The Future of Teacher Compensation

Déjà Vu or Something New?

Joan Baratz-Snowden
November 2007
THE FUTURE OF TEACHER COMPENSATION

Déjà Vu or Something New?

Joan Baratz-Snowden
President, Education Study Center

Paper Prepared for the Center for American Progress
November 2007

The Center for American Progress thanks the Joyce Foundation for generously providing support for this paper. Based in Chicago, the Foundation invests approximately $8 million annually in work to improve public education in the Midwest, especially by improving the quality of teachers in low-performing schools.
Pay-for-performance proposals are not new. There is a long, failed history regarding attempts to change the current teacher compensation system. The single salary schedule has had remarkable staying power—it is easy to understand and administer; it is predictable; and teachers believe it is fair and objective. But it has its limitations: it has not produced competitive salaries in the current job market, it does not respond to market forces, and the evidence linking teacher education and experience to improved student performance is weak.

The current push for pay for performance is driven by a number of factors: a paradigm shift in education policy development from process to outcomes; public opinion polls that suggest that the best teachers, however defined, should be rewarded with additional compensation; research that indicates the current compensation system does not necessarily reward the teachers who get the greatest student achievement gains from students; a shortage of teachers in certain teaching fields and in certain geographical areas; an inequitable distribution of the best qualified teachers to the schools that educate large proportions of poor students and/or students of color; and the apparent success of the Denver school system in implementing a radically different pay plan, which was created with the full cooperation and involvement of the local union, the Denver Colorado Teachers Association, an affiliate of the National Education Association.

Pay-for-performance proposals are designed primarily to improve student academic outcomes. They also often address other policy problems including the distribution of high quality teachers in hard-to-staff schools and the recruitment and retention of teachers in shortage fields such as science, math, special education, and second language acquisition. Incentives are rewarded for individual teacher and/or school-wide improvement in student achievement and willingness to take on hard assignments, to teach in shortage areas, to assume additional roles and responsibilities, and/or to acquire additional knowledge and skills.

How reformers frame pay-for-performance proposals is as critical to their success, if not more so, than the particular features of the plans. Approaches that are punitive in nature, or developed primarily as a management tool without regard to developing greater capacity of the system to help teachers succeed with students, are unlikely to achieve their goals and will likely be met with considerable resistance from teachers. Recent debacles in Florida and Houston are examples of such approaches to teacher compensation change. To be successful, the compensation reform must be seen as a lever in a larger systemic reorganization designed to support student learning. The Denver ex-
perience is an example of doing teacher compensation reform the right way.

Evidence is sparse regarding the effectiveness of pay-for-performance reforms to increase student achievement. Nonetheless, efforts to change compensation over the past decade or so—both the successes and the failures—provide considerable information about what it takes to make pay-for-performance systems work in schools:

- Reforms cannot be designed as punitive management tools, and they cannot be a sorting process. They must be inclusive and part of a systemic effort to build the capacity of the district to help teachers help students.

- The purpose of the alternative system must be clear, whether it is to improve student achievement, improve recruitment and/or retention, attract teachers to shortage teaching fields, attract teachers to hard-to-staff schools, or some combination of goals.

- Teacher buy-in is a must. The new system cannot be imposed on teachers; it must be developed with them. Teachers need to be involved in all aspects of the design, implementation, and evaluation of a new system, and that system eventually should be part of the collective bargaining agreement or memorialized in memoranda of understanding.

- Redesigning the teacher compensation system is not an event. It is a work in progress that must be adjusted and refined as experience with the system grows.

Additional money is also essential. Money must be available to design, implement, and sustain the program. New systems cannot be created merely by slicing and dicing existing dollars; they cannot be done on the cheap. Yes, schools and districts need to spend existing money better, but it will also take additional resources to develop a professional compensation system designed to improve instructional practice and increase student achievement. Failure to anticipate the additional costs and provide the necessary money has been the Achilles heel of many past professional compensation reform efforts.

Ultimately, any new system must meet the “APPLE criteria” first developed by the National Board for Professional Teaching Standards for its assessment system. That is, the new system must be: administratively feasible, professionally acceptable, publicly credible, legally defensible, and economically affordable.
The Context

The vast majority of teachers in the United States are compensated primarily on the basis of their educational attainment and years of teaching experience. This “single-salary schedule,” introduced in the 1920’s as a major reform long before collective bargaining, is the chief means by which teachers—in collective-bargaining and non-collective bargaining states, and charter and private schools—are paid.

The single salary schedule has had remarkable staying power, despite attempts over the years to change it. It is easy to understand and administer. It is predictable, and teachers believe that it is objective. Lest we forget, it replaced a system where arbitrary favoritism was rewarded, men made more money than women for the same work, whites made more than blacks, and high school teachers made more than elementary school teachers.

But the single salary schedule has some major limitations:

1. It has not produced salaries that are competitive in the current job market.

2. It takes a long time to reach the top of the pay ladder, which undermines teacher recruitment and retention efforts.

3. It does not reward additional skills and knowledge, exemplary practice, or extraordinary circumstances.

4. It does not respond to market forces.

5. It does not provide incentives for teachers to acquire new skills and knowledge needed to deliver standards-based instruction.

6. There is no strong evidence to indicate that education and experience are the most critical teacher characteristics associated with improved student achievement as measured by student test scores.

All these limitations suggest that we need to rethink the compensation system for teachers.

The Future of Teacher Compensation
Change is in the Air

Policy leaders of all stripes are discussing teacher pay. This past July Sen. Barak Obama (D-IL) chose to suggest changes in the way we compensate teachers when he addressed the annual convention of the National Education Association. He was greeted with silence and a smattering of boos. One pundit likened his daring to that of President Clinton when he chose an appearance at Jesse Jackson’s Rainbow Coalition to “dis” Sister Souljah. The Wall Street Journal, on the other hand, chided him for not going far enough—for not using the “m” word, “merit pay.” Weeks later, Sen. Hillary Clinton (D-NY) indicated that she would support “incentive pay for school wide performance.” Later this summer, New York Mayor Michael Bloomberg received a warm reception at the annual Urban League meeting when he remarked that “We should be offering teachers and principals incentives not only to take the toughest assignments, and to fill special needs, but also to get the best possible results from their students.” But, high-profile politicians are not the only ones chattering about alternate teacher compensation proposals.

Interest in changing compensation for teachers is evident wherever you turn in education circles, if not at the NEA convention. At the federal level, the Teacher Incentive Fund provides $100 million to help states and/or districts develop alternatives to the traditional salary schedule, and Title II of the No Child Left Behind Act includes options that allow states and school districts to use federal funds to modify teacher compensation.

