

1

Attracting, Developing, Retaining—and Paying—Quality Teachers

Teacher quality matters. It's no doubt, individual, family, community, and other beyond-school factors dramatically affect student success. Nonetheless, of all the factors within the influence of schools, teacher quality is among the most, if not the most, powerful variable affecting student achievement.

In summarizing the findings from the Tennessee Value-Added Assessment System regarding the impact of teacher quality on student achievement, Bill Sanders and his colleagues found that teacher effects were powerful and that teacher effectiveness varied widely within schools. Given the overall influence of teacher effectiveness on student achievement drawn from their analyses, they stated, "the immediate and clear implication . . . is that seemingly more can be done to improve education by improving the effectiveness of teachers than by any other single factor."¹ In fact, the teacher had a larger effect on student achievement than any other factor, including the school system, heterogeneity of ability levels within a class, and class size.

In a more recent, large-scale, experimentally designed study involving randomized assignment of teachers and students in which both teacher

2 Teacher Pay and Teacher Quality

effects and school effects on student achievement were calculated, the researchers found that the impact of teachers was far greater than that of overall school effects. In other words, “which teacher a student gets within a school matters more than which school the student happens to attend.”² More specifically, “if teacher effects are normally distributed, these findings would suggest that the difference in achievement gains between having a 25th percentile teacher (a not-so-effective teacher) and a 75th percentile teacher (an effective teacher) is over one-third of a standard deviation . . . in reading and almost half a standard . . . in mathematics.”³

While the concepts embedded in the No Child Left Behind Act⁴ are laudable, they are only a starting point. Yes, we need “highly qualified teachers,” but more importantly, we need *highly effective* teachers in our schools.⁵ And, if we are to have effective teachers working with every student every day in every school, our best hope is to attract promising teachers, substantially support these teachers in their development as quality professionals, and then keep them in our schools.

The premise of *Teacher Pay and Teacher Quality: Attracting, Developing, and Retaining the Best* is that teacher quality matters—and that it matters a great deal. If we are committed to this premise, then we must be committed to populating our schools with the highest quality teachers possible. While pay, undoubtedly, is not the sole solution to teacher quality, we contend that it *is* a vital factor that we cannot afford to neglect. Indeed, we contend that not only *how much* we pay teachers but also *how* we pay them are fundamentally important issues.

In this opening chapter, we focus on the fundamental connections between teacher pay and teacher quality. In particular, we explore the relationship between compensation and attracting, developing, and retaining teachers. But first, we offer an overview of theoretical frameworks for teacher motivation and reward, followed by a brief history of teacher compensation.

EXAMINING MOTIVATION: DO FINANCIAL INCENTIVES WORK IN PROMOTING TEACHER QUALITY?

A central issue in the debate over teacher compensation systems, particularly when discussing any form of performance-based pay, is the degree to which motivation and compensation are related. The fundamental meaning of *incentive* is that it is something that encourages people to act in such a way that they will receive the incentive as a consequence. Thus incentive-based systems presume that desirable behavior may be achieved more effectively if the individual has an expectation of a reward. A major issue in teacher compensation is to determine what role financial incentives play in teachers’ decisions to join, develop, and remain in the profession—in other words,

how financial incentives compare to other rewards, such as satisfaction with student growth and a feeling of personal accomplishment, in promoting higher levels of teacher quality and performance in the classroom.

Research and theory on motivation have carefully considered whether financial incentives are beneficial to productivity in the workplace. At some level, people do work because of the compensation they receive. Compensation provides a livelihood and supports professional growth and accomplishment. Moreover, the strength of a compensation structure, relative to the strength of the structure in comparable environments, is part of the basis for employee willingness to remain with a given employer.⁶ Indeed, although few teachers would report entering the profession for the money, many who leave the profession dissatisfied express that the low salary was one of their reasons for leaving.⁷ Teachers who move from one school district to another often cite similar concerns with salary, although in both cases working conditions are also highly influential in teachers' decisions to leave the profession or transfer.⁸ The alternative compensation models discussed in this book attempt to address some of the concerns that cause teachers to leave the profession or a given school district dissatisfied with salary and working conditions, as well as to facilitate teachers' desires to achieve intrinsic rewards while providing additional extrinsic benefits. Through providing different kinds of incentives for different aspects of performance, the compensation models strive to increase motivation for higher quality teaching and to reward quality of work.

In making decisions about alternative compensation models, it is important that public policymakers, administrators, and teachers carefully consider the fundamental assumptions of such models and what they suggest about the complex relationships among motivation, performance, working environment, and compensation. Key theories about these relationships and how they may play out in the educational context are summarized below.

Intrinsic and Extrinsic Rewards

One common belief about teachers, supported by a number of studies, is that they engage and remain in their profession not primarily for extrinsic rewards—such as salary and recognition—but for intrinsic rewards, such as the satisfaction of seeing students grow and learn or collegiality with other teachers.⁹ One of the major arguments against compensation plans that incorporate performance bonus components is the concern that reward structures have a tendency to erode intrinsic motivation, as well as potentially having a negative influence on collegiality among teachers.¹⁰ However, evaluations of existing performance-based compensation programs indicate that teachers see both student learning *and* bonuses as positive outcomes of programs and do not perceive the two as antithetical.¹¹ Given the conflicting perspectives on the effects of performance-based

4 Teacher Pay and Teacher Quality

programs on motivation, it is important to explore the types of reward structures more closely because their relationships to intrinsic motivation vary.

