



NATIONAL COMPREHENSIVE CENTER  
FOR **TEACHER QUALITY**

# **Performance-Based Teacher Compensation: Current Models and Lessons Learned**

**Prepared for: Education Interim Committee  
Utah  
Legislature**

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May 22, 2008

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# Performance-Based Teacher Compensation

- This presentation was created in partnership with the Southwest Comprehensive Center at WestEd --



# History of Teacher Pay Reform

- Merit pay reform movement began in the 1980's:
  - Subjective (rather than objective) evaluations of teacher performance based primarily on administrator judgment
  - Involved competition for small rewards insufficient to motivate participants
  - Poorly designed and under-funded, pitting teachers against one another in a zero-sum game
- Today's efforts seek better alternatives to the traditional single-salary schedule (used in about 70 percent of U.S. school districts) in which experience and education level are the only factors that influence salary

# Goals of Current Teacher Pay Reform Efforts

- Reward teachers for student learning outcomes
- Reward teachers for gaining knowledge and skills
- Create incentives to attract talented candidates to the profession
- Create incentives to recruit teachers for high-need schools and hard-to-staff subject areas
- Create incentives to retain high-quality teachers
- Counter the long-term decline in teacher pay to equalize with that of comparable professions

# Types of Incentives

## Direct financial incentives

Higher base salaries  
Bonuses  
Stipends

## Indirect financial incentives

Loan forgiveness  
Tuition reimbursement  
Housing assistance

## Non-monetary incentives

Professional development release time

# Types of Pay for Performance

Most pay-for-performance systems include a range of incentives based on multiple inputs and outputs:

## **Knowledge and skills**

- Pre- and in-service training and professional development, e.g., attainment of National Board certification

## **Student outcomes**

- School or classroom performance award

## **Teaching performance**

- Multiple, objective assessments of instructional quality

## **Market pay**

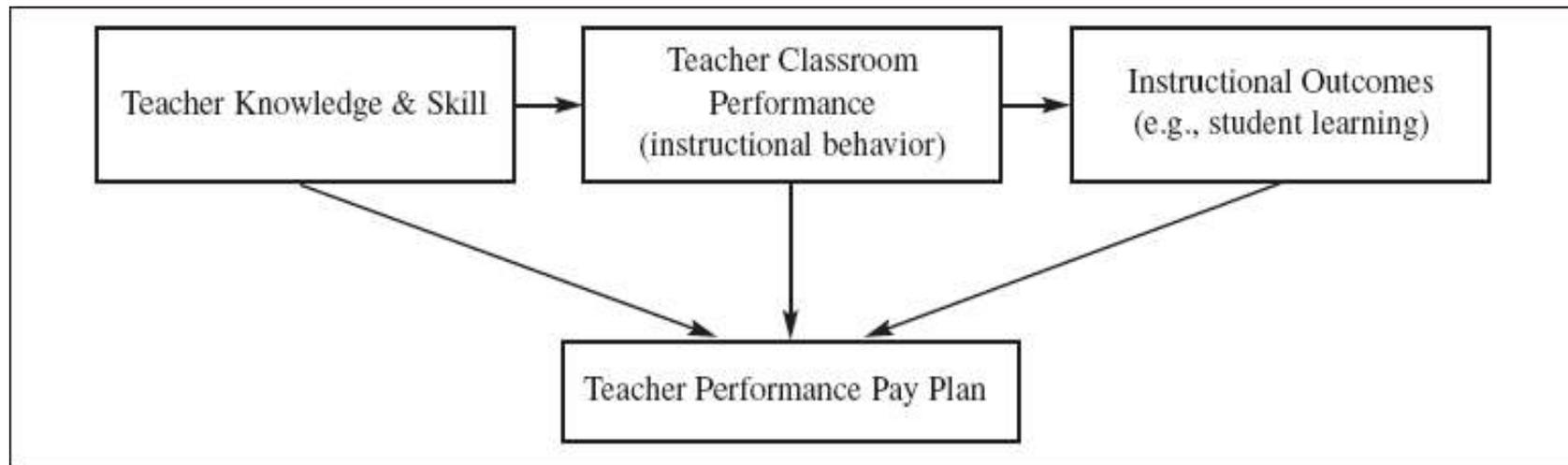
- Incentive pay for hard-to-staff schools or subject areas

## **Additional incentives**

- Bonuses for teachers who assume leadership roles in schools

# Current Teacher Pay Reforms

- Combined plans award additional pay based on various inputs, measures, and outputs



Source: CPRE Policy Brief: Teacher Performance Pay: Synthesis of Plans, Research, and Guidelines for Practice (2007), Figure 1, page 1.

