

## CHANGING TEACHER COMPENSATION METHODS: MOVING TOWARD PERFORMANCE PAY

### Executive Summary

In every state, the bedrock of a teacher's salary has historically been a combination of educational attainment and experience. But research generally shows no correlation exists between a teacher having a master's degree and an increase in student achievement. Recently, new models of teacher compensation based on performance have been gathering steam. Supporters contend these alternative compensation systems will reward outstanding teachers and hold them more accountable for their students' performance. Many educators, however, fear teacher pay will become based on student test scores, which they consider unfair. This policy brief will explore those arguments and examine what some states are doing to change the way teachers are paid.

Teachers with advanced degrees earn 10 percent more, on average, than those with bachelor's degrees in the U.S. According to the most recent data from the U.S. Department of Education's National Center for Education Statistics, a teacher with a master's degree and no teaching experience in the U.S. will earn nearly \$3,000 a year more than a teacher with just a bachelor's degree. After 10 years, the average annual salary gap between teachers with master's degrees and those with bachelor's degrees is \$4,500.

Given the same level of experience, every state pays teachers with advanced degrees more money than those with bachelor's degrees. Education Sector, an education policy think tank, found in a 2007 study, *Frozen Assets: Rethinking Teacher Contracts Could Free Billions for School Reform*, that 2.1 percent of all current public education expenditures could be attributed to teacher compensation related to advanced degrees. To put that figure in perspective, the so-called master's bump—the increase a teacher receives for obtaining a master's degree—costs the average school district approximately \$175 per student, according to the study. Slightly more than half of all public school teachers in the U.S. have a master's degree or other advanced degree.

Nationally, states and school districts spend more than \$8.6 billion to compensate teachers for their advanced degrees, according to *Separation of Degrees*, a report released in July 2009 by the Center for American Progress and the Center on Reinventing Public Education, two education think tanks based in Washington state. But the report questions whether money spent to compensate teachers with advanced degrees could be better spent.



### What Does Research Say?

Researchers agree that teachers' content knowledge influences student performance. Most research, however, shows that a teacher's educational attainment beyond a bachelor's degree is not an accurate predictor of student success. In other words, students whose teachers have advanced degrees are unlikely to perform any better than those whose teachers have bachelor's degrees.

There are some exceptions. Some research shows that students of teachers with advanced degrees in math and science tend to perform better than those whose teachers have only bachelor's degrees. But no correlation exists for teachers who have advanced degrees in English, social studies or education, according to *Evaluating the Effect of Teacher Degree Level on Educational Performance*, a study by economists Dan Goldhaber and Dominic Brewer.

Ninety percent of master's degrees earned by teachers are in education programs, according to National Center for Education Statistics data, including three-fourths of those who teach in secondary schools. Graduate degrees in education programs tend to be more process-oriented than content-oriented. These findings raise questions about whether state education dollars are being spent wisely to compensate teachers with advanced degrees when there appears to be no benefit to students.

Separation of Degrees recommends phasing out the nearly universal pattern of compensating teachers for earning a master's degree. "The long-cherished master's bump makes little sense from a strategic point of view," the report states. "Looking forward, many school systems will need to both reign in automatic cost escalators, and to finance reform by repurposing current expenditures. Under these criteria, compensation schemes are ripe for redesign: Teacher salaries increase each year with longevity and graduate credits, making them destined to escalate, and yet they have little link to student achievement."

Bill Raabe, the director of collective bargaining and member advocacy for the National Education Association, said the value of an advanced degree for a teacher as it relates to student performance is "an open question. There is mixed research on that."

In a recent attempt to add standards to a teacher's graduate education, New Jersey's legislature unanimously approved Senate Bill 826 in February 2010, which requires teachers seeking higher pay for earning an advanced degree to obtain their education from an accredited academic institution in a subject related to their position.

