

# Alternative Teacher Compensation Systems



**Emilio Landolfi**

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Emilio Landolfi

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## EXECUTIVE SUMMARY

"The way we pay affects the behaviour of teachers: how they teach and how they develop their teaching capabilities over time. How they choose to direct their energies - inside the classroom and out - will be in part driven by what kinds of practices and capacity building habits are rewarded by the pay system." (Hassel, 2002, p. 4)

Quality teachers are an incredibly valuable human resource because of their effect on student achievement. How we compensate teachers therefore is crucial.

Some researchers believe that increasing teachers' salaries is key to recruiting and retaining high quality educators. Others claim that working conditions, benefits and opportunities for ongoing professional development play a more valuable role in attracting and keeping effective teachers. Recruitment and retention of quality teachers is a crucial issue as Canada's teaching force is in a time of transition due to the expected large numbers of teachers retiring and the decline in the number of teaching certificates earned nation-wide.

This report examines existing and emerging alternative approaches to the single-salary teacher compensation structure found in most school districts in Canada. Nine detailed case studies and five descriptions of these new models are highlighted. These fourteen plans include components of skills- and knowledge-based pay, cooperative performance incentives and/or pay-for-performance, illustrating how jurisdictions have created or modified plans to meet the perceived needs of their community.

Skills- and knowledge-based plans reward teachers for developing and using knowledge and skills described by objective, professional standards that have been accepted as being valued. Pay-for-performance plans provide teacher compensation based on the attainment of agreed performance goals while cooperative performance incentives compensate the entire school for increased student achievement on an incremental basis over the previous year's performance. The primary intent of all these alternative teacher compensation plans is to improve teacher capacity to increase student achievement.

It is important to note that

"Teacher compensation should not be considered in isolation but instead must be considered as part of an educational system that includes curricula aligned with standards, continuous professional development for teachers and paraprofessionals, and the other necessary conditions and resources to support teaching and learning." (AFT, 2002, p. 4)

Therefore, most case studies not only describe the actual compensation structures but their interrelationship with other aspects of the teaching and learning context such as student

assessment, teacher evaluation, labour relations, the role of professional development, teacher motivation, and remediation and support strategies for teachers. Often licensure, legislation, and budget considerations are key factors in the development and eventual success or failure of alternative teacher compensation structures.

Well-developed implementation strategies are also important. During transition from the status quo to a new and often untested system, these strategies can help ensure success while reducing uncertainty and stress for both individuals and the system. Data on educational results and fiscal impact of these plans is presented where available.

A number of key principles related to the implementation of performance pay programs can be extracted from this research. Canadian policymakers should consider the importance of the following when designing, implementing and administering effective alternative teacher compensation programs:

- Understanding the importance of union/management collaboration for successful implementation of a non-traditional teacher compensation system.
- Realizing vision, tenacity and long-term commitment are key factors in effectively evoking change.
- Remaining sensitive to the structure of new compensation systems.
- Being cognisant of the importance of frequent interaction amongst all those involved.
- Maintaining clear and easily comprehensible standards for teacher evaluation.
- Providing adequate training necessary for implementing the new compensation system.
- Providing adequate funding to sustain the new compensation system.

# I Introduction

There are numerous studies which indicate that teacher quality is a key component of student success and achievement. However, much of the international research suggests a dwindling supply of highly-skilled teachers in the classroom and the employment pipeline (Delly, 2002;<sup>1</sup> Bassett, 2003;<sup>2</sup> McCabe, 2003).<sup>3</sup> Statistics Canada reports a decrease in the number of teaching certificates earned in 2000 (11.8% decline since 1995) which is the largest five-year drop of earned qualifications in any field in Canada.<sup>4</sup>

The current single-salary compensation approach used in education has been in effect for over eighty years. Could redesigning the teacher compensation systems utilised by the majority of school boards and districts be a partial solution to attracting and retaining quality teachers?

Attracting quality people to any profession in part requires an appealing compensation schedule, with adequate benefits and incentives. Teachers, for the most part, remain underpaid in relation to some positions requiring similar levels of education and training. What is the significance of new research on teacher quality? Will simply increasing teachers' salaries help to guarantee all children a talented and high quality teacher or should the structure of teacher compensation also be examined?

This report will explore the potential of innovative teacher compensation systems and their policy implications for an education system predicated on quality teachers for quality learning. While the majority of case studies will be from an American context, examples from Canada, Britain, and other countries will be presented where available. Due to the emerging nature and limited history of alternative teacher compensation plans, the data do not provide a solid basis for definitive conclusions. The reader will however, obtain valuable insights into innovative plans and the factors that may have contributed to their success or failure.

The report concludes with practical policy implications as they relate to teacher compensation programs such as the importance of union/management collaboration; the role of performance standards; the necessity of professional development and ongoing communication processes; and the commitment of funding to adequately implement and support new compensation systems.

## METHODOLOGY

Research into these challenging and far-reaching questions was conducted over a six month period, commencing in April 2003. The inquiry included an extensive search of the literature and a review of over two hundred documents and reports. Personal communications with key sources were also utilized to obtain as-yet-unpublished data on the evolving status of many alternative compensation plans. The information cited is what was available as of early September 2003.

The draft report was then reviewed by former school superintendents, a business person, a school board trustee, an employer's association and an academic in this field. Their feedback guided revisions to the final report.

### Notes

<sup>1</sup> Delly, M. E. P. (2002, July 10). Teaching quality viewed as crucial. *Education Week*. Retrieved April 1, 2003 from <http://www.edweek.org>.

<sup>2</sup> Bassett, P. F. (2003, February 26). *Searching for great teachers*. Education Week. Retrieved April 10, 2003 from <http://www.edweek.org>.

<sup>3</sup> McCabe, M. (2003). *Research shows that good teaching matters*. Retrieved March 26, 2003 from <http://www.edweek.org>

<sup>4</sup> Statistics Canada. (July 8, 2003). Retrieved Tuesday, July 8, 2003 from <http://www.statcan.ca/DailyEnglish/030708/d030708a.htm>

## II What is Teacher Quality?

Darling-Hammond and Finn (2000), state that teacher quality is the most significant aspect of a child's education.<sup>1</sup> Work by Sanders and Rivers (1996) suggests that teacher quality has a greater effect on student achievement than any other educational factor.<sup>2</sup> Indeed, differences in teacher expertise are a critical factor in the quality of students' learning experiences across schools and classrooms (Darling-Hammond, 1997;<sup>3</sup> Delly, 2002).<sup>4</sup> Ferguson (1991) concurs that teacher quality is of prime importance to students, and that it should be a key focus in improving the quality of schools. "Skilled teachers are the most critical of all schooling inputs" (Ferguson, 1991, p. 490).<sup>5</sup> As a result, teacher quality is an area of priority in education policy. The U. S. federal "No Child Left Behind Act" of 2001,<sup>6</sup> for example, requires that by the end of the 2005-06 school year, every teacher working in a public school must be highly qualified (McCabe, 2003).<sup>7</sup>

Some, however, such as Bassett (2003) argue that teacher quality and effectiveness have little to do with certification or the number of courses an individual has taken in teaching methodology.<sup>8</sup> Bassett (2003) maintains that teacher quality (with specific reference to middle school and secondary school levels) denotes that the teacher has a degree in the subject area taught (i.e., mathematics, science, history, etc.), ideally from a college or university with high admissions criteria, as well as life experiences which enrich the teaching itself. Others, such as Finn (Darling-Hammond & Finn, 2000) state that a quality teacher is simply one whose students acquire essential knowledge and skills (as determined by the curriculum requirements of their particular grade level), and is able to add sufficient academic value to their pupils.

Kathleen Madigan, president of the American Board for Certification of Teacher Excellence, suggests that a high quality teacher possesses the following qualities: strong record of academic growth of previous students; effective instructional and classroom management strategies; has passed rigorous subject area exams and is teaching in their major area of subject matter expertise; views testing as essential in order to know if their students are learning what is being taught; and, collects, corrects, grades, and returns homework on a regular basis (Madigan, 2003).<sup>9</sup> And Wise (2003),<sup>10</sup> a strong proponent for transforming current teacher-certification procedures, deems that an effective teacher should possess the following qualities: general knowledge, knowledge of subject matter, teaching knowledge, and an ability to make a positive impact on student achievement. Wise (2003) and Madigan (2003) suggest that these attributes are not being developed by contemporary teacher certification practices. Not surprisingly, Wise (2003) and (Madigan, 2003) do not support the view that teacher qualification standards are currently equated with teacher effectiveness.

In addition to knowledge of content and pedagogy, Bransford, Brown and Cocking (1999)<sup>11</sup> propose that quality teaching requires a strong understanding of how students learn the content, understanding of students' common misconceptions, and a repertoire of teaching strategies that can lead students through experiences which will help them understand the subject matter. Furthermore, this knowledge is grounded in the realities of a particular classroom with children. As a result, effective teachers must be able to plan, modify, and adapt instructional activities based on students' responses to particular lessons (Cohen, McLaughlin, & Talbert, 1993).<sup>12</sup>

Undeniably, teacher quality is extremely difficult to characterize and measure (Phillips, 2002).<sup>13</sup> "Teaching is more complex and difficult than we would be led to believe by looking at the typical organisation of teachers' work" (Little, 1999, p. 67).<sup>14</sup> Consequently, the majority of studies on teacher quality employ teacher inputs (i.e., what a teacher brings to the classroom) which are more easily quantifiable, such as: teacher's level of certification, academic degree(s), score on a teacher test or college entrance exam, general academic and verbal ability, subject matter knowledge, knowledge about teaching and learning as reflected in teacher education courses or preparation experiences, the combined set of qualifications measured by teacher certification, and years of experience (Darling-Hammond, 2000; McCabe, 2003). This is in contrast to examining teaching quality variables which are less easily measured. Teaching quality is defined as what teachers "do" (outputs) to promote student learning (Kaplan & Owings, 2001).<sup>15</sup>

The NBPTS (National Board for Professional Teaching Standards) incorporates five principal propositions in its policy statement on Professional Teaching Standards (Bond, Smith, Baker, & Hattie, 2000).<sup>16</sup>

- Teachers are committed to students and their learning.
- Teachers know the subjects they teach and how to teach those subjects to students.
- Teachers are responsible for managing and monitoring student learning.
- Teachers think systematically about their practice and learn from experience.
- Teachers are members of learning communities.

Darling-Hammond (1997)<sup>17</sup> provides a more detailed checklist which covers a range of teacher quality competencies. Teachers need:

- To understand subject matter thoroughly enough to organize it so that students can create useful cognitive maps of the terrain they are studying.
- To have pedagogical content knowledge (Shulman, 1987)<sup>18</sup> that enables teachers to represent ideas so that they are accessible to others.
- To have knowledge of development so that teachers can frame productive experiences for students.
- To have an understanding of differences that may arise from culture, language, family, community, gender, prior schooling, and the other factors that shape people's experiences, as well as differences that may arise from the intelligences students rely on, their preferred approaches to learning, and any specific learning difficulties they may have.

- To build a teacher's pedagogical learner knowledge, which grows as teachers examine how particular learners think and reason, how they learn best, and what motivates them.
- To have an understanding of motivation.
- To possess several kinds of knowledge about learning.
- To assess students' knowledge and approaches to learning.
- To command teaching strategies that address a variety of ways to learn and a variety of purposefully selected goals for learning.
- To know about curriculum resources and technologies.
- To know about collaboration.
- To be able to analyze and reflect on their practice, to assess the effects of their teaching and then to refine and improve their instruction.

## HOW IS TEACHER QUALITY EXPRESSED THROUGH STUDENT ACHIEVEMENT?

McCabe (2003) maintains that high-quality teachers are much more effective at promoting learning in students. And Mrozowski (2002)<sup>19</sup> states that teachers who ranked highest under the new Cincinnati's Public Schools' teacher evaluation system also demonstrated the greatest increases in their students' achievement on proficiency tests. President of the Cincinnati Federation of Teachers, Sue Taylor, believes this finding suggests that teacher quality is a major factor in determining student achievement and success. Taylor states: "It's gratifying to have empirical evidence to show the correlation between excellence in teaching and raising student achievement" (Mrozowski, 2002, p. 1). The view that quality teachers improve student achievement is also supported by the work of Hanushek, Klain, and Rivkin (1998),<sup>20</sup> and Gleason (2000),<sup>21</sup> as well as the U.S. Secretary of Education's Annual Report on Teacher Quality (2002),<sup>22</sup> which further emphasizes the measurable effect that teachers have on student achievement. In addition, work by Darling-Hammond and Youngs (2002),<sup>23</sup> as well as Darling-Hammond, Berry, and Thoreson (2001)<sup>24</sup> support the positive relationship between teacher quality and student performance. Indeed, a recent investigation by Rivkin, Hanushek, and Kain (2001)<sup>25</sup> accredits increases of at least 7% of the total variance in test-score gains to differences in teachers. The relationship between teacher quality and student achievement "stands out in a literature that frequently fails to find significant relationships between other teacher attributes and student achievement" (Ballou & Podgursky, 1997, p. 11).<sup>26</sup> This is also reflected in the work of Hanushek (1981),<sup>27</sup> Shah (2002),<sup>28</sup> Hassel (2002),<sup>29</sup> and a recent report titled Pay for Performance in Education (2000).<sup>30</sup> Clearly, teacher quality has an impact on how well students learn.

Wilson, Floden, and Ferrini-Mundy (2001),<sup>31</sup> conducted a review documenting the correlation between teacher qualifications and student achievement across numerous studies deploying different units of analysis and different measures of preparation, as well as in

studies that employed controls for students' socioeconomic status and prior academic performance. Their report concluded that there is a strong relationship between student achievement and teacher effectiveness. Furthermore, a study conducted in New York City which controlled for demographic factors (such as socioeconomic status and ethnicity) concluded that "differences in teacher quality and experience accounted for considerable increases in student reading and mathematics scores at grades 3, 6, and 8" (Armour-Thomas, E., Clay, C., Domanico, R., Bruno, K., & Allen, B., 1989).<sup>32</sup> Intriguingly, Doorey and Noble (1999)<sup>33</sup> assert that race and socioeconomic status are not major barriers to achievement when children have the benefit of a skilled teacher.

Sanders and Rivers (1996) conducted value-added assessment studies in Tennessee which demonstrated that the difference in achievement between students who had high quality teachers for three consecutive years was significantly higher on standardised tests than those students who were taught by lower-quality teachers. Additional research using value-added student achievement data also indicates that student achievement is influenced more by a student's assigned teacher than other factors such as class size or class composition (Sanders & Horn, 1994;<sup>34</sup> Wright, Horn, & Sanders, 1997).<sup>35</sup> Value-added research methods observe students' gains longitudinally as opposed to simply measuring their scores at a single point in time (Whitehurst, 2002).<sup>36</sup> While the typical child is usually not fortunate enough to get three highly effective teachers or unfortunate enough to obtain three highly ineffective teachers consecutively, Whitehurst (2002) argues longitudinal studies demonstrate convincingly that the potential effect of teacher quality on students' achievement is quite significant.

These studies suggest that student achievement can no longer be explained solely as a result of student and school characteristics. "The teaching quality of individual teachers has been shown to be a major factor in the variance in student achievement and the effects of quality teaching can affect student achievement beyond the year the student is assigned to a specific teacher" (Phillips, 2002, p. 18). Such findings lend importance to the question of the relationship between teacher quality and how they are paid.

## **RELATIONSHIP BETWEEN TEACHER QUALITY AND TEACHER PAY**

Ballou and Podgursky (1997) argue against the premise that higher teacher salaries have a positive effect on the quality of the teaching workforce. "Higher teacher salaries have had little if any discernable impact on the quality of newly recruited teachers" (Ballou & Podgursky, 1997, p. 163).<sup>37</sup> Researchers such as Kirst and Kelley (1993)<sup>38</sup>, as well as Greenwald, Hedges and Laine (1996),<sup>39</sup> and Pogodzinski (2000),<sup>40</sup> however, conclude that teacher quality has responded favourably to improvements in salary. In addition, Beaudin's (1991-92,<sup>41</sup> 1993-94,<sup>42</sup> 1994-95)<sup>43</sup> work also demonstrates that higher salaries have increased the quality of the teaching workforce. This is reflected in the fact that a greater number of teachers had graduated from "selective" or "above average" colleges, as well as having majored in an academic subject (rather than in education), between 1979 and 1989 - a period in which teachers' average salaries increased between 20 and 53 per-

cent in the U.S. (Ballou, 1997).<sup>44</sup>

Furthermore, responses to the National Commission on Excellence in Education's 1983 report on the condition of American education entitled *A Nation at Risk: The Imperative for Educational Reform*,<sup>45</sup> were undisputed with respect to one particular recommendation: teacher salaries must be raised in an effort to attract more capable people into the profession (Boyer, 1983;<sup>46</sup> The Holmes Group 1986;<sup>47</sup> Carnegie Forum on Education and the Economy, 1986;<sup>48</sup> National Commission on Excellence in Education, 1983). The Canadian Teachers' Federation has a long-standing policy (2.7.3) on teacher compensation, working conditions and professional autonomy which states: "In order to attract and retain an adequate supply of qualified teachers, improvements must be made in teacher compensation, working conditions and professional autonomy. (1990)." This argument is further reflected in the work of Hassel (2002). "Overall teacher income remains too low to attract and retain enough of the high-calibre people knowledge jobs demand" (Hassel, 2002, p. 2).<sup>49</sup>

Odden and Kelley (2002) also maintain that it is absolutely essential to increase teacher salaries in an effort to recruit bright, able persons into teaching. In addition, the authors subscribe to the notion that teachers should be paid substantially higher than other workers because of their academic training. "Given their level of education and training, they should have a significant earning advantage compared to all other workers" (Odden & Kelley, 2002, p. 8).<sup>50</sup> Odden and Kelley's underlying belief is that teacher compensation must rise if schools want to compete effectively for talent, a sentiment which is also reflected by Hassel (2002). Research suggests that the states which provide higher salaries have the greatest number of Board-certified teachers. This means that at the elementary school level, teachers have demonstrated (by passing a rigorous state test) subject knowledge and teaching skills in reading, writing, mathematics, and other areas of the basic elementary school curriculum; at the middle or secondary school level, teachers hold at least a bachelor's degree and have demonstrated a high level of competency in each of the academic subjects in which they teach by passing a rigorous state academic subject test. Bond, Richard, Smith and Hattie (2000)<sup>51</sup> propose that Board-certified teachers surpass non-certified teachers on numerous performance measures, including student achievement.

Studies by Goodlad (1984),<sup>52</sup> Walberg (1998),<sup>53</sup> and Walters (1999)<sup>54</sup> indicate that salaries are important to teachers. While Johnson (1990)<sup>55</sup> suggests that many teachers enter the profession for the intrinsic satisfaction of working with children, Goodlad (1984) concludes that when teachers leave the profession they often state low pay as a primary reason for leaving. Despite the fact that intrinsic motivation would remain the ultimate motivator in the idealised world of Jean Jacques Rousseau and other romantic educators, some talented, highly effective teachers will not remain in the profession if salaries are not competitive with other fields (Walberg, 1998; Walters, 1999). Odden and Kelley (2002) believe that higher compensation could strengthen factors which intrinsically motivate teachers. While having a positive influence on student achievement is a great motivator for teachers, Odden and Kelley (2002) suggest that salaries also play a significant role. Income is certainly not the exclusive factor affecting teacher quality, but it is an important issue which does influence teacher motivation and behaviour.

"Research shows that teacher behaviour is strongly affected by salary levels, including the decision to enter the profession, the decision to stay in a school district (ver-

sus moving to another district with higher salaries), and the decision to remain in or leave the teaching profession" (Odden & Kelley, 2002, p. 88).

Teacher salary ultimately has an effect on who decides to stay and who leaves the profession in search of better compensation (No Dream Denied, 2003).<sup>56</sup> Furthermore, Hassel (2002) concurs that salary affects teacher behaviour.

"The way we pay affects the behaviour of teachers: how they teach and how they develop their teaching capabilities over time. How they choose to direct their energies inside the classroom and out-will be in part driven by what kinds of practices and capacity-building habits are rewarded by the pay system" (Hassel, 2002, p. 4).

Other factors directly related to pay which may influence teacher quality include professional development and working conditions (Hassel, 2002). In *A Sense of Calling: Who Teaches and Why* (2000)<sup>57</sup> Public Agenda discuss issues concerning what teachers believe will make them more effective in their work - namely smaller classes and much stronger support from administrators and parents. The report suggests that new teachers do not necessarily see money as a panacea which will guarantee improvements in teacher quality. This is also reflected in Peterson's (2000)<sup>58</sup> work where measures such as reducing class size are perceived as being more effective. Furthermore, an overwhelming majority of teachers who took part in the study state they would sacrifice higher salaries if they could work in schools with well-behaved students, motivated colleagues and supportive administrators. The report concludes that many new teachers currently feel frustrated, unsatisfied and unappreciated in their jobs - an outlook which is also expressed by Silberman (2003).<sup>59</sup>

Hanushek, Kain, and Rivkin (2001),<sup>60</sup> as well as Silberman (2003), suggest that working conditions are more significant than pay in influencing teachers' decisions to switch schools and exit the profession. Moreover, Johnson, Birkeland, Kardos, Kauffman, Liu, and Peske's (2001)<sup>61</sup> research finds that issues of support have a greater impact on teacher satisfaction than financial incentives. Work by Prince (2002)<sup>62</sup> and Koppich (2002)<sup>63</sup> further strengthen the importance of improving working conditions for teachers, as opposed to solely offering financial incentives. Prince (2002) notes that monetary incentives may have to be very substantial in order to compensate for the difficulty of working with large classes, unsafe schools, and in teaching positions which offer few opportunities for advancement. Koppich (2002) recommends teachers be given greater flexibility with respect to teaching hours and teaching assignments, and be provided with regularly scheduled time within the school day for instruction-related professional development. Odden and Kelley (2002) state that teachers (both novice and more experienced) are motivated primarily by two major factors - helping students achieve and collaborating with colleagues on teaching and learning issues. Consequently, an education system organized and structured to increase student achievement will also improve teacher motivation as will providing teachers with an opportunity to collaborate with colleagues for the purpose of enhancing professional development.

A review of the most current literature concludes that pay is relevant to improving teacher quality. Research by Johnson (1990), and Hanushek, Kain and Rivkin (2001), which examines the importance of noncompensation factors, confirms that salary, while not a

primary consideration for many teachers, is still important. In a study of the use of external incentives Kreps (1997),<sup>64</sup> finds that extrinsic rewards are more effective motivators for workers, such as teachers, who tend to have high levels of intrinsic motivation as well.

### Notes

<sup>1</sup> Darling-Hammond, L., & Finn, C. E. (2000). *Two paths to quality teaching: Implications for policymakers*. Retrieved March 26, 2003 from <http://www.ecs.org/clearinghouse/12/92/1292.htm>)

<sup>2</sup> Sanders, W. L., & Rivers, J. C. (1996). *Cumulative and residual effects of teachers on future student academic achievement*. Knoxville: University of Tennessee Value-Added Research and Assessment Center.

