



Center for Policy Studies, Education Research, and Community Development

A Consortium Serving Idaho, Montana, Utah, and Wyoming

Pay for Performance Systems for Teachers

Introduction

The focus in K-12 education is on accountability that is geared toward the improvement of the quality of education and improving student achievement. Concurrently, many experienced teachers, dissatisfied with their compensation, recognition, and overwhelming demands on their time are leaving the field for other more highly compensated fields. Goldhaber and Player (2003) postulated that, because of lower compensation levels, not enough high quality individuals are choosing teaching as a profession. They suggested investing in the workforce to improve recruitment and retention of highly qualified individuals and thereby raise student achievement levels. They are of the view that *innovative* compensation alternatives have to be developed to make it financially more attractive to enter and stay in teaching. They noted that the current teacher workforce is aging and retiring, and yet K-12 student enrollments are increasing. As state funding agencies grapple with this issue, it is noted that there is an emerging trend to examine and change compensation practices to include performance-based rewards systems. School or group based systems rather than individual performance systems are receiving the most consideration. (Consortium for Policy Research in Education, 2004). However, where compensation based pay is being modified, paying teachers for actual knowledge and skills is occurring less frequently as a qualifying component for base pay increases. For instance, only ten percent of Colorado school districts report compensating teachers for demonstrated knowledge and skill (National Conference of State Legislatures, 2004). Most states and districts have implemented or considering implementation of performance-based rewards as an addition to the basic compensation schedule. This fact underscores the dilemma associated with pay for performance systems, whether in the basic compensation schedule or as an additional compensation package. Some districts are finding moderate success with their efforts. The dilemma is how to measure and evaluate teacher performance objectively, removing all the extraneous variables (socio-economic, developmental, etc.) other than teacher performance that can affect student performance.

Needless to say, there have been unsuccessful efforts in the pay for performance arena. Several examples exist. David Benson of the Fairfax County School System in Virginia indicated that a pay for performance system was begun in the late 1980s. The system involved additional pay to the basic compensation packet offered by the county. Unfortunately, while the system was well thought out, funding for the program was eventually cut to meet budget shortfalls in the early 1990s. The first iteration of the Cincinnati model, discussed below, was unsuccessful because all stakeholders were not involved in the planning of the system. The Denver Public Schools program (also discussed in this brief) is awaiting implementation due to allocation of funding.

Policy Issue

Considering all the benefits, funding issues, and disadvantages, should the state develop a pay for performance plan for teachers or delegate the authority to local school districts?

Research Questions

1. What research is available that would assist policymakers with developing a framework for a pay for performance plan for teachers?
2. What states have addressed the issue of pay for performance with legislation?
3. What models of pay for performance plans have been developed, and what are the common elements of these plans?
4. What were the processes and timelines involved in the development of pay for performance plans?

Methodology

Literature, phone, and Internet searches were done to identify and examine the current trends in teacher compensation schedules and models, as pertains to pay for performance. The work of the Consortium for Policy Research, American Federation of Teachers, and the Denver Classroom Teachers Association (DACT) provided much of the literature used in this Brief. Florida school districts of Hillsborough, Sumter, Columbia, and Pasco are districts that are using pay for performance models. Additional sources examined included individual school districts; executive directors of state school administrators, individual state departments of education, including Idaho; the National Conference of State Legislators; and various educational policy research centers.

Definitions

There are specific definitions of terms and phrases utilized in this document that need clarification for the purpose of the readers' understanding.

Outstanding – What is an objective definition of an outstanding teacher? Much like the definition of quality, we all know it when we see it, but find it hard to define it and measure it. In the case of pay for performance, performance is generally associated with an increase in student achievement. Is an increase in student achievement directly associated with the skills, knowledge, and pedagogy of the teacher or are there other variables influencing student achievement in the classroom environment? Outstanding has traditionally been associated with annual subjective principal evaluations. Outstanding in the pay for performance system has to be linked to increases in student achievement, as well as annual evaluations, skills, and knowledge. *An outstanding teacher perhaps may then become defined by year-to-year increases in student achievement due to skilled pedagogy, and not necessarily degrees, longevity, and evaluations. In the same manner, a building or school is evaluated as outstanding.*

School-Based Performance Award (SBPA) – SBPA is a group or building pay for performance model. Incentives are based on achieving or exceeding some goal(s) related to the school

performance, such as student achievement. The critical components are consistency and fairness. Each school within a particular district or across a state is evaluated in the same manner, using the same criteria, assessments, and data. It is essential that all schools are on a level playing field. In some models a part of a teacher's annual pay may become variable based on the building performance. Or based on the building's performance, additional pay, over and above the annual pay, may be awarded. In some SBPA models all building employees may participate, not just teachers.

