Office of Education Improvement and Innovation

Using SIG Funds to Recruit, Place, and Retain Staff

Frequently Asked Questions

The purpose of *Section 1003(g) School Improvement Grants (SIG)*, authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (Title I or ESEA), is to provide adequate resources in order to raise substantially the achievement of students in the lowest-performing schools.

In exchange, agencies that receive funds are held accountable to the public for improvements in academic achievement. The SIG provides these agencies with the flexibility to use these funds creatively to address challenges to recruitment and hiring, placement, teacher retention, or the need for more capable principals and assistant principals to serve as effective school leaders.

Specifically, SIG funds may be used in the transformation and turnaround models to provide financial incentives as a strategy to recruit, place, and retain staff with the skills necessary to meet the needs of the students in the SIG receiving school. The more specific emphasis on additional compensation in the permissible strategies was intended to encourage districts to think more broadly about how additional compensation can contribute to educator effectiveness.

Federal legislation and guidance outlining the local use of SIG funds can be found in a variety of sources including the *Elementary and Secondary Education Act of 1965 (ESEA)*, *SIG Non-Regulatory Guidance*, *Education Department of General Administration Regulations (EDGAR)* and *Office of Management and Budget (OMB) Circulars* including *Circular A-87*.

**Q1. May LEAs use SIG funds to develop and implement initiatives to assist in recruiting highly qualified teachers and effective school leaders?**

**A1.** Yes. SIG funds can be used to recruit highly qualified teachers and school leaders which includes signing bonuses or other financial incentives. [ESEA, Section 2123 (a)(2)(A) and (a)(2)(A)(ii) and SIG Non-Regulatory Guidance of 3.1.12, Questions B-5 and E-2(5)]. The funds used for recruiting staff must be identified within the budget detail item, and amounts must be reasonable. Signing bonuses must be part of a concerted effort to attract teachers and leaders with the training, skills, or expertise needed to lead (principals) or support (teaching staff) a reform effort. Signing bonuses or other financial incentives may not be used for district level staff.
Q2. **May LEAs use SIG funds to assist teachers in becoming highly qualified in non-shortage areas?**

A2. No. Since legislation requires all teachers assigned to non-shortage areas to meet highly qualified requirements, it is the district’s and teacher’s responsibility to cover the costs of becoming highly qualified.

Q3. **May LEAs use SIG funds for merit pay?**

A3. Yes. Merit pay is defined as performance-related pay. It provides an extra financial incentive for instructional staff that have exemplary performance according to measurable criteria. For teachers, the criteria must be based on specific, written criteria that are focused on a record of success in helping low achieving students improve their academic achievement. The record of success must be based on more than a year’s growth in a year’s time using multiple assessments. Additional requirements for merit pay include the following:

1. All teachers cannot receive merit pay. If all teachers receive incentives, then the criteria is not stringent enough.
2. Merit pay must include criteria outside of what is required for teacher evaluations. Receipt of merit pay should also require a positive annual teacher evaluation.
3. Merit pay cannot be written into a contract or hiring agreement unless it specifically states receipt is dependent on the availability of Federal funds and that the specific criteria must be met.
4. The assessment and growth measures must be identified.
5. Eligible recipients are only instructional staff that engage in instruction as it relates to the approved State Reform and SIG plans.
6. SIG merit pay must be supplemental and cannot be offered using SIG funds if it is available within the district using the same criteria and is funded by general funds or other local resources (it must be SIG-specific).
7. The maximum amount per teacher must be identified within the budget detail item. This amount must be reasonable \[ESEA, Section 2123 (a)(4)(D)\]

Q4. **May LEAs use SIG funds for teacher and principal retention?**

A4. Yes. The use of SIG funds for teacher and principal retention must be based on specific, written criteria that are focused on a record of success in helping low achieving students improve their academic achievement. If a SIG retention incentive is included in the board policy, the policy must state that receipt of SIG retention pay is based upon the availability of Federal funds.

For teachers, the criteria must define what assessments are used to determine a record of success for rewarding the teacher’s accomplishment in
helping low achieving students improve their academic achievement. The record of success criteria must be based on more than a year’s growth in a year’s time using multiple assessments for at least two consecutive years.

For principals, the criteria must use the overall academic performance of the school and specific subgroups to demonstrate a record of improving the academic achievement of all students, and particularly students from economically disadvantaged families, students from racial and ethnic minority groups, and students with disabilities.

SIG retention pay must be supplemental and cannot be offered using SIG funds if it is available within the district using the same criteria and general funds or other local resources (it must be SIG-specific).

The teacher or principal must present a letter of intent to hire from the recruiting LEA in order to demonstrate the necessity for a retention incentive. This retention process can only occur one time \([\text{ESEA, Section 2123 (a)(4)(C)(D)}]\).