Theories of motivation acknowledge both extrinsic and intrinsic rewards as forms of *extrinsic motivation* because both provide desired consequences. However, it may be argued that the two types of reward influence intrinsic motivation—the motivation “[to do] an activity for its inherent satisfactions rather than for some separable consequence”¹²—in different ways, depending on the context in which they are presented. Key factors in this difference include

- perceived locus of control,
- competence,
- identification with goals.

When individuals feel that they have some autonomy over their engagement with a task, that they are capable of accomplishing the task, and that the goal is valuable and relevant to them, their pursuit of the goal and its consequent reward incorporates much more self-determination, the hallmark of intrinsic motivation. On the other hand, when individuals feel their behavior is largely externally controlled, or that they do not have the competence to achieve the goal, or that the goal is not valuable or relevant, then a reward is unlikely to facilitate the development of intrinsic motivation related to the goal.¹³ These factors are similar to those highlighted in expectancy theory, which suggests that financial incentives can increase motivation to expend effort toward a goal, provided that employees

- believe in their own ability to achieve goals,
- see a clear connection between their individual effort and the achievement of the reward,
- value the expected reward enough to put forth the effort required to achieve it.¹⁴

Thus the individual’s psychological connections with the goals, as well as the issue of competence as a necessary condition, emerge within this theory as well.

In the educational context, some of the conditions that are in place might allow incentives to facilitate greater intrinsic motivation. For example, when incentives are linked to desired learning outcomes for students, then they are also linked to the intrinsic rewards teachers desire and, by extension, to their enjoyment of teaching. When teachers feel competent in their ability to achieve desired outcomes—or when an incentive program also provides capacity-building resources to support teachers in developing this competence—then the extrinsic reward may be integrated with the intrinsic rewards as well. Perhaps the most challenging key element to meet within the current educational context is to ensure that teachers feel

autonomy in connection with an incentive program. Such factors as deadlines, competition, directives, and threats, because they are perceived to be externally controlling and thus to limit autonomy, may undermine intrinsic motivation, an undesirable effect.¹⁵ Therefore, although the restructuring of a compensation system may not remove some of these controlling factors, including the rigors of a school schedule and the demands of a state accountability system, such restructuring should take into account the need for teachers to feel some autonomy, through such features as choice and opportunities for self-direction.¹⁶

In schools, the emphasis on setting and measuring goals and outcomes—through daily objectives at the classroom level or long-term mission statements at the school or district level—suggests the worth of the expectancy theory with regard to establishing teacher compensation plans related to performance. However, the cautions mentioned above must be carefully considered to support achievement of goals and fostering of intrinsic motivation. Teachers must feel that

- the goals are achievable and measurable,
- the potential reward is worth the effort,
- they can see a clear connection between their own actions and choices and the achievement of the goals.

In other words, teachers must believe that they can make a difference.¹⁷

Comparison and Collaboration: Fostering Quality and Limiting Competition

As noted previously, competition is one of the elements of an incentive that may be perceived as a controlling factor and therefore undermine intrinsic motivation to engage with a task.¹⁸ Critics of performance-based pay systems also argue that financial incentives linked to performance can carry serious threats to collegiality and collaborative work, as well as rupturing relationships between employees and supervisors.¹⁹ Proponents of performance-based pay argue, instead, that performance rewards can function as motivators and maintain collaborative efforts provided that the awards are based on group efforts and results, rather than results for any single individual.²⁰ Moreover, advocates for reforming compensation argue that the traditional single-salary schedule, while potentially inspiring less competition than some proposed restructured models, also does not foster continuing development or improvement in quality among teachers and may, in fact, dishearten more talented teachers because of its lack of recognition of quality differences.²¹ Concerns about fairness exist side by side with concerns about quality in reviewing and restructuring compensation systems, particularly with

6 Teacher Pay and Teacher Quality

regard to the comparisons teachers are able to make between themselves and their peers.

According to equity theory, people are motivated to reduce inequities they observe in their work environments and thus to ensure fairness; employees who are dissatisfied or sense unfairness may change their behavior, attempt to change the behavior or decisions of others, or perhaps leave the job.²² In education, with the use of the single-salary schedule, teachers can clearly recognize the objective basis for differences in pay, but they also have opportunities to observe one another's effort and to evaluate that effort relative to pay. This is the foundation for objections to the single-salary scale on the basis of fairness. Teachers who extend less effort may be paid more than those who work harder merely because they have been with the school longer, potentially resulting in resentment and competitive feelings among teachers, or even attrition. Equity theory is at work when high-quality teachers are disheartened when they see poor-quality teaching rewarded or feel their own efforts are undervalued by the school system.

