

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

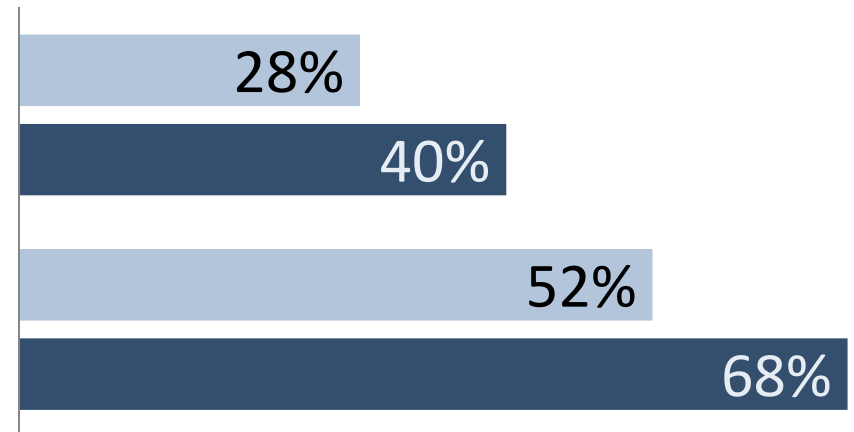
Teacher Perspective

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

Teachers who consistently receive outstanding evaluations by their principals



■ Veterans ■ Newcomers

Source: EdSector and FDR Group (2008) *Waiting to Be Won Over*.

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

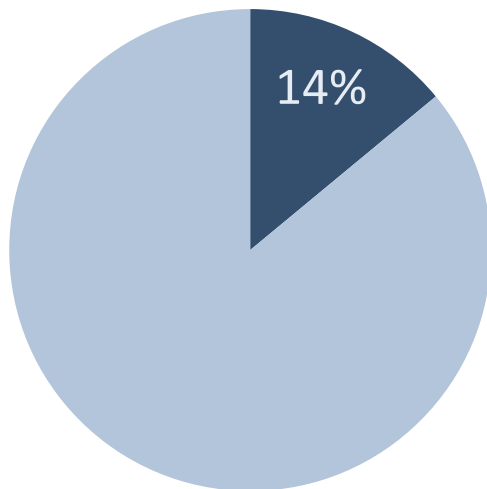
- Obama

- Campaigns on performance pay
- Includes TIF in stimulus (\$200 million)
- TIF funding in budgets (\$487 million in FY2010)
- Effect on teacher union stance?

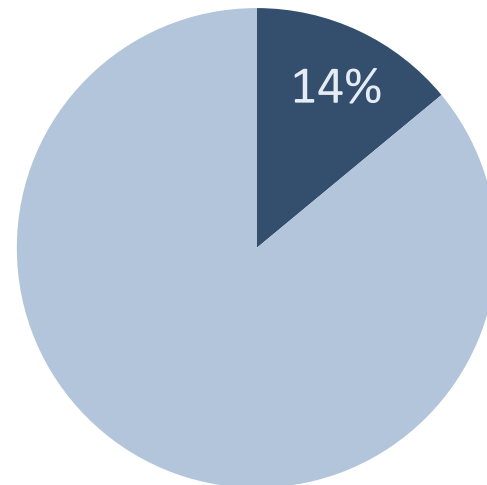
But – Significant Reform is Rare

- 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*)

