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New Models of Teacher Compensation: *Lessons Learned from Six States*

Executive Summary

From early 2009 to the end of 2010, the National Governors Association Center for Best Practices (NGA Center) held a policy academy on creating new models of teacher compensation. NGA Center decided to focus on that issue in response to growing interest among governors and other state leaders in experimenting with state-designed models of compensation that would reward teachers for their contributions to student learning. Many school district–based pay-for-performance initiatives were already under way across the country. Most provided additional pay for meeting certain criteria, as well as financial incentives to help recruit and retain teachers in subjects experiencing teacher shortages or teachers for hard-to-staff schools.

NGA Center saw an opportunity to give a few states intensive support based on existing knowledge and research on new compensation models for educators. The six states selected for participation—Florida, Indiana, Kansas, Louisiana, Rhode Island, and Tennessee—entered the policy academy with different histories relative to pay-for-performance initiatives, and some already had established them by legislation. The level of support for changing teacher pay varied among and within the states. The academy provided the states with assistance and advice from NGA Center staff, access to other experts, and opportunities to network with other states confronting similar issues and challenges. During the academy, leadership teams from each state began to recognize that they had some challenges in common. They also saw the academy as an opportunity to learn from one another and embrace

some common principles that could guide their efforts. Their efforts could help other states addressing those same issues in the future. The lessons learned resulted in several recommendations for state action. As they seek to create new models of teacher compensation, governors and other states leaders should consider:

- Ensuring that assessment and data systems are capable of measuring student learning growth, providing estimates of value added, and linking student assessment scores to individual teachers;
- Identifying tools and measures for gauging teacher effectiveness that go beyond student test scores; evaluating based on multiple measures (such as classroom observations; aggregate, schoolwide student learning gains; teacher portfolios; student artifacts; teacher value-added scores; and student growth measures); and using evaluation results to identify professional development and other supports for teachers, to help them become more effective;
- Providing high-level leadership and engaging key stakeholders, especially teachers and principals and the organizations that represent them, to develop frameworks, guidelines, and details of new compensation structures; and
- Using reform efforts at the state level in ways that complement one another and maximize other opportunities, such as NGA policy academies or federal grant programs, to support the state’s reform agenda.

Overall, many questions remain about how new teacher compensation models should be structured. How-

ever, the states involved in the policy academy learned significant lessons about using state policy to change the way teachers are paid. They also learned about the essential elements of teacher pay models, such as strong evaluation policies. The valuable lessons that the states learned can be applied in similar efforts in other states.

Introduction

In recent years, governors and other state leaders have shown increasing interest in creating new models of teacher compensation. Their interest is largely driven by the desire to improve teaching quality and thereby student achievement. Research has demonstrated that quality teaching is the most important school-based factor for improving student learning. Research also confirms that the quality of teaching varies significantly, both within and among schools, as measured by differences in student achievement.¹ Because other sectors of the economy use bonus pay to induce higher performance by employees, teacher pay is seen as possibly a way to change teacher performance and improve student achievement. State and district leaders are also interested in teacher pay because they want to get away from across-the-board pay increases and traditional salary schedules that reward teachers without regard for the significant differences in their performance.

Traditional salary schedules, whether created by states or school districts, pay teachers more for higher levels of education or additional years of experience. Research has shown that although experience matters for student achievement, its impact declines after the first few years of teaching.² Furthermore, although advanced degrees in mathematics and science can improve a teacher's effectiveness, advanced degrees in general do not seem to do so.³ Interestingly, neither years of experience nor level of educational attainment accounts for the variability in teacher effectiveness. Observable teacher characteristics—such as type of certificate held, level of education, licensing exam scores, and experience beyond the first few years—explain only about 3 percent of the differences in student achievement that are attributable to

a teacher. However, traditional salary schedules offer teachers greater pay for additional years of experience well beyond the first few years and sometimes offer significant longevity awards at the top end of the experience scale. Traditional salary schedules also provide additional pay for the acquisition of any advanced degree. It is also worth noting that in addition to higher pay for teachers with advanced degrees, many school districts subsidize the cost of tuition for teachers pursuing an advanced degree, often without any requirement that the degree be in the subject area in which they teach.⁴

In spite of limited information about the impact of market-based incentives—including recruitment and retention stipends or additional pay for working in a hard-to-staff school or subject—there have been efforts to make such changes to teacher pay in both districts and states. Most of the initiatives have provided bonuses on top of salaries still governed by traditional pay scales. Bonuses have been used to recruit teachers, especially to low-performing schools or districts; to recruit those with degrees in subjects with shortages of teachers, such as math, science, and foreign languages; to retain teachers willing to stay in a challenging school for a specified period of time; and to reward teachers for improvements in student achievement on state tests.

Studies to determine the impact of bonus-based pay initiatives thus far indicate that they have produced mixed, uneven results. For example, a Massachusetts program that offered a \$20,000 signing bonus to teachers willing to work in hard-to-staff schools had a small impact on recruitment and retention and was less effective than some of the state's alternative certification programs.⁵ In contrast, a bonus program in North Carolina that offered \$1,800 to teachers certified in mathematics, sciences, or special education and teaching in a high-poverty school reduced teacher turnover rates by 17 percent.⁶ In a Texas study, researchers estimated that it would take a salary increase of 25 percent to 40 percent to induce an inexperienced female teacher to teach in a large urban district instead of a suburban district.⁷ Interestingly, studies done in other countries have found a general-

ly positive impact on student achievement. However, it is not clear if the gains persist and actually indicate higher levels of student learning. Significant differences also exist between the programs in other countries and those in the United States.⁸ For example, initiatives in other countries focus not solely on the additional pay that a teacher receives but also on the additional supports offered to them as part of a pay-for-performance initiative. It is possible that one reason that U.S. pay-for-performance initiatives have not been as successful as those in other countries is that they usually lack the additional resources and training to encourage teachers to approach instruction differently. Without more meaningful and helpful preparation experiences and professional development to help teachers improve their practice, new performance-based compensation models may frustrate teachers who, in spite of the lure of incentives, are unable to help students improve their performance. Furthermore, market-based incentives may not have the desired impact because without other types of professional support, increased pay is not sufficient to recruit teachers to, or retain them in, challenging schools.