Some compensation models attempt to respond to concerns about equity by rewarding strong performance while at the same time responding to concerns about collaboration and competition by making performance awards contingent upon outcomes for groups of teachers, rather than individuals. Although, as noted, this is the recommended route for performance-based awards, it does raise an additional issue, grounded in social dilemma theory. This is the idea that if employees are rewarded for the performance of a group instead of at an individual level, then some individuals will sense the opportunity to be "free riders."²³ This again raises the equity issue, at a more intimate level, if teachers observe others on their own team being rewarded for less effort. Some research suggests that the free rider problem is more a theoretical problem than an actual problem; however, it is a reminder of the importance of carefully structuring and communicating the compensation system, the choices it encompasses, and the teams in which teachers are to work.²⁴

One implication of social dilemma theory is that if performance-based compensation is to be used, it should be emphasized at an individual and not at a group level in order to maintain fairness and avoid the problem of some doing the work for all. However, contemporary organizational understandings, particularly in education, acknowledge the idea that achievement of goals is necessarily the result of the performance of many individuals, and that extricating the performance of one over a group is a difficult endeavor. Balancing the concerns of individual versus group performance is an important consideration in any teacher compensation system. Framed in terms of teacher quality, we must remember a central finding of seminal work in Tennessee on value-added assessment: The most significant outcomes in student achievement occurred when students

had three effective teachers *in consecutive years*. The message is clear: Student achievement is correlated with the *cumulative* effect of *individual* quality teachers.²⁵

Other Extrinsic Motivators

Opponents of performance-based pay systems also argue that because of the nature of the teaching profession and the assumption that teachers do not go into the field for financial reasons in the first place, their motivation to achieve would be better served through providing alternative incentives that improve working conditions and job satisfaction—such as more planning time, resources, and administrative support.²⁶ Indeed, given the limited funding available for school reform efforts, some recommend that funds be used to promote other types of rewards, such as smaller class sizes, instead of making changes to teacher salary systems.²⁷ Regardless, a critical consideration is the effect that rewards linked to performance have on teacher motivation to accomplish their jobs successfully. Again, motivation theorists emphasize autonomy and competence, suggesting that performance-based incentives that provide information and positive feedback and that promote a sense of competence more strongly than they represent control (i.e., limiting autonomy) are more likely to support intrinsic motivation and engagement with the tasks and desired goals.²⁸ The obvious conclusion is that careful consideration must be given to the best ways to align funding patterns with school and district goals and to ensure that teachers reap some external benefits, financial or otherwise, from changes in funding packages so that the laudable internal motivations and desire for intrinsic rewards that brought many teachers to the classroom in the first place are not eroded.

HOW WE PAY TEACHERS: A BRIEF HISTORY OF TEACHER COMPENSATION

The question of how teachers should be compensated for their practice and to what degree that compensation should be tied directly to performance measures and to individual teacher characteristics and behaviors is one that has been discussed and debated in the United States for more than a century. The advantages and disadvantages of different types of pay systems, including the implementation challenges inherent in each, have emerged as various models have been tested and maintained or tried and discarded. Yet, the same questions are revisited again and again as educators, policymakers, and taxpayers consider their goals and the most facilitative mechanisms for meeting them. At the center of the debate over teacher compensation has always been the issue of *fairness*, with the ongoing question of how to

8 Teacher Pay and Teacher Quality

ensure objectivity in recognizing and responding to variations in teacher performance.

Merit Pay and the Single-Salary Schedule: A Swinging Pendulum

Throughout much of the twentieth century, the compensation debate focused on the relative advantages and disadvantages of the single-salary schedule and merit pay models. Key points in this debate are discussed below and summarized in Figure 1.1. Although today the single-salary schedule is the “default” compensation model in use in American schools, forms of the merit pay system actually predate it. As the nation industrialized and urbanized in the late nineteenth and early twentieth centuries, schools grew larger and more complex in administration, and teaching began to emerge as a more long-term and legitimate career. During this period, salaries for teachers began to be somewhat standardized within school districts based on academic preparation and experience—laying the groundwork for the single-salary schedule—but also with different levels of pay for elementary and secondary teachers, for women and men, and for teachers of different racial and ethnic backgrounds.²⁹ Some districts also paid teachers differently depending on their political party affiliation.³⁰ In addition, these compensation systems often included opportunities for teachers to earn merit pay, with merit based on subjective assessments by administrators, often considered to be arbitrary in nature.

Objections from emerging teacher unions, along with and including the rising voices of female educators concerned with issues of equity, eventually led to the development of the single-salary schedule.³¹ This model determined pay for teachers solely based on years of experience and level of academic preparation, not on administrator judgment of merit, with the assumption that these factors bore a positive relationship with teacher effectiveness and student learning, while also being measurable and objective. In addition, the “steps” and “lanes” of the single-salary schedule, representing increasing years of experience and increasing acquisition of graduate coursework, were intended as an incentive for teachers to gain higher education and to remain longer in the profession.³² This model of compensation was introduced in Denver and Des Moines as early as 1921 and was used by 97 percent of school districts in the United States by 1950.³³

