



# OLR RESEARCH REPORT

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## **PERFORMANCE-BASED PAY FOR TEACHERS AND SCHOOL ADMINISTRATORS**

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You asked for (1) background information on performance-based pay systems for teachers and school administrators; (2) descriptions of performance pay systems in Denver, Colorado and Washington, D.C.; (3) examples of performance-based or merit pay for teachers and school administrators in Connecticut, and (4) whether any Connecticut state laws affect districts' ability to implement such systems in the state.

### **SUMMARY**

Traditional teacher pay plans are based on two factors, years of service and post-graduate degrees and coursework. Performance pay (also known as "merit pay") plans attempt to tie teacher pay, at least in part, to their classroom performance and their students' academic achievement. Such plans may also offer bonuses to teachers who (1) work in hard-to-staff or high-poverty schools; (2) teach in subject areas where there are teacher shortages, such as mathematics, science, or special education; or (3) get advanced training, licenses, or national certification.

Interest in pay-for-performance systems has risen in the past 10 years, spurred by federal legislation and increased focus on school accountability and student academic performance, especially in large urban school districts. Nevertheless, performance pay is used only by a minority of school districts in the United States (3.5%, according to one

report). Meanwhile, according to the Education Commission of the States, research shows that existing pay for performance programs have had little or no positive effect on student achievement.

Most pay-for performance plans augment, rather than totally replace, traditional teachers pay plans. This is true of two of the most well-known examples of performance pay, the systems used in Denver and Washington, D.C. The Denver and Washington performance pay systems have several similarities as well as significant differences. Both were constructed and implemented as part of collective bargaining agreements between the school district and its teachers; both make participation voluntary, at least for some teachers; both use a combination of annual bonuses and increases in teachers' base pay; and both offer bonuses for increasing students' academic achievement.

Denver's plan provides comparatively small bonuses, ranging from \$376 to \$3,380 while Washington offers annual bonuses ranging from \$2,500 to \$10,000. Washington's system is partly paid for by grants from private entities, which raises questions about its long-term sustainability, while Denver's is supported by a special tax approved by the district's voters.

Calls to Connecticut's two teachers' unions and the Connecticut Association of Boards of Education found three examples of merit pay systems in Connecticut. Thompson has a new incentive system for school administrators; Hartford gives all teachers in a school a bonus when the school exceeds certain defined performance measures; and New Haven gives high-performing teachers extra pay for taking on additional assignments.

Connecticut law neither allows nor prohibits school districts from adopting teacher pay-for-performance systems, although under the Teacher Negotiation Act, teacher and school administrator pay is a mandatory subject for collective bargaining ([CGS § 10-153d](#)). While the collective bargaining requirement may make it more difficult to change teacher and school administrator pay systems, recent changes in state law could provide the basis for such changes. Starting by July 1, 2013, teacher and school administrator evaluations must be based partly on measures of student academic growth. The State Department of Education (SDE) must also expand the public school information system to track, and report to school boards on, data on performance growth by students, teachers, schools, and school districts.

## BACKGROUND ON TEACHER PERFORMANCE PAY

### *Traditional Teacher Pay Plans*

Since 1950, virtually all school districts in the United States have used a compensation system known as the “single salary schedule” to pay their public school teachers. The single salary schedule bases teacher pay on two factors: postgraduate degrees or courses and years of teaching experience. It consists of a series of automatic annual pay increases or “steps” by which a teacher advances from the bottom to the top of a given pay range. The system typically features several of these ranges into which a teacher moves as he or she earns academic credits and degrees (See Matthew D. Springer and Catherine D. Gardner, [“Teacher Pay for Performance: Context, Status, and Direction,”](#) *Kappan*, May 2010, p. 8).

An example of the traditional system is shown in Table 1. These systems are still prevalent in most public school districts. A recent study found that, of 14,000 school districts in the United States, only about 500 or 3.5% have implemented pay for performance or merit pay plans for teachers (Stuart Buck and Jay P. Greene, [“Blocked, Diluted, and Co-opted”](#), *Education Next*, Spring, 2011).

