by the local educational agency, under the supervision of a mentor teacher who will instruct the resident in planning and preparation, instruction of students, management of the classroom environment, and other professional responsibilities. Alternatively, the
first year of full-time teaching may be sub-
stituted for such residency-based program
if all of the other requirements of this sec-
ton are satisfied and if the full-time teach-
ing is supported by a school, university, or
nonprofit organization with a strong track
record of helping new teachers get strong
academic achievement results for students.

(ii) A living stipend or salary for the
period of residency.

(iii) Concurrent instruction from a
partner college, State-approved organiza-
tion, or school of education at an institu-
tion of higher education in pedagogy class-
nes necessary for certification as a teacher.

(iv) Ongoing mentoring and coaching
during the first 2 years of induction into
classroom teaching.

(F) Placement in hard-to-staff
school.—

(i) In general.—An eligible indi-
vidual who receives a grant under this
paragraph shall teach in a hard-to-staff
school served by the local educational agen-
cy for a period of 3 years.
(ii) **REPAYMENT.**—If an eligible individual does not complete the teaching requirement described in clause (i), such individual shall repay to the local educational agency a pro rata portion of the grant amount for the amount of teaching time the individual did not complete.

(5) **TEACHER CAREERS.**—

(A) **IN GENERAL.**—The local educational agency shall establish a career ladder for teachers in schools served by the local educational agency.

(B) **PROGRESSION.**—

(i) **IN GENERAL.**—In order to progress to higher rungs on the career ladder, a teacher or school leader shall prove effective at the teacher or school leader’s current level under a set of criteria established by the local educational agency.

(ii) **INCREASE IN ROLE AND COMPENSATION.**—In progressing to higher rungs on the career ladder, a teacher or school leader shall—

(I) accept an increasing role in assessing and helping to improve the
teaching effectiveness of other teachers in the school; and

(II) be offered increased compensation.

(iii) COLLECTIVE BARGAINING AGREEMENT.—The base salary and career ladder increments of increased compensation may be established in a collective bargaining agreement between the local educational agency and representatives of teachers.

(iv) STEPS.—A career ladder may include the following steps:

(I) NOVICE TEACHERS.—Novice teachers are teachers in their first years in the profession. This shall be the career entry stage and include professional employees with initial teaching certificates. Novice teachers shall receive induction and mentoring as described in subclause (III) until the novice teachers progress to become career teachers. Such induction and mentoring shall focus on improving the instructional and professional skills of the novice teachers. Novice
teachers shall receive periodic performance reviews as a result of regular observations, using the criteria of teacher effectiveness set forth in paragraph (3)(A).

(II) CAREER TEACHERS.—Career teachers are teachers who have served several years as novice teachers and have received an advanced teaching certification or master’s degree, as determined by State certification requirements. Novice teachers may progress to this stage of the career ladder after receiving satisfactory reviews of teacher effectiveness as outlined in paragraph (3)(A) and receiving an advanced teaching certification or master’s degree.

(III) MENTOR TEACHERS.—Mentor teachers are teachers selected by local school administrators under clear criteria established at the local educational agency level, including superior assessment of their teaching effectiveness as described in paragraph
(3)(A). Mentor teachers shall have extra responsibilities as teacher leaders and teacher coaches, including roles in induction and mentoring of novice teachers.

(IV) MASTER TEACHERS.—Master teachers are mentor teachers who have received superior reviews of their mentoring and supervisory role and assume additional responsibilities and teacher mentoring and leadership roles.

(C) LEARNING COMMUNITY.—The role of mentor and master teachers shall include establishing, within each school, a learning community in which all individuals are expected to continually improve their capacity to advance student learning, using a shared set of instructional principles or teaching strategies. The learning community shall require, in each school, continuing professional development, based on student academic achievement and behavioral outcomes, embedding in each school system for on-site coaching, mentoring, and
study groups in which teachers work together to improve the instructional program for students.