The Teacher Incentive Fund supports efforts “to develop and implement performance-based teacher and principal compensation systems in high-need schools.” Grants have been distributed to more than 15 states, 35 districts, and numerous charter schools across the country. These projects include support and expansion for existing efforts as well as new initiatives. Projects range from those with a major emphasis on financial incentives for test score improvement to more complex school-wide reform initiatives.

Title II of the NCLB Act stipulates that states may use funds to develop or assist local educational agencies in developing merit-based performance systems. They can provide differential and bonus pay for teachers in high-need academic subjects such as reading, mathematics, and science and for teachers in high-poverty schools and districts. There is also money available to local districts that want to experiment with pay differentials to improve retention and teacher quality.

The U.S. Department of Education’s Institute of Education Sciences is also funding research on pay for performance. It has awarded a five-year, $10 million

2 Terminology is a critical issue. In this paper, “professional compensation” covers the gamut of proposals for altering teacher pay schemes: “pay for knowledge and skills” rewards teacher-related “inputs”; “differential pay” rewards taking difficult or shortage assignments and/or assuming extra responsibility; and, “pay for performance” rewards outcome measures.
3 According to the National Governors Association’s publication, “Honoring Progress” (Volume 1, Issue 4, June 2007) more than 70 percent of the nation’s school districts use a single salary schedule to pay teachers. Such salary schedules base pay almost exclusively on teaching experience and education. Nonetheless, many districts have additional options such as pay for gaining National Board Certification or taking on additional assignments—department chair, coach, and the like.
5 While the funds can be used for compensation reform, most states and districts chose instead to use them for other permissible activities—i.e., class-size reduction, professional development.
grant to Vanderbilt University’s newly established Center on Performance Incentives to study issues related to pay for performance. The Center is working with the Nashville School District and the local NEA-affiliated teachers union on a project to determine if bonuses of up to $15,000 for middle school mathematics teachers will make a difference in student achievement gains in that subject over the next three years.\(^6\)

NCLB is up for reauthorization this year, and Congress is considering including language that would encourage districts to implement pay-for-performance compensation systems. Several members of Congress have proposed legislation that would provide funds for districts and states to experiment with changes in teacher compensation. Most notable is the draft reauthorization for Title II, by Reps. Miller (D-CA) and McKeon (R-CA), which includes provisions for additional pay for teaching in high-needs areas, career ladders, and incentives to develop pay for performance for individual teachers whose students make significant achievement gains.\(^7\)

This interest in changing compensation for teachers is not just a phenomenon at the federal level. Many Governors have raised the issue in their “State of the State” speeches, and at least nine states have introduced legislation on the matter.\(^8\) Five states—Minnesota, Texas, Alaska, Iowa and Florida—have provided incentives for districts to move away from the single-salary schedule. And well before the federal government or the states had acted, many local districts began negotiating changes in teacher compensation, most notably, Denver, Colorado. Government is not alone in expressing interest in a changed compensation system. The Teaching Commission issued a report in 2002 urging districts to use test scores as part of their compensation of teachers. The Rhode Island Education partnership was similarly interested in imposing an alternative compensation system on teachers. And, the Education Trust and the Business Roundtable have made recommendations regarding federal initiatives concerning differential pay and pay for performance.

Last winter, the Hamilton Project, a group within the Brookings Institution under the direction of former Secretary of the Treasury Robert Rubin, outlined a compensation system that would reward teachers whose students’ achievement gains on standardized tests were in the top quartile and dismiss those teachers whose students’ achievement gains on standardized tests were in the bottom quartile. The Aspen Institute’s “commission” on NCLB, chaired by former governors Tommie Thompson of Wisconsin and Roy Barnes of Georgia echoed the Hamilton report regarding changing teacher compensation.\(^9\)

---

9 The Aspen Institute’s NCLB Commission Report recommends that the reauthorization mandate that states develop and implement longitudinal data bases capable of performing value-added and growth model calculations by 2012 so that states can use that new capacity to determine whether teachers are “Highly Qualified Effective Teachers” on the basis of current HQT credentials augmented by principal ratings and evidence of student test score gains. They suggest that teachers who do not reach the HQET criteria with the help of professional development after seven years not be permitted to teach in schools that receive Title I monies. The Commission also recommended that districts below the 75th percentile in teacher turnover rates be mandated to use differential pay and bonus pay to attract and retain teachers in hard to staff schools and teachers in subject matter shortage areas.
Philanthropic institutions are also in the fray. The Bill and Melinda Gates Foundation, the Eli and Edythe Broad Foundation, and local foundations such as the Joyce Foundation and the Rose Community Foundation have indicated an interest in furthering pay-for-performance efforts. In fact, Broad, Gates, and the Rockefeller Philanthropy Advisors are supporting a bi-partisan effort to inject education issues into the presidential race: “Ed in 2008: Strong American Schools.” Pay for performance is one of three critical issues the group is advocating for. Gates reflected a simple, but widely held, “common sense” view on teacher compensation when he said:

It’s astonishing to me to have a system that doesn’t allow us to pay more for someone with scarce abilities, that doesn’t allow us to pay more to reward strong performance. That is tantamount to saying teacher talent and performance don’t matter and that’s basically saying students don’t matter.

Survey results of teachers and the broader public indicate that changing teacher compensation is an idea whose time has come. The public and teachers, particularly younger teachers, indicate a willingness to consider pay-for-performance systems and also recognize that there is a need to pay teachers more. And teacher unions are becoming more amenable to considering alternatives.

After several years of studying the issue, the American Federation of Teachers in 2001 called for experimenting with new forms of pay; provided that certain fundamentals were in place such as a competitive base salary for all teachers, and a fair system for identifying extraordinary performance. Sandra Feldman, the late president of the AFT told her members, “The current [traditional salary schedule] hasn’t gotten us the pay we deserve; it is time to explore other options.” The NEA takes a more conservative position, but they too have endorsed differentiated pay for teachers who are National Board Certified or who chose to teach in hard-to-staff schools.

### Why Now?

The growing interest in changing the compensation system for today’s educators is driven by a general discontent with the outcomes of American education, and the performance of poor children in particular; assumptions about compensation; and the current teacher compensation system, a growing research base about teacher effectiveness, new methodologies for analyzing student achievement data, and the apparent success of the Denver Public School System’s ProComp plan.

**Dissatisfaction With the Current Education System.** American students regularly come in behind other industrial nations in international achievement, particularly in math and science, and many policymak-

---


ers fear that without substantial improvement we will not be able to sustain our competitive edge in a global society.\textsuperscript{15}

The No Child Left Behind Act’s requirements for disaggregating achievement data have served to highlight the unacceptable achievement gap between the “haves and the have-nots” and between whites and disadvantaged minority students. The business community, universities, and even some labor unions\textsuperscript{16} have railed against the current skills of high school graduates and their lack of readiness to enter the workplace or meet the educational demands of the halls of academe. Over the past decade or so, this dissatisfaction has resulted in a paradigm shift in education policy initiatives from a concern with compliance and inputs to a focus on accountability and outcomes.