<sup>3</sup> Darling-Hammond, L. (1997). *The Right to Learn: A Blueprint for Creating Schools that Work*. San Francisco, CA: Jossey-Bass. p. 271.

<sup>4</sup> Delly, M. E. P. (2002, July 10). Teaching quality viewed as crucial. *Education Week*. Retrieved April 1, 2003 from <http://www.edweek.org>.

<sup>5</sup> Ferguson, R. (1991, Summer). Paying for public education: New evidence on how and why money matters. *Harvard Journal on Legislation*, 28(2), p. 490.

<sup>6</sup> U.S. Department of Education. (2001). No Child Left Behind Act of 2001. Retrieved April 26, 2003 from <http://www.ed.gov/offices/OESE/reference.html>

<sup>7</sup> McCabe, M. (2003). *Research shows that good teaching matters*. Retrieved March 26, 2003 from <http://www.edweek.org>

<sup>8</sup> Bassett, P. F. (2003, February 26). *Searching for great teachers*. Education Week. Retrieved April 10, 2003 from <http://www.edweek.org>.

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## III Approaches to Teacher Compensation

There are a number of approaches to structuring teacher compensation, all of which will influence student educational outcomes to some extent. As Hassel (2002) suggests, teacher behaviour is affected by how they are paid, as well as the types of practices which are rewarded by the pay system. In other words, the type of system which is explicitly set up to compensate teachers will impact the nature of teaching that occurs.<sup>1</sup> The pay system ultimately influences the larger culture of teaching in that it shapes the customs, traditions and accepted practices of the profession. If teachers are compensated for particular outcomes or desired results then their work will, for the most part, be driven to produce those desired outcomes. "Compensation systems signal what skills and attributes are valued and what kinds of contributions reap rewards." (No Dream Denied, 2003).<sup>2</sup>

Pay for Performance: An Issue Brief for Business Leaders (2000)<sup>3</sup> identifies a range of teacher compensation methods: single-salary, merit pay, pay-for-performance, cooperative performance incentives, salary increases, one-time bonuses, loan forgiveness programs, signing incentives, differentiated pay systems, subsidised housing or other non-cash incentives, flexible benefits programs, and even stock options or other forms of profit sharing. Some school districts use incentives such as: northern or remote and relocation allowances; free or subsidised housing; the Teacher Next Door (TND) program;<sup>4</sup> reduced mortgage/bank loans;<sup>5</sup> tuition scholarships for Master's degrees, and funding for professional development and instructional days.<sup>6</sup> Other differentiated compensation strategies include higher pay for math, science, and other shortage fields, as well as hard-to-staff urban or rural schools. This chapter provides a brief overview of the various plans, beginning with the most traditional.

### SINGLE-SALARY

The current single-salary pay schedule has been the predominant method of compensating teachers in public education since the 1920's in both the U.S. and Canada (Lawton, Bedard, MacLellan, & Li, 1999;<sup>7</sup> Shah, 2002;<sup>8</sup> No Dream Denied, 2003). The single-salary schedule was established in response to concerns regarding gender and racial equality, with an emphasis on providing incremental steps for progression to ensure that equal pay

was provided for equal work (Pay for Performance, 2000). At the time, women, minorities, and elementary school teachers received less pay than their colleagues. The pay system warranted the same salary for all teachers with similar education and experience (Odden, Ballou, & Podgursky, 2001).

The traditional single-salary pay schedule compensates teachers for years of experience and level of university degree(s) obtained. Public school teachers' contracts (which include salary and benefits) are typically negotiated between local school boards and their associated teachers' federation via a collective agreement (Wenders, 2003).<sup>9</sup> In Canada, Lawton (1999, p. 53-60) states Ontario, Manitoba and Alberta have local bargaining whereas Newfoundland and Labrador, Prince Edward Island, New Brunswick and Quebec bargain provincially. The other three provinces, Nova Scotia, Saskatchewan and British Columbia bargain at both the local and provincial levels with some issues being centralized and others decentralized.

Salaries are placed within a rigid pay schedule of rows and columns, with years of teaching service along one axis and level of education (i.e., Bachelor's degree, Master's degree, Doctorate degree, etc.) along the other. The result is a salary grid which teachers can move up as they acquire experience, degrees, or relevant education credits (see Table 3.1). Most teachers' organisations, such as the Ontario Secondary School Teachers' Federation (OSSTF), strongly support this type of pay system. "It is the policy of the OSSTF that the salaries of all Active Members in a Bargaining Unit under the same employer should be based on the same criteria" (OSSTF Policy Statements, 1999, Policy 4.1, p. 3). The Alberta Teachers' Association policy states "The single salary schedule based upon a preparational scale is the most equitable salary administration policy for use in establishing professional remuneration" (Alberta Teachers Association Policy Statement #6).

**Table 3.1** - Teachers' Salary Grids (Canada and U.S. Examples)

**Toronto District School Board Teachers' Salary Grid (2001 - 2002)\***

| Step | Group I | Group II | Group III | Group IV |
|------|---------|----------|-----------|----------|
| 0    | 33,356  | 34,907   | 37,755    | 40,430   |
| 1    | 35,117  | 36,759   | 40,292    | 42,624   |
| 2    | 37,162  | 38,895   | 42,974    | 45,235   |
| 3    | 39,203  | 41,034   | 45,649    | 47,854   |
| 4    | 41,529  | 43,445   | 48,473    | 50,891   |
| 5    | 43,850  | 45,873   | 51,291    | 53,928   |
| 6    | 46,175  | 48,290   | 54,111    | 56,961   |
| 7    | 48,503  | 50,702   | 56,932    | 60,004   |
| 8    | 50,827  | 53,122   | 59,750    | 63,037   |
| 9    | 53,153  | 55,539   | 62,573    | 66,077   |
| 10   | 55,476  | 57,954   | 65,397    | 69,112   |

Note: \* Amounts listed in Canadian dollars

Source: Retrieved June 14, 2003 from [http://www.osstfdist12.com/ca\\_2000\\_02.htm](http://www.osstfdist12.com/ca_2000_02.htm)

**Arlington, Virginia Teachers' 2000-2001 Salary Grid\***

| Step | Bachelor's | BA +15   | BA+30    | Master's | MA +15   | MA +30   | Doctorate |
|------|------------|----------|----------|----------|----------|----------|-----------|
| 1    | \$30,700   | \$31,740 | \$32,780 | \$33,820 | \$34,860 | \$35,900 | \$36,940  |
| 2    | 31,860     | 32,980   | 34,095   | 35,215   | 36,330   | 37,450   | 38,570    |
| 3    | 33,020     | 34,220   | 35,410   | 36,610   | 37,800   | 39,000   | 40,200    |
| 4    | 34,180     | 35,460   | 36,725   | 38,005   | 39,270   | 40,550   | 41,830    |
| 5    | 35,340     | 36,700   | 38,040   | 39,400   | 40,740   | 42,100   | 43,460    |
| 6    | 36,500     | 37,940   | 39,355   | 40,795   | 42,210   | 43,650   | 45,090    |
| 7    | 37,660     | 39,180   | 40,670   | 42,190   | 43,680   | 45,200   | 46,720    |
| 8    | 38,820     | 40,420   | 41,985   | 43,585   | 45,150   | 46,750   | 48,350    |
| 9    | 39,980     | 41,660   | 43,300   | 44,980   | 46,620   | 48,300   | 49,980    |
| 10   | 41,140     | 42,900   | 44,615   | 46,375   | 48,090   | 49,850   | 51,610    |
| 11   | 42,300     | 44,140   | 45,930   | 47,770   | 49,560   | 51,400   | 53,240    |
| 12   | 43,460     | 45,380   | 47,245   | 49,165   | 51,030   | 52,950   | 54,870    |
| 13   | 44,620     | 46,620   | 48,560   | 50,560   | 52,500   | 54,500   | 56,500    |
| 14   | 45,780     | 47,860   | 49,875   | 51,955   | 53,970   | 56,050   | 58,130    |
| 15*  | 46,895     | 49,015   | 51,070   | 53,190   | 55,245   | 57,365   | 59,485    |
| 16   | 48,010     | 50,170   | 52,265   | 54,425   | 56,520   | 58,680   | 60,840    |
| 17   | 49,125     | 51,325   | 53,460   | 55,660   | 57,795   | 59,995   | 62,195    |
| 18   | 50,240     | 52,480   | 54,655   | 56,895   | 59,070   | 61,310   | 63,550    |

Note: \* Amounts listed in American dollars

Source: \*\*Steps 15, 16, 17 and 18 are longevity steps payable upon completion of four years service in steps 14, 15, 16, and 17 respectively. Source: Civilian Personnel Management Service, Wage and Salary Division, List of School District Minimums, Maximums and Steps, Arlington, VA, May, 2001.  
<http://www.cpms.osd.mil/wage/wage.html>.

The Consortium for Policy Research in Education (CPRE, 2003)<sup>10</sup> states that the variables in this particular pay schedule are indirect markers of a teacher's knowledge and skills, and that under the single-salary pay schedule a teacher with a higher level of education and/or classroom experience is assumed to have developed greater professional experience.

The appropriateness of the level of remuneration provided in the common salary grid for teachers may be viewed from a number of perspectives. Teachers' salaries are perceived by some to have lagged behind those of other highly skilled professionals in the New Economy due, in large part, to the single-salary schedule (see Table 3.2). Some believe teacher salaries have not changed significantly in relation to other occupations from 1960 to 1999 in both Canada and the U.S., and actually began to take a turn for the worse toward the end of the 1990s (see Tables 3.3 and 3.4) (Odden & Kelley, 2002). Others maintain the gross annual salaries of occupations with a longer mandatory work year cannot be directly compared to the gross annual salary of teachers with a mandated work year of approximately 190 days, dependent upon jurisdiction. Finally, the benefits packages in

most teachers' collective agreements, which are not represented in the grid, are perceived by some to be generous especially when combined with the security of tenure held by most teachers.

**Table 3.2** - Salary Comparisons of Key Educator Occupations to Other Occupations in Canada

| Occupation   | Average Income  |
|--|-----------------|
| <b>All Occupations in Canada Average</b>                                 | <b>\$37,556</b> |
| General Practitioner/Family Physician                                    | \$107,620       |
| Lawyers and Notaries   | \$81,617        |
| University Professors  | \$68,195        |
| <b>School Principals/administrators elementary and secondary schools</b> | <b>\$64,513</b> |
| Commissioned Police (chiefs/senior)                                      | \$63,518        |
| Administrators in post -secondary education and vocational training      | \$58,845        |
| Electrical Engineers   | \$57,054        |
| Police Officers  | \$53,038        |
| Pharmacists  | \$52,989        |
| Psychologists  | \$51,123        |
| Firefighters   | \$50,608        |
| Systems Analysts   | \$49,502        |
| <b>Secondary school teachers</b>   | <b>\$45,573</b> |
| <b>School and guidance counsellors</b>                                   | <b>\$47,994</b> |
| Financial Auditors and Accountants                                       | \$47,553        |
| Audiologists/Speech Therapists   | \$46,748        |
| College and other vocational instructors                                 | \$46,693        |
| Head Nurses  | \$46,196        |
| <b>Elementary and kindergarten teachers</b>                              | <b>\$45,412</b> |
| Computer Programmers   | \$43,847        |
| Registered Nurses  | \$40,326        |
| Social Workers   | \$38,966        |

Note: \* Average employment income for 1995 full-time, full-year work

Source: Table adapted from Table 11 in *The ABC's of Educator Demographics: Report of the findings of a situational analysis of Canada's education sector human resources* (2002, January). CAETO: The Steering Group for the Situational Analysis of Canada's Education Sector Human Resources, p. 20. Data from Sources Statistics Canada, 1996 Census of Canada, HRDC Special Data.

**Table 3.3** - Average American Teacher Salaries from 1960 to 1999

| Year | Constant 1999 Dollars |
|------|-----------------------|
| 1960 | \$28,210              |
| 1970 | \$36,514              |
| 1980 | \$31,398              |
| 1990 | \$39,430              |
| 1991 | \$40,226              |
| 1992 | \$40,239              |
| 1993 | \$40,406              |
| 1994 | \$40,208              |
| 1995 | \$40,285              |
| 1996 | \$39,861              |
| 1997 | \$40,032              |
| 1998 | \$40,308              |
| 1999 | \$40,574              |

Note: Consumer price index used as inflation adjustment

Source: Based on American Federation of Teachers, 1999 Salary Survey, Table II-2 (American Federation of Teachers, 2000)

In 2000, the Canadian Education Price Index (EPI - the price of goods and services in the education sector) increased 3.1%. Teachers' salaries, which account for more than 70% of school board operating expenses, are the major component of the EPI. They rose 2.2% in 1999 and 2.1% in 2000 as a result of a number of retroactive collective agreements. This followed increases of less than 1% a year from 1994 to 1998.

Since 1992, teachers' salaries have grown the least of all the EPI components, reaching 108.5% in 2000. The index for the non-teaching salary component rose 3.7% to 112.3%. The non-salary items included in the EPI rose 6.2%, three times the rate of teachers' salaries, contributing significantly to the overall increase in the EPI. This continued a trend since 1992 of sharper price increases for the non-salary component - its index reached 135.8% in 2000. Non-salary items include school facilities, such as gas, fuel oil and hydro; instructional supplies, such as notebooks and pens; and fees and contractual services, such as bus transportation. The non-salary component has a relatively smaller influence on the overall EPI because it represents only 20% of total school board operating budgets.

**Table 3.4** - Cost of Education in Canada 2000**Level and annual growth rate of the EPI and its major components compared with the CPI**

Note: 1992=100%

|  | Relative importance of EPI's components % | 1996   | 1997   | 1998   | 1999   | 2000   |
|--|---|--------|--------|--------|--------|--------|
| EPI                                      | 100%                                      | 105.8% | 106.6% | 107.6% | 110.1% | 113.5% |
| % change from previous years             |   | 0.5    | 0.8    | 0.9    | 2.3    | 3.1    |
| Salaries and wages                       | 80.0                                      | 102.3  | 103.0  | 104.2  | 106.5  | 108.9  |
| % change                                 |   | 0.3    | 0.6    | 1.2    | 2.2    | 2.3    |
| Teachers' salaries                       | 71.7                                      | 102.4  | 102.9  | 104.0  | 106.3  | 108.5  |
| % change                                 |   | 0.4    | 0.5    | 1.0    | 2.2    | 2.1    |
| Non-teaching salaries                    | 8.3                                       | 101.7  | 103.2  | 105.9  | 108.3  | 112.3  |
| % change                                 |   | 0.0    | 1.5    | 2.7    | 2.2    | 3.7    |
| Non-salary                               | 20.0                                      | 122.5  | 124.3  | 124.3  | 127.9  | 135.8  |
| % change                                 |   | 1.0    | 1.5    | 0.0    | 2.8    | 6.2    |
| Instructional supplies                   | 6.7                                       | 155.5  | 152.5  | 149.0  | 153.9  | 167.7  |
| % change                                 |   | -5.1   | -1.9   | -2.3   | 3.3    | 9.0    |
| School facilities, supplies and services | 4.3                                       | 102.1  | 105.8  | 106.0  | 109.4  | 118.0  |
| % change                                 |   | 2.0    | 3.6    | 0.1    | 3.2    | 7.9    |
| Fees and contractual services            | 9.0                                       | 114.3  | 118.0  | 120.0  | 122.7  | 126.8  |
| % change                                 |   | 6.0    | 3.2    | 1.7    | 2.3    | 3.3    |
| CPI                                      |   | 105.9  | 107.6  | 108.6  | 110.5  | 113.5  |
| % change                                 |   | 1.6    | 1.6    | 0.9    | 1.7    | 2.7    |

Note: Growth rates may differ slightly due to rounding

Source: Retrieved June 14, 2003 from <http://www.statcan.ca/Daily/English/020405/d020405b.htm>

## LIMITATIONS OF THE SINGLE-SALARY SCALE

Today, the majority of teachers remain restricted by an Old Economy salary schedule based on years of experience and higher education degrees. The result is a perception by some that North American teachers are underpaid - a view which is shared amongst Canadian and American teachers (although Canadian teachers are generally paid higher than their American counterparts), as well as some members of the North American public who, for the most part, also believe that teachers' salaries should be tied to student achievement (Public Agenda, 2003).<sup>11</sup> Consequently, according to Hassel (2002) schools are unable to compete for the highest quality teachers.

A primary disadvantage of this pay system, however, may be the lack of direct compensation-related incentive for teachers to concern themselves with student achievement (Odden, Ballou, & Podgursky, 2001).<sup>12</sup> Consequently, teachers are not necessarily motivated to work to the best of their ability.

"The current system rewards experience and education--but neither seems to be strongly related to producing higher achievement. If the system could distinguish and provide higher compensation for higher-quality teachers and those who are more effective with lower-scoring students, for whom there is more leverage for raising scores, one would expect a dollar of compensation to be more effective" (Grismer, Flanagan, Kawata, & Williamson, 2000, pp. xxvi-xxvii).<sup>13</sup>

The definitive message to teachers is that they should not concern themselves as much with student performance, but focus their energy and time on pursuing education credits or degrees which may not necessarily benefit their students (Wenders, 2003). For example, a teacher could earn a Doctorate in Educational Administration simply to attain a higher pay scale and remain a classroom teacher for the rest of his or her career. The teacher's students may not gain in performance as a result of their teacher's additional education - even though it is rewarded by means of a higher salary by the teacher's employer.

"As typically implemented, the traditional salary schedule does not reward additional skills and knowledge that benefit children directly. It fails to provide incentives for teachers to acquire skills and knowledge needed to deliver higher quality instruction" (AFT Professional Compensation for Teachers, American Federation of Teachers, 2001).<sup>14</sup>

The single-salary pay schedule lacks flexibility in how teachers are paid and may be unsuited to the contemporary reform environment (Odden, Ballou, & Padgursky, 2001). Kelley (1997) suggests that compensation systems must consider modifications which will support and reinforce teachers' roles, skills and knowledge requirements, and performance expectations.<sup>15</sup> Gleason (2000)<sup>16</sup> proposes includes linking teachers' salary to performance and skills.

## DIFFERENTIATED COMPENSATION MODELS

Hassel (2002) recommends that teacher compensation be a part of a multifaceted policy framework encompassing preparation, recruitment, selection, professional development, working conditions, and evaluation, rather than an isolated revision of the standard single-salary pay scale. "We need a pay system that allows leaders to use compensation as one of many tools in alignment with their broader strategies to increase student performance via quality teaching" (Hassel, 2002, p. 3). This view is also supported by Claycomb (2000)<sup>17</sup> and Viadero (2002).<sup>18</sup>

The Manitowoc, Wisconsin knowledge and skill-based pay system, for example, links salary increases to the acquisition of credits from a university, successful completion of the Professional Development Certificate (offered through the school board), or by earning credits in the school district's Academy. The aim of this particular pay system (which is described in more detail in Chapter 4 - New Models of Pay Systems/Incentives for Individual Teachers), is to motivate teachers to become involved in earning professional development credits to enhance their practice, as well as increase their pay.

Other differentiated compensation systems include higher pay for teachers of math, science, and other shortage fields, as well as hard-to-staff schools, merit pay, pay for performance, and cooperative performance incentive plans. Kelley, Heneman, and Mianowski (1999) maintain that effective pay schedules act as a great motivator for teachers, and that compensation programs which are highly valued are a strong indicator of students' subsequent success.<sup>19</sup> Furthermore, Kelley, Heneman, and Mianowski (1999) propose that teachers are more likely to work passionately or intensely toward attaining student achievement goals if they believe that their efforts will be rewarded appropriately.

### DEMAND RELATED

Schools frequently have trouble finding qualified teachers in areas such as math, science, computers, and special education. If teacher salaries were allowed to respond to marketplace conditions, schools might possibly be better able to attract talented people in these fields by offering them higher wages. The National Council on Teacher Quality Bulletin (2000) maintains that incentives could be used to effectively deal with the problem of finding qualified teachers in hard-to-staff areas.<sup>20</sup>

Some of these incentives include:

- loan deferments and tuition waivers for students who major in math or science education,
- providing scholarship programs for college students who agree to teach math or science in high-need areas,
- offering student loan forgiveness programs for new teachers in high-need subjects,
- encouraging professionals with math or science backgrounds to make the switch to teaching by offering financial signing bonuses,

- rewarding math and science teachers with monthly stipends towards earning advanced degrees in their fields over the summer
- providing merit pay to math and science teachers,
- allocating salary supplements to teachers in shortage areas,
- placing teachers in shortage areas further up on the pay scale
- offering incentives to help sign and retain math and technology teachers, including one-time bonuses,
- providing teachers with crash certification courses and loans if they agree to teach in subject and geographic areas where teachers are severely needed, and
- tuition loan forgiveness options for teachers agreeing to teach in subjects with critical needs.

Schools sometimes provide greater pay for qualified teachers in shortage areas such as science, mathematics, computers, and special education (Odden & Kelley, 2002). These increases in salary are typically at least \$5,000 per year and continue for as long as the shortage area remains. And with respect to hard-to-staff schools, teachers in France receive additional compensation and guaranteed acceleration if they agree to teach for five years at a priority zone of teaching (Stoel & Thant, 2002).<sup>21</sup> Furthermore, teachers in England can receive a £4,000 bonus if they are qualified in an identified shortage area.<sup>22</sup>

## **MERIT PAY**

Odden and Kelley (2002) describe merit pay as a way of compensating teachers by means of a bonus for exceptional performance typically defined by a supervisor or, on occasion, by peer review. "Performance awards are usually offered as additional pay for high or improved performance" (Odden & Kelley, 2002, p. 60).<sup>23</sup> High or improved performance in this instance is characteristically tied to attainment of pre-specified and easily "measurable" outcomes such as students' test scores (Peterson, 2000).<sup>24</sup> Thus, additional money would be awarded to teachers who rank as "superior" on a pre-determined merit-rating scale. The number of school districts currently using merit pay systems is relatively small (approximately 12% in the U.S.), and those teachers who receive additional compensation due to the merit pay system obtain salary increases of roughly 2 % of their base pay (Ballou & Podgursky, 1997).<sup>25</sup> Interestingly, this is in contrast to merit pay systems for employees in the private sector who generally receive incentives equivalent to 12 % of their standard salary (Ballou & Podgursky, 1997).

### **Response to Merit Pay**

Differentiating salaries on the basis of merit has had a turbulent history in public education (Ballou & Podgursky, 1997). Previous efforts at implementing merit pay failed to gain support as they were often perceived as being highly subjective, discouraged collaboration among teachers, and frequently fell short of delivering promised rewards (Pay for Performance, 2000). "Merit pay set teacher against teacher to compete for a limited fund of money and was open to subjective evaluation and possible abuse" (Phillips, 2002, p.

