

Center for American Progress



Differential Teacher Pay Initiatives: An Overview – December 2006

Education reformers in America have recently focused intensely on improving the quality of teaching while simultaneously expanding the ranks of teachers. This drive to improve teacher quality has placed the field—its preparation, licensure and compensation—under intense scrutiny by policymakers, researchers, advocates and practitioners.

Federal legislation has increased the stakes. The twin goals of ensuring the placement of “highly qualified teachers” in classrooms and holding schools accountable for students’ academic achievement are hallmarks of No Child Left Behind. Some states and districts struggling with these challenges are breaking with traditional uniform salary schedules and experimenting with teacher compensation models that include differential pay components. Instead of rewarding teachers for educational attainment and experience, which is the current model for compensation, differential pay plans tend to reward teachers for three types of accomplishments: knowledge and skills-based pay, student achievement, and the assumption of additional responsibilities. In some, teachers are also compensated for working in hard-to-staff schools or subjects.

This memo provides background information on various differential pay initiatives that have emerged around the country. Included are summaries of statewide plans, district initiatives, a charter school plan, and two other initiatives that have broader national scope. They are as follows:

1. Florida – Special Teachers Are Rewarded (STAR) System
2. Minnesota – Quality Compensation (Q-Comp) System
3. Texas – Texas Educator Excellence Grant Program
4. Denver Public Schools – Professional Compensation for Teachers (ProComp)
5. Douglas County, Colorado – Pay-for-Performance Plan
6. Houston, Texas – Teacher Performance Pay Plan
7. Vaughn Next Century Learning Center (charter school), Los Angeles, CA – Performance Pay Plan
8. Teacher Incentive Fund – U.S. Department of Education
9. Teacher Advancement Program – National Institute for Excellence in Teaching

Florida Special Teachers Are Rewarded (STAR)

Overview:

Enacted in 2006, the STAR Program requires local districts to reward each school's top 25% most "outstanding" teachers with bonuses worth a minimum of 5% of the teachers' base pay. On average, the bonus would be about \$2,000 each year. To be rated "outstanding" on the teacher evaluation, teachers must—among other things—foster marked achievement gains among their students.

Since 2002, Florida has required districts to have in place performance pay plans that would reward teachers based in part on student performance. By 2005, less than half the state's districts had issued bonus payments. The State Board of Education, fearing districts were moving too slowly with this reform, instructed the state commissioner to ensure that the performance pay provisions of the law were met. The result was Special Teachers Are Rewarded.

Program Components:

- Funding of a \$147.5 million appropriation to be distributed to teachers.
- Districts have the choice to participate in STAR or to create a performance pay plan that is aligned with STAR.
- Districts are currently submitting STAR plans to the State Board for approval.

Teacher Evaluations:

Teacher evaluations must be based on student performance, measured by the state assessment (Florida Comprehensive Assessment Test) for teachers whose courses are assessed by this test. For teachers of courses not assessed by the state test—for example, art teachers, guidance counselors, special education teachers—principals and teachers will determine subject-specific indicators. In the meantime, these teachers will still be eligible for bonuses based on their teacher evaluations (some of which already contain performance indicators).

District STAR requirements:

Florida statute (1012.22) requires districts either adopt the STAR performance pay plan or gain approval for a local performance pay plan that is aligned with STAR. Districts can do one of the following:

- 1) Adopt and implement a STAR performance pay plan, approved by the state and funded with the STAR appropriation.
- 2) A district can have both a STAR plan as well as a local performance pay plan that may reward teachers for other performance indicators with local funds.
- 3) A district can choose to revert to its existing performance pay plan; however, it would need to gain state approval, contingent on compliance with the law's emphasis on student learning gains, and bonus awards under this plan would have to be locally funded.
- 4) If a district did not seek approval for its existing plan, the district could be subject to sanctions, such as the withholding of lottery funds.