## State Differences In Master's Compensation

The master's bump differs significantly from one state to another. (See Table 1) In Washington, for example, a teacher with a master's degree and 10 years experience earns \$9,000 more than one with a bachelor's degree, the biggest gap of any state. Teachers with a master's degree and 10 years of experience in Washington, D.C., can expect to earn \$8,900 more per year than one with a bachelor's degree. In Nebraska, they earn \$8,600 more per year. At the other extreme, the master's bump after 10 years is a mere \$700 in Texas and \$1,700 in Oklahoma and Louisiana, according to the 2007-2008 Schools and Staffing Survey published by the National Center for Education Statistics.

Now it appears extra pay for an advanced degree is not the sacred cow it once was. A 2009 report to the Washington legislature's Joint Task Force on Basic Education Finance also found "no statistically significant effect for graduate degrees." The current system of teacher preparation assumes more post-graduate coursework and degree attainment translates into increased student learning, but research contradicts this belief, the report states. The task force recommends states invest in intensive mentoring of new teachers by expert teachers, coupled with an ongoing system of objective, structured peer review of teachers' classroom practice, and schoolwide rewards and incentives for improvement.

The task force also recommends creation of a career ladder for teachers that includes three levels: residency, professional and master teacher. Moving up this career ladder would require successively higher scores on an objective, structured peer review process. The Professional Educator Standards Board would create this peer review process and set scores for entry into the teaching profession and advancement on the career ladder. The master level will be equivalent in skill and effectiveness to teachers who have earned National Board for Professional Teaching Standards certification.

The National Education Association developed a similar four-tier professional growth salary schedule that would enable teachers meeting certain standards to move along a career path with increased compensation for higher levels of performance. Table 2 lists the association's suggested criteria for the provisional teacher, emerging teacher, professional teacher and accomplished teacher. Raabe explains the proposed salary structure would provide an alternative framework for recruiting and retaining top college graduates to public schools by providing a career path with opportunities for growth.

## The Movement Toward Pay For Performance

Georgia Gov. Sonny Perdue is one of the latest state policymakers to push for

a teacher compensation model based on student performance rather than on the traditional system. Perdue is backing legislation that would overhaul the statewide teacher salary schedule and allow current teachers to opt into one that determines pay based on performance-based measures. Teachers hired after Jan. 1, 2014, would automatically be enrolled in the new pay-for-performance system.

Perdue's push for pay for performance follows a teacher survey in which the governor stated that 80 percent of teachers in his state supported changes in teacher compensation. He wrote, "Of the 20,000 teachers and leaders from which we heard, 80 percent believe that teachers should be evaluated on both observation of planning and instruction and the degree to which they help students grow academically. You spoke, and we listened. Our legislation will calculate the effectiveness of teachers based on both quantitative and qualitative measures. Compensation will then be based upon a teacher's overall effectiveness with 50 percent of that being the academic progress of an individual teacher's students."

The issue of compensation based on teacher performance is clearly gathering momentum. The Utah Senate Education Committee unanimously passed House Joint Resolution 3 in February 2010, which recommends guidelines for a teacher performance pay plan. That resolution is sponsored by Georgia Rep. Marie Poulson, a teacher, who says pay for performance would reward outstanding teachers.

"It needs to be something that the education community can agree to and sign off on," Poulson explained. "I would never advocate paying teachers on test scores because there are so many variables there."

In an effort to link teacher pay with student achievement, many educational think tanks and state policymakers have begun advocating for a change to the models for teacher compensation. In a 2007 report by the Center for Teaching Quality, *Pay for Performance: Designing a System that Students Deserve*, the organization states, "We do not shy away from the principle that teachers who perform at high levels and spread their expertise deserve extra

compensation for their performance and accomplishments. And we do not agonize over the fact that teacher salaries may be less predictable. But we worry that many of the performance-pay blueprints now on the table will not translate into the high-achieving schools imagined by their architects.”

That report lists strategies for creating a pay-for-performance system it states is “fair, strategic, and likely to win teacher support.” It proposes an overhaul of the current teacher compensation system based on the following points:

- ▶ Get the base-pay system right;
- ▶ Supplement the base-pay system with a performance-pay system that is open to all teachers;
- ▶ Reward teachers who help their students make significant academic gains;
- ▶ Provide additional pay for additional degrees and professional development, but only if the training is relevant;
- ▶ Allow local flexibility;
- ▶ Encourage collaboration between teachers and their colleagues;
- ▶ Offer incentives to teachers who want to teach in high-needs, low-performing schools, but only if they’re qualified;
- ▶ Reward leadership, not seniority; and
- ▶ Make sure to include accomplished teachers in any efforts to overhaul teacher compensation plans.