93).<sup>26</sup> Placing teachers in an environment in which they vie against each other for recognition as one of the best is contrary to fostering the collegial and supportive culture present in many effective schools (Rosenholtz, 1989).<sup>27</sup> Excellent schools are associated with collaboration and a collegial working relationship between teachers and administrators, as well as among teachers (Odden & Kelley, 2002). Richardson (1994)<sup>28</sup> also contends that merit systems undermine teacher collegiality by establishing a work environment which is far too competitive. As a result, some teachers, dreading potential seclusion and competitiveness, and recalling previous attempts to pay teachers according to student performance, oppose pay schedules based on individual classroom results. Given that student learning is a cumulative process; Odden and Kelley (2002) propose that the skills, knowledge, and effectiveness of all teachers must be improved if the educational system is to increase standards amongst students.

Teachers' unions have also typically resisted merit pay schedules, citing that the methods are unfair and divisive, and could potentially set teachers against one another (Uzell, 1983;<sup>29</sup> Comander and Martinez, 2000;<sup>30</sup> Hoff, 2002).<sup>31</sup> Brandt (1990)<sup>32</sup> concurs that unions have historically lobbied governments against merit pay, a trend also witnessed at the local level, where unions have rejected merit pay initiatives (Hatry, Greiner, & Ashford, 1994).<sup>33</sup> Kerchner, Koppich, and Weeres (1997)<sup>34</sup> suggest that teacher unions feel threatened when schools provide methods for different treatment to teachers of the same classification. Some view merit pay predominantly as a basis for preferential treatment, as opposed to a method for rewarding excellent performance (Kerchner, Koppich, & Weeres, 1997). "Unions argue, with strong logic, that the production of learning is so atomized among teachers that rewarding one teacher when achievement soars does not capture the combined effort of a whole school" (Kerchner, Koppich, & Weeres, 1997, p. 38). Not surprisingly, teacher organisations often have a policy statement opposing merit pay. The Ontario Secondary School Teachers' Federation (OSSTF), for example, takes the following position regarding Pay-By-Merit (Policy 4.16):

"It is the policy of the OSSTF that there should be no system of payment of additional salary allowance (above the locally approved basic salary schedule) to members who are deemed or designated as meritorious members" (OSSTF Policy Statements, 1999, p. 6).<sup>35</sup>

In contrast, some Teacher Union Reform Network (TURN) locals in the United States have entered into incentive plans (Litzcke, 2001).<sup>36</sup>

There is also concern regarding the use of students' test results as the single measure of student learning - particularly due to all of the out-of-school variables which could impact on student achievement (Pay for Performance, 2000). This view is subscribed to by teachers' federations in British Columbia and Prince Edward Island, which contend that student achievement is based on a broad set of factors, many of which have very little to do with the teacher (Arnold, 1999).<sup>37</sup> And Gleason (2000)<sup>38</sup> suggests that using student test scores exclusively "as a means of judging teacher performance raises concerns about fairness and reliability - especially regarding the impact of socioeconomic status on student achievement, an issue, many argue, that teachers cannot control." Furthermore, Litzcke (2001) states that U. S. and Canadian teachers' unions do not support teachers or schools being assessed solely on the basis of student achievement. This is illustrated in Article XXVI D of the Toledo agreement: "Test results will not be used ... to rate teachers, evaluate their

work or in any other way affect their contractual status or conditions of employment."<sup>39</sup> Consensus amongst districts and unions appears to be that the performance of teachers and/or schools should not be based on a solitary variable, such as student achievement, but on a continuum of factors of which student achievement would be just one indicator.

Teachers and administrators oppose merit pay due to the difficulty involved in identifying the practices which make someone an effective teacher (Ballou & Podgursky, 1997). Merit pay relies largely on the ability to recognize and describe good teaching performance. This is a very complicated undertaking, however, as excellent or best teaching practices are seldom clearly defined (Odden & Kelley, 2002). Hence, the system for identifying teachers who warrant merit pay is fundamentally flawed. Hanushek (1994)<sup>40</sup> states that no particular set of teacher characteristics, behaviours, curricular approaches, or organisational devices are capable of assuring a high rate of achievement in the classroom. "Essentially, different groups of students respond in different ways to different teaching practices" (Odden & Kelley, 2002, p. 35). For a merit pay system to be perceived as effective and fair it must respond precisely to a teacher's enquiry regarding why they were not selected and provide objective feedback with respect to selection criteria (Murnane & Cohen, 1986).<sup>41</sup> The tenuous association between stated criteria and effective teaching makes it difficult to justify why certain teachers are deprived bonuses under a merit pay system (Ballou & Podgursky, 1997). The result is that administrators are often unable to rationalise merit pay to their staff. Murnane and Cohen (1986) suggest that those teachers who do not receive merit related pay supplements may feel demoralised and embittered, and could hinder efforts to build effective instructional teams.

As merit pay is frequently deployed during a teacher's annual evaluation, another associated difficulty is the fact that a teacher is usually rewarded for the remainder of his career as a consequence of behaviour or performance which earned a merit increase in a single year (Odden & Kelley, 2002). Consequently, the annual merit award becomes a long-term allowance. Odden and Kelley (2002) assert that this approach is imprudent. If teachers are to be remunerated for improved performance during a particular time period, it is more appropriate to compensate them as a one-time bonus versus a lifetime annuity (Odden & Kelley, 2002). Furthermore, it is next to impossible to develop an individual merit plan which covers all teachers. Merit pay systems in both the private sector (Lawler, 1990)<sup>42</sup> and in education rarely work, and for the most part are abandoned after just two or three years (Murnane & Cohen, 1986; Hatry, Greiner, & Ashford, 1994; Ballou & Podgursky, 1997; Lawler, 2000).<sup>43</sup>

Lack of funding is a substantial barrier to the success of many planned merit pay initiatives. Odden and Kelley (2002) concur that adequate funding is rarely provided for merit pay programs. "The programs are initially enacted with great expectation. They are usually funded at below required levels, and then funding is eliminated in a few years at the first signs of district fiscal success" (Odden & Kelley, 2002, p. 36). Plans to implement individual merit pay systems have not improved schools or challenged teachers to perform better through three eras of implementation - 1920's, 1960's, and the 1980's (Odden & Kelley, 2002). Bacharach, Conley, and Shed (1990)<sup>44</sup> point to the merit system's lack of fair performance evaluations, and Heneman and Young (1991)<sup>45</sup> suggest a shortcoming is the competitive work environments which the systems create, while Bacharach, Lipsky, and Shedd (1984),<sup>46</sup> as well as Shedd and Bacharach (1991)<sup>47</sup> argue that the resultant dis-

trust between teachers and administrators is largely responsible for the incompatibility of the merit pay system.

Not surprisingly, merit pay programs have been opposed by both teachers and administrators, and will likely produce controversy, antagonistic relationships, and disruption in the education system (Odden & Kelley, 2002). Examples of abandoned merit pay plans include: the Victorian merit pay system which lasted from 1898 to 1908; the Medicine Hat (Alberta, Canada) school board merit pay initiative from 1901 to 1903; the Lethbridge (Alberta, Canada) school board merit pay policy from 1921 to 1923, and the Rocky Mountain House Division, also in Alberta, Canada, which was phased out shortly after its inception in 1941 (Flower, 2002).<sup>48</sup> Interestingly, the issue of merit pay for Alberta teachers resurfaced in 1998, but was eventually repudiated by the Alberta government (Svidal, 1998).<sup>49</sup> The Fairfax County Public School District of Virginia is an example of a failed attempt to instill merit pay in the United States. A merit pay plan was initiated in this particular school system in 1989, only to be suspended in 1992 due to budget cuts (Odden & Kelley, 2002).

### **PAY-FOR-PERFORMANCE**

Another approach to teacher compensation is payment based on the attainment of agreed performance goals. Litzcke (2001, p. 20)<sup>50</sup> states that pay-for-performance is:

"tied to student achievement parameters, measured via tools that are agreed to in advance. The pay increments can be paid to the whole school or to individual staff, and may be paid as cash for personal use or can take the form of additional funding for the school."

Examples of pay increments being paid to whole schools include Cooperative Performance Incentive (CPI) Plans (described in detail in Chapter 4). As Raham (2000) points out, all teachers in a school can obtain pay increases when they develop new skills and knowledge under CPI Plans.<sup>51</sup> This is in contrast to merit pay schemes, or various pay-for-performance schedules. Pay-for-performance is often perceived as being less susceptible to administrative partiality than merit pay (Litzcke, 2001).

Nonetheless, pay-for-performance is not new in education. Gleason (2000) cites examples from England which date back to 1862. The system was eventually abandoned in the United Kingdom during the 1890's in response to criticism that it narrowed the curriculum and subdued teacher creativity (Gleason, 2000). Similar approaches to teacher compensation debuted during the Nixon era (1969) in the U.S.. The "performance contract" as it was known (not unlike merit pay schedules), was ultimately discarded due to concerns about fairness, objectivity, funding support, and poor results (Wilms and Chapleau, 1999).<sup>52</sup>

Currently, approximately 10% of all school districts in the U.S. are using some form of pay-for-performance schedule (National Governors Association, 2001).<sup>53</sup> Florida, for example, has adopted an optional program which rewards teachers with a bonus for exceptional performance. The bonus is equivalent to 5% of a teacher's annual salary and may be earned if teachers apply for the program and are able to confirm they are doing

exceptional work in the classroom. This might be accomplished through students' test scores, videotaped lessons, obtaining National Board Certification, or Master's degrees (Hegarty, 2003).<sup>54</sup> Pennsylvania has also implemented a compensation plan which will take a teacher's rating (i.e., basic, proficient, advanced), based on teacher competence and student achievement, into consideration when determining their salary (Elizabeth, 2003).<sup>55</sup> And several states have recently endorsed laws consenting to various types of performance pay for teachers.<sup>56</sup>

In 2001 a bill, the first state-wide initiative in the United States, was passed in Iowa to develop a knowledge-and-skills-based pay system (Youngs, Odden, & Porter, 2000). Arizona, Iowa, Nebraska, South Carolina, and several school districts including New York City and Philadelphia are considering increasing teacher salaries to compete for teacher talent in the labour market. Others are offering higher pay for teachers in shortage areas (mathematics, science, and technology), or providing financial incentives for teachers who take assignments in hard-to-staff, high poverty, or low-performance schools (Odden & Kelley, 2002).

Pay-for-performance is also being used in the United Kingdom, Switzerland and other countries. In the U.K, the Education Secretary to the House of Commons introduced a consultative Green Paper on modernising teacher's pay whereby teachers' pay would be linked to their performance (Smithers, 2001).<sup>57</sup> Switzerland also introduced performance-related pay under Minister of Education Ernt Buschor, a strong proponent of linking pay to results and rewarding good teachers while providing additional training for weak teachers or removing them from the profession (Baker, 1998).<sup>58</sup> Differentiated pay is frequently viewed as controversial because it runs counter to the custom of compensating teachers with the same general qualifications the same salary - a practice referred to as internal pay equity.

## **COOPERATIVE PERFORMANCE INCENTIVE PLANS**

Cooperative Performance Incentive (CPI) plans compensate the entire school for increased student achievement on an incremental basis over the previous year's performance. The foundation of CPI plans is that when a school community works collaboratively to increase performance, there are more positive results than with plans which simply reward individuals for student improvement - such as in the case of merit pay. CPI plans acknowledge that educating students is an exercise which requires all school staff to work together, and that learning environments must be highly collaborative if they are to enhance student achievement.

An important distinguishing feature of CPIs is that, unlike merit pay, a teacher's evaluation is objective and not prone to administrator bias. The result is that entitlement for a pay increase is determined by an unbiased demonstration of performance to a specific standard. Furthermore, the fact that the whole school community works together to

increase student achievement translates into less of the discord amongst teachers which is typically associated with merit pay.

### Notes

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## IV New Models of Pay Systems/Incentives for Individual Teachers

It would be beneficial to increase salaries to competitive levels analogous with teachers' designated significance as professionals assigned the essential task of educating our children (Mathews, 2003).<sup>1</sup> But simply increasing salaries in isolation to other occupation-related factors is by no means a panacea to the current teacher pay system dilemma. The challenge of compensating teachers for their work requires an alternative approach to traditional pay schedules. The National Commission on Teaching and America's Future (No Dream Denied, 2003, p. 136) recommends that: "Proposals for changing the compensation structure should be built around paying teachers to acquire and deepen valued qualities."<sup>2</sup> The focus should shift to paying for *better* teaching as opposed to merely *longer* teaching - a shift from contemporary standardised salary grids which presume that additional or advanced degrees and more experience make teachers more valuable (Litzcke, 2001).<sup>3</sup> Likewise, Kerchner, Koppich, and Weeres (1997)<sup>4</sup> suggest that teacher compensation systems ought to be realigned to meet the challenges facing today's educators - such as increasing student performance and enhancing school accountability. "Today's teachers are expected to acquire the professional expertise to teach a world-class curriculum to a diverse student body, and be accountable for student achievement" (Raham, 2000, p. 144).<sup>5</sup>

New compensation structures should parallel the type of continuous pressure the education system is under to produce results - namely student performance and teacher quality, and their links to salary (Odden & Kelley, 2002).<sup>6</sup> Odden and Busch (1998),<sup>7</sup> as well as Odden and Clune (1995,<sup>8</sup> 1998)<sup>9</sup> concur that a major factor responsible for driving the demand for alternative teacher compensation strategies is the need to improve student achievement and teacher performance.

### TRANSFORMATION OF TEACHING AS A PROFESSION

These changing conceptions concerning how to compensate teachers reflect the new accountability context for teaching and education. Odden and Kelley (2002), for instance,

point to the attempts currently being directed at transforming teaching into a much stronger profession. This includes: developing a better understanding of what constitutes good teaching; gaining greater insight into what beginning, mid-career, and advanced teachers know and can do; and creating incentives for teachers to acquire these new teaching practices. Furthermore, the standards-based education reform movement is identifying curriculum content and student performance criteria which require a deeper level of teacher capability to implement (Odden & Kelley, 2002).

The National Commission on Teaching and America's Future was established in 1995 in response to the push toward professionalizing teaching. Their report *What Matters Most: Teaching for America's Future* (1996),<sup>10</sup> made several suggestions for enhancing instruction and the professional nature of teaching, taking into account new forms of teacher compensation. Some of the recommendations included knowledge-and-skills-based pay, and group incentives based on improving student achievement. This was the first report with suggestions to augment teaching as a profession which also included recommendations to transform teacher compensation (Odden & Kelley, 2002).

Three elements of professionalizing teaching are especially pertinent to teacher compensation:

- "(a) a new view of teaching as an intellectually complex, multifaceted activity critical to having all students achieve to high standards;
- (b) creation of detailed, written descriptions of teaching practice and development of standards that can be used to describe and assess practice to external criteria; and
- (c) development of assessments for beginning, mid-career, and advanced teachers that indicate the level of teaching practice relative to external standards" (Odden & Kelley, 2002, p. 18).

These initiatives are aimed at paying teachers for performance measured against a professional, external standards.

## PERFORMANCE AWARD SYSTEMS

Consequently, several new teacher compensation schedules, particularly performance awards, have been implemented in the U.S. to encourage schools to strive for best practice (Cohen, 1996;<sup>11</sup> Darling-Hammond, 1996;<sup>12</sup> Johnson, 1986;<sup>13</sup> Kohn, 1993;<sup>14</sup> Lipsky & Bacharach, 1983;<sup>15</sup> Rowan, 1996).<sup>16</sup> School-based performance awards, for example, have been implemented in over 20 states including Arizona, California, Florida, Kentucky, and North Carolina, and in a comparable number of large school districts such as: Charlotte-Meckleburg, North Carolina; Dallas, Texas; Fairfax County, Virginia; Memphis, Tennessee; and New York, New York (Odden & Kelley, 2002). Each of these states and districts use the money for teacher salary bonuses, whereas other states and school districts have similar programs but call for the money to be used for school improvement initiatives. California, Colorado, and Minnesota endorsed legislation in 1995 which encourages districts to utilize teacher compensation programs, and Florida recently passed a bill requiring school districts to allocate 20% of teacher salaries on the basis of performance. Furthermore, several states and districts are now using aspects of knowledge-and skills-based pay.

Presently, 32 states and 486 school districts offer salary bonuses to teachers who earn a certificate from the National Board for Professional Teaching Standards (NBTS, 2003)<sup>17</sup>, and several other school districts are developing local aspects of knowledge-and skills-based pay systems. These include Douglas County, Colorado and Rochester, New York. Knowledge-and-skills-based pay is distinct from individual performance pay in that the aim of individual performance pay is to identify the *best* teachers and reward them with additional pay. On the other hand, knowledge-and-skills-based pay remunerates teachers for developing and using knowledge and skills described by objective, professional standards which have been accepted as being valued by the school. An example might include the ability to teach all students science to particular provincial or district standards.

"Skill attainment is assessed relative to predetermined, clear-cut standards - mastery of the knowledge or competency. Knowledge-and-skills-based pay does not create competition among teachers but signals the types of knowledge and skills the school would like its faculty to acquire. Knowledge-and-skills-based pay systems thus focus individual teacher skill development on the knowledge and expertise necessary for the school to accomplish its goals and for the teacher to develop along predictable career paths" (Odden & Kelley, 2002, p. 103).

## CINCINNATI KNOWLEDGE AND SKILLS-BASED PAY SYSTEM

Cincinnati School District and Vaughn Next Century Learning Center were the first entities to propose substantially and structurally different teacher salary systems, full-fledged knowledge-and skills-based pay (KSBP) systems (Odden and Kelley, 2002, p. 108). The proposed new teacher compensation system in Cincinnati was designed collectively by both the teachers' union and administration, and incorporates a KSBP structure in conjunction with a school-based performance bonus (Kellor & Odden, 2000;<sup>18</sup> Odden & Kellor, 2000).<sup>19</sup> The Cincinnati KSBP system adopted standards for all its teachers; specifically from the Danielson (1996) Framework for Teaching,<sup>20</sup> placed in the context of the Ohio and Cincinnati content and student performance standards. Odden and Kelley (2002) outline how this interrelates with the state's use of the PRAXIS III standards<sup>21</sup> for its new, performance-based teacher licensure system. As a sustainable education reform requires the linking of evaluation, standards, and professional development, Cincinnati then restructured its teacher evaluation and professional development systems to align with the new standards and developed an accompanying year-long performance assessment process. This restructuring of standards, evaluation and professional development generated a new salary schedule that recognized five categories of teachers - *apprentice*, *novice*, *career*, *advanced*, and *accomplished*. Teachers could progress to successively higher categories in the classification by higher demonstrating a greater level of professional practice measured by the new performance assessment system.

The objective of the salary schedule was to recognize, by substantial pay increases, a teacher's increasing expertise and instructional performance within certain time limits. Wages are capped within a specific category if a teacher fails to improve practice to the next specified performance level. In the first two categories teachers have seven years to

progress to the *career* level (about equivalent to the Danielson proficient level) or they are no longer employed. *Career* level became the new tenure requirement. (Odden & Kelley, 2002).

The Cincinnati KSBP system has salary and employment consequences for teacher professional expertise or lack thereof, but the process is guided with clear standards and expectations regarding teacher performance supported by relevant professional development. The school district and the union originally planned to implement the new compensation schedule in the 2002-2003 school year. The following schedule (see Table 4.1) outlines how teacher performance was to be correlated to increased pay gained by obtaining an advanced rating on the performance assessment system. The schedule also details additional salary increases available for other knowledge and skills, such as National Board certification (\$1,000), a Master's degree (\$4,600), and a Doctorate (\$9,375). It also includes additional compensation for teachers in shortage areas, such as science (\$750), and stipends for teachers who are licensed in two areas (\$1,250). In addition, there are stipends for teacher leadership roles such as being a team leader within a school, a school wide instructional leader, or a peer evaluator that is part of the new teacher evaluation system (\$5,000 to \$5,500) (Odden & Kelley, 2002). There is provision for a school-based performance award program, whereby teachers and the principal would each receive a \$1,400 salary bonus, and classified staff members would receive an additional \$700 in schools that make sufficient improvement. Schools that consistently fail to increase performance would be redesigned.

**Table 4.1** Cincinnati's Proposed Knowledge-and-Skills Salary Structure (for implementation in 2002-2003)

| Teacher Category | Performance Required  | Salary Range      | Conditions   |
|------------------|---|-------------------|--|
| Apprentice       | Must be entry level with teacher license  | \$30,000          | Teachers who fail to advance to novice level within 2 years are terminated |
| Novice           | Must be rated 2 or better on all knowledge-and-skill categories (on a scale of 1-4) | \$32,000-\$35,750 | Teachers who fail to advance to career level within 2 years are terminated |
| Career           | Must be rated 3 or better in all categories   | \$38,750-\$49,250 | No maximum limits number of years in category                              |
| Advanced         | Must be rated 4 in two categories, including instruction                            | \$52,500-\$55,000 | No maximum limits number of years in category                              |
| Accomplished     | Must be rated 4 in all categories   | \$60,000-\$62,000 | No maximum limits number of years in category                              |

Source: Odden, A., & Kelley, C. (2002). *Paying teachers for what they know and do: New and smarter compensation strategies to improve schools*. Thousand Oaks, CA: Corwin Press. p. 110.

In mid-May of 2002, Cincinnati teachers voted to reject the Skills and Knowledge Compensation Plan by an overwhelming majority of 96.3% (1,892 to 73). In April, just a month before the vote was scheduled to take place, Cincinnati Federation of Teachers union leaders recommended that teachers reject the plan, citing evidence from teacher interviews that showed a majority of teachers were against the plan due to serious flaws in both design and implementation (Taylor, 2002).<sup>22</sup> This view is further supported by Allan Odden, who states that the major cause for the plan's defeat lies in its implementation (Delisio, January 27, 2003).<sup>23</sup> While a small number of teachers could have potentially received substantial pay increases, many others might have possibly seen decreases in their pay based on the very same evaluation standards and procedures in which they were recently trained. This was of particular concern for veteran teachers who stood to lose pay if they received lower evaluation scores. Odden reports "There was not enough communication. Some issues were unresolved ... People were scared; if they got a lower score, they could have lost money. I would not recommend that" (Delisio, January 27, 2003, p. 4).

Eileen Kellor, a researcher with the Consortium on Policy Research in Education (CPRE) at the University of Wisconsin-Madison, commented on the difficulties inherent when attempting to transition a pay system which includes a potential loss of salary for some of its staff (Delisio, January 27, 2003). And Mark Wallace Jr. of the Center for Workforce Effectiveness suggests that the potential for veteran teachers to lose pay is akin to a breach of an informal contract (Delisio, January 27, 2003). As teachers' salaries are currently lagging far behind those of other professional occupations which require comparable education, Cincinnati Public School Teachers believed the education system should not risk taking a punitive approach to improving teacher quality.