Even as the single-salary schedule was growing in popularity during this period, merit pay plans were still in widespread use until at least the mid-1930s. The emphasis on scientific management and efficiency during this period influenced teacher compensation structures, with the notion that the most effective and efficient teachers should be identifiable and could be compensated for their work.³⁴ However, throughout their history, the central problem with merit pay plans has been the issue of defining the behaviors to be used for recognizing “merit.” Defining good teaching has

Figure 1.1 Key Issues in the Debate: Single-Salary Schedule Versus Merit Pay

| | <i>Single-Salary Schedule</i> | <i>Merit Pay</i> |
|--------------------------------|---|--|
| Fairness—Basis for Judgment | Based on objective measures of educational background and teaching experience | Based on more subjective measures, often including administrator ratings that historically have been perceived as arbitrary |
| Fairness—Quality Differences | No direct linkage between compensation and quality; no differential pay for stronger or weaker teachers | Direct attention paid to the quality of the work, with stronger teachers theoretically receiving higher compensation |
| Collaboration and Collegiality | No direct influence | May promote competition for limited rewards among teachers, potentially limiting collegiality in the school environment |
| Funding | Easier to allocate funding because salaries are based on input characteristics of teachers | Funding limits may lead to insufficient funds to reward all teachers deemed deserving of merit pay and/or to quota systems that create competition by limiting reward availability from the outset |
| Ease of Administration | Straightforward administration; primarily requires record keeping on teacher input characteristics and any acquired education | Complex administration, including close linkages to the system of teacher evaluation and/or student performance measures |

traditionally proved elusive because “no single set of teacher characteristics, teacher behaviors, curricular approaches, or organizational devices guarantees a high probability of success in the classroom.”³⁵ Moreover, the traditional reliance of merit pay plans on administrator ratings, often gathered through a limited number of classroom observations and informal interactions, has consistently raised questions about their fairness. These concerns, along with a chronic problem of insufficient funds to support merit pay programs, have led to a history of limited effectiveness; indeed, the failure of many merit pay plans in the past is the basis for much of the opposition to recent compensation reform efforts.³⁶

The single-salary schedule, easier to implement and more concrete in its definitions of fairness, was thus the dominant compensation model for teachers at the midpoint of the century. Nevertheless, although the single-salary system was developed partially in reaction to concerns about the fairness of previous systems, concerns about its own fairness emerged as well, for a related reason. Acknowledging the different levels of skill and competency that teachers demonstrate, some began to raise concerns that a system paying teachers based solely on experience and academic preparation with no performance measure was unfair to those teachers who demonstrated exceptional performance. Moreover, such a system offered

10 Teacher Pay and Teacher Quality

little incentive for exemplary performance and little recourse to require change in minimally competent performance.³⁷

These concerns about the single-salary schedule have been most prominent during periods considered to be educational crises in the country, when society called out for better results from schools and teachers. In the late 1950s, after the launch of Sputnik, merit pay plans again emerged for discussion, with an emphasis on how to ensure that high-quality teachers were providing the kind of high-quality education needed to prepare the next generation of cold war scientists and innovators.³⁸ These plans, however, like their predecessors, also disappeared from use, until the school reform initiatives of the 1980s and 1990s brought the issue of compensation linked to results back into discussion. The 1983 report *A Nation at Risk* recommended that teacher pay be “professionally competitive, market-sensitive, and performance-based.”³⁹ This aspect of the report, coupled with the larger quality concerns it raised, contributed to another movement toward establishing alternative compensation structures for teachers.

Compensation Reform Efforts: Changing the System

Compensation reform efforts following *A Nation at Risk* generally eschewed the term *merit pay* and advocated that models including performance components for teachers use multiple data sources for evaluation and attempt to limit subjectivity. Career ladders, which began to grow in popularity during the 1980s, incorporate the basic structure of the single-salary schedule but make it more flexible, attempting to accomplish three primary goals:

- To add greater relevance and accountability to the steps and lanes of the salary scale
- To identify and support those teachers developing and performing at a high level
- To reward these high-performing teachers with opportunities for leadership roles as well as financial incentives

Career ladder models establish a series of career steps for teachers to achieve, usually designated by titles such as teacher leader, expert teacher, and master teacher. Teachers move up a career ladder by demonstrating professional growth and differentiated roles based on a set of specific criteria. In most career ladder models, movement up the steps results in increased salary and also opportunities for involvement in curriculum development, professional development, or other leadership responsibilities.⁴⁰

However, many career ladder models established in the mid- to late 1980s were abandoned after only a few years, primarily due to lack of funding. Moreover, many teachers opposed career ladder systems for the

same reasons that merit pay systems were opposed: the subjective nature of some of the measures, particularly the notion of involving supervisor ratings of teaching performance and the issue of competition.⁴¹ Because of their structure and emphasis on moving teachers into leadership positions, most career ladder systems have quotas, which may exacerbate the competition issue and engender resentment among some teachers for those who are so visibly recognized.

