

Teacher Merit Pay

► What Do We Know?

Merit pay programs for educators — sometimes referred to a “pay for performance” — attempt to tie a teacher’s compensation to his/her performance in the classroom. While the idea of merit pay for classroom teachers has been around for several decades, only now is it starting to be implemented in a growing number of districts around the country. One example of the increased interest for merit pay systems can be seen in the the recent increased funding level for the federal Teacher Incentive Fund (TIF). The TIF program, which is run through the United States Department of Education (USDOE), provides funding to school districts to help them implement merit pay systems. The USDOE has increased funding for the TIF program this year by more than four-fold — from \$97.3 million to \$437 million. But with all of this increased interest and funding for merit pay programs — what if anything do we know about the costs versus the benefits of these systems?

What’s Inside

- Why is there a greater focus on teacher merit pay?
- What have we learned about merit pay programs?
- Where can I learn more about teacher pay issues?

This issue of *The Progress of Education Reform* reviews what we know, and don’t know, about teacher merit pay systems.



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Why Move to a Merit Pay System?

Most teacher compensation systems today make use of salary schedules that pay teachers based on the degree that they hold and their years of service. Critics of this approach point to research showing that there is little or no direct correlation between either teachers' years of experience or their holding an advanced degree and a student's achievement level. These individuals argue that teachers should be compensated, at least in part, according to the results they produce in their classroom.¹

What Conditions Foster the Creation of a Quality Merit Pay System?

Each merit pay system tends to be unique due to many factors, including preexisting local and state policies, the relationship between a district's administrators and its teachers, and available funding. With this being the case, what can a state or district do to help ensure the success of a merit pay program? A report from the Committee for Economic Development outlined five "enabling conditions" that are required for a merit pay system to be successful in fostering improvements in student achievement:²

1. *Improved teacher evaluation and development systems*
2. *Improved student and teacher data systems*
3. *Sustainable funding*
4. *Supportive state and federal policies*
5. *Wide stakeholders involvement*

Research on Current Merit Pay Systems

While several states and a number of school districts have attempted to implement merit pay systems, four programs have garnered more attention than the rest: the pay-for-performance programs in Iowa and Texas and in the Chicago and Denver school districts. Each of these programs has been evaluated to determine what impact their implementation has had on student achievement.

Iowa – Pay-for-Performance Pilot Program

Iowa's pay-for-performance pilot program — in which three districts participated — required participating districts to create new pay systems or career ladders that were based, at least in part, on teacher performance. Learning Points Associates conducted a review of Iowa's program in 2010 using surveys of administrators and teachers as well as student test results to determine the impact of the pay-for-performance program.³ **The study** found there was insufficient student test data to determine the real impact of the program on student achievement.

Texas – Governor's Educator Excellence Grants (GEEG)

The GEEG program in Texas provided grants to school districts from 2005–06 to 2007–08 to support the design and implementation of pay-for-performance systems for their teachers. The program was restricted to 99 high-poverty, high-achieving districts. The National Center on Performance Incentives (NCPI) located at Vanderbilt University conducted a study of the GEEG program in 2009.⁴ **The NCPI study** found that while the GEEG program showed some positive results — especially in teacher retention — there was no evidence that the program fostered student achievement gains.

Chicago – Teacher Advancement Program (TAP)

The TAP program is funded through a combination of private funds and federal funding from the TIF program. The Chicago school district adopted the TAP system in ten schools starting in the 2007-08 school year and with the goal of expanding out to an additional ten schools each year. Mathematica Policy Research conducted a study to see what impact Chicago's TAP program had in its first two-years of implementation.⁵ **The Mathematica study** "...found no evidence that the program raised student test scores." In addition, the study did not find that the TAP program positively impacted teacher retention.

Denver – Professional Compensation for Teachers (ProComp)

ProComp is a district-wide compensation program designed through a partnership of the teacher's union and the school district. If a teacher in the Denver school district opts to participate in the ProComp system, he/she could receive increased pay for an array of activities or achievements, including: obtaining advanced degrees or certifications, completing professional development, demonstrating proficiency on an evaluation system, working in a high-need school or position, meeting learning objectives, exceeding student achievement expectations and/or by working in a school with low student achievement and attendance. **A study of the ProComp program** was conducted in 2008 by the ProComp Evaluation Team at the University of Colorado.⁶ This study reviewed information from the first year of the program and found no solid evidence that ProComp teachers had improved student achievement over those teachers who did not participate in the ProComp program.