**TABLE 1: EXAMPLE OF A SINGLE SALARY SCHEDULE  
CHICAGO PUBLIC SCHOOLS, 2006-2007  
(BA = Bachelor’s Degree, MA = Master’s Degree)**

Step	Provisional	BA	BA + 30 Credits	BA + 45 Credits, MA	MA + 30 credits	MA + 60 Credits	Doctorate
1	\$38,691	\$43,481	\$45,524	\$47,663	\$49,901	\$52,248	\$52,768
2	38,691	43,481	45,524	47,663	49,901	52,248	52,768
3	39,832	44,762	46,868	49,068	51,373	53,789	54,327
4	41,008	46,081	48,250	50,517	52,892	55,375	55,928
5	42,217	47,442	49,672	52,005	54,453	57,009	57,578
6	43,462	48,841	51,137	53,538	56,056	58,690	59,277
7	44,745	50,281	52,646	55,120	57,710	60,422	61,025
8	46,066	51,766	54,200	56,744	59,414	62,203	62,826
9	47,424	53,292	55,800	58,418	61,166	64,037	64,697
10	48,823	54,863	57,446	60,143	62,971	65,927	66,587
11	50,261	56,482	59,139	61,917	64,827	67,871	68,550
12	51,746	58,148	60,883	63,743	66,741	69,874	70,574

Table 1: -Continued-

Step	Provisional	BA	BA + 30 Credits	BA + 45 Credits, MA	MA + 30 credits	MA + 60 Credits	Doctorate
13	-	-	62,682	65,624	68,709	71,934	72,653
14	-	-	64,531	67,561	70,735	74,055	74,797
15	-	-	66,432	69,554	72,824	76,242	77,003
16	-	-	68,393	71,605	74,971	78,492	79,276
17	-	-	70,410	73,718	77,180	80,807	81,614
18	-	-	72,487	75,893	79,458	83,190	84,022
19	-	-	74,627	78,131	81,800	85,645	86,501
20	-	-	76,826	80,436	84,215	88,171	89,054

Source: [Restructuring Teacher Pay to Reward Excellence](#), National Council of Teacher Quality, December 2010.

### **Federal Legislation and Grants**

The federal government has given teacher performance pay greater impetus in the past decade through both legislation and funding. The 2001 reauthorization of the federal Elementary and Secondary Education Act, known as No Child Left Behind, provided a key basis for such plans by mandating that states administer achievement tests in specified subjects to every public school student in grades 3-8 and grade 10. This requirement provides a large base of test performance data by which to measure student achievement. By imposing sanctions on schools and school districts that failed to make adequate yearly progress on student achievement, the 2001 law also raised the stakes for failure.

In addition, the federal government has pushed states to develop longitudinal data systems that can track individual students' performance as they move through school, allowing them to measure each student's academic achievement growth and link it to individual teachers. The 2009 federal stimulus act provided fiscal stabilization funds to states in return for assurances that they would develop such longitudinal data systems by the fall of 2011. The stimulus act also included two competitive grants that boosted teacher pay for performance plans: Race to the Top (RTTT) and the Teacher Incentive Fund.

RTTT provides \$4.35 billion for competitive grants to states to encourage education innovation and reform. In the competition, states that link teacher evaluations and student performance received higher scores. RTTT also emphasizes teacher and principal evaluations and requires winning states to ensure that effective and highly effective teachers and principals are equitably distributed to high-poverty and high-minority schools and districts. (OLR Report [2010-R-0235](#) has more

information on RTTT requirements.) Although Connecticut failed to win an RTTT grant, it revised its educator evaluation and education data laws to boost its chances.