Single Salary Schedule – The single salary schedule defines the entry-level base compensation pay for beginning teachers, the incremental steps in pay for years of service, and level of additional credits and advanced degrees. Most single salary schedules are based on level of education attained and years of service for advancement on the schedule.

Knowledge and Skill-Based Pay (KSBP) – Knowledge and skill based pay is a model whereby advancement on the single salary schedule is predicated on the acquisition of knowledge and skills (known to effect student learning) and their application into the classroom to increase student learning. Movement on the schedule is performance based.

Assessment and Measurement – The development of measurable, valid, and reliable indicators of teacher performance is critical to any pay for performance model or system. Increase in student achievement can be measured in different ways – ISAT scores, portfolios, etc. The indicators should be consistently applied throughout the district or state for the purpose of fairness and equity.

Variables – There are many variables that can influence student achievement other than teacher performance; socioeconomics of the classroom can change one year to the next. School infrastructure, i.e., capacity, can be completely different in an urban district compared to a rural district. Infrastructure can influence student achievement. Mobility of the student population can change drastically in a short period of time, e.g., just five or six limited English students from migrant families can change the overall index of student achievement over night. Consideration of all the potential variables is critical for the definition of an equitable and fair pay for performance system. Wherever possible these variables should be factored out of the measures/indicators for teacher performance.

Findings

- Pay for performance plans should not contain a quota system.
- Sufficient and sustained funding is essential for a successful pay for performance plan.
- There is, generally, a lack of state revenue for additional funding for pay for performance programs (E. M. Kellor, personal communication, August 13, 2004; J. Brad, personal communication, August 13, 2004).
- At least seven states have begun implementation of pay for performance systems.
- There are two general models (Consortium for Policy Research in Education, 2004).
 - Knowledge and Skills-Based Pay
 - School-Based Performance Award
- The Ladue School District in suburban St. Louis appears to have the longest standing (50 years) incentive pay program based on performance evaluations.

- Inclusion of all stakeholders in the development and planning of the pay for performance plan is essential for long-term success.
- Most performance pay experiments have occurred at the school district level (National Conference of State Legislatures, 2004).
- The most common and current reward for teachers for the development of skills and competencies is through salary incentives by achieving National Board for Professional Teaching Standards Certification (National Conference of State Legislatures, 2004).

National Trends

According to Nelson and Drown (2002), the average teacher salary in the United States was \$44,367. “States with collective bargaining for teachers have higher wages and incomes” (p. 71). The University of Wisconsin has described two basic emerging teacher compensation models (Odden, Kellor, & Conti, 2001, p. 20). The models are based on individual knowledge or skills, or on group performance plans. Technical design issues for the two basic models include the need to establish clear, specific descriptions of the knowledge and skills teachers are to develop, and well defined objectives with appropriate and consistent assessment forms or rubrics to measure teacher performance. A brief description of each model is given below.

1. The Individual Skill Based Performance Model

- Emphasizes clear descriptions of the knowledge and skills that teachers should possess
- Has objectives with credible assessment systems
- Aligns recruitment, evaluation and professional development with the individual’s skills and knowledge, and ultimately performance based compensation

For example, in 2000, the Florida State Legislature (Pay for Performance Program 1012.22[4c] FS) mandated that districts were to design and develop a process for identifying and compensating teachers who distinguish themselves as “outstanding.” Each school district must award a five percent (5%) pay supplement to those teachers who demonstrate outstanding performance. Each individual school district is charged with defining a plan whereby teachers can be assessed, through a variety of indicators and measures, to determine whether or not they qualify as “outstanding.” The hallmark of these individual district plans is a very long laborious procedure with detailed and intensive document requirements of the teacher and numerous committee hurdles. The finding is districts and states do not have a reliable, quickly accessed indicator(s) that can directly assess teacher performance and student achievement. Therefore these indicators, measures, and assessments must be created and tested prior to implementation of the plan.