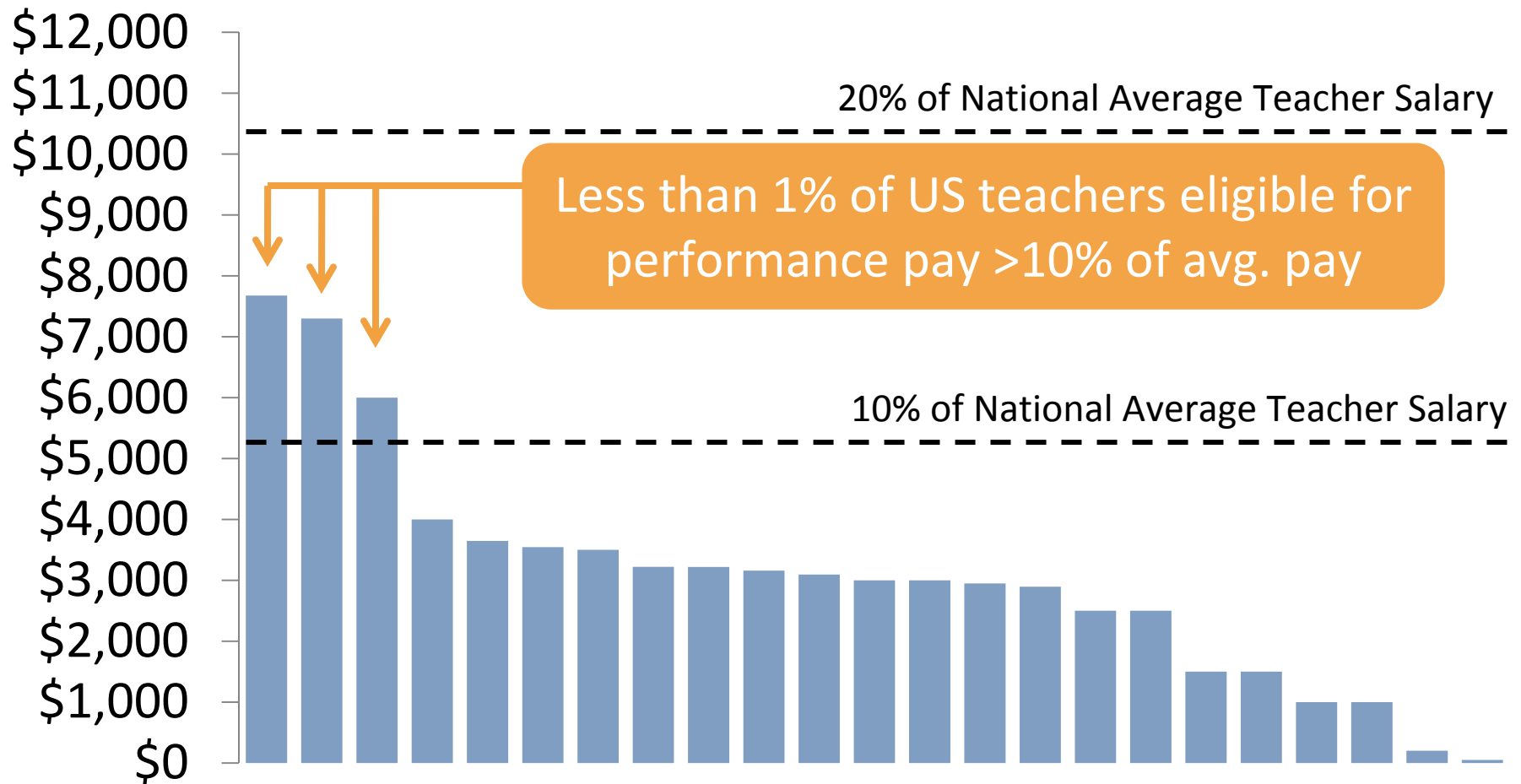
States



Districts

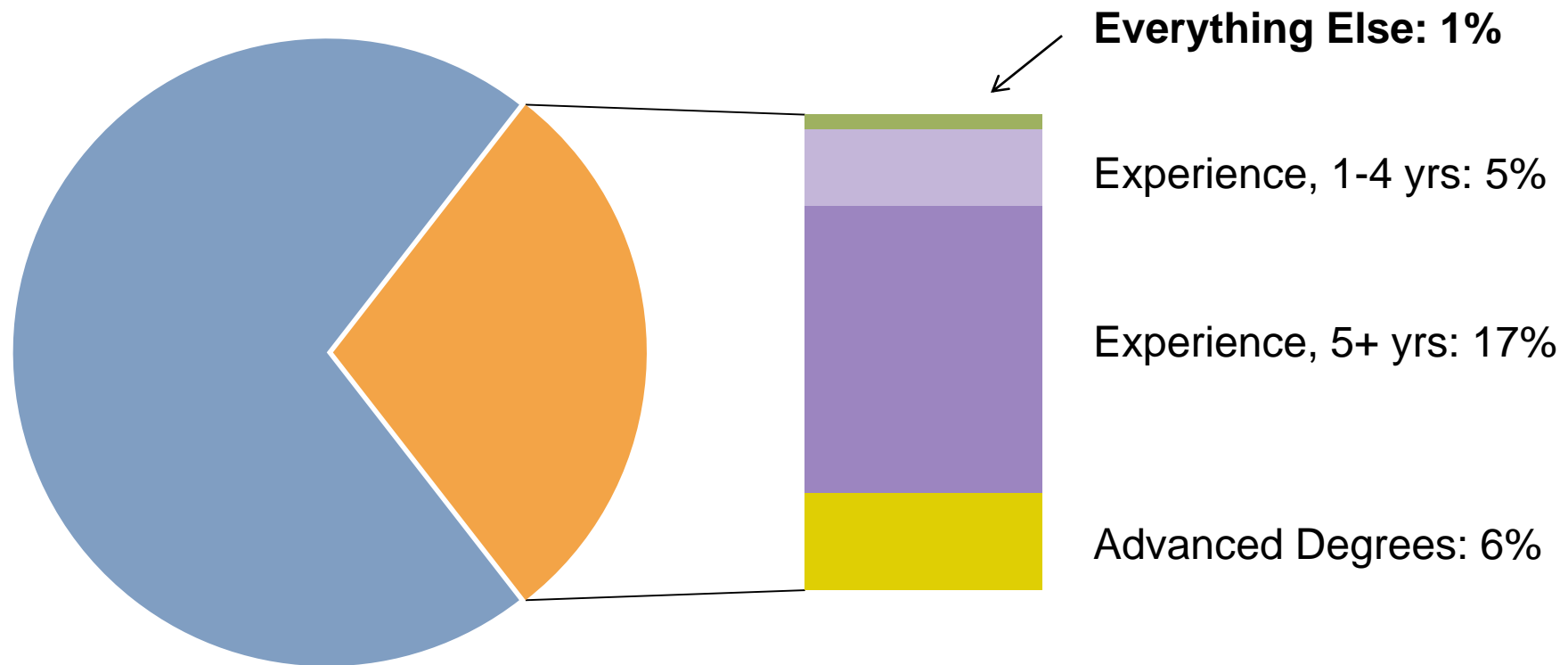


Maximum Performance-Based Awards in Large Districts



Source National Council on Teacher Quality, TR3 Database

Performance Pay Remains a Trivial Part of Total Compensation



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...

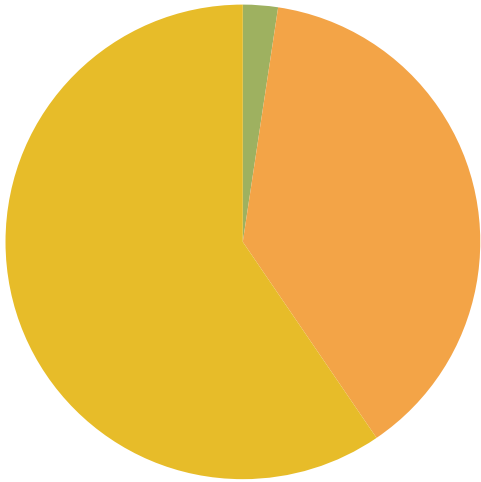
- Give top 50% of teachers performance bonuses averaging \$13,000 with the top teachers earning \$20,000 (or more)

We could, by...