Over the last century, the pendulum swing between the single-salary schedule and merit pay programs has allowed exploration of the issues of fairness and feasibility in implementing compensation options. Over the last 25 years, additional compensation options have emerged in efforts to respond to the concerns that limit the two traditional models; career ladder models represent one of these options. Other recent efforts to identify and collect data on specific behaviors fundamental to good teaching are beginning to earn respect among teachers, administrators, and teacher unions. The framework set forth by the National Board for Professional Teaching Standards and results of teacher effectiveness studies are legitimizing and standardizing the idea of objective assessment of teacher performance.⁴² Moreover, within the accountability context begun with the standards movement and sustained by the No Child Left Behind Act, we have reached another era of high concern for teacher development, quality, and accountability, necessitating further close examination of compensation structures and their relationship to supporting the goals of attracting, developing, and retaining quality teachers.

CURRENT ISSUES AND TRENDS IN TEACHER COMPENSATION

In the mid- to late 1990s and extending through this present time, another wave of alternative compensation systems has continued to emerge in America in conjunction with movements for standards and accountability across the educational system. School districts currently, in an effort to respond both to predicted teacher shortages and to teachers' concerns about the history of unsuccessful teacher pay programs, appear to be relying more on theories of motivation and organizational management, recent research on teacher effectiveness, and lessons learned from the past as the basis for new frameworks for alternative compensation models.

The educational climate of the last decade or so has been characterized by an emphasis on establishing challenging content standards for students and accountability systems to measure performance against those standards. Likewise, contemporary models for changing teacher compensation reflect attention to identifying performance standards and measures, as well as a focus on linking teacher performance to student achievement. In addition, many emerging models place a strong emphasis on teacher

12 Teacher Pay and Teacher Quality

growth and development, focusing attention on the professionalism of teaching.

The various emerging systems for alternative compensation may be classified into two major categories of emphasis, although many systems incorporate aspects of both in practice:

- School-based performance awards
- Knowledge- and skills-based pay

The first category primarily reflects the emphasis on student achievement, the second on professional development.

School-Based Performance Awards

Programs emphasizing school-based performance awards (SBPA) are grounded in the notion that the mission, goals, and major emphases across school programs should be focused on improving student achievement. Such compensation systems delineate specific goals for growth and then reward the schools achieving the goals. Most SBPA programs emphasize measurement of the achievement of a *group*, encouraging grade-level, departmental, or schoolwide teams in achieving goals, based on a philosophy that teaching should be a collaborative effort and that a climate of competition should be avoided.

Financial rewards from SBPA programs may go directly to the staff individually or to the school budget, as individual bonuses or to support improvements for the school as a whole. The incentive of individual bonuses seems to be a strong motivator, however, and many programs are designed to provide bonuses not only to teachers but to support staff as well.⁴³ For example, in the early 1990s, a school district in North Carolina awarded bonuses to every employee in the school district if the employee met individual and school performance goals. Employees could earn a bonus of up to six percent of their annual salary.⁴⁴ Conversely, a SBPA program came under fire in Houston when 81 percent of the employees in the school district were eligible for bonuses based on student achievement goals set by the individual schools. The program did not serve as an incentive, but as a joke to the community.⁴⁵ Most SBPA programs use a format in which rewards are bonuses to be added to base pay and must be re-earned each period in the program. Ideally, this encourages ongoing efforts to strive toward the goals of improvement and achievement.

One key aspect of school-based performance award programs is the need to establish clear, attainable goals and specific means for measuring the goals. Because most programs recognize the performance of groups at a grade, team, or schoolwide level, they provide the opportunity to streamline multiple initiatives and to leverage various resources, including professional development funds, to support these goals.⁴⁶ SBPA systems also

align various goals that teachers view as positive, including student achievement, professional development opportunities, and financial rewards. According to case study research collected by the Consortium for Policy Research in Education (CPRE), aligned goal emphasis and leveraged resources in SBPA programs are contributing to improved school performance in some districts implementing the plans.⁴⁷

The CPRE postulated several conditions that must be present to support the success of SBPA programs, based on their case study research and its relationship to motivation theory:

- Teachers must believe in their ability to achieve the program goals, and those goals must be in line with the goals of other programs in place at the school.
- Teachers must also perceive the program as fair, well implemented, and consistent with other goals they maintain, such as student achievement.
- The possible positive outcomes of the program must be greater than its potential negative outcomes, such as stress and increased workload.⁴⁸

Although some districts are cautious about implementing SBPA programs because of a perception that teachers may feel threatened by them or may demonstrate an inappropriately competitive response, several existing programs have found extensive support from teachers in their implementation. In the North Carolina school district discussed previously in this section, teachers voted to continue a differentiated pay plan for all employees rather than change to awarding equal bonuses to only certified employees during a statewide financial crisis. One teacher explained, "We don't want people to say we just got a handout. We can show we are accountable for the dollars we get."⁴⁹ In addition, teachers who supported new plans in Denver and Minneapolis stated that they feel a lack of public respect and increasing pressure from accountability efforts. Performance-based programs allow teachers to exert more control over their own destiny and strengthen their sense of professionalism.⁵⁰

Knowledge- and Skills-Based Pay

A second category of contemporary performance award programs being explored in teacher compensation systems is knowledge- and skills-based pay (KSBP). This type of program, sometimes known as competency pay, reflects an emphasis on demonstrated professional growth and development as a basis for compensation. Thus it rewards teachers for acquiring and using professional expertise. In this way, it resembles the traditional single-salary schedule that pays teachers higher salaries based on acquisition of graduate credits and degrees. Therefore, while KSBP incorporates

14 Teacher Pay and Teacher Quality

various new elements into teacher pay, its underlying concepts are relatively familiar to most teachers.