Beliefs About the Current Compensation System.

Interest in changing the compensation system is driven by two key factors: the public’s belief that teachers are underpaid and the public’s belief that if you do a better job or a more difficult job you should be paid more.

There is an acknowledgement, some labor economists not withstanding, that teachers are significantly underpaid. Bill Moyers recently observed that in 1940, male teachers earned 3.6 percent more than other college-educated men; today they earn 60 percent less, and for women that figure is 16 percent less.\textsuperscript{17}

Studies show that teachers enter the labor market behind their college-educated peers and that the gap in earnings increases geometrically the longer they remain in teaching. As the Milken Report indicated, the earning differences between beginning teachers with a baccalaureate degree and that of other newly minted baccalaureate holders was about $8,000, and teachers with a master’s degree and eight years of experience had a gap of more than $32,000 when compared to the earnings of their counterparts in other professions.\textsuperscript{18}

The public knows this. Surveys indicate that the public believes that higher teacher salaries are critical to increased quality and that they are willing to pay more for quality teachers even if it means raising taxes. Those surveys also reveal that people believe if you “do a better job”—e.g., produce better test scores—you should be able to earn more pay.\textsuperscript{19}

While the public recognizes that money is not a primary motivator for those who currently choose teaching as a career, many

\textsuperscript{15} It should be noted that it is not unusual for policymakers to decry that our education outcomes are likely to be responsible for our possible economic ruin. This was the hue and cry in the 1980’s around “A Nation at Risk.” But it is also necessary to point out that during the huge economic boom of the Clinton years, no one thanked the educators or indicated that the unparalleled economic growth was the result of improvements in our student achievement outcomes.

\textsuperscript{16} According to the Ed in 08/NIE T publication, the Sprinklers Union Local 79 and the International Brotherhood of Electrical Workers have resorted to screening applicants for apprenticeships with standardized tests because of their wariness of the skills high school graduates may possess. “The Test of Seriousness, op.cit., p.3.

\textsuperscript{17} Bill Moyers, “America 101,” Schumann Center for Media and Democracy, Address to the Council of Great City Schools, (San Diego: October 27, 2006).

\textsuperscript{18} L. Milken, “Teaching as the Opportunity,” (Santa Monica: the Milken Foundation, 2002.) According to that report: “In 2000, the average beginning teacher salary was $27,989. Expected beginning salaries for college graduates in other fields were significantly higher: liberal arts, $36,201; accounting, $37,688; business administration, $40,242; economics and finance, $41,102; and math or statistics, $46,744. Indeed, teachers in their twenties with a bachelor's degree will earn 38 percent less than their counterparts in these other professions. In fact, teachers with a master's degree saw their wages increase in recent years by only $200 in real terms, while educated professionals in other fields had increases over $17,000. … the salary gap for teachers grows to more than 75 percent for teachers in their late forties with a master's degree.”

\textsuperscript{19} But, there is not a groundswell for pay-for-performance among the general public. Or as the Education Next survey put it: “Though willing to entertain some reforms, the public is in no rush to abandon the traditional compensation system.” W.G Howell, M.R. West, and P.E. Peterson, “What Americans Think About Their Schools,” The 2007 Education Next—PEPG Survey.
respondents believe the economists’ world view that money is an effective tool in changing behavior. The push for a changed compensation system is driven, in part, by an implicit assumption that if teaching is a more lucrative profession, it will attract and retain a more talented teaching pool and a more talented pool will produce greater learning gains for students.  

There is also a small, but often powerful, minority that has punitive motivations for wanting to develop an alternative compensation system based primarily on pay for higher test scores. They argue that we cannot afford across-the-board increases in salaries to attract a more talented teacher pool, and, in any case, such raises would not only reward the “worthy” but also give “undeserved” compensation to teachers who are not “doing their best” or are otherwise unwilling or unable to improve achievement of their students. They believe that teacher unions are too powerful and that imposing a “merit pay” system on the schools will not only weed out weak teachers but also weaken the union.

Research on Teacher Quality. There is a growing recognition and research consensus that the quality of teachers is a critical school-related factor in improving student achievement and that the current single salary schedule does not foster and reward teacher quality.

Recent research indicates that:

- The current system for attracting, preparing, compensating, and retaining teachers has not produced the kinds of outcomes for students—particularly poor students and students of color—that we as a society desire for all students.

- Considerable inequities exist in the distribution of teacher talent, and poor children and children of color are often taught by less prepared teachers.

- There are shortages of high quality teachers in certain fields—math and science, special education, and foreign languages. There are also shortages in those willing to teach in hard-to-staff schools and rural locations.

- The major factors for determining pay in the traditional salary schedule—years of experience, especially after the first few years, and additional educational attainment—do not necessarily lead to more effective teaching as measured by student test scores.

New Methodologies. Earlier attempts to develop merit-based compensation were often stymied by the absence of fair and credible measures of teacher contribution to student learning. More than a decade ago, Bill Sanders, then a statistician at the University of Tennessee, startled the education community when he introduced a methodology for determining the value-added gain of students in Tennessee’s public schools. At the time, he indicated the weaknesses of the methodology for determining individual teacher effectiveness and warned against using...
his value-add methodology for determining the pay of individual teachers.\textsuperscript{23}

Since then, many others have improved on the methodology, which accounts for much of the research on teacher and school effectiveness cited earlier. The value-added methodology and other gain procedures\textsuperscript{24} are critical to countering many teachers’ concerns that tying teachers’ compensation to their students’ test scores will unduly advantage teachers who instruct higher achieving students and those who teach more privileged students in better equipped, less disruptive schools.\textsuperscript{25}

The NEA and the AFT have proposed using a gain score or value-added methodology for determining adequate yearly progress in their suggestions for improving NCLB. This has given the use of test scores as a part of accountability systems more credibility and led some to suggest that it is hypocritical of teacher unions to call for gain scores to ascertain school improvement but to put them beyond the pale in determining teacher effectiveness.\textsuperscript{26}

The Apparent Success of Denver Pay for Performance and ProComp. The discussion of changing the compensation system is not taking place in a vacuum, particularly for teachers. Technical and political issues have plagued attempts to change teacher compensation to include pay for performance. The fact that Denver was able to create a new, professional compensation system that overcame much of the political opposition from the teachers union and was accepted by the teachers and supported by the public has given new life to efforts to reform teacher compensation through pay-for-performance proposals.

The Denver Classroom Teachers Association, an NEA affiliate, is a strong union. When the idea of tying teacher pay to student test scores was first introduced in Denver in the early 1990’s, it was met with skepticism and opposition on the part of the union. But in ensuing efforts, influenced in large part by the recommendations of the National Commission on Teaching and America’s Future,\textsuperscript{27} the union agreed to consider the matter.

