

IN THE COURT OF APPEALS OF IOWA

No. 8-107 / 07-0729
Filed May 14, 2008

CYNTHIA MARTINEK,
Plaintiff-Appellee,

vs.

BELMOND-KLEMME COMMUNITY SCHOOL DISTRICT,
Defendant-Appellant.

Appeal from the Iowa District Court for Wright County, Paul W. Riffel,
Judge.

A school district appeals from the ruling on judicial review, which
reversed its decision to terminate an elementary school principal. **AFFIRMED.**

Brian Gruhn of Gruhn Law Firm, Cedar Rapids, for appellant.

Charles E. Gribble of Parrish, Kruidenier, Dunn, Boles, Gribble, Cook,
Parrish, Gentry & Fisher, L.L.P., Des Moines, for appellee.

Heard by Vogel, P.J., and Zimmer and Baker, JJ.

VOGEL, P.J.

The facts of this case are essentially undisputed. Dr. Cynthia Martinek began her employment with the Belmond-Klemme School District (District) in 1993 as an elementary principal. On July 25, 2005, Martinek and the District entered into a contract “for a two (2) year period,” which provided the following language with regard to termination of the contract:

IT IS AGREED that throughout the term of this contract, the Principal shall be subject to discharge or demotion for good and just causes, provided however that the Board does not arbitrarily or capriciously call for his/her dismissal or demotion. The Principal shall have the right to service of written charges, notice at hearing, and be afforded a private and fair hearing before the Board.

IT IS FURTHER AGREED that the Principal shall have the right of renewal prior to the end of the contract year for additional years, except that the renewal of this contract beyond the first year is contingent upon any realignment of the type of school organization.

On May 2, 2006, the District served Martinek with a notice it was considering terminating her administrative contract effective at the end of the current school year. The notice listed four reasons for the proposed termination: (1) declining enrollment, (2) budgetary restrictions and problems, (3) reduction of position(s), and (4) realignment of school organization.

On May 5, 2006, Martinek contested the termination under Iowa Code § 279.24(5)(c) (2005). The parties selected an administrative law judge (ALJ) and a hearing was held. At the hearing, the superintendent presented evidence that \$500,000 needed to be cut from the District’s 2006-2007 budget due to decreased state funding from rapidly declining enrollment. The superintendent indicated he would assume elementary school principal duties under the proposed plan without further pay.

In a July 7, 2006 proposed ruling, the ALJ determined that because the District sought to terminate Martinek's contract mid-term, it had to establish fault attributable to her under Iowa Code section 279.25 (allowing termination of administrator's contract at any time for just cause). The ALJ determined Martinek's contract could not be terminated under the grounds alleged in the notice. The District voted to review the ALJ decision and terminated Martinek under the provisions of section 279.24 rather than section 279.25. The District concluded her termination was justified due to financial constraints.

On August 22, 2006, Martinek filed a petition in equity/notice of appeal from the District's decision. The district court noted that had the termination decision occurred at the end of the contract term, there is no question the dismissal would have been legitimate. However, it determined that because the contract was being terminated mid-term, the District had to prove the termination was related to her job performance. The court then reviewed the contract and found termination was improper because the District failed to show "good and just cause" for the termination or that the District organization had been realigned within the meaning of the contract at the time of the termination. The district court therefore reversed the District's decision, and the District appeals.

Scope of Review.

The Iowa Supreme Court set forth our standard of review in *Briggs v. Board of Directors of Hinton Community School District*, 282 N.W.2d 740, 743 (Iowa 1979). There, it stated that the statutory standards of review under chapter 279 are "nearly identical" to those under the Iowa Administrative Procedure Act. *Briggs*, 740 N.W.2d at 743. The

reviewing court shall grant appropriate relief if substantial rights of the petitioner or administrator have been prejudiced because the agency or board action is unsupported by substantial evidence in the record made before the agency or board when that record is reviewed as a whole.

Id. We determine whether this court's conclusions are the same as those of the district court. If the conclusions are the same, affirmance is in order. If they are not, reversal may be required. *Jackson County Pub. Hosp. v. Pub. Employment Relations Bd.*, 280 N.W.2d 426, 429-30 (Iowa 1979). Evidence is substantial when a reasonable mind would accept it as adequate to reach a conclusion. *City of Davenport v. Pub. Employment Relations Bd.*, 264 N.W.2d 307, 311 (Iowa 1978).

Discussion.