Raabe, with the National Education Association, agrees that any pay-for-performance system needs to begin with quality based pay for incoming teachers and factors such as quality professional development and the teacher’s knowledge and skills should be factors in their compensation. He makes a distinction that while a teacher’s knowledge and skills may be defined in part by student learning, student test scores should not determine teacher compensation.

“We should absolutely, without question, make sure that what we’re doing is improving student learning,” Raabe said. “We should be assessing it. We should be

evaluating the teachers. The problem is when you (base teacher compensation on student test scores) you end up with unintended consequences. You end up with kids determining whether adults are getting paid.”

He adds, “I think what’s really important in this whole discussion is that people are really thoughtful and that none of us fall victim to rhetoric or what’s politically popular right now, but that we take a look at what can make a difference in terms of improving both instruction and learning. Don’t do this because you heard somewhere at some conference that this is a good thing without checking it out because there’s plenty of research out there.”

Several states have adopted alternate compensation systems that take new measures—besides experience and educational attainment—into account in determining teacher compensation. Among them:

- ▶ Arkansas enacted the Public Funding Act of 2003, which included a knowledge and skills-based pay system for teachers and school-based performance awards.
- ▶ Florida statute 1012.22 governs pay for performance and empowers school districts to develop and adopt a performance pay system.
- ▶ South Carolina’s Teacher Advancement Program includes multiple career paths. Teachers move up the ranks knowing that compensation will increase, as do responsibilities, qualifications, performance and professional development requirements. It also contains a performance-based accountability system that is determined by student progress, academic achievement and performance demonstration.
- ▶ Most recently, in an effort to win federal Race to the Top funding, West Virginia state education officials indicated they want to use a portion of federal funds to create a pilot program based on how well teachers and their students are doing in the classroom.

A survey conducted in 2009 by the Center for American Progress points out

that teachers support compensation reform and that inexperienced teachers are more supportive than experienced ones of financial incentives for teachers who work hardest and who consistently receive outstanding evaluations from their principals. The survey also found that less experienced teachers were more supportive of merit pay.

Clearly, a movement is underway in this country to change the manner in which teachers are compensated. In many states, that movement has already resulted in a change from purely objective standards based entirely on experience and educational attainment to standards that are more subjective, based on teacher skills and student performance. While there appears to be strong support for teacher compensation reform that results in improved teacher quality, policymakers should also be aware that opposition from teacher organizations is likely to result if teacher pay is connected to student test scores.

### Resources:

<sup>1</sup> Center for American Progress, Separation of Degrees. (2009) Accessed at [http://www.americanprogress.org/issues/2009/07/pdf/masters\\_degrees.pdf](http://www.americanprogress.org/issues/2009/07/pdf/masters_degrees.pdf) on Feb. 25, 2010.

<sup>2</sup> Center for Teaching Quality, Pay for Performance: Designing a System that Students Deserve (2007) Accessed at <http://www.teachingquality.org/pdfs/TSreport.pdf> on Feb. 25, 2010.

<sup>3</sup> Clotfelter, Charles T., et al. How and why do teacher credentials matter for student achievement? Sanford Institute, Duke University (2007). Accessed at [http://www.caldercenter.org/PDF/1001058\\_Teacher\\_Credentials.pdf](http://www.caldercenter.org/PDF/1001058_Teacher_Credentials.pdf) on Feb. 25, 2010.

<sup>4</sup> Goldhaber, Dan and Dominic Brewer, Evaluating the Effect of Teacher Degree Level on Educational Performance, (1996) Accessed at <http://nces.ed.gov/pubs97/975351.pdf> on Feb. 25, 2010.