2. Group Performance Models

- Awards salaries based on group performance, such as the whole school, however, amounts vary based on the levels of student achievement accomplished
- Model must state clear performance targets
- Considers local context to give accurate figures of performance
- Provides adequate funding at all levels to schools that meet the performance criteria

- Provides rewards that are valued by teachers, e.g. bonuses or money for school improvement
- Gives teachers autonomy over their work, and holds teachers accountable for student results.

Odden, Kellor, and Conti (2001) offer ten criteria which the development and implementation of any compensation design or redesign process should consider. These are:

1. Involvement of all key parties, particularly those whose compensation is affected.
2. A general consensus on the most desired educational outcomes.
3. Performance criteria should be measurable using valid measurement methods.
4. Stable funding to ensure continuity of the system; funding must be integrated in the school system.
5. Avoidance of quotas; all schools and all teachers that meet the performance measures must be rewarded.
6. Commitment to ongoing professional development to increase knowledge and sharpen skills.
7. Work conditions must be addressed.
8. Harmonious working relations between the school board and administrators are essential.
9. Labor maturity of the teacher's unions and administration.
10. Commitment towards continual improvement.

Examples of Incentive Compensation Systems – State Level

South Carolina

The South Carolina Teacher Advancement Program is a complete overhaul of the basic compensation schedule and teacher advancement path. It is composed of the following elements.

- Multiple career paths; teachers move up the ranks knowing that compensation will increase, as do responsibilities, qualifications, performance, and professional development requirements.
- Market-driven, performance-based compensation; “master” teachers may earn as much as \$75,000 each year.
- Performance-based accountability is determined by student progress, academic achievement, and performance demonstration.
- Ongoing, applied professional growth occurs several times each week through the professional growth blocks built into the teacher's work schedule. Collaboration among instructional personnel is important with time for reflection, planning, sharing, research, and learning.
- Expanding the supply of high quality educators, through each of the above principles.

Arkansas

The state of Arkansas passed the Public School Funding Act of 2003, a component of which will establish a knowledge and skill-based pay system for teachers, and provides for school-based performance awards. At the time of the writing a commissioned study on the feasibility of a

KSBP or SBPA has yet to be completed. The expected completion date is January 1, 2005. Please note that a full year was allowed for development and planning.

Minnesota

Minnesota began field testing a performance-based teacher pay system in three Minneapolis schools and one district in the fall of 2004. Funding is provided by an \$8 million federal grant. Money is provided only for the testing of the system. Sustainability has yet to be determined.

Wisconsin

Manitowoc School District offers a model typical for most of Wisconsin. The model initially followed a two-lane framework that was based on whether teachers had a bachelors (lane one) or masters degree (lane two). This model was found to have flaws, which led to the adoption of a new skill and knowledge compensation system. The rationale behind the new system was to pay teachers for what they know and can do with the belief that those teachers who are knowledgeable and skilled (delivery) in their subject matter will transfer this to students. The aim of the model is to improve instruction, retain teachers, and shift away from the two-lane compensation system. All stakeholders were represented in the development of the new model. They agreed that the model “will attract and retain teachers and will encourage and reward teachers for acquiring new skills and knowledge” (Odden, Kellor, & Conti, 2001, p. 20). Under this new system teachers would earn more if they acquired new skills thereby providing more opportunity for advancement. New opportunities for advancement would be continuous, advancing through the attainment of a doctorate, National Board Certification, and becoming a master teacher. Teachers took credit courses from universities, Manitowoc Academy courses, and professional development certificate programs.

The new pay structure had eight lanes instead of the original two. It specified hiring lanes for new teachers with bachelors and masters degrees. For instance, teachers with bachelors degrees and new to the field start at lane one while, those with masters start at lane four. This particular model is still primarily based on knowledge acquisition (degrees and certification). Pay for performance is based on the demonstration of acquired knowledge in increasing student achievement.