Minnesota

Quality Compensation for Teachers (Q Comp)

Overview

In 2005, Minnesota passed an education bill allowing districts or schools to opt into an alternative teacher payment system, Quality Compensation for Teachers (Q Comp), which expanded and refined a pilot program that had operated since 2001. Q-Comp is modeled after the Teacher Advancement Program, which was already being used in two Minnesota districts, and uses a mix of incentives.

Program Statistics

- Current participation of 58 entities, including districts, schools and charter schools. Application process reopens December 2006.
- Districts or schools are eligible for \$190/student from the state and can levy an additional \$70 in local funds, for a total of \$260/student. (The state will provide about \$35 in additional funds for charter schools to make up for levied funds.)

Program Overview

To participate in Q-Comp, districts and schools must incorporate these five components, modeled after the TAP components, into their operation:

1. **Career Ladder and Career Advancement Options for Teachers**— teachers are granted release time and salary bonuses for taking on more leadership responsibilities, such as evaluating and training other teachers, serving on the school’s committee to develop and implement a school improvement plan.
2. **Job-Embedded Professional Development** – Collaborative process to implement professional development aligned with the school’s improvement plans, ensuring teacher improvement is evidenced in student learning.
3. **Teacher Evaluation System** - Teachers are evaluated multiple times each year; the evaluation measures teachers’ effectiveness as measured by state standards and by teachers’ impact on students’ achievement gains.
4. **Performance Pay** – Teachers receive salary bonuses based on evaluations of the teacher’s implementation of professional standards in the district, and on their students’ achievement gains on either local or state standardized tests.
5. **Alternative Salary Schedule** – districts or schools and an “exclusive representative” of the teacher union must negotiate a compensation plan that will replace the traditional “steps and lanes” schedule and will reward teachers for additional duties, successful completion of professional development goals, and for teacher effectiveness.

The districts and state have some flexibility in determining the amount of performance pay teachers receive. However, sixty percent of teacher bonuses must be based on objective measures of teachers’ effectiveness. Salary bonuses received under Q-Comp are in addition to teachers’ current base pay, so teachers will not lose income under this plan. Future raises and salary increases will be based on the Q-Comp model and not on the traditional “steps and lanes” schedule.

Texas Texas Educator Excellence Grant Program

Overview

The Texas Educator Excellence Grant program provides funds to eligible schools and districts to reward their “best” teachers, as defined primarily by student learning. The program started last year as a pilot for 100 schools by the executive order of Governor Rick Perry. The legislature codified and extended the program taking it from a \$10 million pilot to a \$100 million program in 2006-07¹. Funding will continue to grow in future years.

Program Components for 2006-07

Eligible schools:

- For the current school year, grants are limited to high need schools that demonstrate strong student performance.²
- Based on these eligibility criteria, the state department of education requested applications from about 1,100 schools and all but 2% chose to participate.
- Schools receive between \$40,000 and \$300,000 depending on school size.
- Teacher buy-in must be demonstrated and school-level committees of teachers develop the schools’ incentive plans.

Rewarding individual teachers:

- The majority of a school’s grant award (75 percent) must be spent on bonuses—ranging from \$3,000 to \$10,000—for classroom teachers.
- Teachers must demonstrate success in improving student achievement using objective, quantifiable measures, which can be a local benchmarking system, portfolio assessment, end-of-course assessment, or value-added assessment.
- When determining the bonus amount, consideration may also be given to assignment to a hard-to-staff subject area and to teachers’ professionalism and initiative.

Rewarding other personnel, school initiatives:

- The remaining 25 percent can be used to award incentives to other school personnel, ranging from principals to guidance counselors to custodial staff or to provide professional development.

Program Components for 2007-08

The program provides \$160 million for continuation of initial awards and for new local incentive plans devised by districts. Beginning next year, there will be no eligibility criteria for applicants. At least 60 percent of each grant to a district will reward teachers who improve student achievement and the remaining 40 percent may provide stipends for teacher mentors, effective teachers in hard-to-staff schools and subject areas.