The other competitive grant, the Teacher Incentive Fund, provides grants to states, local school districts, charter schools, and nonprofit agencies for projects to develop and implement performance-based teacher and principal compensation systems in high-need schools. To be eligible, a compensation system must:

1. consider gains in student academic achievement as well as classroom evaluations conducted multiple times during each school year, among other factors, and
2. provide educators with incentives to take on additional responsibilities and leadership roles.

So far, the fund has awarded grants to [58 projects in 26 states](#). Connecticut did not apply for, or receive, funds under this program.

## **DENVER AND WASHINGTON PAY-FOR-PERFORMANCE SYSTEMS**

Both Denver and Washington established new teacher evaluation systems in conjunction with their performance-pay systems. Reliable data on, and methods for measuring, each teacher's classroom performance and the effect of his or her instruction on student achievement is a prerequisite for a valid performance pay system.

### ***Denver, Colorado***

**Background.** Denver's performance pay system, known as Professional Compensation for Teachers or ProComp, results from a collective bargaining agreement between the Denver Classroom Teachers Association and the Denver Public Schools. It is designed to link teacher compensation more closely to the district's mission and goals.

ProComp went into effect in 2006 after a four-year pilot program in 12 of Denver's 142 schools and is funded by a \$25 million voter-approved tax increase. It covers classroom teachers and other special instructional personnel, such as librarians, counselors, and therapists. The system is optional for teachers who were already working for the school district when the program became effective. Those teachers can choose to join ProComp or stay in the traditional salary system. Teachers

hired on or after January 1, 2006 are automatically placed in ProComp. In the 2010-11 school year, about 80% of Denver’s teachers participated in ProComp.

**How ProComp Works.** ProComp is a complex pay system that provides schoolwide and individual teacher incentives based on teachers’ performance in nine elements grouped into four overall categories. When a teacher joins ProComp, he or she is assigned an initial base salary based on the district’s traditional salary schedule. The teacher then receives raises and bonuses based on (1) school and student academic performance and growth, (2) advanced degrees and professional-development units earned, (3) evaluation ratings, and (4) whether a teacher works in hard-to-staff schools or subjects.

For 2010-11, ProComp incentives ranged from \$376 for meeting a student growth objective or receiving a satisfactory rating on the district evaluation for probationary teachers to \$3,308 for earning an advanced degree. Some of the incentives are added to the teacher’s base salary and are known as “base-building.” The rest are paid as bonuses and do not accumulate from year-to-year as part of the teacher’s salary base.

Table 2 presents an overview of the ProComp’s components, elements, and incentive amounts for 2010-11. A fuller explanation of each element is available on the ProComp [website](#).

**TABLE 2: DENVER PROCOMP INCENTIVES FOR 2010-11**

<b>Salary Component</b>	<b>Element</b>	<b>Description</b>	<b>2010-11 Amount</b>
<b>Base Salary: \$37,551</b>			
<b>Knowledge and Skills</b>	Professional Development Unit	Expand skills, improve student performance, and advance career by participating in professional development tied to student needs.	\$751 <sup>1</sup>
	Advanced Degree and License	Graduate degree or advanced license or certificate	\$3,380 <sup>2</sup>
	Tuition Reimbursement	Reimbursement for tuition or outstanding student loans	Actual expense up to \$1,000/year; \$4,000/lifetime <sup>3</sup>
<b>Comprehensive Professional Evaluation</b>	Probationary (once a year)	Increases for new teachers based on a satisfactory evaluation	\$376 <sup>2</sup>
	Non-probationary (once every three years)	Increases based on a satisfactory evaluation	\$1,127 <sup>2</sup>
	Innovation Non-probationary	Increases based on a satisfactory evaluation	\$376 <sup>2</sup>
<b>Market Incentives</b>	Hard to Serve School	Attract teachers to schools with high percentage of students eligible for free and reduced price lunch	\$2,403 <sup>3</sup>
	Hard to Staff Assignment	Attract teachers to roles with high vacancy rates and high turnover	\$2,403 <sup>3</sup>