Kentucky Public Schools

This model uses a group or school based performance reward systems (Willis, Koch, Lampe, & Young, 1999). An accountability index, whose cycle is two full school years, provides the basis of measuring school improvement. At the core of the index is the emphasis on performance based student assessment. Surveys done by the Consortium for Policy Research in Education (CPRE) indicated that teachers were motivated by the program to modify their teaching approaches to enhance student performance. Improvements were noted to be achieved through the accountability cycle. The system of reward and sanctions enforced a positive direction in assisting teachers to focus on the school goals and bring about organizational changes. Teachers were concerned about the desire to avoid publicity associated with the sanctions. They exhibited the desire to see students achieve along with professional pride and public recognition if

accountability index thresholds were met. Award winning schools had high curriculum alignment with assessment programs and high quality professional development programs.

Florida Models

Florida statute 1012.22 F.S. governs pay for performance and delegates to school districts the authority to develop and adopt a performance pay policy. Florida has a number of school districts that are using pay for performance models. Hillsborough, Pasco, and Columbia were examined. The Hillsborough model is generally representative of the other two, the highlights of which are given below.

Hillsborough County District – The pay for performance plan was enacted in the 2004-2005 academic year. The plan identifies school personnel who demonstrate outstanding performance, as measured under section 1012.34 F.S.; and outstanding teachers earn an additional 5% supplement, coupled with their negotiated salary (Hillsborough County School District, 2004).

Highlights of the Plan

- Evaluation encompasses twelve accomplished practices of good teaching.
- Besides the existing personnel assessment categories, an additional outstanding category has been added.
- Consideration for eligibility of pay for performance is based on two criteria; teachers must get outstanding assessments in instructional effectiveness, and for instructional impact.
- Teachers must provide accompanying documentation for any work that is rated as outstanding.
- The benchmark score is 95% of the total allowable score for a teacher to be considered as outstanding and eligible for pay for performance.
- Student achievement results are used as primary determinants for instructional effectiveness and impact.
- All qualifying teachers will be considered for performance pay of 5% of their salary.

A critical element of this plan is that there is no guarantee that all eligible teachers will get 5% of their salary as this is determined by the availability of funds. Funds are distributed in descending order from the highest score to the extent that money is available (Hillsborough County School District, 2004).

Eligibility

1. A teacher must be tenured or have three years of experience in Hillsborough County district or unconditionally recommended for a fourth-year contract.
2. A teacher must be hired at a school where she/he intends to work toward recognition by October 1 of that school year.
3. Declaration of intent must be completed before October 1.
4. Each teacher who intends to participate must have a fall evaluation completed and teachers who get unsatisfactory grading in the fall and spring semester may not qualify for outstanding teacher.
5. The spring semester is used for consideration for outstanding teacher performance pay.

The essential consideration, when evaluating the Florida models, is the amount of bureaucracy, documentation, and time required by a teacher to complete the necessary documentation to even be considered for performance pay, and then not even have the security of knowing they will get the pay after doing all the work.

Idaho

The Center for Workforce Effectiveness (CWE) conducted a study on teacher compensation for the Idaho State Board of Education under the umbrella of the MOST program in 2003. A component of that study focused on developing differentiated compensation for teachers. The CWE recommended that Idaho consider two ways to achieve pay for performance.

1. Development of a School Based Performance Award program. The SBPA program would operate on an annual basis, with part of the teacher's annual salary being variable. Determination of this variable component would be based on the attainment of school based performance goals.
2. Replacing the current single salary schedule with a Knowledge and Skill Based Pay system. The new schedule would contain five tiers, beginning teacher, novice, developing professional, professional, and advanced. Movement up this schedule would require the development of measurable indicators of performance and rubrics for their assessment.

While the research was completed and recommendations given, the plan was never accepted.

Examples of Incentive Compensation Systems – District or School Models

Colorado Models

Colorado has two ongoing experiments in teacher compensation. The first is the Douglas County model and the second is the Denver Public School System model, which is awaiting approval of a \$25 million dollar levy by Denver voters before implementation. If funds are not approved the model may not be implemented.

Highlights of the Douglas County Model – The National Conference of State Legislatures (2004) listed the following as the main aspects of the Douglas County model.