The district made the union a full-partner in the development and implementation of the alternate compensation plan, ProComp, which includes multiple routes to rewards beyond test scores and lots of professional development for teachers to be successful in earning rewards. The plan was adopted by the union in 2004 by a 58 to 40 percent margin and the funds to support it in the long-run were approved by the citizens the following year by a similar margin. More than 40 percent of the Denver teachers have bought into the plan to date. Teachers hired after 2005 are automatically paid under the ProComp system, but veteran


\textsuperscript{25} While there are still considerable technical challenges to doing gain score analyses correctly, and many have challenged the readiness of the methodologies to support decisions at the individual teacher level, the methodologies have allowed the discussion to move away from the “one shot” status view of student achievement, which handicapped earlier “merit pay” proposals.

\textsuperscript{26} See for example the Ed in 08-NIET publication: “The Test of Seriousness,” available at www.EDin08.com. The technical difficulties that lend legitimacy to some of the concerns of tying test scores to teachers as opposed to entire schools, are lost in the public debate.

teachers can decide whether to opt into it or stay with the old system.\textsuperscript{28}

The Community Training and Assistance Center’s longitudinal study showing the relationship between Denver’s pay-for-performance system and improvement in student achievement, teacher quality, and systems change was of critical importance to its acceptance by the teachers and the willingness of the public to pay for the reforms. The study demonstrated that students whose teachers developed the highest quality student learning objectives, based on a rubric developed by CTAC, averaged greater gains in achievement on the Iowa Test of Basic Skills—whether or not the objectives were met—than students whose teachers’ objectives were scored lower on the rubric. The same was true for Colorado Student Assessment Program scores. It was the focus on meeting learning objectives that earned teachers additional compensation\textsuperscript{29}

\textbf{What Are The Trends In Compensation Reform?}

\textbf{Framing the Issue}

As William Slotnik, executive director of the Community Training and Assistance Center, observed, proposals to change compensation have been framed by policymakers and researchers in different ways:

Some approaches were based on the belief that compensation is the primary incentive for teachers to perform at high levels. Yet more is involved in providing incentives to teachers than compensation alone. Other approaches were designed to be punitive, punishing teachers who were labeled as underperformers. This is a reason that efforts to link learning and compensation have been opposed by teachers in general and unions in particular.

Virtually all the approaches have been predicated on the idea that performance-based compensation or its equivalent could be implemented independently, without making major changes in how the rest of the district functions. These operating premises have proven to be faulty.\textsuperscript{30}

What is clear from the Denver experience, the National Institute for Excellence in Teaching’s Teacher Advancement Program and Minnesota’s Q-Comp program, as contrasted with the disasters in Florida and Houston, where the largely punitive programs were either under-utilized or blew up during implementation, is that changes in compensation must be systemic if they are to be successful and result in improved student learning. Pay for performance must be understood as capacity building, and not merely as a financial or management tool.

How we frame the compensation issue is as important as the details of the changes that are proposed. In discussing teacher compensation reform, the tone is too often condescending and suggests that pay for performance will entice the “truly talented” to flock to schools; cause current teachers who know how to get the job done to make an effort to do so, and starve the less than stellar teachers so that they will be forced to leave the system.

\textsuperscript{28} At certain points along the traditional Denver pay schedule, it becomes more advantageous, even for the less adventurous teachers, to opt in.


Such notions are insulting to teachers, a non-starter, and interfere with real discussion about how to use alternate compensation as a lever to build organizational capacity to improve teacher quality and student performance.

As Slotnik learned in his work with the Denver Public Schools and the Denver Classroom Teachers Association:

Being sensitive to the realities of classrooms requires that teacher quality and performance-based compensation be part of the same discussion. We should be talking about the assistance teachers need to be successful with children. Instead, the national teacher-quality discussion often implies that there is not a lot of quality teaching taking place in schools. It also erroneously separates the issue of teacher quality from that of management quality. Teachers too often are insulted by both of these assumptions, and consequently are poorly assisted in the classrooms.\(^{31}\)

### Common Features of Alternate Compensation Proposals

Whatever the goals—and the goals of an alternate compensation program should be clear to everybody—the four most common approaches to changing teacher compensation are some combination of:

1. Input: pay for skills and knowledge.
2. Extra work: pay for responsibility.

**Pay for Skills and Knowledge.** Unlike the traditional single salary schedule, which presumes that more education and more teaching experience equal greater skills and knowledge, current efforts at redesign of compensation emphasize demonstration of that new knowledge or skill, particularly as it relates to specific district instructional goals. Pay for knowledge and skills may also be used to encourage teachers to pursue professional development or further credentialing in subject matter areas and instructional issues of importance to the district.

Denver’s ProComp rewards teachers for completing a professional development unit and demonstrating in the classroom the knowledge and skills acquired through the experience. As Gonring, Teske, and Jupp observe:

[professional development units] permit Denver and its teachers to move dramatically away from a dependency on higher education administration of graduate level credit toward professional development directly administered or supported by the school district...they create a way to reward teachers who rigorously apply what they have learned in job-embedded staff development.\(^{32}\)

Denver teachers also receive knowledge and skill compensation for satisfactory teacher evaluations, National Board Certification and/or graduate level degrees that are earned in areas relevant to their assignment.

---

31 Ibid.
The Douglas County Colorado differentiated pay program which has been in place since 1993 includes categories that reward knowledge and skill:

- **Outstanding teacher.** This incentive uses criteria borrowed from the National Board for Professional Teaching Standards to recognize teacher performance in three areas: assessment and instruction, content knowledge and pedagogy, and collaboration and partnership. The basis for the designation, for which successful teachers earn a one-time $1,200 bonus, is a portfolio of evidence.

- **Skills blocks**—Teachers earn pay bonuses between $250 and $500 by demonstrating mastery of specified skills learned through participation in skills-training courses the district has developed to support its goals.³³

Outstanding performance on a teacher evaluation instrument is another way that teachers may demonstrate their knowledge and skills and earn additional pay. This has led to more serious development of teacher appraisal systems and more frequent administrator and/or peer teacher reviews in an effort not only to reward performance but to strengthen instruction.

The Teacher Advancement Program has a teacher evaluation component based on Charlotte Danielson’s work, which in large measure was developed from the National Board for Professional Teaching Standards conceptual framework of teacher excellence.³⁴ Teachers who excel on a four-point rubric of teacher performance can earn incentive dollars. Teachers are evaluated several times a year by multiple, trained and certified examiners. Teachers know the standards upon which they are evaluated and the performance criteria they must demonstrate to meet those standards.

Many states and districts use earning National Board for Professional Teaching Standards certification as the basis for rewarding additional dollars for demonstrated knowledge and skills. More than half the states and numerous districts offer pay supplements to encourage greater participation in the National Board assessment process and reward those teachers who successfully complete the process.