Table 2: -Continued-

<b>Salary Component</b>	<b>Element</b>	<b>Description</b>	<b>2010-11 Amount</b>
<b>Student Growth</b>	Student Growth Objectives	Meeting student growth objectives	\$376 <sup>4</sup>
	Exceeds Colorado Student Assessment Program (CSAP) Expectations	Teacher's assigned students' growth in CSAP scores exceeds district expectations	\$2,403 <sup>3</sup>
	Top Performing School	Teachers in schools designated as "Top Performing" based on district's School Performance Framework	\$2,403 <sup>3</sup>
	High-Growth School	Teachers in schools designated as "High Growth" based on district's School Performance Framework	\$2,403 <sup>3</sup>
<sup>1</sup> Base-building for the first 14 years of service credit <sup>2</sup> Base-building <sup>3</sup> Non-base-building <sup>4</sup> Non-base-building if one objective is achieved; base-building if two or more are achieved <b>NOTE:</b> Because of state budget cuts, no incentives paid in 2011-12 will be incorporated into teacher base salaries.			

**Program Evaluation.** The most recent evaluation of ProComp was issued in October 2011. Major findings include:

- ProComp did not have a substantial impact on the school environment or teacher and administrator workload. There was no increased competition among teachers or negative impact on collaboration.
- ProComp had a large impact on the school system as a whole by necessitating significant improvements in personnel, payroll, and student data systems as well as a new teacher evaluation system.
- Teachers like receiving incentive payments for advanced degrees and licenses, but evidence that the incentives led to changes in instruction or improved student achievement is limited.
- Teachers have only a moderate understanding of the new teacher evaluation system and the quality of its implementation varies.
- It is not clear if teachers are motivated by the evaluation incentive. There is only limited evidence of any association between the incentive and teacher effectiveness.
- On average, the student growth objective incentive did reward effective teachers as measured by student performance on state tests (Diane Proctor, et. al., [Making a Difference in Education Reform: ProComp External Evaluation Report, 2006-2010](#), October 20, 2011).

## **Washington, D.C.**

**Background.** Starting in the 2009-10 school year, Washington D.C. established a new teacher evaluation system that incorporates a measure of student test performance. In 2010-11, it followed up with a performance pay system linked to the evaluations. The new evaluation system is called IMPACT and the performance pay system based on the evaluations is IMPACTplus. The new evaluation and pay system are part of a 2009 collective bargaining agreement between the school district and the Washington teachers' union. In addition to its evaluation and performance pay provisions, the contract also increases D.C. teachers' base pay by 20% over five years.

**How IMPACT Works.** IMPACT evaluates teachers on four criteria: (1) student achievement, (2) instructional expertise, (3) collaboration, and (4) professionalism. To assess instructional expertise, the system uses five formal observations per year, three by administrators, usually the school principal, and two by independent expert practitioners called master teachers. To assess student achievement, it uses a "value-added" measure based on the difference between a class of students' expected average performance on standardized tests, based on their past history, and their actual performance. The system calculates both individual and school-wide value-added scores.

Teachers who teach reading or mathematics in grades four through eight (known as Group 1 teachers) receive individual value-added scores. (Group 1 teachers make up roughly 14% of the district's teachers.) That score counts for 50% of their IMPACT rating, with the classroom observations counting for 35%. Teachers not in Group 1 receive no individual value-added scores. For these teachers, classroom observations count for 75% of the rating, and "teacher-assessed student achievement data" counts for 10%.

All teachers receive a school-wide value-added score based on the actual test performance of their whole school compared to expectations. The school-wide value-added score counts for 5% of each teacher's overall evaluation rating.

The system gives each teacher one of four ratings:

- **Highly Effective** - outstanding performance: These teachers are eligible for additional compensation (see below).