1. Besides base pay teachers can receive bonuses based on:
 - a. Outstanding practice based on assessment and instruction, and a portfolio demonstrating skills and competencies.
 - b. Site responsibility which considers paying teachers for participating in activities above and beyond the normal course of classroom instruction.
 - c. Group incentive based on participating in optional schoolwide activities and working cooperatively with colleagues.
 - d. District responsibility - Teachers are rewarded for participating in specified district activities, for instance, serving on district committees.
 - e. Skill block – Teachers are rewarded for successful completion of each training block that includes an assessment and teacher skill acquisition.

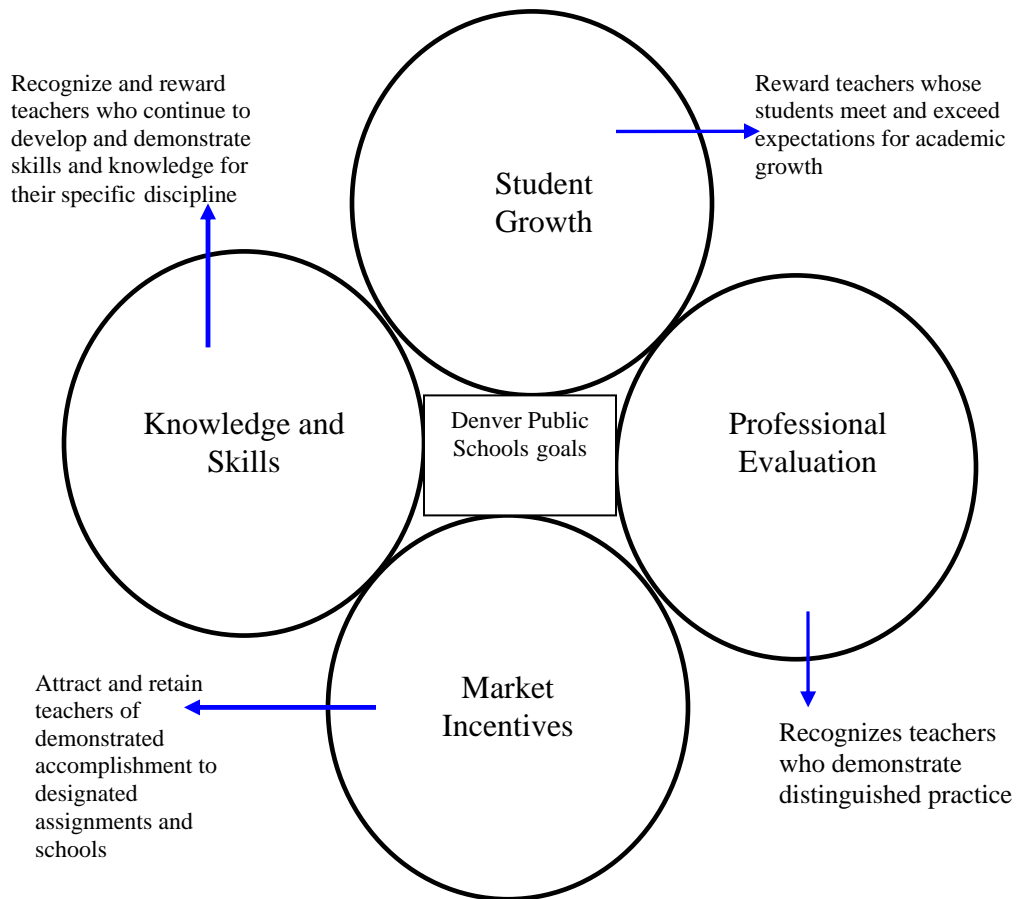
Denver Public School System Model

Full implementation of the program is scheduled for January 2006 subject to Denver voters approving a \$25 million levy according to the Denver Public Schools and Denver Classroom Teachers Association (DCTA) (2004), The Southeast Center for Teaching Quality (2004), and the Consortium for Policy Research in Education (CPRE) (2004) Websites. Accompanying this model is a newly designed evaluation rubric which assists evaluators with arriving at an objective score. The development process for the plan began in 1999, and was approved by the Denver Board of Education in February 2004. Prior to approval, a two-year pilot study (2000-2001) considered the feasibility of the model. A sample of 500 teachers from a total teacher population of 4,300 were included in the pilot study. Schools were included in the sample if there was an acceptance vote of 85% of the staff. Year one included twelve elementary and middle schools. Year two was the same as year one but three additional high schools were added. The highlights of the model as given by the DCTA are the following:

1. Paying bonuses for working in hard-to-staff positions and hard-to-serve schools.
2. All schools eligible for bonuses based on meeting improvement expectations.
3. Teachers working in designated distinguished schools program receive a 2% index bonus of \$659. Teachers serving in more than one school will receive a pro-rated bonus.
4. Teachers working in hard to serve schools (determined by the percentage of students who receive free lunch) will receive a 3% index bonus of \$989.
5. Teachers serving in hard to staff disciplines will receive a 3% index bonus of \$989.