North Carolina is the most generous state, offering a 12 percent salary increase to teachers with master’s degrees who achieve certification. Other states typically offer a lump sum added to teachers’ salaries for the duration of the certificate, which is ten years. New Mexico rewards National Board-Certified teachers who hold master’s degrees with its “Instructional Leader” license, which also results in a pay increase. Florida provides all board certified teachers with a salary increase equal to 10 percent of the state’s average teacher salary and an additional 10 percent bonus for those teachers who serve as mentors.

**Pay for Responsibility.** These proposals involve incentives for teachers to assume additional responsibilities such as mentoring or coaching beginning teachers or struggling veterans—extra pay for extra work. Douglas County has district responsibility pay that is awarded to teachers who serve on district committees as well as school site responsibility pay for extra work at the school level.

---

³³ Douglas Colorado Federation of Teachers contract
Minnesota’s Q-Comp, which is modeled after the TAP program, rewards teachers who assume the various responsibilities outlined in their career ladder programs as do Cincinnati and Toledo.

**Market Incentives.** Many districts have financial incentives to attract teachers to hard-to-staff schools or shortage teaching fields. For example, the Hamilton County Schools in Tennessee developed the Benwood Initiative to attract quality teachers to the city’s nine most troubled schools. Market incentives to attract these teachers included a $5,000 annual bonus, free tuition toward a master’s degree, a $10,000 loan toward a down payment on a house around one of the schools, forgivable if teachers teach at the school for at least five years, and $2,000 per teacher in a school that boosts its overall test scores by a significant degree.35

**Pay for Performance.** Pay for performance is by far the most contentious area of teacher compensation reform and gives rise to difficult political and technical challenges, particularly when it is focused exclusively on test scores tied to individual teacher performance. Much of this fear comes from teachers’ experiences with earlier attempts at merit pay.

Until the most recent proposals for reforming teacher compensation that began in the late 1990’s, most efforts at pay for performance could be grouped under the term “merit-pay.” Those systems, often punitive in intent, were designed to identify a few teachers as “outstanding” and pay them extra, especially if they assumed additional responsibilities as a result of their “outstanding” designation.

These past “merit pay” systems failed miserably. Why? Research indicates that generally they were under-funded, excluded teachers from the design and development of the system, imposed the system on the teachers, used quotas for determining quality, and had questionable assessment procedures for evaluating teaching that favored teachers in the wealthier schools. The result: teachers believed that favoritism rather than merit was driving the system. Furthermore, the systems were difficult to administer given the existing district budgeting practices and financial systems, and, created teacher morale problems stemming from the creation of unfair competition in a system where cooperation and collaboration are valued.36

Some recent initiatives, most notably the Florida Special Teachers Are Rewarded, or STAR, program and the Houston teacher compensation program, set quotas and made student achievement the centerpiece of their efforts. But most of the current reforms are more flexible and include pay for performance as one piece of a more complex compensation change. Most current approaches to pay for performance attempt to address many of the problems of earlier failures by:

- Using value added methodologies to determine excellent achievement (Denver ProComp).
- Rewarding school-wide and/or individual growth (TAP, Denver).
- Avoiding quotas and rewarding all who meet the outcome criteria (Austin, TAP).
- Having more than one level of excellence, so that pay for performance is not an all or nothing proposition (TAP).

---

35 From Appendix 6, NIET Consortium. For additional information: http://www.pefchattanooga.org/www/docs/1/benwood.

Using multiple measures of achievement (Denver).

Including incentives for outcome measures in addition to student achievement—e.g., reduced drop out rates, better attendance, more AP course taking, and the like (Denver).

The technical and political problems involved in introducing pay for performance, particularly at the individual level, cannot be ignored. When there has been little support for teachers, money is scarce, and the base salary is non-competitive, it is difficult for union leaders to talk about individual student performance-based teacher incentives. Furthermore, the programs must overcome the concern that the rewards will pit teachers against each other—a criticism that is sharply reduced by the absence of quotas or other arbitrary definitions of “excellence.”

The emphasis on test scores is often problematic to teachers. Teachers believe that the “value-added” that they give to children is not just academic, and that other aspects of their contribution to their students’ lives should be recognized. They also fear that too great an emphasis on testing will skew the system in undesirable ways. They are not alone in those beliefs. As Goldhaber observed in his recent paper commissioned by the Center for American Progress, the research on the effectiveness of compensation to improve student outcomes is sparse, and we must be wary of unintended consequences—e.g., how an over emphasis on paying teachers on the basis of student test scores might lead not only to a narrowing of our understanding of what constitutes “excellent teaching,” but also to a further narrowing of the curriculum to those subjects for which we have standardized student test scores.38

These are not “phony obstacles” thrown in the face of reform by desperate, obstinate, old guard reactionary union leaders, but real issues that have been given some credence by the recent research on the side effects of district implementation of adequate yearly progress.39

There are also many difficulties associated with “value-added” methodologies that cannot be ignored. There is hardly consensus in the scholarly community as to the validity of value-added models and whether they can distinguish teacher inputs from the effects of student background and school variables.40

Sanders, who is now a senior research fellow with the University of North Carolina system and manager of value-added assessment and research for SAS Institute Inc., has cautioned:

…in recent years, many have begun to attach the “value-added assessment” label to a broad range of analytical procedures: these procedures range from being very analytically simplistic to very so-

---

37 Solmon and others, “The Effectiveness of the Teacher Advancement Program,” (Santa Monica: NIET, 2004). D. Figlio and L. Kenny, “Individual Teacher Incentives and Student Performance.” Journal of Public Economics, (2006). It is important not to confuse the giving of monies to teachers and or schools with improved test scores, with increase in student achievement being the result of such incentives.


phisticated. Often policymakers are being misled into believing that these procedures give nearly identical results. … [there are] egregious risks of misclassification when some of these models are applied to provide classroom teaching effects estimates.41

Using the same data from students in two districts in Tennessee, he showed that whether a teacher was identified as effective was dependent on what methodology was used.42

Not only are there problems with some of these methodologies, but there are also a host of issues associated with the tests that are being used. Often they are not based on the local or state standards or curricula and/or they do not have the psychometric properties that are required for value-added analyses. In fact, Harris and Sass, researchers at the University of Wisconsin and Florida State University respectively, demonstrated that teacher effectiveness as determined by value-added methodologies varied depending on which reading or math tests were given to their students.43

Even with more credible value-added methodologies and better tests, school systems often lack the technical capacity to track student data to individual teachers. Desire for pay-for-performance programs frequently can be greater than the district’s capacity to implement them. Is it any wonder that teacher leaders are wary? The devil is in the details.