The strict schedule for approval and implementation of the plan may not have left sufficient time to address teacher concerns - such as the possible decrease in pay for some experienced teachers, as well as teachers' general sense of apprehension regarding the objectivity of the evaluations. Just prior to the Cincinnati teachers' vote to reject the plan, the union conducted a survey (in April, 2002) which concluded that teachers did not believe the evaluation system was as objective as it needed to be. As expressed by Cincinnati Federation of Teachers president, Sue Taylor, "Teachers were not convinced about the objectivity of the evaluation. There was a lack of confidence that it was being applied objectively across the board. It was premature to vote on it, as the evaluation was new, complex, and rigorous" (as cited in Delisio, January 27, 2003, p. 3). Analysts, however, conveyed that qualms concerning the evaluation's fairness and the potential loss of pay for some teachers were barriers which advocates of the plan could not have overcome (Delisio, January 27, 2003).

Taylor (2002) states that the Cincinnati Federation of Teachers has developed a national reputation for upholding arduous academic standards for its students, as well as for enhancing teacher performance through innovative developments such as coaching and mentoring, peer review, and a leading edge teacher evaluation model. According to Taylor (2002, p.1):

"... the public should know that rejecting the flawed [compensation] plan does not interrupt the teacher evaluation system that began last year. This teacher evaluation system may be the most rigorous teacher assessment in the United States. It measures the teachers' work against research-based standards of classroom practice; in other words, doing what works."

While there may have been some considerable flaws, which is not uncommon with any major new initiative, after the first year it became apparent that implementation was perceived to be too hurried. According to Taylor (2002, p. 2), "Neither the teachers nor their evaluators had been adequately trained to use the new standards. Procedures were unclear or inconsistent. It also became apparent that some teachers needed much more extensive training and support to succeed in this high stakes system." According to a prepared district statement (cited in Delisio January 28, 2003, p. 2), " We [district] believe the union leadership orchestrated an uninformed 'no' vote by failing to provide information to teachers in our schools and by withholding from them a proposal that would have modified the plan in a manner designed to address teacher concerns raised by a poll in March [2002]."

As the union contract for the Cincinnati knowledge-and-skills based salary plan expired on December 31, 2002, union and district officials have agreed to a one-year extension of the current contract (until December 2003). Furthermore, a plan to implement performance pay could resurface, if it is modified and packaged differently - particularly with respect to issues concerning potential decreases in pay for some veteran teachers, as well as objectivity of the evaluations. (Delisio, January 28, 2003).

## **COVENTRY, RHODE ISLAND KNOWLEDGE AND SKILL-BASED PAY SYSTEM**

Coventry has implemented three components of an initiative changing evaluation and compensation practices, in order to enhance instruction. Plans for modifying teachers' salaries in the district began when the superintendent and union president concurred that rewarding teachers who became National Board certified (National Board for Professional Teaching Standards) would help send a message that the district's aspirations for quality instruction were ambitious (Odden, Archibald, Milanowski, & Conti, 2001, pp.2-3).<sup>24</sup> The exemplary teaching standards of the National Board provided the initial vision for quality instruction by establishing criteria to improve instruction in the district's schools.

Odden et al. (2001, p.2) state that the union president's and the superintendent's shared vision resulted in the adoption of a teacher pay system which rewards the acquisition of knowledge and skills. In 1996 Coventry was one of the first school districts in the U.S. to provide a pay increase for teachers earning certification from the National Board for Professional Teaching Standards, a substantial salary increment of \$5,500 and compensation for a number of the costs incurred to attain National Board certification.

Two additional, aligned initiatives were developed. The first involved adopting teaching standards for a new performance-based teacher evaluation system. This was based on Danielson's (1996)<sup>25</sup> Framework for Teaching, and initially implemented at Coventry in the 1997-1998 school year. In 2000, a third initiative expanded the salary schedule to pay teachers for another set of knowledge and skills, a program which was titled RHODE (Recognition and Honoring of Outstanding Demonstrated Excellence). This optional program offered teachers an opportunity to receive financial rewards for outstanding instruction. If a teacher decides to participate, the new pay schedule provides an increment to the teacher's base salary for four years each time they qualify by demonstrating competence on a set of knowledge and skills by means of a portfolio. Entirely independent from the new evaluation system which was put into practice three years earlier, the

RHODE program is a working example of Coventry's endeavour to further use the compensation system to reward teachers for acquiring and utilising certain knowledge, skills and expertise (Odden et al., 2001).

All three strategies - pay for National Board certification, the standards-based teacher evaluation system, and the RHODE program - have a set of teaching standards that, when combined, depict quality teaching practices for five levels: incoming teachers, novices, developing professional, proficient professionals and accomplished professionals; and a performance-based assessment system which verifies the level of performance for each individual teacher. Odden et al (2001, p.3) note that these three initiatives differ from merit pay schedules in that the standards are specific and clear, teacher performance is objectively assessed to the standards, and no quotas are placed on the system.

The school district wanted a teacher evaluation system that would be standards-and performance-based that met local needs. Danielson's Framework (1996) with twenty-two different teaching standards organised into four distinct teaching domains is applicable to teachers at all stages of their career. Each of the standards contains a series of sub-standards, which Danielson calls elements. The framework indicates how evidence can be measured to illustrate four distinct levels of teacher performance: unsatisfactory, basic, proficient and advanced (Coventry refers to the fourth level as 'distinguished').

A Coventry district labour/management committee invested a full school year educating both teachers and administrators on the implementation process. Evaluation of tenured teachers did not occur during this time though non-tenured teachers were evaluated based on the old system. A field test of the new process occurred with a group of volunteer teachers and administrators during 1996-1997 and the new evaluation system was implemented system-wide in the 1997-1998 school year. Table 4.2 details the ratings obtained during the last year of the old system and the first three years of the locally developed system

**Table 4.2** Status of Teachers Evaluated 1996-2000

|                                      | 1996-1997<br>(old system)              | 1997-1998<br>(new system)                         | 1998-1999<br>(new system) | 1999-2000<br>(new system) |
|--------------------------------------|--|---|---------------------------|---------------------------|
| <b>Total # of teachers evaluated</b> | 209                                    | 204   | 248                       | 163                       |
|                                      | <b>All teachers rated satisfactory</b> | <b>Teachers rated on the new four-level scale</b> |                           |                           |
| <b>Terminations</b>                  |  | 1   | 2                         | 1                         |
| <b>Non-renewals</b>                  |  | 4   | 2                         | 6                         |
| <b>Unsatisfactory</b>                |  | 4   | 3                         | 2                         |
| <b>Basic</b>                         |  | 22  | 30                        | 15                        |
| <b>Proficient</b>                    |  | 141   | 189                       | 122                       |

Table 4.2 Cont'd.

|                                     |  |    |    |    |
|-------------------------------------|--|----|----|----|
| <b>Distinguished</b>                |  | 31 | 21 | 17 |
| <b>National Board certification</b> |  |    | 4  | 4  |

Source: Chart compiled from data cited in Odden Archibald, Milanowski, and Conti (2001), p. 11

Odden, Archibald, Milanowski, and Conti (2001) propose that the results of the new teacher evaluation system represent a cultural shift. Whereas the previous system evaluated teachers to just one low standard, the new system takes many different levels of performance into account. As should have been the case, the majority of teachers' initial ratings were 'proficient', as the proficient standard is that of a competent teacher. To further foster a culture shift the district developed several professional development strategies to aid teachers in improving their practice, so they could ultimately strive toward obtaining National Board Certification.

### **RHODE PROGRAM**

Though the primary short-term goal of all these initiatives was to change the culture of the school district to strive for quality instruction, there was reluctance to connect the new evaluation system directly to salary or salary increases in the initial implementation phase. However, an optional local framework for distinguishing teacher performance, which would be linked to a salary increase, was seen as beneficial. This resulted in the development of RHODE, Recognizing and Honoring of Demonstrated Excellence (RHODE) program, which was first implemented in the 2000-2001 school year. While it was thought that pay for knowledge and skills could eventually evolve into a new type of compensation system also it was believed that starting slowly and getting the system right was crucial.

Committee members researched two general areas in developing the RHODE Program. The first included research on good teaching, for which much of the supporting evidence was derived from Danielson's (1996) teaching standards and the research used in developing the standards of the National Board for Professional Teaching Standards, as well as Newman, Secada, and Wehlage's (1995) work on Authentic Pedagogy and Authentic Assessment.<sup>26</sup> The work of Sizer (1996) on the Coalition of Essential Schools<sup>27</sup>, and Tucker and Coddling's (1998) research conducted by the National Center for Education and the Economy,<sup>28</sup> were utilized in the district's preparation for and delivery of differentiated instruction and assessment. The other significant source used was research from the district itself, as well as the school district's own philosophy. This facilitated the development of a tailor-made for Coventry program with the focal point of the program being enhanced instruction and not student achievement on state tests.

Ten standards delineating quality instruction were then outlined by the design committee (see Table 4.3). Odden et al (2001, p. 15-16) state that these standards were based on active learning, by which teachers facilitate students' construction of knowledge, as opposed to the more conventional approach of teacher as 'impartor' of knowledge.

**Table 4.3** RHODE Program Standards

The RHODE Program standards are:

1. Evidence that teachers know their students well.
2. Evidence of preparation for differentiated instruction.
3. Evidence of differentiated instruction in practice.
4. Analysis of teacher work excluding videotaped lessons.
5. Analysis of teacher work after reviewing videotape of their lessons.
6. Analysis of the focus and use of student work.
7. Evidence that teachers can motivate, challenge, and support all students.
8. Evidence of substantial family and community contact.
9. Evidence of professional contributions.
10. Expert command of the written language.

Source: *Odden, A., Archibald, S., Milanowski, T., & Conti, E. (2001, October, p. 16). A case study of the implementation of a knowledge and skill-based pay system: Coventry, Rhode Island. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison.*

Teachers deciding to participate in the RHODE Program are assessed by means of a specific portfolio, which must include comprehensive writing for each of the first nine RHODE standards, as well as evidence which supports the teacher's written responses to each standard. This may be supplemented by a half hour 'conversation' carried out by the RHODE review panel (consisting of two National Board Certified Teachers and two district administrators). The teacher's performance is then rated in comparison to each standard on a five point scale - with one being the lowest and five being the highest score. Teachers are eligible for the salary increase if they achieve a score of 44 or greater (out of a possible 50), with a minimum score of three on each of the 10 individual standards. If a teacher scores the minimum of three on all ten standards but does not achieve 44 points, he or she is allowed to accumulate scores of four or five for a maximum of two years - allowing a teacher to concentrate on the standards which require improvement in order to enhance his teaching and earn the increment for the subsequent school year.

The RHODE Program began in September 2000 as part of a new three-year contract which runs through the 2002-2003 school year. Table 4.4 details the new compensation system which provides a 'years of experience' element representing the greatest percentage of a teacher's income. Salary increases occur in each of the first ten years of service with longevity payments added at the 15th, 20th, and 25th year. Teachers can earn further increments by obtaining additional degrees and university credits. Two components of knowledge and skills based pay - the National Board Certification

and the RHODE Program- are recognized financially. Teachers who obtain National Board Certification in the 2000-2001 and 2001-2002 school years were awarded a pay increment of \$6,500 for each of those years, and \$7,000 for the 2002-2003 school year. This pay increment is added to the teacher's salary for the life of the certificate (10 years). The RHODE Program pay increments are \$1,000 in the first year of a teacher's three-year contract, \$2,000 in the second year and \$3,000 in the third year. The extra RHODE Program money is added to a teacher's base salary for four years, after which the teacher may reapply for the program. The RHODE Program salary increase may be earned in addition to the National Board increment.

Teachers with a Masters Degree and 15 years of experience would earn \$62,300 (i.e., \$58,400 for the first ten years of experience, a \$1,500 longevity pay increase for the additional five years of experience, and \$2,400 for the Master's Degree). National Board Certification and RHODE would provide an additional \$7,500, or 12.1%, increasing the salary to \$69,800. (Odden et al, 2001, pp. 18-20)

**Table 4.4** The Coventry New Pay Structure

| Cost of Living Increase             | 2000-2001      | 2001-2002      | 2002-2003      |
|-------------------------------------|----------------|----------------|----------------|
| STEP                                | 3.0%           | 0.0%           | 4.5%           |
| 1                                   | \$32,900       | \$32,900       | \$34,400       |
| 2                                   | \$34,700       | \$34,700       | \$36,900       |
| 3                                   | \$37,700       | \$37,700       | \$39,400       |
| 4                                   | \$40,900       | \$40,900       | \$42,700       |
| 5                                   | \$43,700       | \$43,700       | \$45,700       |
| 6                                   | \$46,600       | \$46,600       | \$48,700       |
| 7                                   | \$49,300       | \$49,300       | \$51,500       |
| 8                                   | \$52,200       | \$52,200       | \$54,500       |
| 9                                   | \$54,500       | \$54,500       | \$57,000       |
| 10                                  | \$58,400       | \$58,400       | \$61,000       |
| Longevity Pay                       |                |                |                |
| 15 <sup>th</sup> year               | \$1,500        | \$1,500        | \$2,000        |
| 20 <sup>th</sup> year               | \$2,500        | \$2,500        | \$3,000        |
| 25 <sup>th</sup> year               | \$3,400        | \$3,400        | \$4,000        |
| Increments                          |                |                |                |
| BA+30                               | \$1,800        | \$1,800        | \$1,800        |
| MA                                  | \$2,400        | \$2,400        | \$2,400        |
| MA+9                                | \$4,500        | \$4,500        | \$5,000        |
| MA+30/CAGS                          | \$6,000        | \$6,000        | \$6,500        |
| MA+45                               | \$7,000        | \$7,000        | \$7,500        |
| Doctorate                           | \$7,700        | \$7,700        | \$8,200        |
| <b>National Board Certification</b> | <b>\$6,500</b> | <b>\$6,500</b> | <b>\$7,000</b> |
| <b>RHODE Program</b>                | <b>\$1,000</b> | <b>\$2,000</b> | <b>\$3,000</b> |

Note: *the two bolded rows show the two knowledge and skill based pay increments of teacher pay.*

Source: Odden, A., Archibald, S., Milanowski, T., & Conti, E. (2001, October, p. 19). *A case study of the implementation of a knowledge and skill-based pay system: Coventry, Rhode Island. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison.*

## **DENVER, COLORADO PAY FOR PERFORMANCE PILOT PROGRAM**

While Denver may have been the first public school board to introduce a single-salary teacher pay schedule (simultaneously with Des Moines) back in 1921, it has undergone a radical shift in exploring alternative teacher compensation strategies in the later half of the century (Sharpes, 1987).<sup>29</sup> Indeed, the Denver Public Schools (DPS) district and the Denver Classroom Teachers Association (DCTA) have collaborated in 6 distinct non-conventional compensation initiatives since 1994. These include: market incentives for ELAS [language acquisition] teachers; salary freezes for teachers with unsatisfactory principal evaluations; tuition supplements and extra pay for teachers with National Board Certificates; differentiated pay for Teachers in Residence; market incentives to attract and retain hard to recruit positions; and extra pay for instructional coaches in the literacy program (Jupp & Scott, 2002).<sup>30</sup>

In the Fall of 1999, the DPS and the DCTA collaboratively initiated a groundbreaking four-year pay for performance pilot program aimed at examining the interconnected issues of student achievement, teaching skill, and teacher compensation (Denver Pay for Performance web-site, 2003). The premise of the new pay for performance pilot project is that teacher compensation should be based, in part, on the academic growth of the students that they teach (Jupp & Scott, 2002). The pilot program examines the effect of teacher bonuses on predetermined measurable student performance objectives, and explores the effect of providing teacher bonuses for meeting those objectives (Jupp & Scott, 2002). It is scheduled to run until the Spring of 2003, with recommendations from the Design Team to the teachers and the Board of Education planned for March 2004. Jupp and Scott (2002) state that the final recommendation will consist of a radically redesigned teacher compensation schedule, and not just a system of bonuses.

The current pay for performance pilot was the result of collective bargaining negotiations between the DPS and DCTA during the Spring and Summer of 1999. The position of the DPS was that teacher experience steps should be warranted on the basis of student achievement, and that an appealing compensation system (including a top-level entry pay for teachers) should be an element of the trade-off. The DCTA's position included establishing an attractive pay system, along with a process for setting objectives. As the objective-setting process had been untested, the DCTA advised that a pilot be implemented. Furthermore, the DCTA stressed the importance of compensating teachers on the basis of knowledge and skills - a notion which was supported by research conducted by the

National Commission for Teaching and America's Future (Jupp & Scott, 2002).

Plans for the pilot compensation system were developed by a Design Team composed of two teachers selected by the DCTA president and two administrators selected by the DPS superintendent; thus the project was commissioned by both the DPS and DCTA respectively.

Members of the Design Team obtained release from their teaching and administrative duties to assume full-time responsibilities in planning, piloting, revising, implementing, and evaluating a pay for performance schedule for all 4,500 of the Denver Public Schools' classroom teachers. The Design Team's mandate was to develop a pilot project for the purpose of determining the viability of linking student achievement to teacher compensation. Technical assistance was provided by the Community Training and Assistance Center (CTAC), a non-profit consulting group from Boston, and with the financial assistance of Denver's Rose Community Foundation.

Teacher objectives are the foundation of the pay for performance pilot program. The project requires teachers to establish two objectives, with a bonus of \$750 paid out (for each of the two objectives) if they are met. Interestingly, there was no agreement amongst members of the Design Team as to whether the bonus was for motivating, rewarding, punishing, or creating an incentive (Jupp & Scott, 2002). Teacher objectives incorporate two bodies of information - measurement content and learning content. Measurement content refers to the technical information such as assessment, population, interval and expected gain which is utilised to establish and evaluate progress toward expectations. Learning content embodies the main components of the teacher's strategic thinking with respect to student expectations, such as rationale, student learning priorities, and teaching strategies.

In total, 16 of Denver's 135 schools participated in the pilot program (schools joined the pilot by successful faculty vote) (Jupp & Scott, 2002). These schools involve nearly 9,600 students and 633 teachers who set 1,266 objectives, of which 1,113 (88%) have been met. Another 157 objectives (12%) were not met, and are pending (Teacher Quality Bulletin, June 22, 2002).<sup>31</sup>

Approximately 10% of the total number of Denver teachers volunteered for the pilot project. Volunteers were initially scheduled to be divided into three groups, each of which would measure student performance differently. The first group would use students' scores of the Iowa Test of Basic Skills. The second group would use scores on a standardised test created in the district, and the third group would assess student improvement after their teachers had taken classes to increase their skills. However, the initial plan of comparing three different ways of setting teacher objectives was modified to compare the improvement of pilot schools (12 elementary schools, 2 middle schools, 1 high school and 1 "high school education complex") against that of other schools in the 74,000 student district. Archer (2001) states that the shift in focus was due to the fact that in practice, the goals initially set by teachers did not break down neatly into three discernible types.

Results of the pilot project suggest that schools involved in the pilot project outperformed comparison schools on some tests, but not on others. To date, however, the differences in student performance have not been correlated to objective setting or pay for performance (Jupp & Scott, 2002). Members of the Design Team propose that the greatest potential of the objective-setting exercise is the professional dialogue it creates between principal and teacher with respect to student growth and development. Consequently, Jupp and Scott (2002) believe that setting measurable objectives based

on student growth is a sound practice. However, teachers require flexibility to modify their objectives to meet the unique needs of their students. Moreover, teachers state that setting high quality objectives is less problematic when there are performance standards for students and well-aligned assessments that measure student growth (Jupp & Scott, 2002).

The executive director of the Community Training and Assistance Center maintains that one of the major faults of the Denver pay for performance pilot program lies in the availability of current assessment instruments. Colorado's state exam system (based on the Iowa Tests of Basic Skills) is not arranged for monitoring individual student's progress from year to year. The commercially available assessment is not harmonized with local or state curriculum standards. Furthermore, some subjects (such as music and American government) are not covered by the exam, leaving teachers to make do with what they have (Archer, 2001). Lastly, if implemented, the proposed pay for performance program would cost taxpayers a minimum of \$25 million annually. This is approximately 12% more than the cost of the current Denver teacher compensation schedule.

According to William J. Slotnik, Executive Director of the Community Training and Assistance Center, "There are really some major learnings to be seen here, but I don't think we are at a point (just yet) where we can say that pay for performance is the way to go or that it's not the way to go" (Archer, 2001, p. 2).<sup>32</sup>

## **DOUGLAS COUNTY COLORADO PERFORMANCE PAY PLAN**

The Douglas County, Colorado School District was a leader in implementing a compensation system that incorporated aspects of knowledge and skill based pay and group based performance pay.

"The plan maintained the educational credits and degrees portion of the single salary schedule, linked pay for years of experience to teacher evaluations, and added several new elements, including an outstanding teacher award, knowledge and skill based pay, group based performance pay, and responsibility pay" (Kelley, 2000, p. 1).<sup>33</sup>

The objectives of this plan, which began implementation in 1994-5, were to:

- support the district's mission and core values;
- attract, retain and motivate the highest qualified teachers while competing in the employment market;
- reward growth, development, and skill and knowledge acquisition;
- produce a degree of predictability and stability; and
- ensure teacher involvement in the development, evaluation and reward process." (Kelley, 2000, pp.5-6)

Developed collaboratively by the union and district with public input and guided by com-

pensation based research and experience from the private sector, this plan was in response to voters significantly limiting both property taxes and the rate at which public spending levels could increase, forcing the school district to slash \$4 million from its operating budget. "Because salary and benefits make up such a large part of the school district budget, the district administration and teachers interpreted the message from the community as a need to rethink the management of human resources dollars"(Kelley, 2000, p. 3).

Douglas County is one of the fastest growing communities and school districts in the United States with projections of 50,000 students by 2007. With more than 41,000 students currently in the school district, this is almost a four-fold increase since the late 1980's. Rapid growth has caused a youthful teaching force with an average of eight years experience. Students have strong achievement scores, their parents are highly educated and there is a high per capita income, however, the district funding is low in comparison to other Colorado districts (Kelley, 2000, pp. 2-3). Kelley observes that the youth of the teaching force, the stability of the district administrative leadership and the excellent collaborative relationship of the teachers union and district administration made this district a "potentially fertile environment for compensation reform".

During the 1991-1992 school year, a subcommittee began monthly meetings to develop general parameters for a pay for performance system, and a series of taxpayer votes in 1992 added impetus to the process when a bond issue was defeated and other educational funding was limited. Contract negotiating during the Spring of 1993 resulted in a 3% salary increase for the 1993-1994 school year and a commitment to start developing a performance-based pay plan. This led to the formation of the Performance Pay Committee in June of 1993, which included 30 formal members - 20 appointed by the teacher union and 10 appointed by the district, including parents and community members especially those who had experience working on compensation issues in the private sector, or who had worked for companies with performance-based pay plans. Some significant factors in the development of this plan are that the union chose representatives that both supported and opposed the concept of performance pay, the committee used consensus, and additional informal members were able to participate in meetings later in the process. The following informal plan was put into practice at the beginning of the 1994-1995 school year (see Table 4.5).