# Current Teacher Pay Reforms

- The following slides describe pay-for-performance programs in 8 states (AK, AZ, FL, MN, NC, SC, SD and TX), including:
  - A brief description of the reform
  - Measures and data
  - Award type and amount
  - Funding and evaluation

# Alaska School Performance Incentive Program

- State pilot program intended to encourage everyone on a school's staff to collaborate
- Allows certified and non-certified staff to receive incentive payments on top of base salaries
- Established for 2006-07, 2007-08, and 2008-09 school years

# Alaska: Measures and Data

- Based on growth in student achievement on the state's annual Standards-Based Assessments (SBAs)
- Comparisons of individual student scores from year to year (growth model)
- 95 percent of students in the school must participate in the assessment for the school to be eligible

# Alaska: Measures and Data

- Schools receive points based on whether or not each student moved up or down across one of the six SBA performance categories
- School score = total student points / # students
- School score then applied to a multi-level index; the higher the score, the larger the bonus. Schools with less than a year's growth will not receive a bonus.

# Alaska: Award Type and Amount

- Group award; each teacher receives a bonus if the school shows at least one year's growth in student academic achievement
- Awards range from \$2,500-\$5,000 for certified employees and \$1,000-\$2,500 for non-certified employees

# Alaska: Funding and Evaluation

- Capped at \$5.8 million annually; limited to 850 certified and 340 non-certified staff
- Example: If 5 percent of the state's school staff members won the highest level of bonus, program would cost about \$3.1 million
- Program funds subject to appropriation
- No formal program evaluation yet available

# Arizona Classroom Site Fund

- Enacted and funded by Proposition 301 (November 2000)
- Requires all districts across the state to have some form of pay-for-performance component for teachers
- Program is ongoing and permanent

# Arizona: Measures and Data

- Core measures are determined at the district level
- Local plans must incorporate a variety of elements:
  1. District- and school-level performance
  2. Measures of academic progress toward state standards
  3. Other measures of academic progress
  4. Dropout or graduation rates
  5. Attendance rates

# Arizona: Measures and Data

- Local program elements (continued):
  6. Parent and student ratings of school quality
  7. Teacher and administrator input (70 percent must approve system)
  8. Appeals process for teachers denied performance-based pay
  9. Regular evaluation of system effectiveness

# Arizona: Award Type and Amount

- Districts determine whether to award individuals or groups
- Per-pupil funding amount is computed using the estimated weighted student count for the year along with estimated resources in the overall Classroom Site Fund budget

# Arizona: Funding and Evaluation

- Funding comes from a dedicated portion (.06 percent) of the sales tax and from growth in K-12 state land trust revenues
- The Consortium for Policy Research in Education (CPRE) has conducted a case study on the Classroom Site Fund that indicates there are no formal plans to evaluate the program at the state level

# Florida Merit Award Program (MAP)

- In 2006, FL State Board and Legislature initiated a pay-for-performance framework
- Three successive attempts (E-Comp, STAR, MAP) to build a state plan over the next two years
- Teachers and district leaders resisted based on their lack of involvement, an over-reliance on test scores, and the use of performance rankings to award teachers

# Florida Merit Award Program (MAP)

- MAP allows districts to recognize teachers with awards for student learning gains
- District participation is voluntary
- All instructional staff and school-based administrators are eligible for the program

# Florida: Measures and Data

- Districts must base at least 60 percent of award criteria on student performance; up to 40 percent based on principal evaluations
- Districts can use the state assessment (FCAT) or another standardized test for teachers in FCAT grades and subject areas, but must use a district-wide assessment for teachers in other grades and subject areas
- Student proficiency refers to a student's level of achievement at a single point in time

# Florida: Award Type and Amount

- State provides flexibility for districts to measure the performance of individual teachers or teacher teams
- Bonuses are worth 5-10 percent of the average teacher salary in the district
- Districts also have flexibility to define the proportion of teachers who receive an award

# Florida: Funding and Evaluation

- State legislature appropriated \$147.5 million for MAP
- No formal program evaluation yet completed

[Note: a Center for Educator Compensation Reform (CECR) case summary is available at:  
<http://cecr.ed.gov/guides/summaries/FloridaCaseSummary.pdf> ]

# Minnesota Q-Comp

- Ongoing program enacted by Legislature in July 2005
- Programs are designed locally; teachers who meet agreed-upon district goals receive individual awards
- 39 MN school districts and 21 charter schools received funding for 2007-08 implementation