Many teacher compensation initiatives in this country have been short-lived, and that may be another reason for their limited impact. Because most pay-for-performance initiatives are bonus based, when budgets are constrained, they are vulnerable to spending cuts. Other efforts to pay teachers differently may have failed because they relied solely on individual student test scores or used weak teacher evaluation systems, in addition to not providing practical support to teachers.

Bringing States Together to Create New Models of Teacher Compensation

Because of the growing interest among state leaders, and governors in particular, NGA Center undertook a project to help six states create new teacher compensation systems using NGA Center's policy academy model of state technical assistance. A policy academy is an

intensive process for helping a small number of selected states develop and implement a policy initiative to address a common public policy issue. A policy academy brings together influential state policymakers—such as governors' education policy advisors, chief state school officers or their deputies, teacher union leaders, and state legislators—with leading national experts to coordinate state-specific policy strategies. Participating states receive assistance from NGA Center staff and leading national experts in assessing their state context, facilitating state team planning, developing policy strategies, engaging key stakeholders, and building support for reforms.

In December 2008, NGA Center hosted a policy forum on enhancing teacher effectiveness to help state leaders learn more about promising practices in the areas of teacher compensation and evaluation and also around preparation, recruitment, and retention. During the forum NGA Center released its request for proposals from states interested in participating in the teacher compensation policy academy. Seventeen states submitted applications.

In early 2009, an independent selection committee of experts and former state leaders reviewed and scored the proposals submitted. They selected six states for participation in the policy academy—Florida, Indiana, Kansas, Louisiana, Rhode Island, and Tennessee. Each state also received a \$25,000 grant from NGA Center to help defray the costs of in-state meetings, travel within and outside the state to attend academy meetings or to meet with experts or officials in other states, or contracts with consultants. The participating states undertook to develop models that included multiple measures of teacher effectiveness and to engage in a process that would be broadly inclusive of key stakeholders, especially teachers and their associations or unions. Each state's participation in the policy academy was led by a team of high-level state officials, including a senior representative from the governor's office. The policy academy ran for 18 months, from spring 2009 through fall 2010.

Once the participating states were notified and received

their grants, NGA Center staff scheduled an initial site visit with each state leadership team. Before the visits, NGA staff developed a draft technical assistance plan for each state based on the goals outlined in its proposal. During the site visits, NGA Center staff worked with the state leadership teams to refine their technical assistance plans and identify what resources the state would need to achieve its goals. Technical assistance included access to NGA staff expert in the area of educator compensation and consultative services from leading experts and researchers,

In addition to receiving assistance from NGA staff and other experts, the six states participated in two cross-state meetings where they heard presentations by researchers and leaders from states, such as Minnesota, that had experimented with teacher pay initiatives. The first meeting took place in Nashville, Tennessee, in August 2009, and the second in New Orleans, Louisiana, in May 2010. Those meetings also provided the state teams with time for team discussion and planning. At the second meeting, the state teams were asked to share with one another the progress they were making toward meeting their goals, as well as lessons they were learning along the way. During the sessions and throughout the policy academy, the participating state leaders and NGA Center staff learned lessons that may prove useful to other states as they consider new models of teacher compensation. Below are summaries of the six policy academy states' goals and accomplishments and a compilation of the lessons learned across all six states.

State Actions and Accomplishments

Florida

Florida leaders entered the policy academy with several advantages, including a comprehensive assessment system that includes measures to determine how much of an impact a teacher has relative to student learning over the course of a school year (commonly known as “value-added” measures). In addition, state statute (Section 1012.34) already required that every teacher and admin-

istrator be evaluated at least once each year and that the evaluation be based primarily on the performance of the educator's students at the classroom or school level.

Because of the law, Florida had launched several pay-for-performance initiatives in the past 10 years. Starting in 1997, the state legislature mandated that districts annually evaluate the performance of teachers on classroom management, subject matter knowledge, instructional strategies, student assessment, parent involvement, and professional competency.⁹ In 1998, the legislature passed two additional statutes requiring that districts base annual teacher performance evaluations on improvements in student learning¹⁰ and that they base a portion of teacher pay on the annual evaluation.¹¹ In 2005, the legislature passed then Governor Jeb Bush's A-Plus Education Plan (A-Plus), which required state assessments in grades three through 10 and new school accountability measures. The law also required that districts develop plans for identifying teachers and school leaders who demonstrate “outstanding performance” and award them a bonus in pay.¹² The state gave the districts flexibility to design a program, but it required that the bonuses be 5 percent of an educator's salary and that districts use existing personnel funds to cover the cost. That requirement made A-Plus quite unpopular with district school boards in particular.

After encountering widespread resistance to implementing A-Plus, the state created three subsequent initiatives to refine performance pay for its teachers. The 2005 Education Performance Pay Rule, or E-Comp, increased the weight of student achievement in pay awards and provided a state appropriation to support the district-designed programs. That provision was added to address the lack of funding that made A-Plus unpopular. In spite of that provision, however, E-Comp met with resistance as well. In response, in 2006 Governor Bush created a new iteration of performance pay in the Special Teachers Are Rewarded (STAR) program, which specified that at least 50 percent of a teacher's performance evaluation must be based on student learning gains and the rest consist of the principal's evaluation of

the teacher. By 2007, STAR had lost significant political support and was replaced with the Merit Award Program (MAP). MAP replaced much of the earlier statutory language and made district participation voluntary. It did not eliminate the requirement that districts base a portion of teacher pay on performance. As of early 2009, only seven districts and 180 charter schools were participating in MAP.¹³ The low participation among school districts reflects a general lack of support among teachers, superintendents, and local school board members for pay-for-performance in Florida.

Goals

Florida leaders hoped to learn from other states as they approached expanding and reorganizing the state's effort to improve educator effectiveness. They planned to assemble a statewide policy team to refine the state's plan and build support for yet another new model of teacher compensation. The team planned to conduct focus groups of high-performing teachers, teacher educators, principals, researchers, and other stakeholders from around the state with detailed knowledge of policy and research. Florida leaders also hoped to gain the support of more teachers by actively engaging them in educator effectiveness initiatives, including policies and regulations on preparation, evaluation, and compensation. To do that, they conducted more focus groups across the state to find out what elements of previous pay-for-performance initiatives the teachers liked and what they would support in a new plan. The team identified several key desired outcomes, including:

- Establishing a body of research about effective teaching practices;
- Articulating a statewide description of the components of effective instruction;
- Establishing a common language for communicating, identifying, and promoting effective instruction that should be used in teacher preparation, support and professional development, and evaluation systems;
- Developing state board of education regulations for teacher quality and performance that will align

expectations for instructional practice and student achievement; and

- Conducting an information campaign and technical assistance training for practitioners when the new regulations are implemented.