¹ HB1, Chapter 21, subchapters N and O

² The specific criteria are that schools: 1) rank in the top half of educationally disadvantaged schools and 2) demonstrate strong student performance measured either by a state accountability rating of exemplary or recognized or a ranking in the top quartile of performance improvement in math and reading.

Denver Public Schools Professional Compensation Plan for Teachers

Overview

Denver's Professional Compensation Plan for Teachers (ProComp) grew out of a four-year pilot (1999-2003) in 16 schools that enjoyed the active support of the teachers union. In 2004, the teachers union and the Denver Board of Education approved an agreement to implement the program across the district and in November 2005, Denver voters approved a tax levy of \$25 million to fund the initiative. Denver also just received a \$5.7 million grant from the federal Teacher Incentive Fund.

Program Components:

- Denver's plan is applicable only to new hires; teachers hired before ProComp was instituted are protected by a grandfather clause allowing them the option to stay with the current seniority system or to opt into the performance pay plan. Teachers have seven years to decide whether to opt in.
- Applicable to teachers in core subjects and non-core subjects. Allows teachers in non-core subjects (such as music, art, etc.) to negotiate student growth goals with supervisory personnel.

The program offers multiple pathways to achieve compensation bonuses.

- **Knowledge and Skills** – completion of professional development units, which can either be university courses or structured projects under principal's supervision.
- **Market Incentives** – Teachers are paid an incentive to teach in a designated hard-to-staff subject area or designated hard-to-serve school. (Teachers can earn both incentives simultaneously. For example a math teacher for middle school ELL students in a hard-to-serve school can earn both incentives.)
- **Professional Evaluations** —Teachers receive salary increases every three years based on satisfactory evaluations conducted by principals using district-wide standards.
- **Student Growth** - Teachers are rewarded for the academic gains of their students. They can earn compensation bonuses for meeting annual objectives, for exceeding CSAP growth goals and for working in a school judged distinguished based on academic gains and other factors.

Under this plan, teachers are able to earn bonus pay for achieving one to nine goals. At the higher end of the traditional salary schedule, teachers' earnings are capped. Under ProComp, experienced teachers can continue to receive salary increases.

Douglas County School District Licensed Staff Pay for Performance Plan

Overview

Douglas County's performance pay plan was implemented in 1993-94, following an extensive collaboration between the teachers union and district administration. The result was a performance pay plan, which was completely optional; teachers may opt to join the plan.

Program Components:

Teachers opting for the performance pay plan earn base pay that is based on the level of education that a teacher has attained and on successful teacher evaluation credits, the latter called "longevity" steps. This replaces the automatic salary increase for experience. Teachers must earn a proficient teacher rating to get the annual base pay increase. Those receiving an unsatisfactory rating are not eligible for the base salary increase and are precluded from participating in any of the bonus components of the plan for that year.

Bonus Incentive Components

- **Group Incentive Program** – Groups of participating teachers from a school can submit a proposal to a review committee to undertake a project to improve a school's specific performance objective. If they successfully achieve the goal, teachers are eligible for an equal share of the bonus.
- **Outstanding Teacher Program** – Teachers apply or are nominated for this bonus and must submit a portfolio that demonstrates their achievement in order to earn a bonus of \$1,250. The district offers a menu of portfolio options:
 - *Type A* – Teachers submit evidence of outstanding performance in three domains: Assessment and Instruction, Knowledge of Content and Pedagogy, and Collaboration and Partnership.
 - *Type B* – Teachers submit a portfolio based on standards-based education in which teachers demonstrate they are meeting the standards in their classroom.
 - *Type C* – For those teachers preparing for National Board certification, they can submit their National Board portfolio with some modifications.
 - *Type D* – Portfolio is based on demonstrating student academic gains.
- **Skills Blocks** – Provides incentives to teachers who receive training in skills specified by the district and demonstrate integration of these skills into classroom instruction. Skills blocks are changed according to district need.
- **Master Teacher** – Teachers who earn National Board certification or who are designated as an "outstanding" teacher two consecutive years can become master teachers, a status that earns them \$2,500 a year and lasts for five years.
- **District Responsibility and Site-based Responsibility Pay** – Teachers can earn additional bonuses for serving on district or school committees not currently covered by their contracts.