**Table 4.5** The Douglas County Performance Pay Plan

|  |
|--|
| <b>Base Pay</b>  |
| + Pay for Knowledge (Educational Units and Degrees)                              |
| + Pay for Years of PROFICIENT Experience   |
| + Pay for Specific Responsibilities (Spelled out in Contract)                    |
| + Outstanding Teacher Bonus Award (\$1,000)                                      |
| + Skill-Based Pay (Pay for the Development of Skills Identified by the District) |
| + Responsibility Pay (Identified by Peers at the School Site, \$5.50/student)    |
| <u>+ Group Incentive Pay</u>   |
| = Total Salary   |

Table 4.5 cont'd.

*Base pay and pay for knowledge* are comparable to those in the standard single salary pay schedule. New teachers start at approximately \$25,000, and receive pay increases for completing courses relevant to their subject area or to teaching skills.

*Pay for years of proficient experience*, has replaced the old 'pay for years of experience' element of the traditional single salary system. Teachers must receive at least a 'proficient' rating on their annual evaluation to qualify for this particular salary increment.

*Pay for specific responsibilities* refers to particular indicators of performance, established by the evaluators, which outline how individual staff members intend to fulfill their responsibilities. These responsibilities have been identified in standards of performance directly related to the responsibilities identified in each position description.

The *outstanding teacher bonus award* provides a \$1,000 bonus to teachers who have been identified as outstanding in a given year. Participation in the program is voluntary and interested teachers must develop a portfolio, throughout the school year, which represents their achievement.

The *skill-based* component provides financial awards for teachers who develop specific skills which have been identified as desirable by the school district. Skills training is provided by the district, as is skill assessment, and teachers receive a bonus if they master the skill – with teachers who acquire mastery of a more complex skill receiving a proportionately greater pay supplement.

With respect to *responsibility pay*, individual schools receive \$5.50 per student to distribute amongst teachers who assume additional school responsibilities such as extra-curricular activities, committee work, mentorship or leadership, etc.. This is referred to as *site* responsibility pay, which differs from *district* responsibility pay, also offered through the Douglas County school district, in that district pay compensates teachers for taking part in district-level activities such as the pay for performance implementation team, group incentive board, outstanding review board, health insurance committee, transfer committee, evaluation committee, or the 21<sup>st</sup> Century Partnership. Teachers receive an average of \$500 to \$700 for their participation.

*Group incentive pay* \*offers bonuses to all participating teachers in a school, or groups of teachers, interested in developing an initiative aimed at enhancing a specific student achievement objective. Proposals must be submitted to a review committee and identify specific goals which are:

- Related to school or district objectives.
- Related to above average student achievement for the school.
- Valuable to the entire school community and ultimately of benefit to students.
- With clearly stated responsibilities and timelines.

[\*Payment per educator for the group incentive pay in 1998-99 was \$413. Some of the goals addressed have included reading and writing skills, mathematics proficiency, mentorship for at-risk students, conflict management/problem-solving skills, computer/technology skills, individual learning plans, behavioural expectations, and content-specific vocabulary.]

The success of Douglas County performance pay plan has been reflected in the community by the successful passage of all of the district's bond issues since the plan was initiated and by its multiple ratifications by teachers. It has received national attention and received from external evaluators outstanding reports. Hall and Caffarella (1997) note as some of the strengths of the plan: the collaborative nature of the design process and the ongoing adjustments made by the implementation team including communication with the teachers. Other likely results of the plan are an enhanced focus on the school-wide improvements in student performance and on teaching practice.

With respect to teacher performance, only 1.5 to 3% of teachers (136 over the past five years) have been evaluated as unsatisfactory and consequently did not receive their annual pay stipend. Between 240 and 280 teachers submit outstanding teacher portfolios annually, and approximately 230 are approved as outstanding. In addition, the district has increased the number of skill blocks from one (offered in the first year of the program) to nine in 1999-2000. Nine hundred and seventy teachers successfully completed skill blocks from July 1, 2002 to June 30, 2003. (Personal communication with Douglas County School District, September 23, 2003).

Douglas County's performance pay system has generated an entire network of incentives for its teachers, principals, and schools to clarify their purpose and vision, and focus individual and collective efforts on enhancing organisational effectiveness by leveraging about 1.5% of the teacher salary budget to highlight organizational goals and enhance human resource management and community relations (Kelley, 2000, p.11-12).

## **IOWA PERFORMANCE-BASED TEACHER COMPENSATION**

Iowa made teacher compensation history in May 2001 when the Iowa's Student Achievement and Teacher Quality Act was ratified, introducing the first statewide pay for performance plan in the USA. Among its provisions are "mentoring and induction programs for new teachers, a new professional development strategy, school-based variable pay incentives, statewide teaching standards, and teacher evaluations and career paths based on these standards" (White, 2002, p.2). White (2002) calls this an "ambitious teacher quality initiative" and Odden (cited in Okamoto, 2001) states that Iowa is "the first state to fundamentally change how teachers are paid." The program is voluntary over its three-year implementation but 99% of the state's schools have decided to participate (White, 2002, p. 2).

The context for the introduction of this bill was a sensing by Iowa's education community of a downward trend in enrollment, student achievement, teacher retention (Iowa experienced twice the loss of new teachers compared to the national average), and teacher salary rankings, and an increase in teacher shortages. Iowa is perceived as having relatively cordial labor-management relations and a business community that is highly involved in education advocacy. It is worth noting that before this bill's passage that Iowa was only state in the United States without a formal, statewide set of student standards though the state has the authority to hold schools accountable including the requirement to submit school improvement plans and progress reports to the Department of Education (White, 2002, p. 3-8, 33).

Much of the development for statewide implementation occurred in the political forum at the state level. White (2002, pp. 5-26) details the chronology and various versions of the

plan developed and championed by different groups during the years leading up to the ratification of Bills HR413 and SF476 effective July 1, 2001. This development process is quite different from many other case studies in this chapter as at some stages in the plan's development education stakeholders were not part of the bi-partisan performance pay working group. Understandably, this irked these associations and their members.

One issue that the working group wrestled with "balancing[e] the distribution of new funds between beginning and veteran teachers and between poor and affluent districts, so as to achieve maximum, yet fair and effective, benefits from the legislation" (White, 2002, p. 25). Union leaders were worried that money for salary raises would not be available and that implementation of the plan would result in teachers doing more work for the same pay. Other issues such as student testing and alternative teacher certification were raised as part of the process even though they eventually were not part of the final package.

The final plan according to White (2002) started teachers along a four-step career path where beginning teachers (Provisional teaching level) work with mentors for at least two years and after successful completion of a comprehensive evaluation would earn a minimum salary of \$28,000. Completion of Praxis II assessments in pedagogy and one content area would be required but would not affect a teacher's licensure or teaching category. Every five years after that or sooner upon teacher request, a trained administrator would perform a comprehensive evaluation based on the set of eight standards adopted in December 2001:

- "Demonstrate the ability to enhance academic performance and support for and implementation of the school district's student achievement goals;
- Demonstrate competence in content knowledge appropriate to the teaching position;
- Demonstrate competence in planning and preparing for instruction;
- Use strategies to deliver instruction that meets the multiple needs of students;
- Use a variety of methods to monitor student learning;
- Demonstrate competence in classroom management; engage in professional growth; and,
- Fulfill professional responsibilities established by the school district"(White, 2002, p. 30).

These standards could be augmented by local school districts and were to guide "research-based" professional development programs.

Demonstrating their ability in the comprehensive evaluations is the method by which teachers can progress to the latter three teaching levels with their state-prescribed minimum salaries: Professional Career I (\$30,000), Professional Career II (\$35,000) and Advanced (\$49,500). When the bill became effective in 2001 there were no formal definitions for Career II and Advanced. Locally unions could negotiate higher salaries and intermediate pay increases within these categories. As well teachers during the two-year pilot could be eligible for annual bonuses of about \$2,000 through a voluntary team-based variable pay system (White, 2002, pp. 30-31). Teachers obtaining National Certification receive \$2,500 per year for 10 years and full reimbursement of the \$2,300 required regis-

tration fee, as part of a financial incentive package approved by the Legislature.

Right from the start of this Bill's implementation, financial considerations have caused modification of the proposed plan. The original \$40 million (some say \$60 million was needed) did not provide adequate funding even to meet the statewide minimums for beginning, first- and second-year teacher salaries so some districts had to forgo the yearly increases to all teachers to meet the minimum salary commitments. This caused some veteran teachers, especially in rural districts, to feel they were being inequitably treated.

Subsequent modifications provided six distinct options for district participation in the program during 2001-2 ranging from full implementation to deferring participation until July 1, 2003. School boards were to decide the option for each district and union approval was not necessary. Most districts (375 of 386) participated in the mentoring component as there was state funding attached. Thirteen schools applied for the first year of the variable pay pilot project where approximately \$950 per teacher was available. A decision was made that no districts would start a pilot of the variable pay program in 2002-2003 until the Legislature has had a chance to evaluate the first pilots.

Ongoing financial problems have allowed only a further \$40 million for use in the 2002-3 school year. As well in the new corrections bill HF 2549, several changes have occurred as implementation unfolds. These include: mandatory participation one year sooner (2002-2003); districts cannot opt out of components once they start; the requirement for further professional days is postponed until 2004; piloting of Career II and Advanced in sample districts; criteria for licensure must be uniform state-wide; struggling teachers may be provided with intensive assistance; and minimum statewide criteria for veteran teachers' performance evaluations can be expanded at the local level (White, 2002, p. 37-8). Further legislative changes in 2003 include amongst other items: freezing of minimum salaries; changing of beginning teacher level from Provisional to Initial; delaying of performance reviews of non-beginning teachers from July 1, 2004 to July 1, 2005; the requirement for professional days is further delayed until 2005; and, continuation of existing team-based variable pay pilot project (ISEA, 2003, p. 1-3). The state has allocated \$44 million to the pay-for-performance plan for the 2003-2004 school year and there is much discussion about the plan's future due to Iowa's bleak economic outlook.<sup>34</sup>

## **LACRESCENT, MINNESOTA PERFORMANCE-BASED TEACHER COMPENSATION**

LaCrescent-Hokah, Minnesota School District (ISD #300) in 2001-2 initiated the process to implement an innovative salary schedule linking teachers' pay to their teaching knowledge and skills. The situation was conducive to compensation schedule experimentation for a number of reasons. In the spring of 2001 the Minnesota state legislature passed a bill to fund and support a variety of teacher compensation pilots in several school districts. This dovetailed with the school district goals for the 2001-2002 school year which focused on teacher quality - especially professional development and the recognition of high quality teachers. Teachers and the district were dissatisfied with the existing 30-step salary

scale and were concerned with retention as a neighbouring district offered more lucrative compensation. The district already had a shared decision-making process in place and there was a positive labour-management climate. In addition precedent

had been set as a group-based performance award pay schedule for principals was implemented in 2000-2001. This bonus was 2% of the individual's salary granted upon achieving preset standards linked to district wide goals (White, 2002).<sup>35</sup>

Working collaboratively, teachers, principals, and district administrators developed a more effective teacher evaluation system requiring an annual evaluation of all teachers on their choice of one of four distinct teaching domains (see Table 4.6) based on Danielson's (1996) *Enhancing Professional Practice: A Framework for Teaching*. The proposed plan called for teachers to be evaluated in their first choice of domain during 2002-2003, and relocated on the salary schedule for the 2003-4 school year based on this evaluation. The plan was overwhelmingly accepted with 85% voting in favour (White, 2002, p.9).

**Table 4.6** LaCrescent's Teaching Domains, Components, and Elements

| <b>Domain I: Planning and Preparation</b>  | <b>Domain II: The Classroom Environment</b>  |
|--|--|
| <p><b>Component 1a: Demonstrating Knowledge of Content and Instructional Strategies</b><br/>                     Knowledge of Content and Prerequisite Relationships<br/>                     Knowledge of Instructional Strategies</p>            | <p><b>Component 2a: Creating an Environment of Respect and Rapport</b><br/>                     Teacher Interaction with Students<br/>                     Student Interaction</p>   |
| <p><b>Component 1b: Demonstrating Knowledge about Students as Learners</b><br/>                     Knowledge of Students<br/>                     Use of Information about Students as Learners</p>   | <p><b>Component 2b: Establishing a Culture for Learning</b><br/>                     Importance of the Content<br/>                     Student Pride in Work<br/>                     Expectations for Learning and Achievement</p>             |
| <p><b>Component 1c: Selecting Instructional Goals</b><br/>                     Value<br/>                     Clarity<br/>                     Balance and Suitability for Diverse Students</p>  | <p><b>Component 2c: Managing Classroom Procedures</b><br/>                     Management of Instructional Groups<br/>                     Management of Instructional Time<br/>                     Management and Supervision of Resources</p> |
| <p><b>Component 1d: Demonstrating Knowledge of Resources</b><br/>                     Resources for Teaching<br/>                     Resources for Students</p>   | <p><b>Component 2d: Managing Student Behaviour</b><br/>                     Expectations<br/>                     Monitoring and Responding to Student Behaviour</p>   |
| <p><b>Component 1e: Designing Coherent Instruction</b><br/>                     Learning Activities and Instructional Groups<br/>                     Instructional Materials and Resources<br/>                     Lesson and Unit Structure</p> | <p><b>Component 2e: Organising Physical Space</b><br/>                     Safety and Arrangement of Furniture<br/>                     Accessibility to Learning and Use of Physical Resources</p>  |
| <p><b>Component 1f: Assessing Student Learning</b><br/>                     Congruence With Instructional Goals<br/>                     Criteria and Standards<br/>                     Use for Planning</p>                                      |  |

Table 4.6 cont'd.

| <b>Domain III: Instruction</b>  | <b>Domain IV: Professional Responsibilities</b>   |
|---|---|
| <p><b><i>Component 3a: Communicating Clearly and Accurately</i></b></p> <p>Directions and Procedures</p> <p>Oral and Written Language</p>   | <p><b><i>Component 4a: Reflecting on Teaching</i></b></p> <p>Accuracy</p> <p>Use in Future Teaching</p>   |
| <p><b><i>Component 3b: Using Questioning and Discussion Techniques</i></b></p> <p>Quality of Questions</p> <p>Discussion Techniques</p> <p>Student Participation</p>                        | <p><b><i>Component 4b: Maintaining Accurate Records</i></b></p> <p>Student Completion of Assignments</p> <p>Student Progress in Learning</p>                            |
| <p><b><i>Component 3c: Engaging Students in Learning</i></b></p> <p>Representation of Content</p> <p>Activities and Assignments</p> <p>Grouping of Students</p> <p>Structure and Pacing</p> | <p><b><i>Component 4c: Communicating with Families</i></b></p> <p>Instructional Program</p> <p>Individual Students</p>  |
| <p><b><i>Component 3d: Providing Feedback to Students</i></b></p> <p>Quality: Accurate, Substantive, Constructive, and Specific</p> <p>Timeliness</p>                                       | <p><b><i>Component 4d: Contributing to the School and District</i></b></p> <p>Relationships with Colleagues</p> <p>Service to the School and/or District</p>            |
| <p><b><i>Component 3e: Demonstrating Flexibility and Responsiveness</i></b></p> <p>Lesson Adjustment</p> <p>Response to Students</p> <p>Persistence</p>                                     | <p><b><i>Component 4e: Growing and Developing Professionally</i></b></p> <p>Enhancement of Content Knowledge and Pedagogical Skill</p> <p>Service to the Profession</p> |
|   | <p><b><i>Component 4f: Showing Professionalism</i></b></p> <p>Advocacy and Service to Students</p> <p>Decision Making</p>   |

Source: White, B. (2002, September, p. 6). *Performance-based teacher compensation in LaCrescent, Minnesota*. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison.

LaCrescent's teacher salary schedule is devoid of the elements of the traditional single-salary grid format (based on years of experience and level of education) and has linked a teacher's salary to their level of performance (Unsatisfactory, Basic, Proficient or Distinguished) on the four teaching domains outlined in the Framework. White (2002, pp. 7-8) explains how in 2001-2002 all teachers were placed on the new pay schedule at the rate closest to, but not less than, what their salary would have been under the old system (see Table 4.7). A teacher's present level of performance was then taken as being equivalent to the category which was most consistent with their ranking on the new pay schedule. Under the previous schedule, for example, a teacher with 20 years of experience and a Master's degree would have earned \$41,230 in 2000-2001. In 2001-2002, that same teacher would earn \$42,358 in 2001-2002, placing them at the Advanced Teacher level on the new pay system with an assumed performance rating of Proficient in three of the Framework domains and Distinguished in the fourth.

**Table 4.7** LaCrescent Teacher Salary Schedule 2001-2002 to 2002-2003

| Teaching Category | Evaluation Results              | Salary Level |          | Teachers in Category (2001-2002) | Notes  |
|-------------------|---------------------------------|--------------|----------|----------------------------------|--|
|                   |                                 | 2001-02      | 2002-03  |                                  |  |
| Master            | 4 Distinguished                 | \$49,501     | \$49,996 | 18                               | Distinguished in all four domains; must be re-evaluated in four years.   |
| Career            | 3 Distinguished<br>1 Proficient | \$45,930     | \$46,389 | 12                               | Must demonstrate observation level prior year to be assigned new salary. Must maintain proficient rating in all four domains. Re-evaluation in four years.                                   |
|                   | 2 Distinguished<br>2 Proficient | \$44,144     | \$44,585 | 14                               |  |
|                   | 1 Distinguished<br>3 Proficient | \$42,358     | \$44,278 | 12                               |  |
|                   | 4 Proficient                    | \$40,572     | \$40,977 | 1                                |  |
| Advanced          | 3 Proficient<br>1 Basic         | \$38,786     | \$39,173 | 2                                | Must demonstrate observation level prior year to be assigned new salary. Has up to four years to demonstrate proficiency in all four domains. Non-renewed or terminated if not accomplished. |
|                   | 2 Proficient<br>2 Basic         | \$36,999     | \$37,369 | 12                               |  |
|                   | 1 Proficient<br>3 Basic         | \$35,213     | \$35,566 | 17                               |  |
| Novice 3          | 4 Basic during year             | \$33,427     | \$33,762 | 5                                | Evaluation focus on Domains 1-4. Work with mentor.   |
| Novice 2          | 3 Basic during year             | \$31,641     | \$31,958 | 18                               | Evaluation focus on Domains 1-3. Work with mentor.   |
| Novice 1          | 1 Basic during year             | \$29,855     | \$30,154 | 4                                | Evaluation focus on Domain 2. Work with mentor.  |

Source: White, B. (2002, September; p. 8). *Performance-based teacher compensation in LaCrescent, Minnesota*. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison.

As the implementation process continues, the assumed evaluation results will be substituted with actual ratings of a teacher's performance, causing a teacher's salary to be adjusted appropriately. Unlike some other districts with similar plans, a LaCrescent teacher's salary could actually decrease from year to year if an individual received weak evaluations and the pay system does not provide financial stipends for obtaining advanced degrees or completing continuing education units.

Task groups, whose purpose was the working out the details of the new evaluation and compensation program, were an important element in LaCrescent's implementation process. The Task Groups completed their work in May 2002 and listed among their recommendations (White, 2002, pp.15-16):

- That all novice teachers be assigned a mentor (experienced teacher), who will receive a \$1,000 bonus in exchange for working with no more than two novice teachers.
- That novice teachers and their mentors will work through activities based directly on the teaching standards outlined in the Framework - focusing on one particular domain per year.
- Administrators and teachers will work collaboratively in identifying nine teachers across grades K - 12 to function in curriculum leadership capacity, working closely with the district's Curriculum Director. Teacher leaders will receive a \$1,000 per year stipend, and will work in this capacity for a 7-year cycle.

White (2002) notes the compensation program, while not completely implemented yet, has already had some positive influence on the district. Some teachers have started focusing on specific aspects of their teaching practice. District administrators believe that there has been a positive effect on the culture of the school district and staff collegiality after some initial turmoil. The district has received considerable recognition for its innovative approaches to teacher compensation, with several school districts contacting LaCrescent for implementation advice.

## **MANITOWOC, WISCONSIN KNOWLEDGE AND SKILL-BASED PAY**

The Manitowoc school district began its restructured teacher compensation three-year contract during the 1999-2000 school year. Under this agreement, teachers are paid for their involvement in professional development activities that assist in the acquisition of specific knowledge and skills congruent with the school district's vision of quality instruction. Odden, Kellor and Conti (2001, p.19) note that

"the convergence of several factors - state movement to performance-based licensure based on teacher knowledge and skills, a new district vision of quality instruction and related professional development and teacher evaluation systems, new ideas about compensation structures, new people on the negotiation team for both the district and the union, and the desire to negotiate more collegially - that combined to help the district move forward and negotiate a very different kind of teacher salary schedule".

During informal exit interviews teachers stated that the non-competitive nature of the previous pay schedule compared to neighbouring districts and lack of financial recognition for any professional development other than completion of a Masters' degree were contributing factors in their decision to leave the school district (Odden et al., 2001, p. 3).

Wisconsin's new teacher licensing requirement created a three stage licensing structure with a shift to a performance-based licensing process (Youngs, Odden & Porter, 2000).<sup>37</sup> The three license levels included: Initial Educator, which was what new teachers received upon completing of a university pre-service teacher training program; Professional Educator, which was received following the completion of teaching standards during the first years of teaching; and Master Teacher, which required teachers to engage in continual professional development and develop their practice beyond the requirements for professional educator (Odden et al., 2001, p. 7). This new state licensing system necessitated the development of a new compensation system which complemented the superintendent's vision to enhance instruction. The superintendent believed the driving force for all change in the district should be that enhancing instruction was the key to increasing student achievement and that the authentic instruction and authentic assessment model developed by Newman, Secada, and Wehlage (1995)<sup>38</sup> at the University of Wisconsin-Madison was most appropriate for the Manitowoc school district (Odden et al., 2001, p. 8).

Odden et al. (2001) relate how Manitowoc teachers and administrators developed standards in four distinct domains: higher order thinking; deep knowledge; substantive conversation; and connections to the world beyond the classroom with an accompanying evaluation rubric with performance levels ranging from 1 to 5. To assist teachers in developing authentic instruction and assessment the Manitowoc school district established a self-funded professional development Academy. Another initiative supported by the district is the Professional Development Certificate (PDC) earned by successfully completing an 18 to 24 month program that was developed collaboratively by the state education association and the University of Wisconsin-Green Bay, and school districts - including Manitowoc. The PDC criteria align with the National Board for Professional Teaching Standards. In addition to attending seminars, participants must also complete an Individual Learning Plan (ILP) and a Portfolio.

Other professional development options encouraged by the school district include: Master's and Doctoral degrees; National Board for Professional Teaching Standards (NBPTS) certification; mentoring courses and becoming a mentor; leading curriculum writing projects; observing and being observed by other teachers; reading plans; and, involvement in district committee work associated with improving student learning (Odden et al., 2001, p. 14). Although there is considerable flexibility for professional development activities, teachers are required to obtain district approval for their selected options to assure they qualify on the new compensation schedule.