# Minnesota Q-Comp

- By statute, local plans must include 5 components:
  1. Career Ladder: compensation/release time for additional responsibilities/positions
  2. Professional development aligned with state guidelines (typically involves professional learning communities)
  3. Multiple evaluations with multiple criteria, conducted by more than one evaluator

# Minnesota Q-Comp

- Local plan components (cont.):
  4. Performance pay: measures of student academic achievement and progress must account for at least 60 percent of pay increase
  5. Alternative salary schedule: reformed “steps and lanes” salary schedule; hold-harmless ensures that teachers cannot receive a pay reduction when transitioning to new schedule

# Minnesota: Measures and Data

- Locally-selected evaluation team develops a common set of skills and a common rating scale (used by all evaluators)
- Teacher performance tied to pay is measured by:
  - Agreed-upon gains in student performance
  - Achievement of additional district-level objectives

# Minnesota: Award Type and Amount

- Incentives are earned by teachers who show agreed-upon gains in student performance, as set by the district
- The award type and amount for the Q-Comp program varies significantly by district
- As of 2005, there were 22 districts approved for the program -- but 134 districts indicated interest in applying through the 2007-2008 school year

# Minnesota: Funding and Evaluation

- Approved Q-Comp districts receive \$260 per student (\$190 per student in state aid and \$70 per student in board-approved levy) for the program
- Charter schools receive approximately \$260 per student in state aid through an equalized levy
- Initial legislation provided funding for about 48 percent of MN students; supplemental budget appropriation planned if/when demand exceeds available funding

# North Carolina ABCs of Public Education

- Implemented in 1996-97, statewide accountability program emphasizes high standards and local control
- Sets growth and performance standards for each elementary, middle, and high school
- Series of statewide meetings helped develop model of school effectiveness; model refined in ensuing years
- Program includes group incentive awards to schools

# North Carolina: Measures and Data

- Statewide end-of-grade and end-of-course test results, and other selected components (e.g., high school dropout rate), are used to measure school growth and performance levels
- Growth formulas are based on eight years of student performance data
- Student is expected to perform as well, or better, on the end-of-grade assessment for the current year as she or he did, on average, during the previous two years

## North Carolina: Award Type and Amount

- In schools that attain “High Growth” standard, certified staff members each receive up to \$1,500 and teacher assistants receive up to \$500
- In schools that attain lower “Expected Growth” standard (students perform similarly from year-to-year) certified staff members receive up to \$750 and teacher assistants receive up to \$375

# North Carolina: Funding and Evaluation

- Total cost of incentive awards in 2005-06 was estimated at \$94 million
- Program evaluations have shown that a significant percentage of schools (about 70 percent) receive incentive awards

# South Carolina Teacher Incentive Fund

- Since 2001, South Carolina has selected various schools to implement the Teacher Advancement Program (TAP), which features a performance-based compensation component
- With the award of the federal TIF grant in November 2006, South Carolina has worked to implement additional performance-based compensation plans in six high-poverty, high-minority, and low-performing rural districts

# South Carolina: Measures and Data

- Value-added growth model managed by external provider
- 60 percent of teacher bonuses are based on student achievement: 20 percent based on schoolwide growth and 40 percent based on value-added gains of an individual teacher's students
  - To earn individual awards, student achievement must improve by one standard deviation above the control group, as measured by value-added growth on statewide exams
- Other 40 percent is based on results of four teacher evaluations per year (using TAP Teaching Skills, Knowledge and Responsibilities Standards)

## South Carolina: Award Type and Amount

- The TIF program provides minimum awards of \$2,000 to teachers and \$5,000 to principals, though actual amounts will vary by district
- Bonuses will be calculated on a continuum based on the Teacher Advancement Program (TAP) model previously described

## South Carolina: Funding and Evaluation

- 5-year federal TIF grant totaling \$33.9 million
- State has provided \$11.2 million in matching funds; state made more than one-half of its ESEA Title II, Part A (Improving Teacher Quality) funds available for bonuses for performance
- The Anderson Research Group will conduct an independent, third-party evaluation of the program

# South Dakota Incentive Fund

- In 2006, the SD governor introduced an innovative teacher compensation plan
- In June 2007, SD was awarded a federal TIF grant to expand the governor's plan to include 30 of the lowest-performing, high-poverty schools in the state

# South Dakota: Measures and Data

- SD's Student Information Management System (managed by external provider):
  - Tracks student information over time and from school to school
  - Also provides data to track the results of achievement tests on the classroom level and school level