The issuance of bonuses for hard to serve areas is designed to attract experienced teachers to work with academically challenged students. Shortages of teachers in the hard-to-staff areas are expected to increase (National Conference of State Legislatures, 2004). Teachers have the leverage of choosing when and/or whether to join the ProComp (the teacher incentive model).

Figure 1. Professional Compensation for Teachers (ProComp)



Source: Professional Compensation System for Teachers (2004).

Ladue School District

The incentive pay program of Ladue, Missouri, is based on performance evaluations, the criteria for which were developed by a district Committee on Evaluation and Salary. This committee is composed of eight elected teachers, and three administrators, including the superintendent. The evaluation criteria describe teacher behaviors, including:

- Planning and preparation skills
- Knowledge of the approved curriculum and subject matter
- Effective delivery of instruction
- Maintenance of a learning environment that encourages mutual respect and acceptance
- Evaluation of student performance
- Ability to provide for individual differences and motivated students.

The plan has never attempted to link compensation of individual Ladue teachers to student achievement. There are no quotas on the number of teachers who may receive a given incentive, so teachers are not forced to compete directly against one another for a limited pool of funds. The district does not use a teacher salary schedule or salary guide and does not set a maximum salary. The amount of each teacher's annual raise is determined by the total number of points

earned on their performance evaluation appraisal. Ladue does not award extra compensation for additional course work or for degrees earned after initial employment in the district. The district does support graduate studies through a tuition assistance program, up to \$6,000 per degree.

Cincinnati Model

School based performance began in July 1997. The Cincinnati Federation of Teachers (CFT) was involved in the consultation and design of a proposal for group performance-based pay or School Incentive Award (SIA). The other stakeholders included Cincinnati Public School administrators and teachers, and University of Wisconsin staff who offered technical assistance and consultation to the group. From this nucleus subcommittees were formed to specifically deal with the following issues:

1. Measurement and targets
2. Funding
3. Performance indicators and design
4. Implementation
5. Communication

The findings were that teachers are not necessarily rewarded by money, a salary increase or bonus (Consortium for Policy Research in Education, 2004). The plan went to a vote with half of the teachers voting. The proposal was not approved based on the following grounds. First, teachers felt they were being lured by cash. Second, the plan was criticized for not being fair to all teachers and some would resort to manipulation in order to achieve greater compensation.

The president of the Cincinnati Federation of Teachers did not fully believe in the plan, because he viewed the plan as having factors outside of a teacher’s individual control. Cincinnati’s Teacher Compensation System has evolved from being solely group-based to being individually-based. In 2000, districts and teachers started working on a model of teacher pay that was knowledge and skill based. The proposed model has the following factors.

Table 1
Cincinnati Teacher Compensation System

Teaching Category	Teacher Evaluation	Licensure Requirement	Comprehensive Requirement	Maximum years in Category
Accomplished	- 4 in all domains	- Approved Individual Professional Development Plan (IPDP)	- Must occur at least once in a five-year period - May occur as often as every other year - Cannot occur until year 2 in category	- No maximum - May remain in category throughout career - Will receive salary increments for experience only at end of years 1, 2, and 3 in category
Advanced	- 4 in domain 3 - 4 in at least one other domain - 3 in the other two domains	- Same as “accomplished” category	- Same as “accomplished” category	- Same as “accomplished” category
Career	- 3 in all domains	- Same as “accomplished”	Same as “accomplished” and	- Same as “accomplished” and

		and “advanced”	“advanced”	“advanced”
Novice	- 2 or better in all domains	- Approved IPDP; pass Praxis 3; initial Ohio licensure	- Year 3 as novice - Year 4 if fail to obtain at least 3’s in all domains in year 3 - Year 5 if fail to obtain at least 3’s in all domains in year 4	
Apprentice	- 1 in any domain	- Temporary license	- Year 1 - Required in year if fail to obtain at least 2’s in all domains	- Non-renewed at end of year 2 if novice status has not been attained.