In KSBP systems, teachers receive compensation for professional development that is linked to their teaching assignment and for demonstration of good teaching as determined by specific standards. In some cases, those standards are locally determined. However, many KSBP systems also use externally determined standards, such as those of the National Board for Professional Teaching Standards (NBPTS), singly or in combination with local standards. Such incorporation of externally determined standards, with external evaluators assessing teacher work, is generally supported by teachers as a way to promote fairness within the system.

Most KSBP systems identify knowledge or skill blocks—for example, in content area reading or in instructional technology applications—and define valid and reliable ways for teachers to demonstrate achievement of those blocks. The types of blocks may be categorized as *depth skills*, *breadth skills*, and *vertical skills*. Within this categorization,

- depth skills are intended to strengthen expertise in a given functional or discipline area, such as increasing content knowledge in a subject;
- breadth skills refer to lateral knowledge, such as increasing a teacher's expertise in subject areas other than their primary emphasis or in working more effectively with special needs students;
- vertical skills refer to the development of leadership and management competencies.

These three categories may also overlap to some degree, with the development of skills in such areas as peer mentoring, curriculum development, or staff development reflecting aspects of multiple categories.

Knowledge and skills blocks can then be assigned relative value in terms of how much bonus or advancement pay they merit, based on the difficulty of achieving each block and its value to the school. For example, in KSBP systems that acknowledge National Board Certification, teachers who achieve certification would be likely to receive a higher bonus for that than for a more condensed, specific block because of the extensive NBPTS requirements. Or, in a different KSBP system that has identified a significant need for differentiated instruction, teachers who complete a district-selected training regimen and demonstrate appropriate use of new knowledge and skills in this area would receive additional pay.

In KSBP, teacher evaluation methods may incorporate classroom observation by an administrator or peer but usually also involve a portfolio approach in which teachers must use multiple means to demonstrate their achievement. As with the use of externally determined standards, the review of teacher portfolios by a more external group, rather than a teacher's immediate supervisor alone, promotes a sense of fairness and objectivity in the system.

Because of the nature of teaching as a practice, KSBP programs require careful attention to the standards against which knowledge and skill will be assessed. In addition, teacher unions have emphasized that for such programs to be fair, administrators must ensure that teachers will have appropriate opportunities to demonstrate their competency and that the supervision will be held to an appropriately high quality.⁵¹

Compensation in Public Education and in Private Industry

Pay-for-performance programs, productivity bonuses, and similar compensation strategies designed to improve performance and motivate employees are common practice in the business sector and represent one source from which educators may draw guidelines and frameworks for alternative compensation programs.⁵² However, concerns about the validity of comparing public education and private industry on these issues are often voiced, based on several key issues:

- The variability among the resources (students) that teachers have to work with in order to generate results (achievement)
- Fear of industrializing or mechanizing the process of education
- The determination of what product is desired and how productivity should be measured⁵³

Thus, again, concerns center around fairness and the different contexts in which teachers work, given the different experiences students bring to the classroom.⁵⁴

Another concern is the public nature of pay information for public employees. Corporate pay plans may be kept confidential, but teacher pay and that of other government employees is a matter of public record.⁵⁵ A further, less tangible area of concern about performance-related pay in the private versus the public sector is the fundamental assumption and purpose behind such a pay system: whether the purpose is to *reward* some employees for outstanding performance or to *weed out or punish* other employees for poor performance.⁵⁶ Within the crisis-oriented context of today's public education system, performance-based pay systems are frequently interpreted by teachers as representing the stick rather than the carrot.

Proponents of connecting pay to performance argue that other nonprofit organizations and government agencies also use pay-for-performance systems.⁵⁷ Indeed, they also point to the success in improving achievement of for-profit educational firms, such as Sylvan Learning Systems, suggesting that the link between public and private sector productivity is not as distant as opponents suggest.⁵⁸ Looking at other methods for linking teacher pay to performance measures, supporters have argued that few professional jobs may be directly linked to specific measures of productivity, and that the establishment of *competency-based pay* makes

16 Teacher Pay and Teacher Quality

performance pay a reasonable system for professional positions, including teaching.⁵⁹

A final area of concern around the difference between performance-based compensation in public education and in private industry is basic finance. Private industry is able to provide bonuses for productivity largely because productivity results in higher revenue. In private industry, the alignment between compensation and performance is clear. The “bottom line” is, quite literally, money; therefore, performance that contributes to the company’s “bottom line” is rewarded with an increased share of the “bottom line”—that is, money. In education, the alignment is less evident. The “bottom line” in education is student achievement. Thus the age-old assumption that student learning is “its own reward” for quality teachers and the criticism that linking pay to teacher effectiveness is somehow an affront to teachers’ inherent altruism.