<sup>5</sup> Joint Task Force on Basic Education Finance, Final Report to the Washington Legislature (2009) Accessed at <http://www.wsipp.wa.gov/rptfiles/09-01-2201.pdf> on Feb. 25, 2010.

Table 1: Master's Bump by State

STATE	Bachelor's degree with no experience	Master's degree with no experience	Difference	Bachelor's degree with 10 years	Master's degree with 10 years	Difference
Alabama	\$35,800	\$41,200	\$5,400	\$43,100	\$49,500	\$6,400
Alaska	\$37,800	\$42,500	\$4,700	\$49,900	\$58,500	\$8,600
Arizona	\$31,100	\$34,200	\$3,100	\$38,900	\$43,500	\$4,600
Arkansas	\$31,300	\$34,900	\$3,600	\$36,400	\$40,500	\$4,100
California	\$40,100	\$43,800	\$3,700	\$51,800	\$58,200	\$6,400
Colorado	\$29,800	\$33,100	\$3,300	\$36,100	\$40,600	\$4,500
Connecticut	\$38,900	\$41,800	\$2,900	\$54,600	\$60,400	\$5,800
Delaware	\$36,200	\$42,500	\$6,300	\$47,600	\$54,800	\$7,200
DC	\$38,200	\$46,500	\$8,300	\$48,700	\$57,600	\$8,900
Florida	\$33,300	\$35,700	\$2,400	\$38,400	\$41,200	\$2,800
Georgia	\$34,300	\$39,200	\$4,900	\$43,400	\$49,700	\$6,300
Hawaii	\$41,500	\$44,800	\$3,300	\$45,300	\$49,000	\$3,700
Idaho	\$30,900	\$31,500	\$600	\$35,600	\$41,300	\$5,700
Illinois	\$33,500	\$36,800	\$3,300	\$42,800	\$47,400	\$4,600
Indiana	\$32,200	\$34,200	\$2,000	\$41,000	\$45,300	\$4,300
Iowa	\$26,700	\$29,500	\$2,800	\$34,500	\$38,300	\$3,800
Kansas	\$31,500	\$34,200	\$2,700	\$35,500	\$39,000	\$3,500
Kentucky	\$34,400	\$38,100	\$3,700	\$42,600	\$46,800	\$4,200
Louisiana	\$33,900	\$34,700	\$800	\$38,300	\$40,000	\$1,700
Maine	\$28,600	\$30,600	\$2,000	\$38,300	\$40,900	\$2,600
Maryland	\$40,700	\$43,100	\$2,400	\$50,200	\$55,000	\$4,800
Massachusetts	\$37,600	\$40,700	\$3,100	\$54,700	\$58,900	\$4,200
Michigan	\$34,200	\$37,100	\$2,900	\$51,700	\$57,300	\$5,600
Minnesota	\$32,200	\$36,900	\$4,700	\$41,700	\$48,400	\$6,700
Mississippi	\$32,300	\$34,700	\$2,400	\$37,400	\$41,400	\$4,000
Missouri	\$28,900	\$31,900	\$3,000	\$33,700	\$37,400	\$3,700
Montana	\$24,800	\$28,300	\$3,500	\$33,300	\$38,900	\$5,600
Nebraska	\$27,200	\$32,000	\$4,800	\$33,500	\$42,100	\$8,600
Nevada	\$33,300	\$38,200	\$4,900	\$44,100	\$50,800	\$6,700
New Hampshire	\$31,100	\$34,300	\$3,200	\$42,900	\$47,300	\$4,400
New Jersey	\$42,700	\$45,900	\$3,200	\$52,600	\$56,200	\$3,600
New Mexico	\$31,500	\$35,600	\$4,100	\$41,400	\$46,200	\$4,800
New York	\$40,500	\$45,100	\$4,600	\$52,600	\$58,300	\$5,700
North Carolina	\$30,000	\$33,500	\$3,500	\$38,500	\$43,200	\$4,700
North Dakota	\$25,500	\$28,300	\$2,800	\$30,600	\$33,800	\$3,200
Ohio	\$31,100	\$34,600	\$3,500	\$44,900	\$50,600	\$5,700
Oklahoma	\$32,200	\$33,700	\$1,500	\$36,800	\$38,500	\$1,700
Oregon	\$30,600	\$34,500	\$3,900	\$40,400	\$46,300	\$5,900
Pennsylvania	\$36,300	\$38,900	\$2,600	\$47,400	\$50,300	\$2,900
Rhode Island	\$36,700	\$39,600	\$2,900	\$66,800	\$69,500	\$2,700
South Carolina	\$31,000	\$35,500	\$4,500	\$39,200	\$44,600	\$5,400
South Dakota	\$27,100	\$29,300	\$2,200	\$31,200	\$33,600	\$2,400
Tennessee	\$32,300	\$35,000	\$2,700	\$37,800	\$41,400	\$3,600
Texas	\$32,700	\$33,400	\$700	\$40,400	\$41,100	\$700
Utah	\$30,000	\$32,900	\$2,900	\$38,600	\$42,000	\$3,400
Vermont	\$31,900	\$36,000	\$4,100	\$42,700	\$47,600	\$4,900
Virginia	\$35,700	\$38,100	\$2,400	\$41,000	\$43,500	\$2,500
Washington	\$33,100	\$39,900	\$6,800	\$38,200	\$47,300	\$9,100
West Virginia	\$29,400	\$32,300	\$2,900	\$35,600	\$38,500	\$2,900
Wisconsin	\$30,700	\$35,100	\$4,400	\$40,500	\$46,600	\$6,100
Wyoming	\$38,500	\$42,500	\$4,000	\$45,000	\$49,900	\$4,900
United States	\$33,600	\$36,700	\$3,100	\$43,000	\$47,500	\$4,500