Unlike some jurisdictions in the other case studies in this chapter, the district uses numerous types of teacher assessments, none of which are directly linked to the salary schedule nor ever formally negotiated. Teacher evaluation strategies are perceived as continuously evolving, and both the administration and association maintain that the evaluation options provide greater flexibility predominantly because specific details were left outside of formal negotiations.

The main teacher evaluation strategy utilises the Authentic Instruction model developed by Newman, Secada, and Wehlage (1995). As the results of this evaluation strategy are not used in determining placement on the pay schedule, its function is to provide continual feedback to teachers concerning the degree to which their instructional practice meets standards of *authentic pedagogy*. Portfolios are used as part of the requirements for novice teachers to improve their instructional practice beyond that of Initial Educator, and to advance to the next pay level. Successful completion of Academy courses can determine whether teachers are able to move up the pay scale.

Odden et al. (2001) believe the development of a cooperative compensation vision statement around which to focus the contract negotiations was instrumental to successful negotiations. The vision, "to create a competitive salary schedule that will attract and retain teachers and that will encourage and reward the acquisition of new knowledge and skills" (Odden et al., 2001, p. 20), reflected the goals of both the district leadership of increasing the knowledge and skills of the teachers as well as the association's goal of increasing teachers' pay. This instructional focus provided the framework for the negotiating teams and the smaller working groups to resolve issues first and concentrate on the money later.

One of the primary roadblocks to implementing the new compensation system was the fact that many teachers were at later stages of their careers and might possibly not have been interested in modifying their instructional practice to earn salary increases. The funding of retiree health insurance costs was seen as a contract sweetener which was targeted specifically at these more senior teachers. Consequently, the district agreed to increase its maximum after retirement health insurance contribution from \$2,250 to \$4,020 - a concession perceived as attractive to veteran teachers who were contemplating retirement. Another design issue was whether to recognize professional development and college or university credits earned by teachers prior to 1999, as the previous system did not recognise professional development credits until after the degree completion. It was ultimately decided that no professional development credits could be carried over to the new system.

Throughout the negotiation process, focussing on educational issues before money issues allowed both sides to make balanced concessions when important monetary issues arose and led to successful ratification of the new salary structure (Odden et al., 2001, p. 23). This allowed, for instance, a smaller increase to the base salary if newer teachers could increase their earnings by acquiring new skills. Manitowoc's new teacher compensation system (see Table 4.8) is comprised of a series of distinct hiring lanes for teachers with Bachelor's degrees or Master's degrees, as well as those who have prior teaching experience and those who are new to the classroom. Novice teachers start at Lane 1, step 1 (Bachelor's degree) or Lane 4, Step 1 (Master's degree). Experienced teachers begin at Lane 2 (Bachelor's degree) or Lane 5 (Master's degree).

Mobility amongst pay lanes is linked to the acquisition of credits from a university, successful completion of the Professional Development Certificate or by earning credits in the school district's Academy. The aim is to persuade teachers to become involved in earning professional development credits to enhance their practice, as well as increase their salary. Experienced teachers hired prior to 1999-2000 have seven years to progress up a pay lane or their salary will remain frozen at their current pay level, and newly hired experienced teachers who do not move up a pay lane within five years will also have their salary frozen at their current pay level.

**Table 4.8** 1999/2000 Manitowoc Education Association Teachers' Salary Schedule

| Step | Lane 1   | Lane 2   | Lane 3   | Lane 4   | Lane 5   | Lane 6   | Lane 7   | Lane 8   |
|------|----------|----------|----------|----------|----------|----------|----------|----------|
| 0    | \$27,200 | \$27,542 | \$28,541 | \$29,360 | \$30,268 | \$31,266 | \$32,265 | \$33,263 |
| 1    | \$28,200 | \$29,162 | \$30,124 | \$31,087 | \$32,049 | \$33,106 | \$34,163 | \$35,220 |
| 2    | \$29,766 | \$30,782 | \$31,798 | \$32,814 | \$33,830 | \$34,946 | \$36,061 | \$37,177 |
| 3    | \$31,133 | \$32,402 | \$33,472 | \$34,541 | \$35,610 | \$36,785 | \$37,959 | \$39,134 |
| 4    | \$32,900 | \$34,023 | \$35,146 | \$36,268 | \$37,391 | \$38,624 | \$39,858 | \$41,091 |
| 5    | \$34,467 | \$35,643 | \$36,819 | \$37,996 | \$39,172 | \$40,464 | \$41,756 | \$43,048 |
| 6    |          | \$37,263 | \$38,493 | \$39,722 | \$40,952 | \$42,303 | \$43,653 | \$45,004 |
| 7    |          | \$38,883 | \$40,166 | \$41,450 | \$42,733 | \$44,142 | \$45,552 | \$46,961 |
| 8    |          | \$40,504 | \$41,840 | \$43,177 | \$44,513 | \$45,981 | \$47,450 | \$48,918 |
| 9    |          | \$42,124 | \$43,514 | \$44,904 | \$46,294 | \$47,821 | \$49,348 | \$50,875 |
| 10   |          | \$43,744 | \$45,188 | \$46,631 | \$48,075 | \$49,661 | \$51,246 | \$52,832 |
| 11   |          | \$45,364 | \$46,861 | \$48,358 | \$49,855 | \$51,499 | \$53,144 | \$54,788 |

Source: July 1, 1999 - June 30, 2001 Board of Education Teachers' Agreement, Manitowoc Public School District.

Teachers (both novice and experienced) must earn 12 approved credits to advance to the next pay lane. However, novice teachers, as well as newly hired experienced teachers, are also required to complete a series of performance-based activities to demonstrate their competence in the instructional knowledge and skills expected of Manitowoc's teachers.

"The activities required are: 1) a videotape of at least one lesson and review of the videotape with the mentor; 2) a portfolio that includes examples of lesson plans and examples of student work related to those lessons, demonstration of content/development knowledge, a professional growth plan, an optional videotape of a lesson; and, 3) participation for at least one year in the district's Mentor Program (a second year may be required upon recommendation of the immediate supervisor)" (Odden, Kellor, & Conti, 2001, p. 29).

Newly hired teachers (both novice and experienced) are placed on a three-year probationary period which may be reduced to two years if a newly hired teacher satisfies the requirements for mobility from the initial lane assignment in those two years. Newly hired experienced teachers may also choose to complete the activities mandated for novice teachers in order to have a decreased two-year probationary period.

The new teacher compensation system has three additional knowledge and skills-based pay opportunities (overlays) in addition to the new eight-lane pay schedule: (1) doctorate; (2) National Board certification; and, (3) Master Teacher. Teachers who have either completed a doctorate and/or received National Board for Professional Teaching Standards receive a 13% salary increase; therefore, a teacher who has both earned a Doctorate as well as National Board certification would receive a 26% increase in pay. In addition, teachers who obtain the highest level (Master Teacher) in Wisconsin's new teacher licensing system will also receive an increase in salary.

Participation in professional development by Manitowoc teachers increased ten-fold in the 1999-2000 school year, and nineteen teachers (as opposed to six during 1998-1999) enrolled in Master's degree programs. Furthermore, 31 teachers obtained individual course approvals (there were none the previous year), and six teachers registered in the Professional Development Certificate Program. Lastly, 42 teachers took part in the first round of Manitowoc District Academy courses. This increased participation in professional development activities has been attributed by both district and union leaders to the new compensation program and the development of these new alternatives (Odden et al., 2001, p. 35-36).

## MINNEAPOLIS PUBLIC SCHOOL DISTRICT PROFESSIONAL PAY PLAN

The Minneapolis Public School District Professional Pay Plan is another of the many varied approaches to teacher compensation that experiments with a more strategic performance-based compensation system than paying teachers solely for education and experience (White, 2003, p. 19). White describes the Professional Pay Plan as somewhat similar to the Douglas County plan but that a major difference from other plans (Cincinnati, Coventry, LaCrescent, and Vauhgn Next Century Learning Center) is that the Minneapolis plan does not "base pay increases on a standards-based performance evaluation of actual teacher instructional practice." (White, 2003, p. 19) One component of the Professional Pay Plan, the Minneapolis' Quality Improvement Awards, is a variation of school-based performance awards.

The Minneapolis context differed from some of the other case studies in this chapter. The local teachers' union, affiliated with the American Federation of Teachers, National Education Association and the Teacher Union Reform Network (TURN), has demonstrated its willingness to promote reform and innovation. The district already had implemented peer evaluation (1989) which evolved into a peer review and mentoring process with \$1000 awards, salary bonuses for National Board certification (1997), extra pay for teachers with extra responsibilities (1999), a short-lived school-based performance award program (the framework is still in the MPS contract even though the state funding no longer exists), and was committed to pursue and pilot options to the single salary scale (2001-2003) (White, 2003, pp. 3-4).

In 2000-2001 a sixty member design team concluded that the only way to improve student performance was by improving instruction and that urban districts require teachers with unique teaching knowledge and skills not typically acquired elsewhere. This team decided that neither student results nor teacher evaluations should form the basis for compensation reforms but that instead "teachers' attempts at improvement, rather than teachers' actual level of expertise" was important (White, 2003, pp.7-8). Ultimately, this definition emerged, "[T]he mission of the Minneapolis Professional Pay Plan is to reward teachers for increasing their own knowledge and skill around how to reach more students at higher levels of understanding."<sup>39</sup> The MPSTA website describes the plan as "an optional alternative to traditional steps and lanes that focuses on professional staff development as the means to increased salary." Therefore White (2003, p. 8) describes how the team made a conscious decision to use the term, *professional pay* and not *merit* or *performance-based pay*.

A statewide alternative teacher compensation program passed in 2001, required Minneapolis to modify the local design. Minnesota required that part of teacher compensation be based on student achievement and that salaries could not increase solely on experience or completion of professional development. White (2002, pp. 8-11) reports that the revised Minneapolis plan included four main components: (1) results based incentives at the district level (District Improvement Agenda or DIA awards) and at the school level (Quality Performance Awards); (2) capacity building awards called *professional skill set* awards and certificate reimbursement; (3) continuous improvement compensation for coursework and degrees; and, (4) extended professional responsibility compensation.

The Professional Pay Plan is multi-year, voluntary and has multiple entrance and exit points (see Table 4.9). All of the elements are add-ons to the current single-salary schedule. White (2003, p. 15) believes one explanation of the Professional Pay Plan's current popularity is that there is no risk, as a teacher's salary remains the same with the possibility of additional rewards up to \$17,500 (see Table 4.10). About 1650 people have enrolled in the plan and the MPSTA web site states they expect to reach a target of 2,250 by October 03 (MPSTA Overview 2- September 2003). As of September 2003, the MTF and the district had not yet ratified the 2003-2005 teachers' contract and there are differences of opinion expressed as to what clauses of the 2001-2003 contract are still in effect, especially in light of recent budget difficulties.<sup>40</sup>

**Table 4.9** Professional Pay Timeline, July 2001 to June 3, 2005

| July 1, 2001                       | June 30, 2002 | July 1, 2002                                   | June 30, 2003 | July 1, 2003  | June 30, 2004 | July 1, 2004                                    | June 30, 2005 |
|------------------------------------|---------------|--|---------------|---|---------------|---|---------------|
| Year 1 of Professional Pay Funding |               | Year 2 of Professional Pay Funding             |               | Year 3 of Professional Pay Funding  |               | Year 4 of Professional Pay Funding              |               |
| Bridge Payment Incentive           |               | Open Enrollment Year 2                         |               | Open Enrollment Year 3  |               | Open Enrollment Year 4                          |               |
| 2001/02 School Year                |               | 2002/03 School Year                            |               | 2003/04 School Year   |               | 2004/05 School Year                             |               |
|                                    |               | Critical Skill Set                             |               | Critical Skill Set  |               | Critical Skill Set                              |               |
|                                    |               | New Teacher Orientation Skill Set              |               | DIA Awards for Year 2   |               | DIA Awards for Year 3                           |               |
|                                    |               | Improving instruction through Analysis of Data |               | Quality Performance Awards for Year 2   |               | Quality Performance Awards for Year 2           |               |
|                                    |               | Quality Performance Awards for Year 1          |               | Ratification of contract to allow Professional Pay Option in Addition to Traditional Schedule |               | MPSU Course leads to Salary Adjustments –Year 4 |               |
|                                    |               |  |               | MPSU Course leads to Salary Adjustments – Year 3  |               | OPEN UNENROLLMENT PERIOD                        |               |
| 2001-2003 Teacher Contract Period  |               |  |               | 2003-2005 Teacher Contract Period   |               |   |               |

Source: MPSTA. (2003). *MPSTA -The Minneapolis Professional Pay Plan 2002 Report*. Retrieved September 23, 2003 from <http://www.mft59.org/mpsta/documents/2002Report.pdf>

**Table 4.10** Salary Comparisons at Varying Career Stages

| Teacher Characteristics | Base Salary Under Single Salary Schedule | Additional Annual Potential Under Professional Pay Plan   | New Salary Under Professional Pay Plan (% of Salary Based on Plan) |
|-------------------------|--|---|--|
| Entry Level             | \$29,521                                 | <i>\$1,000 for completing three MPS-Units<br/>+\$500 for Critical Skills Set<br/>+\$1,000 for District Improvement Award<br/>+\$6,000 for PhD<br/>+\$3,000 for NBPTS Certification<br/>= Up to \$17,500</i> | \$47,021 (37%)   |
| BA and Three Years      | \$32,567                                 |   | \$50,067 (35%)   |
| MA and Ten Years        | \$53,783                                 |   | \$71,283 (25%)   |
| MA +30 and Twenty Years | \$61,921                                 |   | \$79,421 (22%)   |

Source: White, B. (2003, June). *Performance-Based Teacher Compensation in Minneapolis*, p. 14. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison. Retrieved September 22, 2003 from [http://www.wcer.wisc.edu/cpre/papers/pdf/Mpls03\\_KSBP.pdf](http://www.wcer.wisc.edu/cpre/papers/pdf/Mpls03_KSBP.pdf)

## VAUGHN NEXT CENTURY LEARNING CENTER

The second American school to utilise a full-fledged knowledge and skills based pay system was the Vaughn Next Century Learning Center. This Los Angeles charter school serves some 1200 inner city students, most of whom have limited English proficiency and are classified as severe low income. Charter schools are public schools operating under a contract or charter negotiated between the organisers of the school and the local school board or the state. In return for meeting the educational goals in their charter, the school receives funding from the state, exemption from most regulations, and wide latitude in curricula, hiring, and firing. This element of flexibility may have contributed to the ability of Vaughn's management and staff to develop a well-rounded pay for performance plan in which almost all staff have chosen to participate.

Odden and Kelley (2002, pp. 111-112) describe six significant elements in Vaughn's new salary system which was introduced in 1999. Firstly, the school rewards the acquiring of specific skills needed for the school's instructional program in this high poverty environment. Using a modified Danielson (1996) teaching standards scale, each teacher's proficiency in the knowledge and skills areas desired was assessed on a 1-4 scale as baseline. Subsequent acquisition of new skills in the desired areas as jointly evaluated by self, peer, and administration results in significant pay increments to a maximum possible of \$13,100 (see Table 4.11 below for details).

Secondly, the Vaughn plan has a pay element to provide teachers an incentive to undertake specific activities or bring about certain behaviours. Teachers achieving various levels of student attendance, student discipline, parent partnerships and teamwork receive additional pay ranging up to \$250 per level. The schedule also includes additional components worth \$500 each to encourage managerial and leadership capacity amongst staff, such as taking on the responsibility of a school committee chair, team leader,

or teacher mentoring.

The Vaughn pay for performance plan also has an element related to whole school achievement outcomes. Each teacher receives \$1500 if school-wide results on the annual state achievement test increase over the previous year. This dimension fits the definition of a cooperative performance incentive plan, discussed further in Chapter 5.

A "gain-sharing" program allows individual teachers to share in any cost reductions produced for the school budget. The current bonus of \$250 is related to teacher substitute costs, but the plan is to be expanded to include savings achieved in other areas of school overhead.

Finally, it is important to note that all the above pay elements are in addition to a teacher's starting salary, years of experience salary increases, and credential-based pay. This carefully crafted pay for performance package gives the teachers at Vaughn Next Century Learning Centre the potential to earn higher compensation than their peers in the Los Angeles school district under that district's salary schedule. Odden and Kelly (2000, p. 112) report the net effect of the new pay system has nearly all of Vaughn's teachers participating in efforts to improve their skills in areas rewarded by the school.

**Table 4.11** Vaughn Next Century Learning Center's 1999-2000 Salary Schedule

| Teacher Category   | Knowledge and Skill               | Salary Increment           |
|--|-----------------------------------|----------------------------|
| Beginning teacher  | No full teaching license          | Beginning Salary, \$31,500 |
|  | Full teaching license             | Beginning Salary, \$32,500 |
| Years of experience<br>(If average rating is at least 2.0 on scale of 1-4) | 1                                 | \$1,000                    |
|  | 2                                 | \$2,000                    |
|  | 3                                 | \$3,000                    |
|  | 4                                 | \$4,000                    |
|  | 5                                 | \$5,000                    |
| Level 1<br>(Average rating score of 2.5)                                   | Literacy                          | \$1,300                    |
|  | ESL or language development       | \$1,300                    |
|  | Technology                        | \$400                      |
|  | Special education                 | \$300                      |
|  | Classroom management              | \$100                      |
|  | Lesson planning                   | \$100                      |
| Level 2<br>(Average rating score of 3.0)                                   | Support English language learners |                            |
|  | Mathematics                       | \$2,500                    |
|  | Science                           | \$1,000                    |
|  | Social Studies                    | \$800                      |
|  | The arts                          | \$800                      |
|  |                                   | \$500                      |
| Level 3<br>(Average rating score of 3.5)                                   | Rating 3.5 or above               | \$4,000                    |
| Other knowledge and skills   | Master's degree                   | \$2,000                    |
|  | National Board Certification      | \$4,000                    |
| School wide performance bonus  |                                   | \$1,500                    |

Source: Odden, A., & Kelley, C. (2002). *Paying teachers for what they know and do: New and smarter compensation strategies to improve schools*. Thousand Oaks, CA: Corwin Press. p. 113.

**Notes**

- <sup>1</sup> Mathews, J. (2003, March 11). A storm over classroom performance pay: Teacher urges big raises for some, cuts for others. SunSpot.net Retrieved March 11, 2003 from [http://www.sunspot.net/news/education/bal\\_te.teacher11mar11,0,7627645.story?coll=bal%2...](http://www.sunspot.net/news/education/bal_te.teacher11mar11,0,7627645.story?coll=bal%2...)
- <sup>2</sup> *No dream denied: A pledge to America's children*. (2003). Washington, DC: National Commission on Teaching and America's Future. p. 136.
- <sup>3</sup> Litzcke, K. (2001). *Teacher unions as players in education reform*. Kelowna, B.C. Society for the Advancement of Excellence in Education.
- <sup>4</sup> Kerchner, C. T., Koppich, J. E., & Weeres, J. G. (1997). *United mind workers: Unions and teaching in the knowledge society*. San Francisco, CA: Jossey-Bass Publishers.
- <sup>5</sup> Raham, H. (2000). Cooperative performance incentive plans. *Peabody Journal of Education*, 75 (4), p. 144.
- <sup>6</sup> Odden, A., & Kelley, C. (2002). *Paying teachers for what they know and do: New and smarter compensation strategies to improve schools*. Thousand Oaks, CA: Corwin Press.
- <sup>7</sup> Odden A. R., & Busch, C. (1998). *Financing schools for high performance: Strategies for improving the use of educational resources*. San Francisco: Jossey-Bass.
- <sup>8</sup> Odden, A., & Clune, W. (1995). Improving educational productivity and school finance. *Educational Researcher*, 24 (9), pp. 6-22.
- <sup>9</sup> Odden, A., & Clune, W. (1998). School finance systems: Aging structures in need of renovation. *Educational Evaluation and Policy Analysis*, 20 (3), pp. 157-177.
- <sup>10</sup> *What Matters Most: Teaching for America's Future*. (1996). Washington, DC: The National Commission on Teaching and America's Future.
- <sup>11</sup> Cohen, D. K. (1996). Rewarding teachers for student performance. In S. H. Fuhrman & J. A. O'Day (Eds.), *Rewards and reform: Creating educational incentives that work*. San Francisco: Jossey-Bass. pp. 60-112.
- <sup>12</sup> Darling-Hammond, L. (1996). Restructuring schools for high performance. In S. H. Fuhrman & J. A. O'Day (Eds.), *Rewards and reform: Creating educational incentives that work* (pp. 114-192). San Francisco: Jossey-Bass.
- <sup>13</sup> Johnson, S. M. (1986). Incentives for teachers: What motivates, what matters? *Educational Administration Quarterly*, 22 (3), pp. 54-79.
- <sup>14</sup> Kohn, A. (1993). *Punished by rewards: The trouble with gold stars, incentive plans, A's, praise and other bribes*. Boston: Houghton Mifflin.
- <sup>15</sup> Lipsky, D. B., & Bacharach, S. B. (1983). The single salary schedule vs. merit pay: An examination of the debate. *Collective Bargaining Quarterly*, 11 (4), pp. 1-11.
- <sup>16</sup> Rowan, B. (1996). Standards as Incentives for Instructional Reform, in Fuhrman, S. H., and O'Day, J. A. (Eds.), *Rewards and Reform: Creating Educational Incentives that Work*. San Francisco: Jossey-Bass.
- <sup>17</sup> NBTS (National Board for Professional Teaching Standards). *State and Local Support*

*and Initiatives*. Retrieved September 16, 2003 from <http://www.nbpts.org/about/slgr.cfm>

<sup>18</sup> Kellor, E., & Odden, A. (2000). *Cincinnati: A case study of the design of a school-based performance award program*. Madison: University of Wisconsin-Madison, Wisconsin Center for Education Research, Consortium for Policy Research in Education.

<sup>19</sup> Odden, A., & Kellor, E. (2000). *How Cincinnati developed a knowledge and skills-based salary schedule*. Madison: University of Wisconsin-Madison, Wisconsin Center for Education Research, Consortium for Policy Research in Education.

<sup>20</sup> Danielson, who worked at the Educational Testing Service on the initial development efforts for both PRAXIS III and the first National Board assessments, published a report which described high quality, effective teaching practice standards. Her standards for teaching practice (which were the fourth major effort to write standards describing high quality, effective teaching practice) covered the full range of a teacher's career and were aligned with standards for licensure and advanced teacher recognition. Danielson's Framework for Teaching appeared as the 1996 yearbook of the Association for Supervision and Curriculum Development, and includes 22 teaching standards organised into four domains: planning and preparation, the classroom environment, instruction, and professional responsibilities. The framework also includes a performance evaluation structure that assesses teachers to four different levels of practice: unsatisfactory, basic, proficient, and advanced.

<sup>21</sup> PRAXIS III is a project of the Educational Testing Service aimed at developing written standards for teaching practice. This was the third major effort to write standards describing high quality, effective teaching practice. The focus of PRAXIS III is on beginning teachers, and the goal is to provide a way to license beginning teachers on the basis of what they know and can do, not just on the basis of taking a set of courses in an approved teacher training university program.