Accomplishments

State leaders indicated that their participation in the policy academy and the \$25,000 grant helped stimulate constructive dialog among key education leaders about how to incorporate student achievement measures into teacher evaluations and alternative compensation models. NGA Center staff helped the Florida team to further develop its strategy for conducting the focus groups and identify external consultants who could help conduct them. The state then contracted with the consultants to conduct a series of 12 focus groups and 17 structured interviews with teachers, teacher union leaders, postsecondary education officials, principals, superintendents, and school board members in a representative sample of districts throughout the state. Florida leaders used the focus groups particularly to obtain feedback on how to improve policies for teacher and principal compensation or create new ones.

To address the perceived shortcomings of MAP, state leaders worked with legislators to develop new legislation to revise the existing performance pay laws, incorporating findings from the focus groups. The legislature ultimately passed Senate Bill 6, which would have eliminated tenure for newly hired teachers, eliminated pay scales based on experience and advanced degrees, and required school districts to establish performance pay for teachers and school leaders. The bill would have required districts to base decisions about performance pay on annual evaluations based on value-added measures of student learning gains.¹⁴ Then Governor Charlie Crist vetoed the bill in the face of significant opposition from teachers and their unions. However, many of the bill's components of relating to performance compensation for teachers and principals were included in the state's successful Race to the Top grant application to the U.S. Department of Education. Districts receiv-

ing a portion of the state’s \$700 million Race to the Top grant agreed to incorporate measures of student learning growth into teacher and principal evaluations. Those value-added measures will be the primary factor in rating the effectiveness of teachers and principals and will form the basis for decisions about retaining and rewarding them. Then in 2011, newly elected Governor Rick Scott signed Senate Bill 736, which accomplished much of what Senate Bill 6 had proposed in 2010. The bill ended tenure and replaced the traditional salary schedule with performance pay based on performance evaluations, 50 percent of which must in turn be based on value-added growth in student learning, as found by state assessments.¹⁵

Indiana

Indiana leaders entered the policy academy with the goal of developing a new teacher compensation plan that would work in the state’s unique context. Governor Mitch Daniels and State Superintendent of Public Instruction Tony Bennett were both committed to creating new models of compensation within a broader plan for improving teaching and teacher effectiveness that included improvements in teacher evaluation. Furthermore, Indiana had a relatively new comprehensive student assessment system. State leaders were also working on a transition to use of a student growth model in the school accountability system. Indiana’s K–12 data system was already well developed, and the state was in the process of creating the ability to link teacher and student data, an element necessary to implement pay for performance.

In spite of the governor’s support, there were also a number of challenges in Indiana. Teacher compensation reform had not been tried either at the state level or in individual school districts. Furthermore, Indiana law prohibited principals from using student scores on the state assessments in teacher evaluations, and the current state legislature was not likely to eliminate that provision from state law. The state teacher union had expressed support only for additional compensation for performing additional duties, not for compensation based on measures of student performance. In view of the current status of state law and the lack of support among teacher

union leaders, state leaders were hoping to find some school districts that would voluntarily adopt or pilot an alternative teacher compensation model.

Goals

The state’s plan for participation in the policy academy included learning from other states with similar interests and challenges and gathering information about possible alternative teacher compensation models. Key goals included:

- Reviewing current laws and regulations to determine which needed to be eliminated or amended;
- Analyzing department of public Instruction practices, data collections, and initiatives that might affect teacher compensation;
- Determining which methods of compensation would have the most impact and would be most likely to work within existing constraints;
- Identifying funds to support the identified compensation plan;
- Choosing partner school districts that could help formulate policy and volunteer to pilot the model chosen; and
- Developing an evaluation tool or system to measure the impact of the program chosen.

Team leaders were particularly interested in learning more about the System for Student and Teacher Advancement (formerly known as the Teacher Advancement Program or TAP). TAP gives teachers additional pay both for increased job responsibilities and for performance in the classroom. It also provides teachers with opportunities to advance their careers as classroom teachers and professional development to improve their practice. The leadership team wanted to help other leaders in their state learn more about the TAP model by taking them on visits to districts in other states where TAP had been implemented.

Accomplishments

Through participation in the academy, Indiana team leaders connected with TAP leaders and their parent organization, the National Institute for Excellence in

Teaching, as well as leaders from Tennessee and Louisiana, where TAP was operating in several school districts. NGA Center staff helped facilitate discussions among the various parties. Using grant funds, the Indiana team leader took a group of charter school staff from Indiana to visit TAP schools in the Algiers school district in Louisiana. The state team then successfully applied for a Teacher Incentive Fund (TIF) grant from the U.S. Department of Education to support TAP implementation in Indiana. The grant is supporting the state's work with 45 schools around the state, as they prepare to implement the TAP model. The TIF grant also allows schools to provide retention bonuses for teachers staying in positions at schools that are designated as hard to staff, typically as a result of low student performance and high proportions of disadvantaged students. The state teachers union expressed its support both for the state TIF grant and for TAP.

In addition to developing the TAP model in limited numbers of schools, state leaders began to pursue legislative changes following the 2010 election. In 2011, several bills that enacted significant reforms, including changes in collective bargaining and teacher evaluation, passed and were signed by the governor. Senate Bill 1 requires new, annual teacher evaluations that include measures of gains in student achievement; it ties decisions about salary increases to performance on the evaluations.¹⁶ Senate Bill 575 puts limits on collective bargaining and specifies that districts cannot collectively bargain the procedures or criteria for evaluating teachers.¹⁷

Although many additional schools are interested in adopting the TAP model, challenges remain. For example, state leaders are working to identify funding sources to support districts as they develop new evaluation measures and compensation models. Teacher union leaders and many teachers themselves are opposed to performance-based compensation and are concerned about recent changes.¹⁸

Since the end of the policy academy, the state has used its experience with new models of teacher to redesign the

state's educator evaluation policies. For example, only teachers who earn highly effective or effective ratings can benefit from additional pay awarded for performance.

