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# RESEARCH BRIEF ON TEACHER PAY-FOR-PERFORMANCE PLANS

Nationally, the most common teacher compensation programs are calculated based upon years of teaching experience and other acceptable service, plus the accumulation of additional college credit hours leading to the acquisition of graduate degrees. In recent years, some pay systems have recognized state or district professional development options in addition to college credit hours. Known as the “steps and lanes” salary schedule, this structure is predictable; it recognizes teacher seniority and does not foster competition among teachers. Unlike professionals in other fields, highly effective teachers under this system do not receive more compensation than those who are less productive.

Changing the way teachers are paid, to include student performance outcomes or incentives for teaching in at-risk schools, is gaining support in districts and states across the country.

## APPROACHES TO DIVERSIFIED COMPENSATION

Supported by research indicating that teacher quality is highly correlated to student achievement, the educational accountability movement has generated interest in diversifying teacher compensation systems and including some measure of performance. There are several types of pay-for-performance (PFP) programs, such as:

- Merit Pay: This program adjusts salaries upward or provides compensation for higher levels of performance. A standard for individual performance is set, such as increased student achievement. If a teacher meets or exceeds this standard, then the teacher receives a bonus or an increase in salary.
- Career Ladder: Introduced in the 1980s, there are three kinds of career ladder programs: (1) Performance-based ladders promote teachers as they demonstrate increased levels of competency (i.e., novice teacher, regular teacher, and master teacher); (2) Job-enlargement ladders involve giving teachers additional responsibilities outside of the classroom, such as supervising or mentoring new teachers.; and (3) Professional development ladders reward teachers for developing knowledge or skills through professional development, advanced degrees, or National Board for Professional Teaching Standards (NBPTS) certification.
- Knowledge- and Skills-Based Pay: A more recent alternative compensation approach, this program reflects trends in education toward accountability and standards. In a knowledge- and skills-based system, teachers are compensated for the acquisition of the specific knowledge and skills required to meet higher expectations for performance. This system is similar to the professional development career ladder.
- Performance Pay: This program can be awarded on an individual or group level. In the past, the most common form of individual performance pay was merit pay. Today, another approach is to create group performance incentives that encourage educators to work together to achieve collective goals. An example of a group performance award is a school performance award that ties bonuses to school goals and benchmarks.

## PROPOSERS AND OPPOSERS

Proponents suggest that a diversified compensation plan will enable experienced teachers to stay in the classroom while advancing along a career path. Teachers will no longer need to enter administration or leave teaching altogether to earn a salary that matches their skill and experience. Highly effective teachers can also be compensated for mentoring novice teachers to improve the profession.

Opponents assert that measuring teacher **performance is difficult and inconsistent**. Moreover, if teachers do not trust the evaluation instruments, they will not accept the premises of a PFP plan. If a system has limited funds, causing teachers to compete for increases, some suggest that the competition will negatively impact the collaboration necessary to improve student achievement overall.

## RESEARCH

According to an October 2011 Policy Brief by the Education Commission of the States (ECS) titled *The Progress of Education Reform*, recent research is mixed on the documented impacts of PFP programs. The results of three PFP models showed minimal impact on increased student achievement and teacher retention, while others demonstrate very specific positive impacts on math and reading proficiency, schools meeting Adequate Yearly Progress, and educator retention.

The ECS concludes there are no clear-cut policy answers on PFP. Reforms directed at PFP have led to desired and undesired outcomes. It notes that today all PFP models supplement, but do not replace, the current salary schedules. Any future study of PFP models which replace the existing pay structure should be noteworthy.

## KEYS TO DEVELOPING AN EFFECTIVE PERFORMANCE PAY PROGRAM

A 2007 report released by the Center for Teaching Quality titled *Performance-Pay for Teachers: Designing a System that Students Deserve* notes that the following are imperative in developing a successful performance-based pay program:

- Ensure an adequate and fair base-pay system;
- 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 supplemental pay for additional degrees and professional development, but only if the training is relevant;
- Allow local flexibility;
- Use the pay system to encourage collaboration among teachers and administrators;
- Offer incentives to teachers who want to teach in high-needs, low-performing schools, but only if they are qualified;
- Reward leadership, not seniority; and
- Include accomplished teachers in any efforts to redesign teacher compensation plans.