- **Effective** - solid performance: These teachers advance normally on their pay scale.
- **Minimally Effective** - below expectations: These teachers have an additional year to improve through professional development opportunities. Those who do not improve may be terminated.
- **Ineffective** - unacceptable: These teachers are subject to immediate termination.

**How IMPACTplus Works.** IMPACTplus raises teacher pay through both annual bonuses and higher base salaries. Only teachers rated as highly effective are eligible for the increases.

Bonus amounts depend on whether a teacher (1) works in a high-poverty school (as measured by the percentage of its students eligible for free and reduced price school lunches), (2) teaches a high-need subject, and (3) is part of IMPACT Group 1. The various bonus amounts can be aggregated depending on the number of bonus criteria a highly effective teacher meets (see Table 3). A highly effective teacher who teaches in a school with a poverty rate of 59% or less and does not meet any other criteria, is eligible for a \$5,000 bonus.

TABLE 3: ANNUAL BONUSES FOR HIGHLY EFFECTIVE TEACHERS, WASHINGTON, D.C.

<b>IMPACT Rating</b>	<b>% Free &amp; Reduced Price Lunch Students in School</b>	<b>Bonus</b>	<b>Additional Bonus for IMPACT Group 1</b>	<b>Additional Bonus for High-Need Subject</b>	<b>Total Possible Annual Bonus</b>
<b>Highly Effective</b>	60% or higher	\$10,000	\$10,000	\$5,000	\$25,000
	59% or lower	\$5,000	\$5,000	\$2,500	\$12,500

Source: [IMPACTplus](#), District of Columbia Public Schools

In addition to the bonuses, teachers rated highly effective for two years in a row are eligible for accelerated increases in their base pay. This happens in two ways. First, such a teacher is automatically moved to the higher Master's degree pay scale, if he or she is not already on that scale. Second, the district gives the teacher pay credit for more years in the system allowing him or her to jump ahead on the scale. The size of the jump depends on the poverty percentage in the teacher's school as shown in Table 4.

TABLE 4: INCREASES IN BASE PAY FOR HIGHLY EFFECTIVE TEACHERS, WASHINGTON, D.C.

<b>IMPACT Rating – Minimum Two Consecutive Years</b>	<b>% Free &amp; Reduced Price Lunch Students in School</b>	<b>Additional Service Credit</b>
Highly Effective	60% or higher	5 years
	59% or lower	3 years

Source: [IMPACTplus](#), District of Columbia Public Schools

**Program Evaluation.** Education Sector, a Washington, D.C. think tank, published an analysis of IMPACT in June 2011. The report focused on the teacher evaluation, rather than the performance pay, part of the system. Based largely on interviews with D.C. teachers, administrators, and evaluators, it draws several conclusions, including:

- IMPACT sets clear expectations for effective teaching.
- With rare exceptions teachers rate themselves about the same their evaluators do.
- There is no strong correlation between teachers' ratings from classroom observations and their value-added scores.
- Although there have been reports of cheating on student test scores to affect IMPACT ratings, questionable scores represent only about 2% of the data used to calculate value-added scores.
- A weak link in the system is a lack of professional development opportunities for teachers to improve their ratings.
- The fact that only 60% of D.C. teachers were willing to waive job security protections in return for bonus eligibility and that only 57% of those eligible for bonuses under \$10,000 accepted them raises questions about the degree to which teachers are motivated by money.
- Although IMPACT is not a perfect measuring tool, it may be the best one currently available (Susan Headden, [Inside IMPACT: D.C.'s Model Teacher Evaluation System, Education Sector](#), June 2011.)

## **PERFORMANCE PAY IN CONNECTICUT**

### ***School District Examples***

Connecticut has no pay for performance systems comparable to those in Denver or Washington and only a few state districts offer any type of incentive pay for teachers or school administrators.

According to a list of contracts settled in FY 10 compiled by the Connecticut Association of Boards of Education, Thompson has an incentive pay provision but only for school administrators. The district's administrators are eligible in each year of their contract for an incentive payment from a fund equal to 2% of the total salary account.