Houston Independent School District Performance Pay Plan

Overview

In January 2006, the Houston Board of Education unanimously passed a new \$14.5 million performance pay plan over the objections of the local teachers union (which represents 40% of Houston teachers). Although the district has had a performance pay plan in place since 2000, the more recent version is an attempt to tie the rewards more closely to student achievement gains attributable to individual teachers, not just rewarding school-wide gains.

Program Components:

The new performance pay plan emphasizes student achievement through standardized assessment, containing three components or “strands” by which to measure this indicator:

- 1) The first strand rewards all teachers in a school based on the school’s accountability rating and on improvement on the state assessment when compared to the scores of 40 other schools with similar demographic profiles around the state.
- 2) A second strand will reward individual teachers based on student progress on the Stanford 10 Achievement Test (and its Spanish-language equivalent) when compared to other similar classrooms in the Houston district.
- 3) The third strand will reward individual teachers based on student progress on the Texas Assessment of Knowledge and Skills (TAKS) test when compared with other similar classrooms in the Houston district.

Teachers in core subjects (those assessed by TAKS) who demonstrate effectiveness as measured by student progress in these three strands, stand to earn an additional \$3,000 per year while non-core teachers, currently not eligible for the third strand of incentives, could potentially earn \$1,500 in the first year of the program. School principals could earn up to \$6,000 while senior administrators—executive principals and regional superintendents—could earn up to \$25,000. These bonuses are paid out on top of the negotiated base salary.

Furthermore, teachers with perfect attendance will earn an additional 10% bonus and those who miss only 2 days will get a 5% increase, placing a high premium on teacher attendance.

Houston recently won a \$4 million Teacher Incentive Fund grant and intends to use the money to pay larger bonuses than originally planned.

Vaughn Next Century Learning Center, Los Angeles Performance Pay Plan

Overview

Vaughn is a conversion charter school, located in Los Angeles and serving a high needs population (97% free and reduced lunch, 78% English language learners). The school, exercising the autonomy it has as a charter school, developed a teacher compensation system in 1998 that awards bonuses to teachers for knowledge and skills, student achievement and leadership responsibilities.

Program Components

Vaughn summarizes its program's components as follows:³

- Knowledge and Skills – Tied to successful mastery of performance standards at the school as measured by a teacher evaluation. In addition to base pay (years of teaching experience, degrees and college units), Vaughn also pays teachers for what they know and what they do. Additional bonus pay can be earned by scoring 2.5 or better in any performance area of our rubrics [e.g., math, science, language arts]. Sustained exemplary performance earns yet another additional bonus. For the 2003-2004 school year, teachers were able to earn up to \$16,800 in bonuses based on skills and knowledge in addition to their base pay.
- Schoolwide Achievement Bonus– All teachers and administrators get an annual bonus of \$2,000 if the school as a whole meets the state's Academic Performance Index goal (API). Non-certificated staff and part time staff members earn a prorated amount.
- Contingency-based awards - Teachers can earn a total of up to \$2,000 a year for achieving certain goals in the areas of student attendance, student discipline, parental involvement, and for working in teams.
- Expertise compensation - Teachers in leadership roles including grade level chairs, committee chairs, peer reviewers, mentors and faculty representatives, receive additional stipends. A teacher who sponsors after school clubs or teaches intersession is compensated with \$3,500 - \$4,000.
- Gain sharing - An attendance award of \$25 per day is provided for every unused sick day per year (maximum of \$250). Unused sick days will continue to accrue annually.