Source: Keller & Odden (1999)

This Cincinnati teacher salary schedule largely depends on a teacher’s level of performance (Keller & Odden, 1999). At the time of this writing the Cincinnati model has yet to be implemented, due to final approval by the Cincinnati Teachers Association.

Charlotte-Mecklenburg Public Schools of North Carolina

This was one of the first school districts to award a school-based performance system to improve student achievement (Consortium for Policy Research in Education, 2004). The impetus for change was provided by the business community which felt that schools were not producing students who met the needs of employers. Collaboration among business, community, and schools produced the Benchmark Goals Program (BGP) aimed at recognizing and rewarding effective teachers. The original plan was remobilized to meet with the statewide plan whose acronym (ABC) emphasized three factors: A – focus on accountability, B – basics and high standards, and C – maximum local control. The BGP focused on academic and non-academic measures while the ABC focused on academic measures determined by end-of-grade-level examinations. The local BGP program underwent numerous revisions, seeking teacher feedback in the process. Under the ABC, exemplary schools received \$750 to \$1,500, while teachers received \$750 under the BGP. The pay programs have resulted in better pay and retention for principals and teachers. However, teachers reported high levels of stress, longer working hours, and loss of creative teaching due to teaching to the specific standards of the two programs.

Dallas Public Schools

The Dallas performance reward system is based on the group performance reward model using the School Effectiveness Index (Mendro, et al., 1999). The index is based on four types of measurement. These are student test results, school attendance, drop-out and promotion rates, and participation in advanced placement classes in the case of high schools. School improvement is calculated using computed student scores on each of the above measures and factors in school characteristics that are beyond the school’s control. The system is norm referenced in that schools are ranked in comparison to other schools. Teachers in eligible schools received \$1,000, while support staff received \$500. The \$1,000 reward is roughly 2.8% of the average teacher base salary.

Challenges

Much like the healthcare system of the late sixties and seventies, the public education system of the country is being asked to demonstrate, via measurement and documentation, the quality of the service they provide. Like the healthcare system, there have been numerous concerns expressed by citizens, professionals, and policymakers, etc. Nevertheless accountability appears to be here to stay. The healthcare system embraced the total quality management philosophy and embarked on the road of the continuous quality improvement model. Public education is moving down the same road; instead of indicators of quality patient care, education is developing indicators of teacher performance. Developing a pay for performance system involves the development of valid and reliable indicators of teacher performance, then establishing a reliable and valid system to measure teacher performance against those indicators, rewarding high-performing teachers, and mentoring and assisting those teachers that need improvement to meet those indicators of performance. The idea is simple, but the work and time required to achieve this goal is expected to be long and arduous.

This being said, the challenges that many districts would face are perhaps most succinctly listed by the Denver Classroom Teachers Association (2004). These depend on whether states and school districts have the capacity to establish:

- Full funding that sustains the proposed models over a protracted period of time
- Cushion cost of living adjustment
- Eliminate quotas in implementation
- Inclusion of all positions
- High levels of commitment to professional growth
- Cover extra duty pay

The research provided in this brief indicates that a clear majority of pay for performance plans are all school district initiatives, seriously underfunded, and a potential source of lack of motivation among teachers. The greater challenge is to establish what really motivates teachers and to determine whether increased pay is the elixir to problems bedeviling education. Currently the models that are in motion in Florida, for instance Hillsborough County, do not guarantee that the teacher will receive the pay for performance reward even if they qualify. This is because the conditions of performance pay plans in school districts are not sustainable as school districts are underfunded to meet this challenge. Pay for performance plans need the total commitment of funding by states. Having statutes that set minimums for entry salaries as in the case of New Mexico, need to be supported by state dollars. Leaving pay for performance to be funded by school districts alone makes the whole approach vulnerable and threatened with failure as school districts (perhaps Denver) lack the financial capacity to sustain this noble cause.