Iowa Code chapter 279 requires that school boards and school administrators enter into written contracts of employment for a specific term, up to two years. *Martin v. Waterloo Cmty. Sch. Dist.*, 518 N.W.2d 381, 383 (Iowa 1994). Section 279.24(1) provides:

An administrator's contract shall remain in force and in effect for the period stated in the contract. The contract shall be automatically continued in force and effect for additional one-year periods beyond the end of its original term, except and until the contract is modified or terminated by mutual agreement of the board of directors and the administrator, or until terminated as provided by this section.

Pursuant to chapter 279, an administrator's employment contract may be terminated in one of two ways. First, section 279.24(5)(b) provides as follows:

5. The school board may, by majority vote of the membership of the school board, cause the contract of an administrator to be terminated. If the school board determines that it should consider the termination of a nonprobationary administrator's contract, the following procedure shall apply:

. . . .
 b. The notice shall state the specific reasons to be used by the school board for considering termination which for all administrators except superintendents shall be for just cause.

Second, section 279.25, in pertinent part, provides that an “administrator may be discharged at any time during the contract year for just cause.”

Section 279.24 contemplates a termination at the end of the administrator’s original contract term in order to avoid the automatic one-year renewal of contracts provided for in sections 279.24(2)-(5). Conversely, section 279.25 provides school boards the means to terminate administrators “at any time during the contract year” A preliminary question presented here is whether the Board’s attempted termination of Martinek occurred “during the contract year.” The relevance of this question is that while both of these provisions qualify terminations upon a finding of “just cause,” Iowa case law appears to have interpreted this identical phrase in differing fashions.

In *Wedergren v. Board of Directors*, 307 N.W.2d 12 (Iowa 1981), an administrator was discharged during the first year of his three-year contract. Because that termination occurred during the original term of the contract, the supreme court analyzed that case under section 279.25. In doing so, it reasoned “[s]ince the discharge was during the term of the contract, [Wedergren] could be discharged only for just cause.” *Wedergren*, 307 N.W.2d at 15. While the District asserts factual differences between *Wedergren* and Martinek’s employment and termination, we do not find them persuasive. According to the guidance of *Wedergren*, we conclude Martinek’s termination, which occurred after the first year of a “two-year period,” was indeed attempted

“during the contract year.” Thus, section 279.25 applies, as does the case law defining the nature of the “just cause” standard under it.

A number of cases have recognized that “just cause” under section 279.24 may also include legitimate reasons relating to the District’s personnel and budgetary requirements. See *Matter of Waterloo Cmty. Sch. Dist.*, 338 N.W.2d 153, 155 (Iowa 1983). Thus, a just cause termination under 279.24(5)(b) is supportable without any fault attributable to the administrator, and can include reasons wholly unrelated to the administrator. Conversely, as interpreted by our supreme court, the just cause standard under section 279.25

is one which directly or indirectly significantly and adversely affects what must be the ultimate goal of every school system: high quality education for the district’s students. It relates to job performance including leadership and role model effectiveness. It must include the concept that a school district is not married to mediocrity but may dismiss personnel who are neither performing high quality work nor improving in performance. On the other hand, “just cause” cannot include reasons which are arbitrary, unfair, or generated out of some petty vendetta.

Briggs, 282 N.W.2d at 743. Accordingly, a termination during the contract term pursuant to section 279.25 is dependent on some showing of poor quality job performance.

In this case, the District concedes the only reason for the termination of Martinek’s employment was the declining enrollment and consequent decrease in state funding to the District. There are no allegations of any sort that her job performance was in any way deficient or adversely affected the education of the District’s students.

The termination of Martinek’s contract is controlled by the ruling in *Wedergren*, 307 N.W.2d at 16. There, the terminated administrator was

discharged during the term of the contract, and was therefore reviewable under the standards set forth in section 279.25. That case defined just cause as encompassing issues of professional competence. Accordingly, because there was no allegation of Martinek's professional shortfalls, we conclude the district court correctly ruled that the District improperly terminated Martinek's employment under Iowa Code chapter 279.

Conclusion.

We recognize that a school board "is an elective body free to exercise its own discretion in deciding which of the three positions to terminate." *Waterloo*, 338 N.W.2d at 156. However, that discretion is tempered by certain statutory constraints to termination. Because termination based on budgetary concerns is not supportable under case law interpreting Iowa Code section 279.25, we affirm the district court's decision to reverse the District's termination of Martinek's contract.

AFFIRMED.