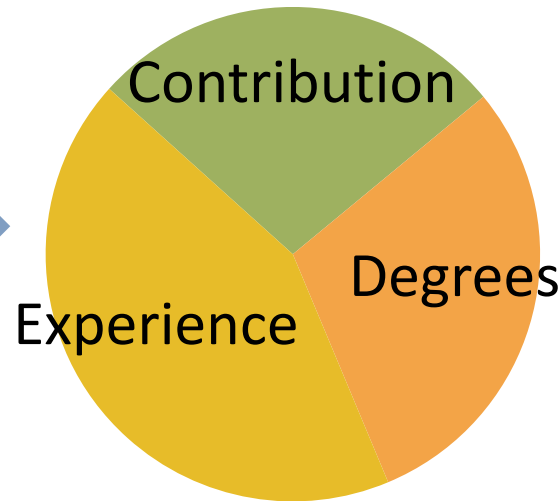
- Reducing post-5 year experience premiums by 50%
- Reducing advanced degree premiums by 80%

Leveraging Change with Short-Term \$

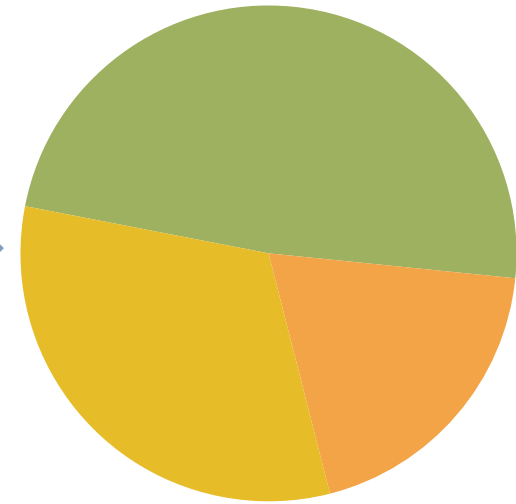
Before Short-Term \$



With Short-Term \$



After Short-Term \$



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.



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Several people from Public Impact contributed to this presentation, including Julie Kowal, Jacob Rosch, and Emily Ayscue Hassel.