Public education systems hoping to establish performance-based pay programs must find other ways of funding the initiatives, because loss of funding has been the downfall of many innovative compensation programs in the past. Nevertheless, dedicated funding to the program over time, whether through profit projections or through reallocation of funds, is central to the successful establishment of alternative compensation systems.

TEACHER PAY AND TEACHER QUALITY

In a societal context emphasizing educational reform, within which key goals are improving student achievement and ensuring qualified teachers in every classroom, teacher compensation systems are being examined as an avenue for change with the potential to support both of those goals. Moreover, policymakers and policy researchers predict that offering alternative compensation systems may facilitate the related goals of recruiting and retaining quality teachers despite the attractions of other professions.

Given these goals, the rationale for restructuring the teacher compensation system in a school district may be addressed in light of three teacher quality factors:

- Attracting quality teacher candidates to the profession
- Developing professionals across the career span
- Retaining quality teachers in the classroom

Each of these fundamentally important factors is addressed in the following pages.

Attracting Quality Teachers

Teacher salaries, both at the beginning teacher pay level as well as cumulative pay across the teaching career, put the education profession at

a disadvantage in attracting candidates of high potential. Teacher salaries remain somewhat low compared to those of professionals with similar educational preparation. Studies comparing salary rates have consistently demonstrated that teacher salaries are more comparable to salaries in technical fields than to the professions, and few occupations requiring college degrees have salaries lower than those found in teaching.⁶⁰ In 2002, beginning teachers earned much less than their classmates who entered other occupations. Consider the following occupations and salaries for those beginning a career in the given field:

| | |
|-------------------------|------------------------|
| Teaching | \$30,719 |
| Liberal arts | \$34,568 |
| Sales/marketing | \$37,946 |
| Business administration | \$40,242 |
| Accounting | \$41,162 |
| Computer science | \$46,495 |
| Math/statistics | \$46,744 |
| Engineering | \$49,702 ⁶¹ |

A beginning engineer earns more than 50 percent more than a beginning teacher, although both individuals may have spent the same amount of time and money on their postsecondary education.

In addition, the broadening of career opportunities for women and minorities over the last several decades has influenced young people's professional decision making, requiring school systems to focus additional attention on recruitment practices to entice candidates to the profession.⁶² Yet, the dire predictions of teacher shortages are also connected to the issue of aging and retiring teachers, not solely to data regarding teacher preparation programs. Many college students still enter and graduate from these programs, and there is also a trend of professionals from other fields entering education as a second career. Consequently, candidates are available; school districts must then find ways to attract the most talented candidates to their schools. Although conventional wisdom suggests that teachers enter the field for the intrinsic rewards and the service orientation, not for the financial incentives, salary is, nevertheless, an important consideration, and noncompetitive salaries have been found to be one of several significant factors that contribute to novice teachers' departures from the profession during the first five years in the classroom.⁶³

Salaries vary considerably from one school district or state to another, both in terms of starting salaries and rate of increase. School districts must carefully examine the degree to which their initial offerings are competitive and sufficiently attractive to new teachers, as well as how quickly and

18 Teacher Pay and Teacher Quality

through what means teachers will be able to earn higher pay. Many school districts and states are seeking innovative ways to make entrance into the teaching profession a more attractive proposition. Some current innovations include the following:

- Signing bonuses, such as those used by Massachusetts
- Bonuses for those teaching in hard-to-staff schools in Denver
- Scholarships or loan forgiveness, by which college students in education pledge to teach for a certain period in a state's high need areas in exchange for tuition support and/or loan forgiveness, as used in North Carolina
- Increases to the overall salary system, such as those implemented in Connecticut, whereby teacher salaries are given a higher fiscal priority statewide
- Alternative salary scales, such as the system piloted in Cincinnati, which offers a reasonable starting salary but also offers novice teachers the opportunity to move more quickly up the steps of the scale⁶⁴

Each of these options, by offering teachers immediate financial incentives and/or pledging financial flexibility over the career span, makes the profession more attractive to entering teachers than a traditional salary schedule and thus has the potential to increase the applicant pool.

Developing Teachers

A second key area of focus is the need to ensure quality among practicing teachers and to encourage continuous improvement over the career span. A growing body of research continues to amass evidence that teachers influence student achievement more than any other factor, emphasizing both the positive effect of stronger teachers and the negative effect of weaker teachers.⁶⁵ We know through empirical evidence that effective teachers use classroom time carefully, effectively manage student behavior, ask questions that support student learning, and provide timely and useful feedback to students.⁶⁶ This research strengthens the argument for supporting teacher growth and acknowledging exemplary practice. Moreover, some motivation theories suggest that even in occupations with high potential for intrinsic rewards—such as the emotional benefits teachers gain while supporting student learning—there is still a relationship between compensation and job satisfaction.⁶⁷

The traditional salary schedule provides incentives for teachers to remain over time by compensating them based on longevity, and it encourages teachers to gain more education through graduate coursework, but it does not necessarily promote teacher development tied directly to job assignment. Moreover, the traditional salary schedule rewards *putting in time* far more than exerting exceptional effort, and it rewards exemplary

and mediocre performance at approximately the same level. Compensation that is linked directly to demonstration of professional growth and/or professional performance, on the other hand, has the potential to respond to public demands for improvement in teaching in return for tax dollars spent. Linking compensation to professional development has the capacity to stimulate the acquisition of the knowledge and skills necessary to teach to the rigorous standards in today's schools.