Kansas

Kansas state leaders hoped to build on the work of the Teaching in Kansas Commission, formed in 2007 to focus on a teacher shortage, including issues of preparation, recruitment, retention, and licensure. The commission presented its final report and recommendations to the Kansas State Board of Education in December 2008, a total of 59 recommendations grouped into three stages of implementation. The state board quickly accepted the first stage recommendations, which addressed teacher training, recruitment, and retention, and authorized the department of education to begin implementation. The second stage recommendations included more significant changes, including ones related to compensation. At the time of its application to the policy academy, the state board had not acted on the stage two recommendations nor provided any clear signals as to when it might consider them. State leaders saw the NGA Center policy academy as an opportunity to further the commission's work on teacher compensation, which was one of the most challenging matters before it.

Goals

The Kansas leadership team entered the academy with the goals of further exploring various models of teacher compensation and supporting further action around the recommendations made by the Teaching in Kansas Commission to the state board. Specific goals included:

- Learning more about compensation models that enhance teacher effectiveness;
- Developing a plan for implementation of new teacher compensation models;
- Engaging stakeholders in discussion about proposed models;
- Identifying new models and obtaining state funding for them; and
- Beginning to implement new models of teacher compensation.

The leadership team viewed the academy as an opportunity to gain access to experts and to network with other state leaders addressing the same issues. The policy academy would also allow them to bring experts to Kansas to share information and begin developing new compensation models with a broader range of stakeholders and policymakers.

Accomplishments

The Kansas leadership team believes that the members' participation in the policy academy has advanced knowledge and understanding of alternative teacher compensation models among a broader range of policymakers and education leaders and that, as a result, readiness to launch a pilot of new compensation models has grown. Kansas team members participated in the academy meetings and learned from experts and other state leaders about various options to consider. The state team conducted a survey of district superintendents to determine the extent to which performance-based compensation might already be in use across the state. The survey found a variety of initiatives related to, or incorporating elements of, performance-based pay, including career ladders; pay for demonstrated knowledge and skills, such as National Board Certification; pay for student performance; and market-based pay initiatives, including ones for teachers working in hard-to-staff and low-performing schools. The state has also contracted with the Educational Testing Service (ETS) to help it develop evaluation instruments for teachers and school leaders.

The Kansas team encountered a number of unanticipated challenges just as they were applying to and entering the policy academy. Significant changes in state leadership occurred, with both the governor and the state commissioner of education leaving Kansas very shortly after the policy academy started. The deputy commissioner, who was leading the state team participating in the policy academy, was appointed interim commissioner of the state department of education. At the same time, the state began to prepare its federal Race to the Top grant application. Although some of the concerns and goals of the state's participation in the policy acad-

emy complemented its Race to the Top plans, the timing of the opportunities put too many demands on the time of some team members. Nevertheless, the Kansas team actively participated in the academy and accomplished some of its goals. State leaders found other opportunities to make progress on teacher compensation through the newly formed Kansas Education Commission and its project with ETS to design a statewide model for teacher and school leader evaluations. The state is interested in launching a pay-for-performance pilot, but current economic conditions preclude fully funding such an undertaking.

Louisiana

For more than a decade, Louisiana has used its Blue Ribbon Commission for Educational Excellence to study a problem, produce recommendations, and take policy action. The commission is led by co-chairs from the Board of Regents for higher education and the board of elementary and secondary education. Each year the commission identifies an area of focus for its efforts, brings in national experts to present the latest research and information, and develops recommendations, which are presented at a joint meeting of the board of regents and the board of elementary and secondary education. The boards can then approve the recommendations and direct staff to identify policies, procedures, and laws needed to implement them.

In December 2008, an advisory group communicated to the commission the opportunity to participate in the NGA Center policy academy. With the governor's support, in February 2009 the Blue Ribbon Commission began to explore the issue of teacher compensation and identified it as the area of focus for 2009–2010.

Louisiana already had in place or under development several key elements that provided a foundation for developing new models of teacher compensation. First, Louisiana had created a value-added assessment model that was already being used to measure the learning growth produced by new teachers emerging from the state's teacher preparation programs and to rate the pro-

grams. An effort was already under way to expand the use of value-added measures and develop a value-added model for measuring growth in student learning among all teachers. Louisiana also had the longitudinal student data system needed to track student achievement and link students to their teachers. Louisiana had successfully piloted TAP in a limited number of schools. It was interested in increasing the number of TAP schools and using elements of the TAP system in the teacher pay model to be developed.

Louisiana had the advantage of a fully developed, robust data system, which the other states did not have. Most important, the state was already using value-added measures. Governor Bobby Jindal had expressed his support for developing a value-added assessment model for measuring the effectiveness of practicing teachers. In addition, in 2008 the state legislature had passed a resolution requesting the state board of elementary and secondary education to review its policies and programs, current laws, and other policies and practices that concerned financial incentives for teachers.¹⁹ The task force that the state board created in response identified challenges for the state that included limited compensation initiatives at the district level that were scattered in approach and not based on research and that suffered from limited funding.

The task force recognized that for new compensation systems to work, the state would need to identify and plan for sufficient funding that would be sustainable over the long term. A new system would also require the development of a commitment among key stakeholders during the transition from the old compensation systems to the new. The task force identified a need for a comprehensive performance compensation system. The state leadership team had unanimously agreed that any comprehensive compensation system would include teacher professional development and that compensation decisions would be based on multiple measures of teacher performance and objective measures of student achievement. They also agreed that it should include teacher evaluations based on professional standards and

that the evaluation system should be designed to give teachers support and feedback to. In addition, the leadership team agreed that the system should include career advancement options for teachers who wanted to maintain their primary role as a teacher but take on additional leadership responsibilities in the school.

Goals

The Louisiana leadership team entered the policy academy with a few clear goals:

- Creating a comprehensive teacher compensation system model and action plan;
- Identifying policies that would support the comprehensive compensation model, which could be presented to the state board of elementary and secondary education and board of regents by September 2010; and
- Identifying new laws or changes in existing laws that would support the new system, which could be presented to the governor during in September 2010 and addressed during the 2011 legislative session.