Doing It Right

As mentioned earlier, interest in pay-for-performance systems got a big boost when Denver implemented its ProComp program. It demonstrated that not only could a union be persuaded to sign on to alternative compensation programs, but also the union could be a major player in its design and implementation. At least as important as the union’s willingness to be involved was the research that the Community Training and Assistance Center did to show that there was an achievement effect associated with the change in compensation.

Everyone interested in advancing alternative compensation refers to the “Denver plan,” but few people actually understand what Denver’s ProComp is, and how it was developed and implemented. There is much that can be learned from Denver’s experiences with changing compensation for teachers.

ProComp is a mixed model with multiple pathways for teachers to earn additional compensation. The purpose is to raise student achievement. The process for doing that is to raise teacher quality through a set of incentives designed to increase the capacity of the system to assist teachers to do their best. As Slotnik observed, “The focus on teacher pay is what catches

42 Sanders, “Comparisons.”
43 D. Harris and T. Sass, “Value-Added Models and the Measurement of Teacher Quality,” Unpublished paper, (2006). J. Bos and others, in a related paper, “An Empirical Investigation of the Value-added Effects of Florida Teachers” found “that there is considerable variability among students and teachers both within and between schools. There is also considerable variability in student scores and score gains within classrooms and as noted in the literature, this contributes to low precision in estimated teacher effects…In addition, the large year-to-year variability in estimated effects, which was observed in this and other studies, limits the potential for persistent bias in estimated effects and the utility of the estimates, since action taken based on an estimate from a given year could be completely contradictory to actions that might be taken in a different year.”
the public’s attention. The key is to use this attention as a lever to promote the positive organizational changes needed to produce better results.  

ProComp is not a financial-management tool. It is a systemic approach to school improvement that focuses on how the district supports teaching and learning. Developing the plan was a complex process requiring time, money, dedicated staff, and outside technical assistance. It could not have been accomplished without the collaboration between the union and the district, and ultimately without the support of the public that voted to pay for the program. Nor could it have been accomplished without outside funding, particularly from a local philanthropy, the Rose Community Foundation.

Creating the plan required experimentation—a four-year pilot project and constant readjustment in the light of experience with the program. As Rob Weil, Deputy Director in the Educational Issues department of the AFT likes to say, “Developing an alternative compensation system is a process not an event.” Time, talent, and resources were not only needed for developing the incentives and identifying the evidence necessary for teachers to get the monies, they were also necessary to create new systems for tracking students scores and teachers, tracking professional development units, tying payroll to other ProComp data, developing new organizational structures within the district central office, and getting the buy-in of teachers and the public.

Although the plan includes individual and group pay-for-performance incentives, that is only a small piece of a much more complex, but transparent, system. As Gonring et al. indicate, contrary to popular opinion:

ProComp is not a pay for performance system for purists who would reward teachers on the basis of student achievement alone; rather, it is a hybrid that incorporates a variety of outcomes that the union and the school district value: a commitment to teaching in hard to staff schools and [subject shortage areas]; a demonstration of new knowledge and skills, as well as satisfactory performance; and, most importantly, a demonstration of accurately measured student growth. As a result, ProComp has four components: student growth, market incentives, knowledge and skills, and professional evaluation.

Market Incentives. Denver’s ProComp has market incentives for teaching in hard-to-staff schools and in shortage areas. The union and the district sit down each year and identify the teacher subject area shortages and the schools in need of teachers. Hard-to-staff schools are identified based on demographic profiles not student achievement; hard to staff teaching areas are identified based on two sets of data: regional surveys of the number of licensed professionals and teacher turnover rates.

44 Slotnik, “Mission Possible,” op. cit.
46 Gonring, et. al. op.cit., page. 15.
47 Research indicates that money is only one factor that must be addressed if we are to be successful in recruiting teachers to hard-to-staff schools. Other issues include improving the facilities, assuring sufficient materials, and most importantly, having effective school leadership (See, Ingersoll, R. 2001, “Teacher Turnover, Teacher Shortages and the Organization of Schools.” Center for Teaching and Policy. University of Pennsylvania, and National Commission on Teaching and America’s Future, 1996. op. cit.
Knowledge and Skill Incentives. Because the Denver system is designed to build capacity, and because enhancing teacher performance is seen as key to increasing student achievement, more than half of the $25 million in ProComp is devoted to pay for knowledge and skills. While salary enhancements for knowledge and skill can be earned through achieving a graduate degree or advanced license, and/or earning National Board Certification, the cornerstone of the knowledge and skill incentive is the “professional development unit.” The PDU is designed to enable teachers to pursue study over-time of teaching issues directly related to their jobs through job-embedded, collaborative work. According to the DCTA, the PDU process is based on the Minneapolis 1-2-3 system and “…involves three steps: study of a topic that will benefit student achievement, demonstrating the technique of the project and then reflecting on what was learned.”

Professional Evaluation. As part of ProComp, the teacher evaluation system was revamped to make it more rigorous and content-based. Administrators evaluate teacher performance against five standards: instruction, assessment, curriculum and planning, learning environment, and professional responsibilities. As part of the evaluation, teachers must provide evidence that includes student work. As a result of the pilot and experience with the ProComp system, the evaluation also includes an assessment of the rigor of the student learning objectives that the teacher has set. Teachers meeting or exceeding expectations on the evaluation earn additional compensation.

Pay for Performance. There are three ways that a teacher might earn both bonuses and permanent salary increases for student achievement. All teachers are eligible for the most important—meeting student learning objectives. Teachers and principals collaboratively agree on the two objectives and the assessments that will be used, the amount of measured learning that must take place over time and the strategies for achieving the objectives. The principals assess the progress toward those objectives three times a year. If an objective is reached the teacher is awarded additional compensation. This process focuses the principal and the teachers on student standards, teaching and learning, and evidence of student progress—not on test scores, although analysis of test scores is an essential part of setting learning objectives. The Community Training and Assistance Center’s evaluation of the pilot showed that students whose teachers set rigorous learning objectives also showed significant learning gains as measured by the Iowa Test of Basic Skills and the Colorado Student Assessment Program.

Teachers with students who take the CSAP are eligible for additional compensation if their students demonstrate extraordinary rates of student learning as determined by a quasi value-added methodology.

There is also a third student-growth component: a school-wide incentive. All faculty receive additional funds if their school is identified as “distinguished” based on a number of indicators including overall performance on the CSAP, change from year to year, parent and student satisfaction and student attendance.

Seventy percent of the money in Denver’s single salary schedule goes to base

pay and the remainder to education and experience increments. Under ProComp, 59 percent is base salary and 41 percent is incentive pay, about 57 percent of which is pay out for knowledge and skills and about 30 percent for pay for performance. Figure 1 presents the potential salary increases under ProComp.

**Doing It Wrong**

Not all places attempting to put professional compensation in place have followed the Denver example. The difficulties in Florida with pay for performance, most recently with its STAR program, are a case in point. The Florida legislature has had to go back to the drawing board after complaints and difficulties with the 2006-2007 implementation.