According to Sharon Palmer of the American Federation of Teachers – Connecticut, teachers in two districts represented by the union are eligible for extra pay.

- **Hartford** has "whole school" rewards, under which all teachers at a particular school receive rewards for improvements in certain defined student educational measures. The incentives can relate to improvements in test scores, attendance, drop-out rates, or other measures of student achievement.
- **New Haven** gives high performing teachers extra pay for taking on more responsibility, such as mentoring other teachers or being a head teacher. New Haven has also adopted a new evaluation system for teachers and principals that incorporates student academic growth as an evaluation factor. The system calls for three "professional conferences" per year between an instructional leader and a teacher.

### ***Statutory Changes in Evaluation Requirements and Expanded Data Systems***

Although pay for performance systems are rare in Connecticut, recent changes in state laws require districts to revamp teacher and school administrator evaluation procedures to include measures of student achievement. The new evaluation guidelines could provide a basis for district pay-for-performance systems tied to student achievement, especially since the SDE is also required to expand the state's public school information to provide additional data on individual student and teacher performance.

***New Evaluation Guidelines.*** State law requires the State Board of Education (SBE), by July 1, 2012, to develop model evaluation program guidelines for school districts on how to use multiple indicators of student academic growth in teacher and administrator evaluations. The guidelines must include:

1. ways to measure student academic growth;
2. consideration of “control” factors tracked by the expanded public school data system that could influence teacher performance, such as student characteristics, attendance, and mobility; and
3. minimum requirements for evaluation instruments and procedures.

The law also requires school districts to revamp their evaluation programs to match the new guidelines once they are issued ([CGS § 10-151b](#), as amended by [PA 11-135](#)).

***Expanded Public School Information System.*** By July 1, 2013, state law requires SDE to expand the state’s existing public school information system to, among other things, track and report to local and regional school boards, data on performance growth by students, teachers, schools, and school districts.

The system's teacher data must include:

1. credentials, such as master’s degrees, teacher preparation programs completed, and certification levels and endorsements;
2. assessments, such as whether a teacher is considered highly qualified or meets any other designations established by federal law or regulations to measure the equitable distribution of instructional staff;
3. the presence of substitute teachers and a teacher’s aide;
4. the absenteeism rate in the teacher’s classroom; and
5. class size.

Local districts must use the data on students, teachers, schools, and districts to evaluate students' and teachers' educational performance growth ([CGS § 10-10a](#)).

## **ADDITIONAL ARTICLES AND WEBSITES**

In addition to the articles, reports, and websites cited in this report, the following articles and websites provide more information on the topic of teacher performance pay.

[“Teacher Merit Pay, What Do We Know,”](#) *The Progress of Education Reform*, Vol. 11, No. 3, Education Commission of the States, June 2010.

[“More on Pay-for-Performance,”](#) *The Progress of Education Reform*, Vol. 12, No. 5, Education Commission of the States, October 2011.

[Center for Educator Compensation Reform](#), U.S. Department of Education.

[“Some States, Districts Abandoning Performance Pay,”](#) Nora Fleming, *Education Week*, September 16, 2011.

[Teacher Compensation Subject Background](#), Consortium for Education Policy Research at the University of Wisconsin-Madison.

[Teacher Compensation Research](#), Consortium for Education Policy Research at the University of Wisconsin-Madison.

[Performance Pay for Teachers](#), bibliography compiled by Arden Rice, Wisconsin Legislative Reference Bureau, April 2010.

[Teacher Effectiveness and Teacher Compensation](#), Stacey Preis, Ph.D., Joint Committee on Education, Missouri Senate, September, 2010.

[National Center on Performance Incentives](#), Peabody College, Vanderbilt University.

[A Big Apple for Educators: New York City's Experiment with Schoolwide Performance Bonuses, Final Evaluation Report](#), Julie A. Marsh, et. al, Rand Corporation, 2011.

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