The team members planned to draft the new compensation model and develop an action plan. They would make presentations to groups of legislators, superintendents, and principals, as well as teacher organizations, and obtain their feedback and input. They also asked the Louisiana Department of Education to begin to identify funding sources; the members knew that their efforts would fall short if districts were without the funds to pay for the new models. After collecting feedback from a wide variety of stakeholders, the leadership team created a draft framework for new teacher compensation models that districts could use. The draft would be submitted to the governor for approval, as well as to the Blue Ribbon Commission. The team would use the policy academy to analyze existing policies, develop the details of the model, locate potential sources of funding, and pinpoint the necessary policy and legislative changes. During the academy, the state's leadership team also identified a need for a communications plan to build understanding and support among key stakeholders.

Accomplishments

Louisiana's state team accomplished its goals and created The Louisiana Comprehensive Teacher Compensation Framework.²⁰ It includes many of the principles embodied in the TAP model, which was already being implemented in several Louisiana districts. The new framework is meant to guide districts in their efforts to develop new compensation models to meet the needs of students and teachers. It identifies funding sources that are available to support school and district efforts. The framework was shaped by the state team's participation in the policy academy and their interactions with experts and other state leaders during the academy meetings. The team tapped several speakers from the academy meetings to make presentations to the Blue Ribbon Commission, including NGA Center staff members, who also helped the leadership team review initial drafts of the framework. Throughout the project, NGA Center staff provided guidance and strategic advice that helped shape the commission's work.

In May 2010, the chairs of the Blue Ribbon Commission presented the framework and their recommendations to the joint meeting of the board of elementary and secondary education and the board of regents. The boards approved a motion to receive and endorse the commission's report and recommendations, and they directed the state department of education to begin implementation. The commission determined that no new board policies were needed to implement the framework, but it recommended legislative changes that were ultimately signed into law by Governor Jindal in 2010. Act 54, known as the Value-Added Bill,²¹ changes the way that teachers and school leaders are evaluated; it includes a requirement that 50 percent of a teacher's or leader's evaluation be based on a value-added assessment of student learning. Act 54 creates an advisory committee to develop policies and procedures to implement the new evaluation requirements and provides for a two-year pilot prior to full implementation in the 2012–2013 school year.

Districts are voluntarily developing new compensation models with the framework as a guide. State budget cuts

have made funding a challenge, but the commission also suggested alternatives, including federal grants. Louisiana applied for, but did not receive, a Race to the Top grant, which could have provided funds to support implementation. The state department of education was successful in securing a federal TIF grant of \$36.5 million to implement the TAP model in 70 high-need schools. Other entities received TIF grants to implement TAP in specific school districts or charter schools, including 29 high-need schools in the New Orleans Recovery School District.

Rhode Island

Rhode Island leaders entered the policy academy hoping to build on their existing efforts to develop a statewide performance management system for teachers that would include new models of compensation. Through other initiatives in the state, leaders had already reviewed research and determined that Rhode Island should develop a performance management system that would include:

- Evaluation based on statewide professional standards for teachers and school leaders;
- Career advancement opportunities for teacher leaders other than moving into school administration;
- Ongoing, job-embedded professional development tied to evaluation;
- Meaningful awarding of tenure and advanced certification; and
- Performance-based compensation.

State leaders had already done significant work to develop statewide standards for both teachers and leaders that would guide professional practice and inform the development of state evaluation and performance standards. The board of regents approved the standards in 2007. In spring 2009, about the time that Rhode Island entered the policy academy, department of education staff had begun drafting a framework for performance evaluation. Once adopted, the framework would provide criteria for each school district's redesign of educator evaluations. State leaders recognized that the evaluation

program that the districts then adopted would provide a foundation for new compensation models based on performance.

In January 2008, then Governor Don Carcieri commissioned the Rhode Island Urban Education Task Force to develop recommendations to improve public education in the state's five core urban communities. In December 2008, the task force submitted seven preliminary recommendations to the governor. One of the recommendations called for creation of a statewide performance management system for educators that would address, among other elements, incentives and alternative compensation structures for teachers, for which the task force planned to develop guidelines.

Goals

State leaders saw the policy academy as an opportunity to support both the state department of education and the urban education task force in their efforts. They recognized Rhode Island's political culture and the value that various stakeholders placed on local control and collective bargaining, both of which are significant influences in determining salary schedules for educators. They further recognized the importance of engaging key stakeholders in the effort to design a performance management system and in the work of the team participating in the policy academy.

Rhode Island outlined both long-term outcomes and short-term benchmarks for the work on developing a performance management system. The leadership team saw the policy academy as an opportunity to support all of the outcomes, but specifically the development of alternative compensation models. In the longer term, Rhode Island leaders hoped to:

- Establish a linked student- and teacher-level longitudinal data system for tracking progress on student achievement and teacher performance indicators;
- Secure adoption of a performance management and evaluation framework by the board of regents;
- Design a system of teacher support and professional

development for improving instruction; and

- Develop and implement a model of teacher compensation linked to effectiveness.

In support of efforts to develop a new model of teacher compensation, the state leadership team identified specific benchmarks. They planned to use the policy academy activities and grant to:

- Identify and research best practices in other states across the country;
- Identify existing state laws, regulations, and other factors that might support or inhibit the creation of new models of compensation;
- Articulate options for a compensation model based on teacher effectiveness;
- Conduct outreach to key stakeholders, including a summit on alternative compensation to gain input and explore compensation alternatives;
- Design and adopt a compensation model and determine the regulatory and legislative actions needed to implement it.

The state leadership team recognized the importance of the new evaluation standards and data system, as decisions about how to frame teacher evaluations would ultimately influence how evaluations could be used in any new compensation structure. Decisions about educator evaluations were thus seen as integral to the work on compensation.

Accomplishments

Rhode Island accomplished many of the goals it set for its participation in the policy academy. Although the state did not create an alternative compensation model, it reinforced the need to do so and began to build support for the change among stakeholders, including teachers and school leaders and their associations.

Early in the policy academy, the board of regents approved the final Educator Evaluation System Standards,²² which included the requirement that an educator's effectiveness be determined primarily by evidence of impact on student growth and academic achievement.