The legislature in Florida was eager to use standardized test scores as the primary means to reward teachers. Former Gov. Jeb Bush’s STAR program was hailed by many commentators as a model for the nation. The state rewarded the top 25 percent of teachers almost exclusively on the basis of standardized test scores. Where standardized scores did not exist, districts were urged to develop their own instruments.

The program has had a history of quotas, haste, and imposition from on high. There was initially no requirement for teacher buy-in, with the result that it was rejected by many teachers and teacher leaders, not implemented, or poorly implemented, and has led to considerable suspicion on the part of teachers as to the motivations for imposing the system. The motivation of some is best summed up by Hanushek, a member of the Koret Task Force on Reforming Florida K-12 Education, who suggested that, “By rewarding those who do well in the classroom, the hope is that most of those who do poorly will choose to exit.”

The latest version of the Florida program, “Merit Award Program” or MAP, is still primarily a teacher compensation plan based on student test scores, but has greater flexibility and recognizes the need for teacher negotiation in the design of the plan. “MAP would allow students to take state, national, or locally produced tests, along with the FCAT. Districts would have greater say in how many teachers were rewarded, and they could also determine how much of the teacher’s raise would be based on test results.”

There is still no real effort at building capacity and instead the program is based on “identifying excellence” with the hope that weak teachers will be weeded out. As Slotnik, who helped Denver devise their ProComp, remarked about Florida: “…[they] took everything that the nation

---


53 E. Hobbs, “Teachers slam.”

54 E. Hanushek, “Teacher Compensation.”


56 V. Honawar, “Legislature votes.”
learned over the last 20 years that was bad [about merit pay] and put it into law.”57 This includes quotas, over reliance on test scores, lack of teacher buy-in, arcane formulas, and no professional development.

Perhaps, no district is more the “poster child” for doing professional compensation wrong in recent times than the Houston, Texas school system. Their story is a classic example of “haste makes waste.”

In 2005, the Houston Independent School District decided to implement a pay-for-performance plan using $14.5 million of local funds that were earmarked for this purpose. Texas had two statewide programs: GEEP, the Governor’s Education Excellence Program which the governor put into place through Executive Order and TEEP, the Texas Educator’s Excellence Program, which was put into place by the legisla-

---

**Figure 1: ProComp Salary Schedule**

**Earning Salary Increases Under ProComp**

The entry level salary for ProComp is the full salary earned under the traditional salary schedule and is determined in the usual manner.

The value of each element under ProComp is a percentage of an index, which is currently equal to the base salary of the traditional salary schedule ($34,200)

*The following elements can build salary for all teachers in ProComp:*

- Completing Professional Development Units: 2% $684
- Achieving a graduate degree or advanced license: 9% $3078
- Earning a satisfactory evaluation:
  - Every year (probationary teachers): 1% $342
  - Every three years (non-probationary teachers): 3% $1026
- Achieving two student growth objectives per year: 1% $342

Completing only one of two objectives results in a bonus of $342 that does not build salary.

A $1000 lifetime account for tuition reimbursement is set aside for each teacher but this does not build salary.

*The following elements do not always apply to all teachers in ProComp:*

- Working in one of the hard to serve schools (3%) $1026
- Working in a hard to staff assignment (3%) $1026
- Exemplary performance on CSAP (3%) $1026
- Exemplary school performance (2%) $684

With the exception of tuition reimbursement, all amounts are pensionable under the DPSRS rules.


57 E. Hobbs, “Teachers slam.”
ture. These two programs were school-based and were targeted at schools with large populations of poor students.

The Houston Independent School District program, by contrast, was a district-wide program for all schools. It did not require teachers’ buy-in for participation. It was essentially a program designed by the administration with little to no consultation with the teachers and/or other members of the education stakeholder community and was imposed upon the system over the objection of the union which had wanted, in the absence of across the board raises, to see a system that included differentiated staffing and was more similar to the Teacher Advancement Program. Some teachers were also offended by the language of “incentives” as if teachers were not working hard, absent “financial incentives.”

The Houston system, which provided school-wide and individual teacher rewards based on student achievement growth on the Texas Assessment of Knowledge and Skills and Stanford 9 tests, rested on a value-added model that was developed by the HISD research department and was a mystery to most, despite some effort by the district to explain it to teachers and administrators.

The school-wide reward was based on growth of the school in comparison to 40 other schools across the state with similar demographics. There was no effort to account for such things as curriculum or school climate. The percent growth necessary for schools and teachers to earn bonuses was a mystery, other than to understand that when all was said and done, and the “psychomagicians” and other technocrats performed their analyses, those teachers in the top 50 percent of growth would be rewarded and those in the top 25 percent rewarded even more. Exactly how the formula for growth was computed at the classroom level was unknown to all but a few technicians, and how such problems as accounting for missing data, assigning students to teachers, etc. were dealt with in the process were questions that were unanswered or inaccessible to teachers.

The use of test scores in accountability schemes in Texas was already controversial—schools could get a “D” or “F” on the Texas accountability model and still make adequate yearly progress in regard to federal requirements, or get an “A” or “B” and fail to make adequate yearly progress. This is understandable at some level given the fact that the systems use different criteria to determine effectiveness, but from the point of view of teachers it all added up to questionable use of standardized test data.

There were several controversies when the rewards were announced in early 2007. There were errors in computing and some teachers were asked to return some of the money. The rewards were published in the newspaper and many teachers were embarrassed, whether they had received a reward or not. At least one Teacher of the Year was not rewarded, and some teachers with less than exemplary evaluations were given bonuses. Rewards went upwards to $7,000, but the average reward was less than $2,000. In some instances, instructional staff other than teachers got more rewards than the teachers. To put it bluntly, it was a mess.

As Gayle Fallon, the president of the American Federation of Teachers’ Houston local said, “on any reasonable criteria for success of a professional compensation system, the district’s plan failed.” The reasons she cited for that failure were that the teachers did not know what they needed to do to be rewarded, the program criteria were not clear and understandable, much of the monies were not available to all teachers, and student test scores were arbitrarily attached to particular teachers. 59

The Houston Independent School District, like Florida, violated some of the most basic elements of successful implementation of a professional compensation system: they focused almost exclusively on student test scores, they did not seek buy-in from the union, they viewed the effort as a management improvement tool not as a part of a larger school improvement plan, and they made no effort to build capacity within the system to raise student achievement.

59 Gayle Fallon, Personal communication, September 26, 2007.
What Have We Learned?

“What Works” in Teacher Compensation Reform

The evidence is sparse regarding the effectiveness of pay for performance in increasing student achievement, but efforts to change compensation over the past decade or so have provided considerable information about what it takes to successfully implement performance-pay systems in schools. As we move forward and learn from positive experiences in Denver, Douglas County, Minnesota and elsewhere, and as we consider the resistance to programs in Florida and Texas, we have developed some understanding of the conditions and resources that will be necessary to reform teacher compensation systems.

