



# FIC 2010 — Teacher Pay-for-Performance

---

## Overview

In early March 2009, the U.S. Department of Education released proposed criteria for Teacher Incentive Fund grants which will total \$600 million. Generally, this program supports efforts to develop and implement performance-based teacher and principal compensation systems in high-need schools. Among other factors, the Department wants to see new pay plans incorporate five core elements: (1) educating teachers and the community about the plan, (2) revising teacher and principal evaluation systems to guide classroom observations, (3) providing professional development aligned to the new systems, (4) linking student achievement data to payroll systems, and (5) obtaining teacher, principal, and union support.

Pay-for-performance programs award teachers with differential compensation based on some combination of measurable outputs and observed teacher performance. Measurable outputs typically aim to capture student learning attributable to a teacher or a school, and can be derived from scores on standardized tests or other more complex assessments of student work.<sup>i</sup>

In theory, more pay drives teachers to work harder to improve student achievement. However, research on the topic is lacking and insufficient to draw concrete conclusions on the effectiveness of these programs. Researchers comment cautiously about the potential of pay-for-performance systems, the association between participation in these programs and increased student achievement, and the need for additional study.

One of the challenges in administering and evaluating teacher pay-for-performance programs is the difficulty in isolating the effect of a single teacher on achievement. Some evaluators are using “value-added methodology,” which is costly, difficult, and controversial. This approach seeks to separate student effects (ethnicity, family background, socioeconomic status) from school effects (teachers, administrators, programs). It then projects a test score for each student based on previous achievement. The difference between the actual score and projected score is the value added by the teacher. Some dispute the accuracy and reliability of value added methodology due to the many complex factors that influence student achievement.

According to a policy brief issued by the Rand Corporation in 2009, we also know little about the effect of pay-for-performance on school climate and staff morale.<sup>ii</sup> This is important because research shows teacher/administrator support and a collaborative environment are linked to successful reform.

The Consortium for Policy Research in Education (CPRE) suggests that for performance pay systems to be effective they must meet three conditions:<sup>iii</sup>

- Guarantee stable and adequate funding
- Provide competitive total compensation

- Build strong measurement systems

Stable and adequate funding is necessary for teachers to have confidence that the promised pay will be provided if they meet or exceed performance expectations. Without it, programs will likely fail to get off the ground or “fade away.”

Total compensation consists of salary, benefits, and performance pay. CPRE notes that it would be “fruitless and self-defeating to build a performance pay plan atop noncompetitive salaries and benefits.”

The system for measuring teacher performance must be fair, reliable, and valid. Such a measurement system must go beyond student test scores, and include elements such as individual performance contracts and classroom observation.

Clearly, an effective pay for performance system is not cheap. It requires additional resources not only for the performance pay itself, but also to develop and implement a strong measurement system. Such a system requires additional administrative resources to do classroom observations and collect and analyze performance indicators. Therefore, implementing a good performance pay system in California, where education resources are scarcer than in most states, would be difficult. On the other hand, the implementation of performance pay could be seen as a concrete benefit that would justify the infusion of additional resources into the schools.

### **The Single Salary Schedule and Experiments with Alternatives**

Nearly all teachers in the United States’ 15,000 school districts are paid on the single salary schedule. Following World War II, the single salary schedule was adopted widely as a way of equalizing pay across gender, race, and position at a time when female teachers were paid less than male teachers and black teachers were paid less than white teachers.

With the advent of collective bargaining in the 1960s and 1970s, the unions representing teachers came to view the single salary schedule as the pay arrangement that offered teachers a system of equitable, objective, and predictable salary distribution. Teachers had confidence in a salary system based on years of service and the number of college credits earned.

Critics of the single salary schedule argue it does not provide market sensitive salaries. It does not offer incentives or recognition for stellar teaching and it fails to recognize the reality that some teaching jobs are more challenging than others and some subject area openings are more difficult to fill. Proponents of salary reform argue the salary system should reflect what matters most for improving student achievement.

### **Merit Pay**

In the 1980’s, school districts experimented with merit pay programs, in which the determination of teachers’ eligibility for salary bonuses typically was based on principals’ ratings of teachers’ effectiveness. Most of these experiments failed due to poor planning, insufficient training, and inadequate funding. Principals’ reviews of teachers in these systems tended to be highly subjective, based on individual administrators’ views of what constitutes good teaching. Judgments of so-called merit offered no gradations; one either was or was not deserving of merit pay.