Pay for performance emphasizes competency areas. A controversy may not be ruled out over which competency areas are relevant for what disciplines. For instance, are the same competency areas required for social studies teachers and science teachers? Which benchmarks of competency are considered as sufficient to be applied holistically among all teachers? Is the proposed pay for performance plans fool proof, i.e., can it be abused?

If the State of Idaho wishes to adopt performance-based compensation, state dollars should be allocated to make it work. The minutes of the Idaho Committee on Performance Based Compensation of July 26, 2004, reflect that there is no money for performance-based pay for teachers. This may mean that Idaho along with other states contemplating performance-based pay need to seriously consider the cost/benefit ratio for embarking on a pay for performance plan and the budget which will accompany it. If teachers are to put hard work into something they are not sure they are guaranteed to receive, the performance-based pay system has the potential to reduce teacher morale thereby exacerbating the poor conditions of an already overworked teaching workforce.

Implications for Policymakers

Fundamentally, state policymakers should address some key issues prior to venturing into the pay for performance arena. First, is it in the best interest of the state to develop a pay for performance plan in terms of cost, sustainability, benefits, etc. Second, how would the program be managed from the state level, to include supervisory staff, technical assistance to districts, etc?

Should the state wish to establish a pay for performance plan for teachers in schools, certain legislative action would be needed, as evidenced by the experience in other state legislative actions. Key elements of the legislation should be:

1. Establish a rationale for a pay for performance system (benefits)
2. Create a funding system that can be sustained over time
3. Inclusion of all stake holders in the development of program guidelines
4. Designate the type of system the state wishes to establish, school based or individual based
5. Provide consulting services for establishment of measurable objective or competencies which support “outstanding” teaching
6. Field test the system in several school districts for at least one year prior to full implementation
7. Create an advisory committee, including teachers, to review the field test data
8. Provide for modification, if needed
9. Implement the system statewide with no quotas

The implementation of teacher compensation is contingent upon getting full and sustained funding, and consensus from all stakeholders. Teachers are already working hard. Teacher empowerment through training for the acquisition of new skills and knowledge encourages them to be better problem solvers, reflective practitioners, and life long learners (Stecher & Kirby, 2004). A teacher who is skilled and knowledgeable is expected to execute his or her duties with confidence and knowledge, and boosting self and collective teacher efficacy. The development of a teacher compensation system should be in sync with the current teacher evaluation systems as compensation and evaluation systems mutually reinforce each other (Stecher & Kirby, 2004).

Because there are few models of pay for performance with a demonstrated track record available, and limited resources available, each state or district must go about developing their own model for pay for performance. There are, however, a few critical processes to consider when

developing, designing, and implementing a pay for performance system – be it for teachers or any other salaried employee. First, is the utilization of a systematic process approach to the planning and implementation of the system. In a simple fashion, this would mean a complete and thorough analysis, including literature searches, environment assessments, identification of stakeholders, funding sources, etc. After analysis, developing and designing the plan involves putting the pieces together – the details (goals, objectives, procedures, timing). The next phase of a systematic approach involves implementation, which considers sequencing and timing of the implementation. Finally, no plan is complete without evaluation, including both formative and summative.

In the planning and development of a pay for performance system, sustainability of the system is critical. Dr. Kevin North, Deputy Superintendent of the Fairfax County Virginia School District indicated that a successful system called Career Two was implemented in the late 1980s. Qualified teachers applied, were evaluated, and if found to be a high-performing teacher, were given approximately 9% of base salary as a bonus. Unfortunately, the early 1990's brought recession and the school board deleted the Career Two funding. A pay for performance system needs to be planned for the long run. (C. Zimmerly, personal communication, September 14, 2004)

The formation of a team of experts and stakeholders is the other critical feature of drafting, planning, and implementing a pay for performance system. It is essential that the team be facilitated by an individual knowledgeable and skilled in team dynamics.

Finally, any pay for performance system, after careful, thoughtful planning, should have the effect of increasing teacher performance and student achievement. This can be accomplished through the “continuous quality improvement” philosophy, examination of those practices of high performing teachers, feedback of those practices into the pedagogy of other teachers, and reflection. A pay for performance system that utilizes punishments, sanctions, and hoop jumping, will only drive good teachers out of the profession.

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