The policy academy team worked to make sure that their work supported the state's efforts to build understanding of and support for the new evaluation standards and to develop a model evaluation for districts to adopt or adapt. The team used the policy academy to develop the details of an evaluation model that could both promote instructional improvement and serve as the foundation for new compensation models. In 2009, the Rhode Island Federation of Teachers (RIFT) received an American Federation of Teachers Innovation Fund grant of \$200,000 to support development of a comprehensive teacher evaluation and support system. The state team included leaders from RIFT, and the team worked to coordinate the state's efforts with the work being done with the innovation fund grant.²³

The state team examined existing state laws and regulations and concluded that there were no specific barriers to new compensation models. The team also commissioned an analysis of current systems for determining educator compensation in Rhode Island. The analysis found that the existing salary schedules are not designed to recognize, or better use, or provide incentives for experienced and effective educators. The state leadership team also learned from experts and leaders in other states about the challenges and benefits of various compensation models. The team worked with NGA Center to hold two symposia for state policy leaders and district teams of educators focused on engaging the participants in constructive discussions of key issues and obtaining their input. The first focused on the new educator evaluation standards and the requirements for districts to adopt new evaluations that would meet them. The second symposium focused on future changes in teacher compensation. NGA Center staff offered strategic advice throughout the project, but particularly on the symposia, and helped develop the agendas, identify speakers, and facilitate discussion sessions.

Rhode Island successfully applied for a Race to the Top round one grant from the U.S. Department of Education. Its application included some of the policy academy activities as evidence of the state's commitment to

performance-based evaluation and compensation. Information gleaned during policy academy meetings with other states and experts also helped inform the state's application. The state's new evaluation requirements are integral to the Race to the Top grant, which will support implementation of the new evaluation requirements during the 2011–2012 school year. The grant includes \$500,000 to support local districts' efforts to pilot redesigned compensation structures.

Tennessee

Tennessee entered the policy academy with a strong foundation for creating new models of teacher compensation. In 2007, the Tennessee General Assembly had adopted legislation that required all school districts to submit differentiated pay plans.²⁴ The state board of education formed a task force to provide guidelines to the districts. All of them had developed their plans, submitted them to the department of education, and received approval. Because of budget constraints, however, the state had not yet required any of the school districts to implement their compensation plans. The state still relied on a traditional statewide salary schedule that mandated minimum compensation levels for all teachers according to experience and education level.

In addition to the 2007 legislation, Tennessee had assessments and a K–12 longitudinal data system that could produce estimates of growth in student learning and link student results to individual teachers. In fact, Tennessee was widely recognized for its Tennessee Value-Added Assessment System (TVAAS), which had produced estimates of teacher contributions to growth in student learning for teachers in tested grades and subjects since 1996. Several districts, such as Hamilton County (Chattanooga), were already using the TVAAS data to award individual and school performance bonuses.

Other school districts were experimenting with other forms of performance-based compensation for teachers. The Knox County Schools had implemented the TAP model,²⁵ Memphis City Schools had a federal TIF grant to create new compensation models in high-poverty

schools,²⁶ and Hamilton County's Benwood Initiative²⁷ offered performance incentives and professional development to recruit and retain teachers and improve early literacy in the lowest-performing elementary schools.

Goals

The Tennessee leadership team's overarching goal was to design a full-scale teacher compensation model that would support state and local efforts to recruit and retain effective teachers. The policy academy would help them develop policies and secure funds to build on the state's accomplishments. State team members hoped to use the academy to develop additional measures of teacher effectiveness, including measures for teachers with no TVAAS scores because they were in nontested grades and subjects. The team hoped to learn from other states and districts and from national experts and planned to use the academy process and grant for:

- Developing packages of performance incentives at individual teacher, school, and other levels;
- Defining effectiveness measures in addition to student assessment scores;
- Defining effectiveness measures other than assessment scores for teachers in nontested grades and subjects;
- Identifying existing state policies that could affect teacher compensation structures;
- Examining the teacher evaluation process and possibly revising it;
- Designing incentives to encourage retention of effective teachers, especially in high-poverty, low-performing, hard-to-staff schools; and
- Designing incentives that encourage recruitment in shortage areas.

To accomplish those goals, the team planned during the policy academy to draft a framework for teacher compensation, complete a state policy audit, review teacher evaluation regulations, and draft an action plan. They hoped to apply for a statewide TIF grant and had begun to think about how Tennessee's share of funds from the American Recovery and Reinvestment Act of 2009

(ARRA) might support their teacher evaluation and compensation initiatives.

Accomplishments

Tennessee made some significant progress but has not achieved its goal of designing a full-scale compensation model. The state received both a Race to the Top round one grant and a statewide TIF grant, however, and those funds will support further progress toward achieving its goal. The state made significant progress toward the overall goal. Early in the academy, during a meeting facilitated by NGA Center staff, the state leadership team, which represented a broad range of stakeholders, came to agreement that the teacher and school leader evaluation system needed reform. In addition, the team agreed that a new evaluation system should incorporate multiple measures of teacher effectiveness and student achievement, including but not limited to value-added measures.

The state leadership team for the policy academy was also deeply involved in preparing the state's Race to the Top application and was able to ensure that the work done and the information gleaned during the policy academy meetings were well incorporated into the state's plans. The team contributed to legislation passed in support of the application, the Tennessee First to the Top Act of 2010.²⁸ The law commits Tennessee to implementing a new annual evaluation system for teachers beginning in 2011. Under the new law, at least 50 percent of a teacher's evaluation must be based on student achievement, and for teachers in tested grades and subjects, 35 percent must be the teacher's value-added score. A committee will recommend rule changes for the new evaluations to the state board of education.

Tennessee has dedicated \$12 million from its Race to the Top grant to an Innovation Acceleration Fund to support innovations in teacher compensation. Districts will compete for a share of the funds to support new compensation models. The state also successfully applied for a TIF grant that will provide \$35 million to design new compensation models in 14 school districts across the state. It contracted with the National Center

on Performance Incentives at Vanderbilt University to provide cost projections for performance compensation in Tennessee. The center's preliminary analysis indicated that the state could implement evidence-based performance incentives with existing resources, but it would require shifting the compensation structure away from awarding pay increases based on experience and education level.

Lessons and Recommendations from the Six States

During the policy academy, state leaders and NGA Center staff learned several lessons worth sharing with other states. Each participating state brought to the project unique experiences, political culture, and goals that shaped outcomes. Even so, there are common lessons and conclusions to be drawn.