Source: U.S. Department of Education, Center for Education Statistics 2007-2008 Schools and Staffing Survey

## Table 2: The National Education Association Professional Growth Salary Schedule

### Provisional Teacher

- ▶ Minimum Entry Criteria: Bachelor's degree in subject area
- ▶ Responsibilities: Reduced teaching schedule. Observe Professional and Accomplished Teachers
- ▶ Dedicated professional development. Participate in an induction and mentoring program
- ▶ Salary: Minimum of \$40,000
- ▶ Duration: One year, two years in special circumstances
- ▶ Movement to Next Level: Complete requirements as assessed by a comprehensive teacher evaluation system

### Emerging Teacher

- ▶ Minimum Entry Criteria: Preliminary license/teaching certificate and one year at the Provisional level
- ▶ Responsibilities: Full teaching schedule but no non-teaching duties. Maintain a professional journal
- ▶ Continue in induction/mentoring program
- ▶ Salary: Minimum of \$45,000, plus a 5 percent increase for completion of each successful year.
- ▶ Duration: Three years
- ▶ Movement to Next Level: Complete requirements as assessed by a comprehensive teacher evaluation

### Professional Teacher

- ▶ Minimum Entry Criteria: Professional License and successful completion of Provisional and Emerging levels
- ▶ Responsibilities: Full-time teaching or equivalency. After five years of successful teaching, may become peer coach, mentor or teacher leader.
- ▶ Salary: Minimum of \$55,000, with a 5 percent increase for completion of each successful year up to a maximum at Year 9
- ▶ Additional pay for additional activities
- ▶ Duration: An option to remain for duration of teaching career
- ▶ Must show evidence of effectiveness and continuous professional learning periodically
- ▶ Movement to Next Level: Achieving NBPTS Certification

### Accomplished Teacher

- ▶ Minimum Entry Criteria: Five years of teaching, including successful movement through previous levels
- ▶ At least one year as Professional Teacher
- ▶ Responsibilities: Full-time teaching or service as a peer coach, mentor, National Board for Professional Teaching Standards-certified coach (the national certification is known commonly as NBPTS), or teacher leader
- ▶ Salary: Minimum of \$80,000. Additional pay for additional activities
- ▶ Duration: An option to remain for duration of one's teaching career
- ▶ Must show evidence of effectiveness and continuous professional learning periodically.
- ▶ Active National Board Certification required, with renewal as set forth by NBPTS

Source: National Education Association