New hires and those who had been teaching for less than five years at the school were required to participate in the program, but veteran teachers were allowed to opt in. By year five of the program, all teachers had opted into the program.

³ http://www.vaughncharter.com/html/human_resources.htm, retrieved November 26, 2006.

Teacher Incentive Fund

U.S. Department of Education

Overview

The Teacher Incentive Fund, included in the Higher Education Act, established a fund with an initial \$99 million investment that would support efforts to develop and implement teacher and principal performance-based compensation systems in high-need schools. Eligible applicants for this federal grant program include local education agencies (LEAs), including charter schools that qualify as LEAs, state education agencies (SEAs) and partnerships between LEAs, SEAs or both and a non-profit organization.

Program goals:

- Improving student achievement by increasing teacher and principal effectiveness;
- Reforming teacher and principal compensation systems so that teachers and principals are rewarded for increases in student achievement;
- Increasing the number of effective teachers teaching poor, minority, and disadvantaged students in hard-to-staff subjects; and
- Creating sustainable performance-based compensation systems.

Program priorities (as identified in the federal register)⁴:

- Grantees must establish a system that provides teachers and principals serving high-need schools with differentiated levels of compensation based primarily on student achievement gains at the school and classroom levels. The compensation system must also allow for multiple classroom evaluations each school year and must provide educators with incentives to take on additional responsibilities and leadership roles.
- Successful applicants must document or provide a plan to establish their commitment to a performance-based compensation system from a significant proportion of the teachers, the principal, and the community, including the applicable governing authority or LEA, for each participating high-need school.
- Grant applicants can improve their application rating by including incentives to recruit or retain effective teachers and principals (as measured by student achievement gains) in high-need urban and rural schools, and/or in hard-to-staff subject areas such as mathematics and science.

Teachers of subjects not typically assessed by standardized tests, such as arts, music or physical education, are still eligible for bonuses based on overall school achievement, on classroom evaluations, and perhaps on taking new assignments.

This November, the U.S. Department of Education announced its first round of 16 state and district grant recipients for the Teacher Incentive Fund, totaling about \$43 million. The grants are for five years; however only the first year is currently funded.

⁴ <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-6531.pdf>, retrieved November 28, 2006.

Teacher Advancement Program National Institute for Excellence in Teaching

Overview

Launched by the Milken Family Foundation in 1999, the Teacher Advancement Program (TAP) is a whole-school reform model aimed at recruiting and retaining high quality teachers. The program can be found in 13 states. TAP schools were recipients of at least four recent grants from the federal Teacher Incentive Fund. Also, a number of other recent teacher compensation innovations, such as Minnesota's and Philadelphia's, cited TAP as their model.

Program Components:

TAP relies on the simultaneous implementation of multiple components. These components are:

- **Multiple Career Paths** – Teachers can move up a career ladder for advancement—working as career, mentor or master teachers as their interests and talents indicate, allowing them to continue teaching instead of moving into administration in order to advance. Compensation increases as do responsibilities, qualifications, performance, and professional development requirements.
- **Performance-Based Accountability** - TAP has developed a comprehensive evaluation system that holds teachers accountable and rewards them for how well they teach their students. Teachers are evaluated for meeting the TAP Teaching Skills, Knowledge and Responsibility Skills as well as for the academic growth of their students.
- **Professional Growth** – TAP restructures the school day to allow time during the day for teachers to meet, learn, plan, mentor and strategize with other teachers about how best to improve instruction so as to boost student achievement. In a TAP school, groups of teachers in a defined field or age group study research-based practices and student achievement and work on specific strategies to improve student achievement in that area; groups are overseen by a master teacher.
- **Performance-Based Compensation** – TAP compensates teachers according to their roles and responsibilities in the school, their performance in the classroom and by measuring the performance of their students.

The effectiveness of the model is measured by student achievement data and by surveys of principals and teachers.