First, a few necessary elements must be implemented to support performance-based compensation. States must have student assessments for measuring growth in learning and data systems capable of linking student outcomes to individual teachers. In addition, states must develop, or require school districts to develop, teacher evaluation systems that, along with other measures of effective teaching, can be used to evaluate and rate teacher performance. Most of the states in the policy academy had created, or were finalizing, the data systems needed to link student performance data to individual teachers. Most had assessment systems that could measure student growth in learning. However, most of the six states concluded that they needed stronger, more constructive teacher evaluation systems.

Second, to create new models of teacher compensation based on teacher performance requires measures of teacher effectiveness that include strong evaluation policies and instruments. During some of the earliest individual team meetings, consensus began to develop around the idea that evaluation policies, models, and

instruments needed to change. The leaders realized that they would need to identify multiple measures to determine the effectiveness of teachers, in part because only 30 percent of teachers are teaching grades or subjects for which there are standardized assessments. They also recognized that making determinations about pay based on only one measure would draw criticism and would not be considered fair to teachers. The use of multiple measures to determine teacher effectiveness is a practical and responsible approach to making decisions about compensation, as well as other high-stakes decisions such as those about employment and tenure. Needed are teacher evaluation instruments that are valid and reliable and that ultimately help teachers grow professionally. State leaders are working to develop better evaluation policies and to identify other measures of effective teaching, both for pursuing compensation reform and to drive improvements in teaching and learning. Florida, Louisiana, and Rhode Island had already started to reform teacher evaluations before they entered the academy. Tennessee team members came to an early realization that their state would need to redesign teacher evaluation before it could institute new compensation structures.

Third, successful compensation and evaluation reform requires leadership at the highest levels to convene the key stakeholders, build consensus, and ensure action. Change in such sensitive and potentially controversial areas requires leadership that can bring the parties concerned to the table and help to create consensus and ownership for the reform plan. In Indiana, Louisiana, Rhode Island, and Tennessee, governors made compensation and evaluation reforms a top priority. They assigned the work to high-level commissions or teams led by their own senior staff and demanded action. State superintendents or their deputies have been involved in leading reform efforts in all six states. In states where the governor and the chief education officer worked together closely to support a common agenda, the results were significant. For example, Louisiana's Blue Ribbon Commission enjoys not only broad stakeholder representation but also leadership from the very top of the state board of education, the board of regents, and

the governor's office. Cooperation with leaders of the legislature is also advantageous and helped secure legislative changes in Indiana, Louisiana, and Tennessee.

Fourth, reforming teacher evaluation and compensation requires teacher engagement to build understanding and support. Teachers need to be included in every step of any process to change state policy when they will be the most affected by the changes. In addition, all teachers need to understand how prospective policy changes will affect them. That is especially true for changes in the way they are paid and in the process (i.e., evaluation) whereby decisions about their pay are made. Teachers also want to know that changes in compensation models and evaluation policies will be part of other, complementary efforts to help them improve their teaching.

Several states in the policy academy saw the need to include teachers in their efforts. For example, Louisiana's Blue Ribbon Commission added a one-year appointment to the commission for leaders of the state's teacher association, so that they could participate in designing the compensation framework. Florida, Indiana, Kansas, Rhode Island, and Tennessee also included leaders of their teacher unions or associations on the leadership team to ensure that teachers had a voice.

The fifth lesson learned is that it is important to keep improved teaching and learning as the focus of compensation and evaluation reforms. Teachers need to have a sense that the driving force behind the evaluation and compensation reforms is an interest in actually improving teaching, not just in punishing teachers who are less effective. The best new evaluation models will help teachers, teacher leaders, and principals identify weaknesses in teachers' abilities and address them with more effective, job-embedded professional development. Even the most effective teachers are interested in continually improving their practice. Rhode Island's frame for developing a comprehensive performance management system that would link preparation, evaluation, professional development, and compensation is

well advised and has helped leaders start to build support among teachers and their representative organizations. The symposia that Rhode Island hosted gave teachers an opportunity to voice their concerns and provide input on both the new evaluations and future changes in compensation.

Finally, the impact of the Race to the Top grant program on the states and their actions cannot be overstated. The timing of the first round of Race to the Top applications coincided with the first year of the policy academy, and the requirements that states had to meet concerning teacher evaluation, if their applications were to be competitive, spurred legislative action that might not have been possible otherwise. Certainly the state legislation creating significant changes in teacher evaluation would not have been passed as swiftly or been as far-ranging without the incentive of potentially winning federal grant funds.

Participation in the policy academy came at just the right time for several states and helped make their applications stronger. Three of the six academy states—Florida, Rhode Island, and Tennessee—secured Race to the Top grants that are providing significant financial support for continuing their reforms in teacher evaluation and compensation. Louisiana submitted applications for Race to the Top in both rounds one and two. Its first application was ranked 11th among those submitted, and it was a finalist in round two. The state has announced its intention to apply again in round three.

It is impossible to know what might have happened to each in the absence of the other, but the state leadership teams believe strongly that their participation in the policy academy enhanced their Race to the Top applications and that Race to the Top proposal development and grants provided critical support to sustain the work begun in the academy. Not every state initiative can or should benefit from an infusion of federal policy and funding, but on certain issues and at certain times, that state and federal agendas and funds coincide can create a powerful force for change.

Recommendations for State Action

From the experiences and lessons in the six policy academy states come the following recommendations. Governors and other state leaders considering new models of teacher compensation should:

- Ensure that assessment and data systems are capable of measuring student growth, providing estimates of value added, and linking student assessment scores to individual teachers;
- Identify additional tools and measures for gauging teacher effectiveness that go beyond student test scores; develop teacher evaluations based on multiple measures; and use evaluation results to identify professional development and other supports for improving effectiveness;
- Provide high-level leadership and engage key stakeholders, especially teachers and principals and the organizations that represent them, to develop frameworks, guidelines, and details of new compensation structures; and
- Leverage reform efforts at the state level so that they complement one another and maximize other opportunities, such as NGA policy academies or federal grant programs, to support the state’s reform agenda.

This issue brief was written by Bridget Curran.