(6) School Leadership.—The local educational agency shall include a specific plan to improve the school leadership in schools served by the agency, with the eventual goal of an effective principal in every school. The plan should include provisions to address the following topics:

(A) Responsibility and Role of Principals.—A plan to support the primary role of the principal as the instructional leader in the school responsible for ensuring teaching effectiveness and student academic achievement schoolwide. Such plan shall include involving principals in planning systems and strategies for curricular, classroom, and schoolwide student behavioral interventions and supports, and for establishing mechanisms for using student academic achievement data to drive instructional decisions. The plan shall also address ways to give principals significant responsibility for decisions regarding teacher hiring and placement decisions.

(B) Creating the Pipeline of Future Principals.—A plan for strategies and criteria
for rigorous recruitment, selection, and pre-

service training and induction for new prin-
cipals who can effectively take on the respon-
sibilities described in subparagraph (A). As

with training teachers, the agency may establish

a program for principal training, including a

residency or internship with an exemplary prin-
cipal in the agency. The program shall have ex-

plicit expectations and performance-based indi-
cators of outcomes to ensure that each resident

is competent in assuming instructional leader-

ship responsibilities. In the case of an agency in

which several principals are training as a co-
hort, the agency shall promote the use of cohort

participant groups to discuss best practices and

maintain focus on outcome assessments.

(C) SYSTEMATICALLY TRANSFORMING THE

PRINCIPALSHIP DISTRICTWIDE.—An assessment

of how the agency currently handles each major

policy and practice affecting the expectations

set for the principalship and a plan for how the

agency will align the principalship to the goals

of this Act, including recruitment, selection,

training, evaluation, compensation, manage-
ment, and job design of the principalship and other school leadership roles.

(D) Evaluation.—A plan for an external evaluation to examine the impact of principals on driving measurable gains in student academic achievement.

(d) Flexibility for Small Rural Districts.—The Secretary may give a local educational agency that is a small, rural local educational agency (as determined by the Secretary) that receives a grant under this Act flexibility in carrying out the activities required under subsection (c), including a waiver of the requirement to establish a Teacher Academy under subsection (c)(4).

(e) Permissible Use of Funds.—The local educational agency may include a plan to support new schools, including charter schools or contract schools, or for networks of public schools within the local educational agency, serving predominantly low-income populations, which are sponsored by universities, education management organizations, or other nonprofit entities, using—

(1) funds appropriated to carry out this Act, in coordination with the charter school programs under subpart 1 of part B of title V of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7221 et seq.); or
(2) funds from State, local, or private sources.

(f) REPORTS.—A local educational agency that receives a grant under this Act shall submit to the Secretary a report on the progress of such agency toward completion of the goals of the agency. Such report shall be available for public view on the website of the Department. Based on such reports, the Secretary may terminate grant funding to an agency for unsatisfactory performance.

(g) PEER REVIEW PANEL.—

(1) IN GENERAL.—There shall be established in accordance with paragraph (2), a peer review panel to—

(A) review applications submitted under subsection (b);

(B) submit to the Secretary evaluations of the applications reviewed under subparagraph (A); and

(C) evaluate reports described in subsection (f).

(2) SELECTION OF MEMBERS.—

(A) IN GENERAL.—Subject to subparagraph (B), members of the peer review panel shall be selected by the Secretary, in collaboration with the Majority Leader of the Senate, the Minority Leader of the Senate, the Majority
Leader of the House of Representatives, and
the Minority Leader of the House of Representa-
tives and shall include representatives from
foundations, universities, and other entities with
a record of involvement in local educational
agency reform efforts.

(B) NATIONAL GOVERNORS ASSOCIA-
tion.—Two members of the peer review panel
shall be selected by the National Governors As-
sociation.

(h) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be
appropriated to carry out this Act $1,500,000,000
for each of fiscal years 2007 through 2011.

(2) REDIRECT FUNDS.—The Secretary shall re-
direct amounts appropriated to carry out programs
under title II of the Elementary and Secondary Edu-
cation Act of 1965 (20 U.S.C. 6601 et seq.) that the
Secretary determines are ineffective, to carry out
this Act.