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Preface

School districts across the country face challenging times. School districts must maximize resources with possibly decreasing budgets. At the same time, school districts may face high teacher turnover, an aging teaching population, and mandates from state and federal government agencies. Teacher Pay and Teacher Quality are inextricably linked. While many in the teaching profession cite intangible rewards as reasons for staying in the profession, tangible rewards such as salary, benefits, and working conditions may affect quality teachers' decisions to transfer schools, retire earlier than expected, or leave the teaching profession altogether. The purpose of *Teacher Pay and Teacher Quality* is twofold:

1. To bring together the issue of teacher pay with the important and central issue of teacher quality
2. To provide a sequential and practical approach for developing a comprehensive teacher compensation system based on research and best practice

Teacher Pay and Teacher Quality does not promote a single model of teacher compensation, but rather advocates a component-parts approach for a school district to develop a compensation system that serves its needs and goals.

Teacher Pay and Teacher Quality is designed to serve as a practical how-to book for educators on designing and implementing a teacher compensation system. The book begins with an overview of the critical issues to consider in the development of a compensation system: attracting, developing, and retaining quality teachers. The six chapters are organized sequentially, taking the reader through the definitive steps of educational planning. Scenarios and applications of concepts add to the practical nature of the book. Concepts are introduced early and developed in more depth or examined through a different lens in subsequent chapters. An example of this spiraling effect includes the objective introduction and discussion of pay options in one chapter and the evaluation and application of these pay options in a later chapter.

- Chapter 1 focuses on the connections between Teacher Pay and Teacher Quality, including linking teacher quality and student achievement; viewing pay in terms of attracting, developing, and retaining quality teachers; and examining the history of teacher compensation and theoretical frameworks for understanding teacher motivation and rewards.
- Chapter 2 investigates the relationship between teacher pay and school purposes, including how a compensation system supports the organizational purpose and goals of a school district. This chapter also identifies key objectives, evaluation questions, data sources, and quality criteria linking the goals of attracting, developing, and retaining teachers to the compensation system.
- Chapter 3 considers the school district environment in assessing the teacher compensation system, including using environmental scanning to identify strengths and weaknesses, assessing competition in compensation, and examining the impact of peripheral issues, such as working conditions and student demographics.
- Chapter 4 introduces and discusses pay options available to and used by school districts across the country. These pay options are examined in terms of assumptions and key features, advantages and highlights, disadvantages and concerns, and the focus each brings to teacher quality.
- Chapter 5 offers a model for designing a teacher compensation system. Pay options discussed in Chapter 4 are evaluated and applied in the model, which is a component-parts approach to building a teacher compensation system.
- Chapter 6 focuses on planning for implementation, offering a five-step process for developing a restructured teacher compensation system within a district.

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

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

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