## CURRENT NEVADA DIVERSIFIED PAY PROGRAMS

Differentiated pay plans already exist in Nevada. Since 1999, school districts have been required to add 5 percent to the salary of a teacher who holds a NBPTS certification.

In 2005, the Legislature enacted Assembly Bill 580 (Chapter 482, *Statutes of Nevada*) to create a pilot program of performance pay

and enhanced compensation. The measure included an appropriation of \$5 million in each year of the biennium to support locally designed programs. The 2007 Legislature, through the enactment of A.B. 3 (Chapter 10, *Statutes of Nevada, 23rd Special Session*), continued the program with the same level of funding for the 2007–2009 Biennium. Although school districts developed programs in compliance with the provisions of A.B. 3, the appropriation for performance pay was eliminated in the first round of budget cuts in the 2007–2009 Biennium.

The Grant Fund for Incentives for Licensed Educational Personnel was created in 2007 through the enactment of A.B. 1 (Chapter 8, *Statutes of Nevada, 23rd Special Session*) to assist in the attraction and retention of teachers, school psychologists, school librarians, school counselors, and administrators who are employed by at-risk schools. This statute also includes incentives for certain teachers with endorsements in mathematics, science, special education, English as a second language, or other areas of high need as determined by the Superintendent of Public Instruction. The Grant Fund has received State General Fund dollars each year since State Fiscal Year 2008 and has provided cash and retirement incentives to targeted personnel.

A further move toward PFP compensation in Nevada came with the passage of A.B. 229 (Chapter 379, *Statutes of Nevada*) in 2011, which set in motion a plan to move from a career ladder approach toward a performance-based pay structure for Nevada's licensed K-12 educators. The statute requires the board of trustees of each school district to: (1) establish a program of performance pay and enhanced compensation for the recruitment and retention of licensed teachers and administrators; and (2) implement

the program commencing with the 2014–2015 school year.

### **THE TEACHERS AND LEADERS COUNCIL OF NEVADA**

Assembly Bill 222 (Chapter 487, *Statutes of Nevada 2011*) created the Teachers and Leaders Council of Nevada (TLC) to make recommendations to the State Board of Education concerning the performance evaluation system for teachers and administrators required by A.B. 229. Based upon the recommendations of the TLC, the State Board of Education is required to adopt regulations establishing an evaluation system that incorporates multiple measures of employee performance. In February 2012, the TLC issued a report of preliminary recommendations titled *Uniform Performance Evaluation of Teachers and Administrators in Nevada: Systems Guidelines White Paper*. At its June 1, 2012, meeting, the State Board of Education approved the TLC’s recommendations, which are now being used to formally develop Nevada’s evaluation system.

### **POLICY CONSIDERATIONS**

Under A.B. 229, individual districts are given flexibility to implement their PFP system, but a statewide model is being developed as a baseline from which the districts can work. This approach may be preferable since the PFP systems will be subject to collective bargaining negotiations within each district. Additionally, this approach allows each school district to tailor a plan that best meets its needs.

Research indicates that in order to accurately measure a teacher’s impact on a given student’s learning, historical data about that student’s performance is needed. Nevada’s P–16 Advisory Council has recommended the implementation of a Statewide Longitudinal Data System

(SLDS) to track student performance. Governor Brian Sandoval has publicly endorsed the SLDS recommendation and stated his intention to include funding for the system in the 2014–2015 Executive Budget.

In addition to student performance measurements, school principals play a key role in evaluating the effectiveness of a teacher. Thus, other states are requiring principals to receive high-quality performance evaluation training before they are permitted to evaluate teacher performance. The TLC has recommended that such professional development training be included as part of Nevada’s PFP plan.

Because of the need for teacher and principal professional development, as well as a student performance data system to successfully implement PFP, some states have chosen to phase in their PFP plan, beginning with limited pilot programs that allow feedback and improvement during the implementation process. Such a phased-in approach has been recommended by the TLC, endorsed by the State Board of Education, and may result in a bill draft request from the Department of Education during the 2013 Legislative Session.

Once implemented, PFP reforms typically take several years to realize their desired outcomes. In other states, few PFP reforms have produced their desired outcomes in the first year of implementation. Rather, experience shows that three to five years typically pass before measureable increases in educator and student performance are seen.