Why Are There No Conclusive Results

Each of the studies of the four pay-for-performance systems found no conclusive evidence to link the new merit pay system with higher student achievement. There are several potential reasons why there is a lack of conclusive findings:

1. ***The programs are too new:*** As stated in the study of Denver's ProComp system: "School reform takes substantial time to gain traction and catalyze desired changes in behavior among participants..." The Texas GEEG system is the oldest of the four programs reviewed, and it was implemented just five years ago. It might be another decade or so before we fully understand what impact, if any, these programs had on student achievement.
2. ***The implementation of the programs has been too limited:*** Each of the four programs served a limited number of students. The Texas program was the largest, serving 99 school districts, but that represents less than 10% of all of the school districts in the state. Iowa's program represented only three districts, and the program did not serve all of the schools in each of those districts. The Chicago and Denver programs are only being implemented at the single district level. Getting a better understanding of the impact of these programs probably will require a much larger student sample.
3. ***Funding levels may not yet be significant enough:*** Not only is the merit pay movement in its infancy, it also is funded at a level that might not be able to make a substantial impact at this point. Even with the increase in funding, the TIP program accounts for less than 1% of federal spending, and even if it is matched with state funding, it only would equate to 0.1% of total educational expenditures — or approximately \$16 per public school student per year.
4. ***The level of incentive pay may not be high enough to promote change:*** The Iowa pay-for-performance program provided between \$750 and \$2,000 in additional pay. In Texas, the average additional pay was under \$2,500, and in Chicago it was \$2,600. In each case the amount of additional funding equates to less than 5% of a teacher's annual salary and in some cases it is closer to 1%. This amount of additional pay might not be sufficient enough to encourage new teachers to participate in these programs or to push participants to change the way they teach.
5. ***Perhaps merit pay does not contribute to student achievement:*** It is possible that the reason the studies of the Iowa, Texas, Chicago and Denver merit pay systems could not find a definitive correlation between merit pay and increased student achievement is because these programs failed to positively impact the way that students learn.

ECS Resources

From the ECS Research Studies Database:

Teacher Tradeoffs: Disentangling Teachers' Preferences for Working Conditions and Student Demographics

This study surveyed over 500 teachers to determine the relative importance of various workplace characteristics.⁷ The teachers were asked to report their preferences for the following 10 workplace characteristics: salary, class size, administrative support, input on school-wide decisions, commute time, resources for students, school facilities, student performance, student ethnicity and student socioeconomic status.

http://www.ecs.org/rs/Studies/DetailStudy.aspx?study_ID=a0r7000000NTknAAG

Other Resources

The National Institute for Excellence in Teaching (NIET)

This site provides information about the NIET's TAP initiative. TAP attempts to improve teaching quality by introducing innovative ideas, including merit pay, into school districts around the country. The site contains information about the program and a guide to how districts could implement the TAP program in their schools.

<http://www.tapsystem.org/about/about.taf?page=niet>

State Teacher Quality Yearbook

The National Council on Teacher Quality annually publishes the "State Teacher Quality Yearbook" which contains a treasure-trove of information about state policies that impact educators. Included in this collection is information about state policies about performance pay.

<http://www.nctq.org/stpy09/>

Improving Teaching Through Pay for Contribution

This report from the National Governors Association reviews policy options as well as initiatives that states have undertaken to compensate teachers. The report includes information about merit pay as well as other compensation programs that deviate from traditional teacher pay programs.

<http://www.nga.org/Files/pdf/0711IMPROVINGTEACHING.PDF>



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Endnotes

- ¹ Eric Hanushek, John Kain, Daniel O'Brien and Steven Rivkin, *The Market for Teacher Quality* (National Bureau of Economic Research, 2005), <http://www.nctq.org/nctq/research/1112806467874.pdf>, (accessed May 17, 2010).
- ² Committee for Economic Development, *Teacher Compensation and Teacher Quality: A Statement by the Policy and Impact Committee of the Committee for Economic Development*, 2009, <http://www.ced.org/images/library/reports/education/tctqreport09.pdf> (accessed on May 2, 2010)
- ³ Cortney Rowland, et. al. *Iowa's Pay-for-Performance and Career-Ladder Pilot Program: External Evaluation Final Report* (Learning Points Associates, 2010), <http://www.desmoinesregister.com/assets/pdf/D2156693429.pdf>, (accessed May 11, 2010).
- ⁴ Springer, Mathew, et. al., *Governor's Educator Excellence Grants (GEEP) Program: Year Three Evaluation Report* (National Center on Performance Incentives, 2009), http://performanceincentives.org/data/files/news/BooksNews/GEEG_Year_Three_Report.pdf, (accessed May 11, 2010).
- ⁵ Steven Glazerman and Allison Seifullah, *An Evaluation of the Teacher Advancement Program (TAP) in Chicago: Year Two Impact Report*, (Mathematica Policy Research, 2010), http://www.mathematica-mpr.com/publications/pdfs/education/tap_yr2_rpt.pdf (accessed June 1, 2010).
- ⁶ Ed Wiley, Matthew Gaertner, Eleanor Spindler and Amy Subert, *Denver ProComp Evaluation: A Mixed-Method Evaluation of Denver's Alternative Teacher Compensation System – Year 1* (University of Colorado – ProComp Evaluation Team, 2007), <http://static.dpsk12.org/gems/newprocomp/ProCompEvaluation200607.pdf> (accessed May 14, 2010).
- ⁷ Eileen Horng, *Teacher Tradeoffs: Disentangling Teachers' Preference for Working Conditions and Student Demographics*, (American Education Research Journal, 2009).

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