<sup>22</sup> Taylor, S. (2002, June 17). Teacher pay plan was flawed. *The Cincinnati Post*. Retrieved May 8, 2003 from <http://www.cincypost.com/2002/jun/17/guest061702.html>

<sup>23</sup> Delisio, E.R. (2003, January 27). Pay for performance: More states brave teacher-pay debate. *Education World*. Retrieved April 29, 2003 from [http://www.educationworld.com/a\\_issues](http://www.educationworld.com/a_issues)

<sup>24</sup> Odden, A., Archibald, S., Milanowski, T., & Conti, E. (2001, October). *A case study of the implementation of a knowledge and skill-based pay system: Coventry, Rhode Island*. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison. Retrieved May 21, 2003 from <http://www.wcer.wisc.edu/cpre/papers/pdf/Coventry%20KSBP%2010-01.pdf>

<sup>25</sup> Danielson, C. (1996). *Enhancing professional practice: A framework for teaching*. Alexandria, VA: Association for Supervision and Curriculum Development.

<sup>26</sup> Newman, F., Secada, W., & Wehlage, G. (1995). *A guide to authentic instruction and assessment: Vision, standards and scoring*. Madison: University of Wisconsin, Wisconsin Center for Education Research, Center on Organization and Restructuring of Schools.

<sup>27</sup> Sizer, T. (1996). *Horace's hope*. Boston: Houghton Mifflin.

<sup>28</sup> Tucker, M. S., & Coddling, J. B. (1998). *Standards for our schools: How to set them, measure them and reach them*. San Francisco: Jossey-Bass.

- <sup>29</sup> Sharps, D. K. (1987). Incentive pay and the promotion of teaching proficiencies. *The Clearing House*, 60, 406-408.
- <sup>30</sup> Jupp, B., & Scott, S. (2002, November). The DPS/DCTA Pay for Performance Pilot: Presented to the 2002 CPRE National Conference on Teacher Compensation and Evaluation Retrieved June 2, 2003 from [http://www.wcer.wisc.edu/cpre/conference/conference/Nov02/denver2002\\_files/denver2002.pdf](http://www.wcer.wisc.edu/cpre/conference/conference/Nov02/denver2002_files/denver2002.pdf)
- <sup>31</sup> Denver performance pay first year results are in - sort of. (2002, June 22). *Teacher Quality Bulletin*, 1 (14).
- <sup>32</sup> Archer, J. (2001, December 12). Denver pay plan offers lessons, review says. *Education Week*. Retrieved December 26, 2001 from <http://www.edweek.org>
- <sup>33</sup> Kelley, C. (2000, May). *Douglas county Colorado performance pay plan*. Consortium for Policy Research in Education, Wisconsin Center for Education Research, University of Wisconsin-Madison. Retrieved May 21, 2003 from <http://www.wcer.wisc.edu/cpre/papers/pdf/Douglas%20SBPA%205-00.pdf>
- <sup>34</sup> Reid, K. S. (2003, September 10). Iowa's Move Toward Pay-for-Performance On Verge of Collaspe. *Education Week*. Retrieved September 10, 2003 from [http://www.edweek.org/ew/ew\\_printstory.cfm?slug=02Iowa.h23](http://www.edweek.org/ew/ew_printstory.cfm?slug=02Iowa.h23)
- <sup>35</sup> Okamoto, L. Teacher pay plan in peril. (2003, August 13). Des Moines Register. Retrieved August 29, 2003 from <http://www.desmoinesregister.com/news/stories/c4780927/21984947.html>
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- <sup>37</sup> Youngs, P., Odden, A., & Porter, A. (2000). *State leadership in teacher licensure*. Madison:University of Wisconsin-Madison, Wisconsin Center for Education Research, Consortium for Policy Research in Education.
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- <sup>39</sup> MPSTA. (2003). MPSTA -The Minneapolis Professional Pay Plan Overviews. Retrieved September 23, 2003 from <http://www.mft59.org/mpsta/documents/propaypres-3.htm>
- <sup>40</sup> Shah, A. (2003, September 10). Minneapolis teachers protest in contract dispute. *Star Tribune*. Retrieved September 23, 2003 from <http://www.startribune.com/stories/1592/4088852.html>

\* Note: Odden, A., & Kelley, C. (2002). *Paying teachers for what they know and do: New and smarter compensation strategies to improve schools* was used as the primary source for information in this chapter.

## V Cooperative Performance Incentive Plans

Another alternative approach to traditional pay schedules is the Cooperative Performance Incentive (CPI) Plan. Acknowledging that learning environments are highly collaborative, CPI plans promote joint efforts by the school community to enhance student learning by rewarding collective results. The primary source for information in this chapter is Raham, H. (2000). Cooperative performance incentive plans. *Peabody Journal of Education*, 75 (4), pp. 142-158.

Kelley, Heneman, and Mianowski (1999, p. 4)<sup>1</sup> define CPI plans as: "award programs which provide teachers and often other school staff with pay bonuses for the achievement of specific school-wide educational objectives." One of the key differences from individual or merit pay schedules is "that *all* teachers in the school receive the bonus based on meeting an objective, predefined goal" (Raham, 2000, p. 142; Murnane & Cohen, 1986)<sup>2</sup>. While details vary significantly between jurisdictions, their predominant thrust involves focusing on goal-setting for improved results.<sup>3</sup> Clearly defined educational objectives, typically expressed as team goals within the CPI system, are the most critical factor in school systems which aspire to obtain improved results (Schmoker, 1997).<sup>4</sup> And team goals are what schools committed to the CPI system use to measure performance and strengthen accountability (Fuhrman, 1999).<sup>5</sup> The theory behind CPI plans is that when the whole school works collectively to increase performance, the outcome is greater than with strategies which solely reward individual efforts. Also encouraging teachers to work collaboratively toward specific education related goals CPIs avoid the dissonance commonly associated with individual merit pay (Raham, 2000). A third advantage of CPI plans is a teacher's evaluation is not subject to administrator partiality (Odden, Ballou, & Podgursky, 2001),<sup>6</sup> and eligibility for an increase in compensation is determined by an unbiased demonstration of performance to a specific standard.

One of the key factors for sustainability of any Cooperative Performance Incentive plan is the ability to fund the program not only in the implementation stage but also more importantly once it is established. Often funding is available when initial enrollment in the plan is limited but as participation grows and/or fiscal restraint is experienced in education, these plans are modified or discontinued. This has occurred in some of the jurisdictions studied below.

## EXAMPLES OF CPI PLANS

Britain, several U.S. states, and the provinces of Alberta, British Columbia and Ontario have implemented various strategies to provide financial rewards to schools or districts that achieve their educational improvement goals. Different CPI plans are briefly outlined below.

### KENTUCKY

The Kentucky accountability program, as part of a court-ordered remodelling of the education system in 1990, offered financial rewards to schools for increasing student performance. Evaluations were based on a school's annual scores in seven academic subjects in Grades 4-5, 7-8, and 11-12, and attendance and retention rates. Combinations of standardised and nonstandardised instruments, such as portfolios, were used to assess academic achievement. Schools were awarded funds based on the degree to which the school exceeded its goal by improving performance by 10% over 1991-1992 baseline scores. An overwhelming majority of schools (98%) used the awards as teacher bonuses. Maximum bonuses of approximately \$3,690 per teacher were awarded in the first two-year cycle of the plan, with a reduction to \$2,600 in the second cycle, and \$1,100 in 1998. Despite an increase in government funding for the program over this period to a maximum of \$27,235,000, the amount of qualifying reward schools doubled, thus decreasing the monetary value of the bonuses (Kentucky Department of Education, 1999).<sup>7</sup> For the 2002-2003 school year the School Rewards program is no longer in effect due to the 2003 General Assembly decision to discontinue funding.<sup>8</sup>

### NORTH CAROLINA

The Charlotte-Mecklenburg School District (CMS) established a Benchmark Goals Program in 1991 to combat a history of poor student achievement and minimal success with minority students. The program was eventually replaced by the establishment of School-Based Management and Accountability Program (SB1139), a statewide accountability program, in 1996 with many of the same components as the CMS model. The ABCs of Public Education accountability model was first implemented in 1996-7 at elementary and middle schools and in 1997-8 at the high school level. The Department of Public Instruction states that "enhanced student performance is the centrepiece of the SBE's [*School-Based Management and Accountability Program*] accountability model" and that "the changing educational environment, an increasingly diverse student population, higher expectations for education, and changes in curriculum will warrant constant fine tuning of the ABCs accountability model."<sup>9</sup> The program recognizes schools with *exemplary* or *expected growth*. Some of the incentives for *exemplary growth* schools are \$1500 for each certified staff member and \$500 for each teacher assistant, and a certificate of recognition for the school. The top schools in the state also receive dated banners and staff are honoured at SBE hosted banquets. *Expected growth* school staff members receive incentive pay of \$750 (certified staff) and \$375 (teacher assistants) while a certificate of recognition is given to the school. An Assistance Team is offered to *lower performing* schools.

## TEXAS

The Texas Education Agency (TEA) has been pairing deregulation initiatives with a school accountability system since 1992. Until recently, an annual \$2.5 million was designated to reward schools ranked as *Exemplary, Recognized or Acceptable*. The Dallas Independent School District also had a program that allowed schools to receive incentive rewards from both the state and district level. A value-added approach (Raham, 2000, p.146) was employed, meaning schools were rewarded for progress - or gains over previous achievement levels.

In 1998, the Texas Successful Schools Awards System (TSSAS) recognized 13.5% of Texas schools as earning awards in the Exemplary, Recognised, or Acceptable categories. By the 2000-2001 school year, this had declined to only 7.6% of eligible schools. The gauge for the TEA ratings was the Texas Assessment of Academic Skills (TAAS), a succession of yearly tests in reading and math for Grades 3 to 8 and Grade 10. Variables considered in the evaluation include the percentage of students passing each of the tests, the dropout rate, attendance, an average growth indicator, and a significant gain factor. Thresholds have been increased annually for each category since the system was established in 1993. For a campus to qualify for 2000-2001 funds, the school had

"to be in the top 25% quartile (Q1) of its unique campus comparison group for TAAS reading and math; and that the campus exemption rate for each subject area of the TAAS test (reading, math, and writing) for special education students and for Limited English Proficient (LEP) students was not deemed excessive. In other words, if the exemption rate for a campus was greater than the exemption rates of 75 percent of all campuses meeting the first two criteria in at least one subject area, the campus was eliminated from the list of possible TSSAS award winners."<sup>10</sup>

The 77th Texas legislature did not approve funds for TSSAS for the 2000-2001 and 2001-2002 school years. However, the Texas Education Agency did provide \$500,000 for the 2001-2002 school year based on the previous year's results. Once again, a lack of sustained funding caused the discontinuation of the program.

## BRITAIN

The Department for Education and Employment published a report (Green Paper, 1999) which recommended designating 60 million pounds toward a School Performance Award Scheme to provide annual performance-related bonuses for schools that demonstrate the greatest improvement, in addition to the best performing schools. The plan was to link teacher pay and school budgets to performance. Under the plan, failing schools, which show quick progress, would qualify, while schools, which display poor performance, would not be eligible for financial bonuses (Raham, 2000).

The Department of Education anticipated between 6,000 to 8,000 schools (approximately 25% of the schools) would qualify for the annual bonuses. The awards were to be allocated (see "Blair's Carrot", 1999)<sup>11</sup> as follows to:

- "The top proportion of schools according to the outcomes of national assessments in the previous academic year.
- The top proportion of schools showing the highest level of sustained improvement against the same indicators.
- Schools coming out of special measures (a category for failing schools) faster than planned.
- Other types of alternative schools, based on their achievements against individualised targets." (Raham, 2000, p.148)

While the Green Paper suggested: "the school governors and head decide how to distribute the funds among staff, based on the criteria set out in the school's performance management policy" (Department for Education and Employment, 1999, Section 93),<sup>12</sup> the government sought additional input on how best to allocate the bonuses within the schools. The government also recommended an incentive scheme to compensate individual high-performing classroom teachers, as well as teachers which take on greater commitments in the school, and those pursuing professional training relevant to school goals during the summer.

The implementation of a performance management strategy for teachers was the brain-child, at the request of the British government, of Price Waterhouse Coopers. Incidentally, performance management was initially implemented for head teachers who, through the plan, could increase their salary if their line managers (Governing Bodies) believed the increase in compensation was justified. At the beginning of the school year, head teachers and Governing Bodies determine annual objectives for the head teacher to accomplish. Goals would typically include student performance, teacher's professional development, and school development. At the end of the academic year the head teacher's performance is reviewed to determine whether a bonus is warranted.

Teachers' compensation levels were modified (from a nine-point scale to a seven-point scale) one year after the implementation of the head teacher performance management policy. Under the new system, teachers are eligible for an increase in compensation by acquiring points for responsibilities such as tutoring or assuming a junior management function. Teachers are also able to advance through a four-point threshold by developing a portfolio in hope of validating a pay increase. If granted by the head teacher, this four-point advancement scale has a value of £2,000 and could reposition a teacher to the peak of the pay scale at £ 31,000. Financial rewards are permanent and cannot be rescinded.

## **CANADA**

There are a number of examples in Canada where additional funding is provided for cooperative efforts to improve performance by meeting specified targets. None offer teachers direct financial rewards.

The Alberta government proposed a Performance Incentive Plan in its March 1999 budget (Alberta Education, 1999),<sup>13</sup> which allocated \$104 million in extra funding in the 1999-2001 school years to be awarded to school boards reaching provincially established

improvement objectives for student learning. Financial rewards were to be determined by an amalgamation of local targets and provincial performance markers, such as achievement test and diploma examination results and graduation rates. School districts would participate on a voluntary basis and be measured against their own previous 3 year performance, not against other districts. The proposed monetary awards could be used for staff bonuses, technology enhancement, hiring additional staff, or other resources as determined by the local school board and its employees.

The Alberta School Boards' Association, Alberta Teachers' Association, Alberta Home and School Councils' Association, and the College of Alberta School Superintendents (Joint Proposal, 1999)<sup>14</sup> condemned the role of incentives and rewards as a motivator and suggested a different model, essentially moving from an incentive program to seed money for school improvement. By means of a consultation process, Alberta Learning and its education associates collectively developed the Alberta Initiative for School Improvement (AISI), which was introduced in December 1999 (Alberta Learning, 1999).<sup>15</sup> "AISI gives school boards the autonomy to propose research-based improvement strategies such as early reading interventions, smaller classes, and stay-in-school initiatives developed in conjunction with their school communities" (Raham, 2000, pg. 148). School boards implementing these research-based improvement strategies receive special funding from the provincial government, and strive to attain specific measurable objectives selected by the school district (Framework for the Alberta Initiative for School Improvement, 1999). Now in its fourth year of implementation, a report on AISI's effectiveness is noted in the section below.

In British Columbia, the Kamloops/Thompson school district signed a pilot performance incentive agreement with the provincial government in 1999 (Kamloops/Thompson Pilots Program, 1999).<sup>16</sup> The Aboriginal Education Improvement Agreement supplied an increase of 10% over base funding for Aboriginal programs if a complex set of performance targets were achieved (BC Education News, 1999). These include decreasing the disparity between aboriginal and non-aboriginal students by 2% annually on a number of key indicators such as attendance and graduation rates. The school district has been afforded substantial local autonomy in achieving the specified objectives. The agreement lasts until June 2004, with goals assessed annually. It is worth noting that of the eight districts in British Columbia having Aboriginal Education Improvement Agreements, only two, Campbell River and Kamloops, have clauses that state that funding will be based upon the extent to which targets are met.

In June 2002 the Ontario government announced the establishment of a \$20 million Student Achievement Fund, whose first initiative is to award \$5,000 to every elementary school meeting or exceeding its student literacy goals in Grade 3. The disposition of the funds has been specified as follows: "The principal, in consultation with the School Council, will be able to invest in their local initiatives that further improve student learning in that school".<sup>17</sup>

## EFFECTIVENESS OF CPI PLANS

Raham (2000) states that in order to better understand the effectiveness of CPI plans, one must strive to comprehend their impact on teachers, on the education climate or culture, and on student achievement.

### TEACHERS' MOTIVATION

An important factor in determining the effectiveness of school award programs involves examining whether they act as a greater motivator for teachers than former attempts at individual merit pay plans. Kelley, Heneman, and Milanowski (1999) conducted an investigation into teachers' responses to two comprehensive school reward plans and whether the teachers' motivation resulting from these particular school award programs were predictive of their school's subsequent success.<sup>18</sup> They concluded, based on comprehensive teacher surveys and interviews in North Carolina's Charlotte Mecklenburg School District and Kentucky, that teacher motivation is determined by expectancy, instrumentality, and valence. Expectancy can be defined as the teacher's beliefs about the likelihood of students reaching expected benchmarks. Instrumentality "refers to teacher beliefs about their own competencies and the presence of enabling conditions" (Raham, p. 150) while valence relates to the value teachers attribute to the compensation program.

Kelley et al. found a high level of commitment to improve student achievement reported by the teacher respondents including the self-reporting of changed instructional practices to align with school goals. The following statements supply further insight into the teachers' views of the bonuses:

- "Teachers felt it was appropriate to receive bonuses and that receiving a bonus was deserved. Teachers varied in how meaningful the size of the bonus they could receive actually was, especially after deductions for taxes.
- Teachers varied in how much the possibility of earning a bonus motivated them to improve student achievement, or whether an even larger bonus would motivate them more.
- Teachers were sceptical that earned bonuses would actually be paid, due to past experiences with actual renegeing on bonus payments or beliefs that the funding for the bonuses would not be continued.
- Teachers varied as to whether they wanted the bonus part of the SBPA [School Based Performance Awards] program to continue.
- The meaning of the bonus varied, with teachers variously viewing it as an appropriate "thank you," a formal recognition, reimbursement for personal expenditures on school-related items, a reward that allowed for the purchase of desired goods, or that it was simply irrelevant.
- Teachers in Kentucky found that having to decide among themselves how to divide up the bonus money among teachers and staff was a divisive process that created tension within and between schools.

- Awards paid as salary bonuses appeared to have more visibility than awards paid as school improvement funds." (Kelley, Heneman, and Milanowski, 1999, pp. 18-19)

Teachers in the award-winning schools expressed a concern that meeting goals would get progressively more difficult each cycle. As Raham (2000, p. 151) concurs: "This may suggest a problematic impediment in sustaining teachers' motivation to continue working hard to improve student achievement."

While a direct correlation between teachers' motivational responses and student performance could not be confirmed, individual and group expectancy levels were greater in schools where certain aspects of instrumentality such as stronger assessment data feedback mechanisms and principal support existed or in schools where valence factors were positive, for example, higher levels of perceived fairness of the program. As Kelley, Heneman, and Milanowski (1999, p. 17) state:

"We clearly and convincingly found an SBPA [School Based Performance Award] program . . . is one element in an interrelated system of rewards, opportunities, and demands that influences teachers' jobs and lives in a multitude of ways, leading them to experience (and form values about) a variety of both extrinsic and intrinsic outcomes."

## EDUCATIONAL RESULTS

The direct relationship between CPI plans and student achievement is difficult to determine because the plans are often implemented in conjunction with other policy initiatives, fiscal interventions, and curricular changes. However, the Southern Regional Education Board has found :

- Incentive programs that fundamentally alter pay structures based on performance can produce fundamental change in school operations and principal and teacher roles.
- Without a guiding vision and state support, pilot programs designed at the district level have resulted in few fundamental or lasting reforms.
- Teachers who participate in incentive programs are positive about them; those who do not are negative. (Cornett, 1995, pp. 4-9)<sup>19</sup>

Fuhrman (1999), concluded that teachers in Kentucky and North Carolina, who were involved in a CPI plan, had a greater sense of focus for their work, increased the amount of energy they devoted to instruction, and also believed that the award program helped channel their work to the most significant objectives of the system. In addition, work by Palmaffy (1998), suggests that school-based rewards and sanctions over an eight-year period in North Carolina and Texas, have resulted in continual increases in student achievement.

Raham (2000) asks whether it is coincidental that the most rapid increases in student achievement have been made in North Carolina and Texas, where CPI plans have been in place for most of the decade. Work by Grissmer and Flannigan (1998),<sup>20</sup> suggests that teachers and administrators in Texas and North Carolina appear to be modifying their

teaching methods and managing in ways to create greater improvements. As a caveat, however, Grissmer and Flannigan (1998), point out that much of the evidence is anecdotal and proof must be collected to substantiate these improvements. These are areas which require further investigation.

Grissmer and Flannigan (1998, p. 20) state:

"Given specific teaching objectives, teachers are probably increasing the time and attention devoted (to) achieving the learning standards. Teachers have much better and more timely information in each state about each child's areas of good and poor performance, and there is evidence that such information is commonly utilized. There is some evidence that teachers are allocating their time differently, perhaps making better choices where time can be spent most productively. There is also increased evidence in some places of increased use of after-school, weekend and summer time for learning. There is some evidence of tutoring activity. Because schools are the primary focus of rewards and sanctions, there is evidence of increased cooperation within schools."

Phelps (1999, p. 5)<sup>21</sup> reports the following benefits of accountability programs in Texas:

- A greater focus on academic learning.
- A culture of high expectations and enthusiasm for reaching standards.
- Generous and immediate remediation efforts toward poorly performing students.
- Greater interest among teachers in academic strategies and more cooperation with each other.
- Quicker feedback for school faculty on which instructional strategies work best.

Nearly twelve years into its reforms, student achievement is increasing in Kentucky. Palmaffy (1998) reports that the number of elementary students scoring at the proficient level increased from 8% in 1993 to 38% in 1997. Moreover, work by Hoff (1999)<sup>22</sup> indicates that Kentucky's student reading results (as determined via their score on the 1998 national assessments - NAEP) are increasing faster than most other states. In spite of higher than average poverty levels and lower adult education levels, Kentucky is continuing to demonstrate progress at all levels as measured by the state Commonwealth Accountability System (CATS) since its inception in 1998.<sup>23</sup>

In Alberta, an evaluation of the Alberta Initiative for School Improvement (AISI) reported:

"The results show an overall improvement in provincial achievement tests over the baseline for all schools. Schools with AISI projects showed a greater improvement compared to all schools, despite the fact that the provincial results include the gains achieved by the AISI schools" (Improving Student Learning, 2003, p. 7).<sup>24</sup>

North Carolina's results for the ABCs of Public Education program have been "accelerating at an amazing rate" <sup>25</sup> with 94% of the state's schools meeting or exceeding specified achievement growth in 2002-2003. This resulted in nearly 90,000 teachers and almost

24,000 teacher assistants, qualifying for bonus pay for 2003-2004 based on students' 2002-2003 achievement levels. These significant achievement gains have caused educational celebration but major financial woes. North Carolina budgeted \$96 million for the ABCs program this year but needed an additional \$44 million to meet bonus pay commitments.