(Endnotes)

- 1 Numerous studies have documented the impact of teaching on student achievement. For example, see Steven G. Rivkin, Eric A. Hanushek, and John F. Kain, “Teachers, Schools, and Academic Achievement,” *Econometrica* 73, no. 2 (2005): 417–58; Eric Hanushek, “The Economic Value of Higher Teacher Quality,” CALDER Working Paper 56 (Washington, D.C.: Urban Institute, 2010); Organization for Economic Cooperation and Development, *Teachers Matter: Attracting, Developing and Retaining Effective Teachers* (Paris: OECD, 2005); and William L. Sanders and June C. Rivers, *Cumulative and Residual Effects of Teachers on Future Student Academic Achievement* (Knoxville, Tenn.: University of Tennessee Value-Added Research and Assessment Center, 1996).
- 2 Steven G. Rivkin, Eric A. Hanushek, and John F. Kain, “Teachers, Schools, and Academic Achievement,” *Econometrica* 73, no. 2 (2005): 417–58.
- 3 Ibid.
- 4 For additional information on the costs states incur to pay teachers for advanced degrees, see: <http://www.nga.org/files/live/sites/NGA/files/pdf/1104SCHOOLPRINCIPALS.PDF>.
- 5 Ibid., 11.
- 6 Ibid.
- 7 Eric A. Hanushek, John F. Kain, and Steven G. Rivkin, “Why Public Schools Lose Teachers,” *Journal of Human Resources* 39, no. 2 (Madison: University of Wisconsin Press, 2004), 326–54, cited in Robin Chait and Reagan Miller, *Paying Teachers for Results: A Summary of Research to Inform the Design of Pay-for-Performance Programs for High-Poverty Schools* (Washington, D.C.: Center for American Progress, 2009), 7.
- 8 Matthew G. Springer, “Rethinking Teacher Compensation Policies,” in Matthew G. Springer, ed., *Performance Incentives: Their Growing Impact on American K–12 Education* (Washington, D.C.: Brookings Institution Press, 2009), 10–11.
- 9 Florida State Statute, Title XVI, Section 231.29, 1997, cited in Center for Educator Compensation Reform, *The Evolution of Performance Pay in Florida, 2007*. Retrieved online at: <http://cecr.ed.gov/pdfs/summaries/FloridaCaseSummary.pdf>.
- 10 Florida State Statute, Title XVI, Section 231.29, 1998, cited *ibid*.
- 11 Florida State Statute, Title XVI, Section 230.23[5][c], 1998, cited *ibid*.
- 12 Florida State Statute, Title XVI, Section 230.23[5][c], 1999, cited *ibid*.
- 13 For more details on the history of performance pay in Florida, see Center for Educator Compensation Reform, *The Evolution of Performance Pay in Florida, 2007*. Retrieved online at: <http://cecr.ed.gov/pdfs/summaries/FloridaCaseSummary.pdf>.
- 14 Associated Press, “Florida Governor Vetoes Legislation on Merit Pay, Tenure,” *Education Week* 29, no. 29, April 21, 2010.
- 15 Sean Cavanagh, “Florida Legislature Approves Teacher Tenure, Merit-Pay Bill,” *Education Week*, March 16, 2011. Available at: http://blogs.edweek.org/edweek/state_edwatch/2011/03/florida_teacher_tenure_merit_pay_bill_approved_by_legislature.html.
- 16 See Indiana Senate Enrolled Act No. 1, First Regular Session 117th General Assembly. Retrieved online at: <http://www.in.gov/legislative/bills/2011/SE/SE0001.1.html>.
- 17 See Indiana Senate Enrolled Act No. 575, First Regular Session 117th General Assembly (2011). Retrieved online at: <http://www.in.gov/legislative/bills/2011/SE/SE0575.1.html>.
- 18 Sean Cavanagh, “Indiana Education Package Bears Conservative Stamp,” *Education Week* 30, no. 31, May 12, 2011. Available at: <http://www.edweek.org/ew/articles/2011/05/12/31indiana.h30.html?qs=Indiana+teacher+pay+Daniels>.
- 19 In addition, House Resolution 182 of the 2008 Regular Session of the Louisiana Legislature requested that the State Board of Elementary and Secondary Education study and review current laws, board policies and programs, and the policies and practices of public elementary and secondary school governing authorities relative to providing incentives and provide a written report on study findings, conclusions, and recommendations. See <http://regents.louisiana.gov/assets/docs/TeacherPreparation/BRCYear-10Report.pdf>.
- 20 See 2009–2010 Blue Ribbon Commission for Educational Excellence Recommendations, Year Eleven Report, submitted to the Governor, Board of Regents, and Board of Elementary and Secondary Education, May 20, 2010, appendix B. Retrieved online at: <http://regents.louisiana.gov/assets/docs/TeacherPreparation/BRCYear11Report.pdf>.
- 21 For more information, see <http://www.act54.org/>.
- 22 See the Rhode Island Educator Evaluation System Standards at: <http://www.ride.ri.gov/educatorquality/educatorevaluation/Docs/EdEvalStandards.pdf>.
- 23 For more information, see <http://www.rifhthp.org/InnovationFund>.
- 24 Public Chapter 376, passed by the General Assembly in 2007, requires districts to adopt differentiated pay plans that reward teachers for taking on additional responsibilities, acquiring new skills, improving student achievement, or fulfilling special requirements. See: <http://www.comptroller1.state.tn.us/Repository/RE/Policy%20History%20-%20teacher%20compensation.pdf>; <http://www.tennessee.gov/sos/acts/105/pub/pc0376.pdf>.
- 25 For more information, see: http://cecr.ed.gov/profiles/pdfs/cohort3/CECR_GP_KnoxCountyNIET.pdf.
- 26 For more information, see: http://cecr.ed.gov/profiles/pdfs/cohort3/CECR_GP_Memphis.pdf.
- 27 For more information, see the Public Education Forum, Chattanooga, Tennessee, at: <http://www.hcde.org/inside-hcde/achievement-reform/elementary-school-reform/benwood-initiative> and the Hamilton County Department of Education, at: <http://www.hcde.org/inside-hcde/achievement-reform/elementary-school-reform/benwood-initiative>.
- 28 Tennessee First to the Top Act of 2010, Senate Bill 5. Retrieved online at: <http://www.tn.gov/firsttothetop/docs/First%20to%20the%20Top%20Act%20of%202010.pdf>.