Re-Slicing the Teacher Compensation Pie

How to Permanently Fund Teacher Contributions to Children’s Learning

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Reforming Pay: Why Bother?

• $150 billion spent annually on teacher pay
• Strong evidence that experience and degrees weakly related to student learning
• Strong evidence from other fields that pay influences who enters, who stays, & outcomes
• Emerging evidence from within K-12 that alternative pay schemes can boost outcomes
Evidence: Pay for Performance

National Center on Performance Incentives in Education, federally funded center at Vandy:

• Reviewed 9 empirical studies (U.S. & other)
• 7 “positive” results
• 2 “mixed”
• More on the way
Teacher Perspective

Surveys suggest new teachers view performance pay more favorably than veterans

Percent who “strongly” or “somewhat” favor giving financial incentives to:

- Teachers whose kids routinely score higher than similar students on standardized tests
  - Veterans: 28%
  - Newcomers: 40%

- Teachers who consistently receive outstanding evaluations by their principals
  - Veterans: 52%
  - Newcomers: 68%

National Political Shift

• Bush
  – “Teacher Incentive Fund” (TIF)
  – ~$100 million per year
  – Funds districts, states, and schools to implement performance pay, based on student results

• Obama
  – Campaigns on performance pay
  – Includes TIF in stimulus ($200 million)
  – TIF funding in budgets ($487 million in FY2010)
  – Effect on teacher union stance?
But – Significant Reform is Rare

- In 2003-04, 14 percent of districts offered pay incentives for “excellence in teaching” (SASS 2006)
- In 2008, seven states had performance-based pay programs (EdWeek *Quality Counts*)
Maximum Performance-Based Awards in Large Districts

- 10% of National Average Teacher Salary
- 20% of National Average Teacher Salary
- Less than 1% of US teachers eligible for performance pay >10% of avg. pay

Source: National Council on Teacher Quality, TR3 Database

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Performance Pay Remains a Trivial Part of Total Compensation

- Everything Else: 1%
- Experience, 1-4 yrs: 5%
- Experience, 5+ yrs: 17%
- Advanced Degrees: 6%

Pay for National Board Certification, incentives to teach in hard to staff schools or subjects and performance pay COMBINED make up just 1% of teacher pay.
Implication: Re-Slice the Pie

• Most salary add-ons are for degrees and experience beyond the first few years – elements that do not improve student learning.

• So committed are we to paying for what does not matter for children that we do not have enough left to pay for what does.

• The only sustainable, long-term way to move toward pay-for-performance and other forms of pay for contribution is to “re-slice” this part of the pie.
# Re-Slicing the Pie: Small Changes

**If we wanted to...**

- Give the top half of teachers performance bonuses averaging nearly $3,000 with top bonuses of over $6,000

**We could, by...**

- Reducing post-5 year experience premiums by just 10%
- Reducing advanced degree premiums by just 20%
Re-Slicing the Pie: Large Changes

If we wanted to...

• Give top 50% of teachers performance bonuses averaging $13,000 with the top teachers earning $20,000 (or more)

We could, by...

• Reducing post-5 year experience premiums by 50%
• Reducing advanced degree premiums by 80%
Instead of using short-term funds (e.g., TIF, philanthropy) to fund pay for performance or other valuable pay for contribution, use it to fund the transitional costs of “re-slicing the pie”: planning, evaluation, and holding harmless incumbent teachers who don’t want to enter the new contribution-based system.
Several people from Public Impact contributed to this presentation, including Julie Kowal, Jacob Rosch, and Emily Ayscue Hassel.