Adams County School District 14 in Commerce City, Colorado is in the third year of its district incentive plan. The school Colorado Student Assessment Program exam scores increased 3.75% for 2002-2003 with gains of 2.75% in 2001-2002 and of 1% in 2000-2001.<sup>26</sup>

Under "the Benwood Schools" program, Chattanooga School District in Tennessee identified weaker and better teachers and made significant school reassignments. As part of other financial incentives offered: a \$5000 transfer bonus, a \$10,000 home purchase loan, and free legal services, a cooperative performance incentive of \$2000 per teacher based on school test scores was available. Results have included the more than three-fold increase in suburban school passing rates on the Tennessee state tests and a significant decrease in teacher vacancies at suburban schools.<sup>27</sup>

The cooperative performance incentive is a component of the educational and compensation reform initiatives at Vaughn Next Century Learning Center. Student achievement is 20 percentage points above the neighbouring schools and maintained student in-seat attendance is above 95 per cent.<sup>28</sup>

While carefully developed plans are often "associated with improved student achievement when adequate capacity to improve instruction is present", and teachers, for the most part, find the new reward systems motivating, further research is still needed to determine whether there is a distinct relationship between CPI plans and student achievement (Fuhrman, 1999, p. 10).

### Notes

<sup>1</sup> Kelley, C., Heneman, H., & Milanowski, A. (1999). *School-based performance awards*. Paper presented at the annual meeting of the American Educational Research Association, Montreal, Canada.

<sup>2</sup> Murnane, R., J., & Cohen, D. C. (1986). Merit pay and the evaluation problem: Why most merit pay plans fail and a few survive. *Harvard Educational Review*, 56, 1 (February), p. 1.

<sup>3</sup> For teacher compensation information by state, view Consortium for Policy Research in Education (CPRE) at <http://www.wcer.wisc.edu/cpre/tcomp/state/> or their case study web page at <http://www.wcer.wisc.edu/cpre/tcomp/research/ksbp/studies.asp>

<sup>4</sup> Schmoker, M. (1997). Setting goals in turbulent times. In A. Hargreaves (Ed.), *Rethinking educational change with heart and mind* (pp. 128-148). Alexandria, VA: Association for Supervision and Curriculum Development.

<sup>5</sup> Fuhrman, S. (1999). *The new accountability*. Philadelphia, PA: Consortium for Policy Research in Education, Graduate School of Education, University of Pennsylvania.

<sup>6</sup> Odden, A., Ballou, D., & Podgursy, M. (2001, Spring). Defining merit. *Education*

*Matters*, pp. 16-24.

<sup>7</sup> Kentucky Department of Education. (1999, May 5). *School reward amounts announced* [New Release]. Frankfort: Author.

<sup>8</sup> Kentucky Department of Education. School Rewards. Retrieved August 20, 2003 from <http://www.kde.state.ky.us/KDE/Administrative+Resources/Doing+Business+With+KDE/School+Rewards.htm>

<sup>9</sup> North Carolina State Board of Education. *History of the ABCs Program*, p. 3. Retrieved August 20, 2003 at <http://www.ncpublicschools.org/abcs/ABCsHist.html>

<sup>10</sup> Texas Education Agency. *Texas Successful Schools Award System*. Retrieved August 20, 2003 from <http://www.tea.state.tx.us/tssas/>

<sup>11</sup> Blair's carrot for high performing schools. (1999, January 20). London: BBC News.

<sup>12</sup> Department for Education and Employment. (1999, January). *Meeting the challenge of change* (Section 93). London: Author.

<sup>13</sup> Alberta Education. (1999, March). *Education budget 99: The right balance*. Edmonton, Canada: Author.

<sup>14</sup> Joint proposal to replace school performance incentive program with Alberta School Improvement Program. (1999, May). Alberta, Canada: Alberta Home and School Councils' Association, College of Alberta School Superintendents, Alberta School Boards Association, and Alberta Teacher's Association.

<sup>15</sup> Alberta Learning. (1999, December). *Alberta initiative for school improvement*. Retrieved May 17, 2003 from <http://www.learning.gov.ab.ca/sib/aisi/>

<sup>16</sup> Kamloops/Thompson pilots program linking funding for aboriginal education. (1999, November) *Adminfo*, p. 5.

<sup>17</sup> Ecker, Hon. J. (2002, June 17). Budget Speech by Minister of Finance, Ontario Government, p. 18.

<sup>18</sup> Kelley, C., Heneman, H., & Milanowski, A. (1999). *School-based performance awards*. Paper presented at the annual meeting of the American Educational Research Association, Montreal, Canada.

<sup>19</sup> Cornett, L. (1995). Lessons from 10 years of teacher improvement reform. *Educational Leadership*, 54 (5), pp. 4-9.

<sup>20</sup> Grissmer, D., & Flannigan, A. (1998). *Exploring rapid achievement gains in North Carolina and Texas*. Washington, DC: RAND Corporation.

<sup>21</sup> Phelps, R. (1999). *Why testing experts hate testing*. Washington, DC: Fordham Foundation.

<sup>22</sup> Hoff, D. (1999, March 10). A glimpse at the states with big NAEP gains. *Education Week*, 18 (26), p. 13.

<sup>23</sup> Kentucky Department of Education. *Progress in the Commonwealth Accountability Testing System*. Retrieved September 17, 2003 from <http://www.kde.state.ky.us/KDE/HomePageRepository/Proof+of+Progress/CATS+Progress.htm>

<sup>24</sup> Government of Alberta. (2003, February). Improving student learning: First-year imple-

mentation of the Alberta Initiative for School Improvement. *Provincial report for the 2000/2001 school year summary*. Retrieved July 8, 2003 from [http://www.learning.gov.ab.ca/k\\_12/special/aisi/FirstYear/PAAR\\_Summary2002.pdf](http://www.learning.gov.ab.ca/k_12/special/aisi/FirstYear/PAAR_Summary2002.pdf)

<sup>25</sup> Governor Mike Easley's remarks as quoted in *State's test scores surge*. Retrieved September 12, 2003 from <http://www.newsobserver.com/front/v-story/2857792p-2636772c.html>

<sup>26</sup> Mitchell, Nancy. (2003, August 28). Incentives tied to CSAP may boost scores, morale. *Rocky Mountain News*. Retrieved August 28, 2003 from [http://www.rockymountainnews.com/drmn/education/article/0,1299,DRMN\\_957\\_2215685,00.html](http://www.rockymountainnews.com/drmn/education/article/0,1299,DRMN_957_2215685,00.html)

<sup>27</sup> Benton, Joshua. (2003, August 28). Letting good teachers fix bad schools. *The Dallas Morning News*. Retrieved August 29, 2003 from <http://www.dallasnews.com/local-news/education/stories/082903dnmettpi.273f0.html>

<sup>28</sup> World Class Schools. Strategies. Retrieved September 18, 2003 from <http://www.worldclasscenter.org/strategiesVaughn.htm>



## VI Discussion and Policy Implications

Alternative teacher compensation systems such as pay for performance and pay for knowledge and skills are becoming more common as a means of improving the quality of instruction in schools. It is important to note that there are two general types of alternative compensation strategies. One category, pay-for-performance compensation schedules, reward individual teachers whereas the other category, Cooperative Performance Incentive Plans (CPIs), reward the entire group involved in educating a student. While the goals might be similar (i.e., to increase teacher quality, enhance student performance, and to ultimately improve schools), it is imperative to keep the differences in these types of compensation plans - namely whether the rewards are given to individual teachers or distributed amongst a group - in perspective. This section deals with keys to success and some of the important questions one might ask when examining the case studies presented in Chapter 4 - New Models of Pay Systems/Incentives and Chapter 5 - Cooperative Performance Incentives.

### TEACHER PAY FOR PERFORMANCE COMPENSATION SYSTEMS: SOME IMPORTANT QUESTIONS

An issue paper published by the Education Commission of the States (ECS) on pay for performance (2001), articulates a number of important questions that must be addressed when contemplating any pay for performance system.<sup>1</sup> The answers to the following questions will determine the design and structure of the program.

1) What types of activities or behaviours is the performance-based pay schedule intended to promote?

This may include: permanently expanded teacher roles; short-term responsibilities and assignments; focus on improving specific aspects of student achievement; participation in particular professional growth classes or skill acquisition blocks demonstrated growth; improved skills; relevant additional training and education.

2) How significant a percentage of the total teacher's salary will be comprised by performance based pay?

The higher the percentage of performance based pay to the teacher's total salary, the greater the impact the performance pay is expected to have on how teachers prioritise their responsibilities. However, it might be simpler to implement and acquire greater initial support for a system in which performance pay plays a smaller role.

3) Will the evaluation of teachers' performance be based on student results, demonstration of professional skills and knowledge, or a combination of the two?

Both the success of a teacher's students and a teacher's demonstration of various skills and competencies. However, paying teachers for demonstrated skills is commonly opposed because the skills can be difficult to measure and there is not a clear correlation between skills and a teacher's effectiveness in the classroom. Others have serious concerns about rewarding teachers for their students' performance as it implies that teachers are responsible for factors which are outside of their control. One proposal to address this concern is to hold teachers accountable for their students' achievement gains, as opposed to absolute achievement levels.

4) Will performance pay be awarded to individual teachers, groups of teachers or the entire school staff?

There are those who believe that rewarding all teachers and staff for the achievement of a group of students is fairer and more appropriate than remunerating an individual teacher. There is also the argument that group-based rewards decreases competition amongst teachers and encourages collaborative efforts. Others perceive group or whole school awards as unfair because not all members of a group contribute equally to the students' success.

5) What mechanisms for feedback and opportunities for remediation will be in place?

A key objective of pay for performance schedules is not only to reward teachers appropriately, but to motivate higher performance. Subsequently, it is crucial that teachers are provided with a clear understanding of their strengths and weaknesses, as well as opportunities and support for improvement. The availability of professional development opportunities consistent with the objectives of the pay for performance system is fundamental to its success.

6) What role can policymakers play in fostering and supporting pay for performance systems?

Elected policymakers have a vital role in local or provincial pay for performance systems. For example, they might be involved in developing enabling legislation, policies or collective agreements, providing research funding for pilot programs, assuring that good models and clear standards for teaching and professional development are put into place, identifying and implementing fair and effective methods of teacher evaluation and compensation, and assisting in the creation of commitment to accountability and rewarding

effective teaching. This commitment includes the dedication of sufficient funds for a sustainable model over the long-term.

7) What type of standards are tied in with the teacher evaluation systems utilised in each of the case studies listed?

The use of clear, specific and objective standards for teacher evaluation is crucial to the success of teacher compensation systems. To obtain broad support, standards need to be developed in consultation with stakeholders.

A number of key principles related to the implementation of performance pay programs can be extracted from the research. Kelley and Odden state that the ten keys to success of performance pay programs are:

1. "All participants whose compensation is being affected must be involved.
2. All participants must agree on the valued educational goals.
3. Sound, comprehensive evaluation systems must be in place.
4. Adequate long-term funding must be committed to the program.
5. Investments must be made in professional development.
6. All schools that meet performance improvement targets should be rewarded.
7. General work conditions must be favourable.
8. A good working relationship between the school board, administrators, and teachers is essential.
9. Teachers associations and their members must be committed.
10. Persistence -- until the plan is perfected - is key; it takes time to work out the 'bugs' ".<sup>2</sup>

## **INNOVATIVE APPROACHES TO TEACHER EVALUATION AND PERFORMANCE MEASUREMENT**

This section will link the issues of teacher performance measurement and teacher evaluation with the case studies described in Chapter 4 - New Models of Pay Systems/Incentives. The reader should pay careful attention to the use of standards, and how these standards are linked with the teacher evaluation systems utilised in each case. Newman, Secada, and Wehlage (1995), as well as Odden, Archibald, Milanowski, and Conti (2001) suggest that the use of clear, specific and objective standards for teacher evaluation are crucial to the success of teacher compensation systems.

Other related factors include requiring assistance in obtaining standards of performance criteria; the contribution of labour-management relations to the success or failure of teacher compensation schedules. The issue of how teachers in the later stages of their career are affected by new forms of pay schedules will also be discussed in relation to the case studies described in Chapter 4.

The proposed Cincinnati Knowledge and Skills-Based Pay system is guided by clearly stated criteria regarding teacher performance supported with professional development linked to those standards. The system (proposed for implementation in 2002-2003) demonstrates how teacher performance correlates to increased pay, and how each new cat-

egory reflects an advanced rating on the performance assessment system as well as a corresponding higher salary range. This compensation plan was rejected by teachers in May 2002.

LaCrescent-Hokah, Minnesota school district moved to an innovative compensation schedule which linked teachers' pay to their knowledge and skills. The teacher evaluation system calls for all teachers to be evaluated annually on their choice of one of four distinct teaching domains outlined in Danielson's (1996) *Enhancing Professional Practice: A Framework for Teaching*. The plan entails evaluating teachers on their first domain during 2002-2003, and at the start of the following year they will be repositioned on the salary schedule on the basis of their evaluation (White, 2002).<sup>3</sup> Coventry, also adopted teaching standards for a new performance-based teacher evaluation system based on Danielson's (1996)<sup>4</sup> Framework for Teaching, initially implemented in the 1997-1998 school year.

Manitowoc, Wisconsin's new teacher licensing requirement (initiated when the school district adopted a pay for performance schedule) sparked two key elements - both of which were focused around a set of teaching standards. First, there was an accompanying three stage licensing structure, and second, there was a shift to a performance-based licensing process (Youngs, Odden & Porter, 2000).<sup>5</sup> The new licensing structure meant that teachers had to acquire a set of instructional skills, as well as specific knowledge and teaching expertise, which could satisfy a series of performance standards.

### **PROCEDURES FOR TEACHERS REQUIRING ASSISTANCE IN OBTAINING STANDARDS OF PERFORMANCE CRITERIA**

Several performance pay initiatives described in the case studies outlined in Chapter 4 have accompanying amelioration instruments, processes and courses of action developed by the respective school districts to support teachers who require assistance in acquiring the standards of performance criteria.

The Manitowoc school district, for example, established an Academy to assist teachers in learning how to utilise authentic pedagogy and assessment - share professional knowledge and expertise. The Academy draws upon the strength and know-how of teachers to supply advanced training to support teachers who are seeking help meeting the standards of the new compensation schedule. Courses offered through the Academy require similar academic rigour to those of colleges or universities, and in some cases, a local college or university will recognise an Academy course for graduate credit.

### **TEACHERS IN LATER STAGES OF THEIR CAREER**

As both the union and district bargaining teams believed that the Coventry, Rhode Island RHODE program would appeal more to new and mid-career teachers, they felt there was a need to provide other financial incentives which would interest more senior teachers in order to gain wide support for the program. One incentive consisted of an increase in contribution to a teacher's tax sheltered annuity; which matches a teacher's contribution up to a maximum of \$2,000 by the third year of the contract. Furthermore, the school district presented more senior teachers an early retirement package in the form of a \$15,000 lump-

sum payment. This helped satisfy one of the main goals of the new Coventry teacher initiatives - to develop a package which included something for all teachers; including special provisions designed for more senior teachers (Milanowski, 2001).<sup>6</sup>

In Manitowoc, Wisconsin School District, one of the primary roadblocks to implementing the new compensation system was the fact that the union represented many teachers who were at later stages of their careers, and might possibly not have been interested in modifying their instructional practice to earn salary increases. The funding of retiree health insurance costs was seen as a contract sweetener that was targeted specifically at these more senior teachers. Consequently, the district agreed to increase its maximum after retirement health insurance contribution from \$2,250 to \$4,020 - a concession perceived as attractive to veteran teachers who were contemplating retirement.

As it is usual for the implementation of new teacher compensation strategies to encounter roadblocks, the inclusion of provisions for teachers in later stages of their career is too important an item to be overlooked. Milanowski (2001) concurs that more senior teachers might not enthusiastically embrace new compensation structures unless their own particular needs are being addressed. It is important that all teachers support a new salary structure if it is to have a chance of succeeding. Consequently, a new compensation system must include items that appeal to all teachers - whether they are novice or more senior.

### **THE ROLE OF LABOUR AND MANAGEMENT IN THE SUCCESS OF TEACHER COMPENSATION SYSTEMS**

Developing a non-conventional teacher compensation schedule is a process often fraught with unexpected hurdles for teachers and administrators. Consequently, it is imperative that both labour and management approach the associated challenges with a spirit of commitment, willingness, and cooperation. Furthermore, implementing change in any system is never simple, straightforward, and unproblematic. Some could perceive the modification of familiar long-standing methods of compensation as being hostile or threatening. Considering these factors, several case studies will now be examined.

The Douglas County, Colorado School District's teacher compensation system was developed collaboratively by the union and district. Perhaps the district's most significant characteristic conducive to an environment for compensation reorganization, is the exceptionally collaborative rapport which exists between the teacher union and the district administration. The teachers union, an AFT affiliate, and district administration have developed and cultivated this relationship over time; a relationship which Kelley (2000) affirms has played a key role in the successful development and execution of the district's pay for performance plan.

In Coventry School District both sides believed that the primary short-term goal was to change the culture of the school district while striving for quality instruction and that starting slowly and getting the system right was the most important objective. Management and union progressed towards their long-term objectives in stages. The school district assigned a labour/management committee to modify Danielson's (1996) work on Teacher Frameworks for local needs. The committee invested one

school year training teachers and administrators about the proper way to implement the new system. Evaluation of tenured teachers was halted during this time while non-tenured teachers continued to be evaluated based on the old system - all in an attempt to aid the transition. Furthermore, a group of teachers and administrators field-tested the new evaluation system for a year prior to its implementation.

In LaCrescent, Minnesota, task groups (consisting of teachers and administrators) were established for the purpose of working out the details of the new evaluation and compensation program. While each of the groups had five to ten members, all were open to any staff member who wanted to contribute the design process. The new compensation program was perceived as a win-win situation by both district leadership and the majority of teachers: students ultimately receive enhanced teachers, and teachers are rewarded with increased salaries. The input of teachers into the development of the new evaluation and compensation system at LaCrescent cannot be overvalued. "Every teacher in the district was involved in some part of the planning process and had a legitimate opportunity to shape its direction - and with a staff size of about 100 teachers, this was relatively manageable, collegial, and efficient" (White, 2002, p. 19). Other districts considering adopting a similar compensation plan are advised to firmly establish a sense of trust between teachers and administrators. In addition, district leadership must be sensitive to the fact that implementation of any new program will not be immediate or simple, and that obstacles are certain to arise.

In the case of Manitowoc, Wisconsin, both the school district and union maintained an interest in modifying the traditional teacher pay schedule, and both sides shared goals conducive to developing a shared vision from which to shape their new plan. Negotiating teams developed a cooperative compensation vision statement around which to focus the contract negotiations. The vision, "to create a competitive salary schedule that will attract and retain teachers and that will encourage and reward the acquisition of new knowledge and skills," maintained negotiations focused on the shared objective throughout the talks (Odden, Kellor, & Conti, 2001, p. 20). It reflected the goals of both the district leadership (to increase the knowledge and skills of the teachers) as well as the association's goal of increasing teachers' pay. The combined negotiating teams constructed the overall vision, while smaller working groups were established to deal with the details. All of the groups consented to toil over the specifics of the money later.

## **POLICY IMPLICATIONS**

This section provides recommendations pertaining to the types of strategies, plans, and guidelines policymakers could utilize in developing an effective course of action for improving the quality of teaching through enhancing teacher compensation systems. As a caveat, the reader is cautioned that much of the research on new forms of compensation schedules, is relatively new and not to be viewed as incontrovertible evidence. However, Sanders (as cited in Darling-Hammond & Finn, 2000), President of the Education Commission of the States, suggests that the essential task of improving education (and teaching) is far too urgent to wait, and that educators, researchers, and policymakers must

proceed in the absence of such evidence.<sup>7</sup>

## **TEACHER COMPENSATION PROGRAMS: POLICY RECOMMENDATIONS**

The primary reason for invoking non-conventional teacher salary schedules is to increase student achievement and foster school improvement. As Hassel (2002, p. 4) states:

"The way we pay affects the behaviour of teachers: how they teach and how they develop their teaching capabilities over time. How they choose to direct their energies - inside the classroom and out - will be in part driven by what kinds of practices and capacity building habits are rewarded by the pay system."

In consideration of the significance of pay structures, the following are key policy implications for successfully developing and administering an effective non-traditional teacher compensation program:

### **Union/management collaboration is essential for successful implementation of a non-traditional teacher compensation system.**

Devising a non-traditional compensation system should be a joint effort involving all stakeholders from the very outset. Teachers, administrators, parents, policymakers and the public all have a vested interest in any teacher compensation system. Because these stakeholders have diverse views and objectives, including them all in the development and administration of the plan increases the likelihood that the plan will be successful and will maintain enduring support in the face of unavoidable difficulties the plan will encounter when put into practice.

In some Canadian provinces teacher bargaining occurs at two levels, provincially and also with the local school board. The addition of a third party in the bargaining process adds to the complexity of the implementation process and requires even greater communication and flexibility by all parties to the collective agreement.

### **Vision and tenacity are key factors in effectively evoking change.**

Conceiving and carrying out a non-traditional pay schedule requires dedication, time and volition. Developing a teacher compensation system starts with a vision of an environment which is conducive to the needs of teachers and students and then employing transition strategies that reduce the stress in achieving that vision. The pathway to putting the plan into practice is fraught with unanticipated obstacles, which require continued and prudent attention, and long-term commitment by teachers' unions and management.

### **Remain sensitive to the structure of new compensation systems - particularly with respect to whether financial rewards will be provided to individual teachers or distributed amongst all school staff.**

Reviewing the alternative teacher compensation systems developed by other school boards and districts can prove to be invaluable. One important aspect of how they are structured is individual versus collective incentive rewards. Due to the context specific uniqueness of individual school districts, the players should be cautious of duplicating a system currently in practice elsewhere.

**Be cognisant of the importance of frequent interaction amongst all those involved.**

Ongoing communication amongst all stakeholders aids in promoting approval as well as continued understanding of the program.

**Maintain clear and easily comprehensible standards for teacher evaluation.**

Performance evaluations of teachers should provide easily understandable criticism congruent with teacher performance standards and intended outcomes. Furthermore, teacher evaluations must be standardised, objective, fair, and measure what teachers can legitimately be held responsible for.

**Provide adequate training necessary for implementing the new compensation system.**

Teachers and principals require the training required to comprehend, administer and make effective use of teacher assessments.

**Provide adequate funding to sustain the new compensation system.**

Funding must be committed to adequately implement and support the ongoing growth and maintenance of new compensation programs.

**Notes**

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\* Note that personal communication between the author of this report (Dr. Emilio Landolfi) and Mr. Bradd Jupp as well as Mr. Bruce Dickinson - both of the Denver Teachers' Association - was conducted in late June of 2003 to obtain the most current information relating to the Denver Teacher Pay-for-Performance Program. Furthermore, personal communication was also carried out in late June between Ms. Sue Taylor (President of the Cincinnati Federation of Teachers') and the author of this report for the purpose of obtaining the latest information with respect to the recently vetoed Cincinnati Knowledge and Skills Based Teacher Pay Program.