Not only might a compensation system encourage professional growth and development in teachers, but it can also potentially influence the role and development of administrators. If administrators must play a crucial role in assessing teachers fairly and accurately for a system that incorporates performance evaluation, then they must give primary focus to their own role as instructional leaders.⁶⁸ Indeed, proponents of alternative compensation systems suggest that linking compensation more directly to professional development and improvement efforts can promote increased discussion of quality instruction throughout a school and a school system.⁶⁹

Retaining Quality Teachers

Just as it is in a school district's best interest to invest in developing teacher talent through professional development and incentives for growth, it is also in the district's best interest to encourage teachers to remain with the district over time. Moreover, it is in the best interest of the education profession to encourage teachers to remain in practice over the long term due to the effects of teacher experience (or lack thereof) on student achievement. In a review of the extant literature on teacher experience, Stronge reported that experienced teachers are more effective in the classroom than novice teachers.⁷⁰ Experienced teachers have better planning skills, use a variety of teaching strategies, are better organized, and deal with discipline issues more effectively. Consequently, a third area of focus in restructuring compensation systems is the need to retain quality teachers by avoiding reaching the maximum income range on the salary scale too quickly.

Studies investigating teacher attrition have documented that among those teachers who leave the profession, newer teachers—who receive lower pay—leave most quickly,⁷¹ and frequently they cite low pay as a major reason for their attrition.⁷² The traditional single-salary schedule is perhaps most disadvantageous to novice teachers in their early years; most salary schedules are *back-loaded*, meaning that salaries rise more steeply at the higher levels, representing more experienced teachers, than at the lower levels where novice teachers are placed. Given this structure, it may take newer teachers many years to achieve a competitive salary. Yet some teachers, even in their earliest years in the profession, demonstrate high effectiveness along with high motivation. Alternative salary systems

20 Teacher Pay and Teacher Quality

have the potential to reward these effective teachers and to encourage them to remain in the profession over time.

At the other end of the career span, more experienced teachers also are influenced by the salary schedule and may be disadvantaged by it. Most single-salary schedules allow a teacher to continue to move up a scale over a number of years; but after 15 or 20 years in the system, teachers generally reach the highest salary possible within their lane and can receive additional raises only through cost-of-living increases or gaining higher education. Other options for these career teachers to increase their salary are to leave the classroom for administrative positions or to leave education altogether and pursue a new career. Thus the system promotes the removal of high-quality, motivated, experienced teachers from the setting in which they may have the greatest influence over individual student learning. Alternative compensation systems, by employing levels of teacher performance in a ladder-type system or by providing bonuses for specific performance demonstrations, can help to maintain teacher motivation over time and can help to eliminate the topping-out problem by linking extra compensation to yearly performance.

CONCLUDING THOUGHTS: WHERE DO WE GO FROM HERE?

Although some theories would suggest that there is a danger in emphasizing extrinsic over intrinsic motivation by implementing a system that uses performance-based awards, the theories that illustrate a clear emphasis on goal setting and the achievability of goals at individual and group levels are important to acknowledge and consider in terms of planning an alternative compensation system.

Teachers may not enter the profession of teaching for monetary gain. However, opportunities in the marketplace are too open and varied in today's world to necessitate that individuals feel that teaching is their only option. In fact, many teachers who leave the profession cite low salary as part of their reason for leaving, especially if they feel ineffective in their role.⁷³ With this in mind, a teacher compensation system that places emphasis on professional development and related performance goals as primary motivators, with financial rewards as an added incentive, has the potential to promote good will in teaching as well as enhancing performance throughout the system.

Compensation as Part of a Total Educational System

One important aspect of the rationale for changing teacher compensation systems is recognition that teacher compensation should be linked to *other organizational changes* within school districts and within the field of education as a whole.⁷⁴ Recent reform emphases in education include

- a results orientation linked to clear performance standards and regular measurement,
- teaching to high standards for all students,
- greater participation by teachers in school management, with corresponding greater emphasis on teamwork.⁷⁵

Within a standards-based reform environment, standards for teacher performance are a natural outgrowth, and professional development to help teachers support student achievement of standards is also a necessity. Similarly, organizational and management frameworks that promote more decision making and empowerment at the school level also support compensation systems that encourage teachers to take charge of their own placement on a salary scale or their own receipt of bonuses for performance.

Next Steps

In *Teacher Pay and Teacher Quality: Attracting, Developing, and Retaining the Best*, we focus on the practical aspects of connecting issues of quality with issues of compensation. In the book, we don't attempt to carve out new theoretical territory; rather, our interest is in providing our readers with practical applications of how to proceed in a step-by-step fashion in the important work of focusing financial resources on attracting, supporting, and retaining a quality teacher workforce. In this introductory chapter, we offer a brief overview of teacher pay in terms of where we've come from, where we are, where we might want to go, and why we might want to go there. Indeed, throughout the book, our focus is on the all-important nexus of teacher pay and teacher quality.