# South Dakota: Award Type and Amount

- Tier 1 is school-based, with all principals and instructional staff in eligible schools receiving awards based on student achievement at the school level
- Tier 2 provides awards for principals and teachers based on individual performance (student achievement, effective performance, and leadership)
- Tier 3 is based on recruitment and signing incentives for teachers in hard-to-fill positions in participating schools

# South Dakota: Award Type and Amount

- Five types of compensation are available:
  - 1.School-based awards (based on student achievement growth and AYP): \$4,000 for principals, \$1,500 for certified instructional staff, \$750 for non-certified instructional staff
  - 2.Leadership roles and responsibilities (based on Leadership Academy and principal/peer assessments): \$1,000 for principals, \$750 for instructional staff

# South Dakota: Award Type and Amount

- Types of compensation (cont.):
  3. Individual performance (based on CCSSO School Success Audit Tool and classroom observation scores): \$1,000 for principals, \$750 for classroom teachers
  4. Individual/classroom achievement gains (based on results from statewide tests and other assessments): \$750 for teachers, \$350 for paraprofessionals
  5. Recruitment incentive (based on signed contract and agreement): \$5,000 for new teachers

# South Dakota: Funding and Evaluation

- 5-year federal TIF grant totaling \$20.8 million awarded in June 2007
- SD Department of Education is committed to providing funding to support and sustain the program; expects to contribute 75 percent of funds by year 5

# Texas Educator Excellence Grant (TEEG)

- Designed to reward teachers who improve student performance as shown through objective, quantifiable measures, and who collaborate with faculty and staff to contribute to improving overall student performance at the school
- Schools become eligible for TEEG based on new data each year; schools develop TEEG plans but must first receive district approval

# Texas Governor's Educator Excellence Grant (GEEG)

- GEEG designed to reward teachers who have an influence on student achievement
- GEEG funds 100 schools, who develop their own plans and receive district approval prior to submitting
- GEEG requires that student outcomes be measured via an objective, quantifiable measure (e.g., student scores on TAKS state test) and also requires measure of teacher collaboration; measures differ by school

# Texas: Measures and Data

- Some schools base teacher awards on student achievement levels (TAKS passing rates), others measure student growth via value-added modeling
- Teacher collaboration is measured by participation in campus-based activities such as professional development, instructional strategy meetings, team teaching and observation, mentoring and coaching, and other evidence of knowledge sharing across subjects and grade levels

# Texas: Funding and Evaluation

- TEEG funding, approximately \$100 million annually, is provided through the state legislature
- GEEG is federally funded through the TEA's Title II and Title V allocations

[Note: a CECR case summary is available at:  
<http://cecr.ed.gov/guides/summaries/TexasCaseSummary.pdf>]

# Key Policy Lessons from Research

- Establish teacher (and teacher union) buy-in early and often
- Consistently and transparently describe intended outcomes
- Identify and communicate compensation options; allow teachers to opt out
- Combine pay incentives with leadership reforms and professional development so that performance pay is not a stand-alone program

# Key Policy Lessons from Research

- Identify and secure long-term funding streams; supplemental funding is often required
- Research is unclear about optimal size of bonuses, but must be large enough to matter to teachers
- Develop fair and transparent measures of instructional quality and teacher performance

# Key Policy Lessons from Research

- Uni-dimensional differentiated compensation programs based on one input or output measure have typically not been successful
- Comprehensive programs use a variety of strategies that include—to a varying extent— all teachers (i.e., those in assessed and non-assessed subjects), other school personnel, and administrators
- Comprehensive programs consider student outcomes, teacher performance, and differentiated teacher responsibilities
- Evaluate program to demonstrate effectiveness and return on investment

# Key Policy Concerns

- Few research-based estimates of the human resource demands of these programs
- Fairness and validity of teacher and principal performance evaluations
- Measuring teacher effects independent of school context, and stability of measures over time
- Using test scores as the only measure in determining student outcomes

# Key Resources

- **Center for Educator Compensation Reform**
  - Supports federal Teacher Incentive Fund (TIF) grantees with their implementation efforts; publishes guidance online
  - [www.cecr.ed.gov](http://www.cecr.ed.gov)
- **National Center on Performance Incentives**
  - Provides research on the use of financial incentives for teachers to inform policy and practice
  - [www.performanceincentives.org](http://www.performanceincentives.org)
- **Consortium for Policy Research in Education**
  - Provides research on school finance, including evaluations of pay-for-performance programs
  - [www.wcer.wisc.edu/cpre/](http://www.wcer.wisc.edu/cpre/)



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