Moreover, merit pay reinforced a culture of isolation in teaching. Teachers were obliged to compete with one another for merit dollars that were in short supply, thus diminishing prospects for professional collaboration. Systems were inadequately financed, resulting in fewer teachers than the number who qualified for merit pay receiving the dollars.

## **Denver**

Denver's ProComp Pilot Project was in effect from 1999 and until 2003. The Pilot Project was a cooperative effort of the Denver Public Schools (DPS) and the Denver Classroom Teachers Association (DCTA) under which teachers set measurable performance objectives for their students. An evaluation found a positive correlation between the schools that participated in the pilot program and increases in student test scores.

ProComp was expanded in 2004. Part of a nine-year collective bargaining agreement between DPS and DCTA, ProComp is designed to link teacher pay to the district's instructional mission and attract and retain well qualified teachers in the Denver Public Schools. Under ProComp, pay based on experience and units is replaced with a system in which teachers earn added compensation for:

- Acquiring and demonstrating knowledge and skills linked to improving student achievement
- Meeting market demands for teaching in hard-to-staff schools and subjects
- Successfully completing performance evaluations
- Improving student scores on standardized tests

The original ProComp agreement was amended in August 2008. The amended agreement raised starting salaries, provided more dollars for hard-to-staff schools and subjects, increased payouts both for teaching in hard-to-staff schools and for top-performing schools, and increased the amount paid for increases on the Colorado state standardized test. Teachers employed in Denver when the plan went into effect were offered the choice to participate in the new pay system or to remain on the standard salary schedule. Since January 2006, new teachers have been placed in ProComp.

## **San Francisco**

In June 2008, San Francisco voters approved a parcel tax that will give the San Francisco Unified School District approximately \$29 million per year until 2028, with the money to be used mainly for added teacher pay. The San Francisco pay plan is being designed to serve a number of purposes, including giving all teachers a salary boost, targeting dollars to teachers in high-need subjects and schools, and making the performance evaluation system more effective. The teachers union supported the measure.

The parcel tax will increase beginning teachers' salaries to almost \$50,000 a year while increasing all salaries between \$4,000 and \$6,000. Teachers in schools deemed hard-to-staff will receive an additional \$2,000 annually. Teachers in hard-to-staff subjects will receive an additional \$1,000 each year. In an effort to curb teacher attrition (currently, one in five teachers leaves the district after three years or less), teachers will also receive a one-time bonus of \$2,500 and \$3,000 after their fourth and eighth years respectively in the district.

The San Francisco program also creates 50 master teacher positions, each to be paid an additional \$2,500 per year, and increases the number of peer assistance and review coaches who provide support

and evaluation for underperforming tenured teachers. In addition, the 20 schools that show the most improvement in their achievement will receive block grants of \$30,000 per school.

San Francisco's pay changes are being evaluated by Stanford University. The evaluation will focus mainly on the program's impact on attracting and retaining high-performing teachers and improving the performance of less successful teachers.

## **Conclusion**

CSBA believes it is premature for federal policy to include teacher and principal pay-for-performance schemes as essential components of school reform, because research does not support their efficacy. Instead, federal funds should be used to support carefully planned pilot projects that can be used to determine the impact of pay-for-performance on student learning and how pay-for-performance schemes should be structured for optimum results.

Federal funds for performance pay must be carefully allocated to ensure that only proposals that meet the conditions of effective systems are funded. In addition, federally funded systems must be designed and implemented in a way that allows for rigorous evaluation of their effectiveness. This means federal funds should be used to fund a variety of different approaches, so their relative merits can also be evaluated.

Additional Information:

[http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content\\_storage\\_01/0000019b/80/1b/e3/ee.pdf](http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/1b/e3/ee.pdf)

---

<sup>i</sup>Robin Chait and Raegen Miller, "Paying Teachers for Results: A Summary of Research to Inform the Design of Pay-for-Performance Programs for High-Poverty Schools." Center for American Progress, May 2009

<sup>ii</sup> Laura Hamilton and Jennifer Li, "Designing Effective Pay-for-Performance in K-12 Education." Rand Corporation, 2009

<sup>iii</sup> Herman G. Heneman, III; Anthony Milanowski; Steven Kimball, "Teacher Performance Pay: Synthesis of Plans, Research, and Guidelines for Practice." CPRE, University of Pennsylvania, February 2007