1. Reforms cannot be designed as punitive management tools, and they cannot be developed as a sorting mechanism to weed out ineffective teachers. They must be inclusive, and be part of a systemic effort to build the capacity of the district to help all teachers help students.

2. The purpose of the alternative system must be clear, whether it is to improve student achievement, improve recruitment and/or retention, attract teachers to shortage teaching fields, attract teachers to hard-to-staff schools or some combination of goals.

3. Teacher buy-in is a must. The new system cannot be imposed on teachers; it must be developed with them. Teachers need to be involved in all aspects of the design, implementation, and evaluation of a new system and that system eventually should be part of the collective bargaining agreement or memorialized in memoranda of understanding.

4. Redesigning the teacher compensation system is not an event. It is a work in progress that must be adjusted and refined as experience with the system grows.

Ultimately, any new system must meet the “APPLE criteria” first developed by the National Board for Professional Teaching Standards for its assessment system. That is, the new system must be administratively feasible, professionally acceptable, publicly credible, legally defensible and economically affordable.

Administratively Feasible. If compensation for teachers is to be based on criteria beyond the current components of education and experience, then the system must have the
ability to incorporate those other elements into its record keeping system. For example, if individual or school-wide teacher rewards are made on the basis of student performance then the system must be able to link student data to teachers and schools and link those data to payroll. If growth models are in place then districts must use tests that have the necessary psychometric characteristics to be used for such purposes.

If other criteria are used, such as professional development, National Board Certification, or extra responsibilities, then the district must have tools for keeping track of those elements and incorporating them into district operations. The district must have systems in place that link student, teacher and other Human Resource data necessary for making awards.

Professionally Acceptable. Teachers must understand the new system and believe that it is fair. An affirmative faculty vote in support of the effort should be established before beginning implementation of any performance-pay program.

To achieve teacher buy-in the new systems must have:

- Multiple ways to earn additional compensation such as student achievement, teacher instructional knowledge and skill, additional responsibilities, and professional development activities tied to district objectives.

- Rigorous, agreed upon standards and multiple measures of achievement so that rewards are available to all teachers. This is necessary because only about 28 percent of teachers instruct students in areas where standardized test scores are commonplace.

- Standards and procedures for awarding additional compensation that are transparent and easy to understand such as teaching in hard-to-staff schools, teaching high demand, low supply content areas, assuming new roles and responsibilities, and earning NBPTS certification.

- Clear steps for improving practice with professional development and other supports to assist teachers. After all if all we do is reward those who are already outstanding, we won’t increase the overall quality of the workforce.

- Rewards that are significant and not based on quotas, which create divisiveness and discourage cooperation among teachers.

- Opportunities for veteran teachers to opt into the system or stay with their current pay plan.

- Involvement of teachers in the development and implementation of the system and a systematic effort to communicate with teachers about the features of the program during its development and initial implementation. Absent a communication strategy to systematically inform teachers and get their feedback, rumor will fill the void and take down the program.

Publicly Credible. The public must understand the system, find it valuable, and be willing to pay for it. If we want the public to support the program with the necessary additional tax dollars to “go to scale,” the goals must be ones that the public values and there must be compelling evidence that the new system will meet its goals. This is one reason why pilot efforts are necessary. As with teachers,
it is also necessary to educate the public about the new systems and its costs and benefits. A communication strategy for keeping the public informed and getting their feedback is essential.

Legally Defensible. Because standardized test scores are a key element in many of the newly designed systems, it is critical that the test data, and other elements of the system, meet the professional standards of best practice so that they can withstand legal challenges. The testing data must be valid and reliable and have the psychometric properties necessary for the analyses to which they are subjected. The data must be sound and analyses must be unassailable so that decisions about salary cannot be challenged as arbitrary or capricious.

Economically Affordable. The money must be available to design, implement, and sustain the program. New systems cannot be created merely by slicing and dicing existing dollars. It is important to understand that they cannot be done on the cheap. Yes, schools and districts need to spend existing money better, but it will also take additional resources to develop a professional compensation system designed to improve instructional practice and increase student achievement.

Failure to anticipate the additional costs and provide the necessary money has been the Achilles heel of many past professional compensation reform efforts. Performance awards should be substantial and funding for performance pay should be budgeted, continual and approved in advance by school and district administrators. One problem with earlier efforts at performance based pay was the fact that the rewards disappeared the moment there was a budget crunch.

At a minimum, money will be needed to:

- Secure an adequate base pay for all teachers. Incentive funds must not come at the expense of a competitive base salary for all teachers. Even the best performance-pay program will fail if base pay, the part of pay that provides the majority of a teacher’s living expenses, is short-changed to support performance awards. Professional compensation systems cannot be created by robbing Peter to pay Paul.

- Provide meaningful incentives. One problem with past attempts is that the rewards were insubstantial. Descriptions of many systems speak of rewards in the thousands of dollars but actually end up with trivial sums when implementation occurs. While research does not give us guidance as to how much money is sufficient, past experience does indicate that small sums are not a potent incentive and that at least five percent of average salary will be a necessary starting point.

- Build the infrastructure to support the new system. Money will be needed to develop, improve, or buy new assessment tools; develop the data systems and analytic capacity they will require; create and deliver the professional development to improve teacher and principal performance and expand capacity; support staff in new roles, such as, mentor, coach, and assessment specialist; and repair and up-grade facilities in hard to staff schools.

Taking the Time to Do it Right

Haste has been the undoing of many efforts to change the compensation system.
Redesigning the compensation system is not merely a question of redirecting existing dollars, but rather it is an attempt at using the compensation system as a lever for school improvement. This ultimately requires managerial, instructional, and cultural change. That cannot be mandated from on high.

Changing teacher compensation systems requires time to:

- Develop the teacher-management trust necessary for a successful system.
- Deliberate and design the components of the program.
- Experiment and learn the advantages and pitfalls of various components.
- Communicate the program to get broad teacher and community buy-in.
- Have teachers understand the standards and measurements that the system is based on.
- Build the missing pieces for the system including better tests, new and improved evaluation systems, computer systems that can link the student and teacher data, and professional development programs tied to district instructional needs.

Any new plan must address these issues or the designers will be engaging in a fruitless, academic exercise.
References


Neufeld, S. 2006. “States Turn to Teacher Bonuses: Md. Many Others Signing on to trend, But Critics Call such Programs Unproven.” Baltimore Sun. September 5.


ABOUT THE CENTER FOR AMERICAN PROGRESS

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

Center for American Progress
1333 H Street, NW, 10th Floor
Washington, DC 20005
Tel: 202.682.1611 • Fax: 202.682.1867
www.americanprogress.org