



# EDUCATOR COMPENSATION INSTITUTE

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## **Comments to the Joint Task Force on Basic Education Finance**

**Jim Carlson**

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Thank you very much for the opportunity to address this Task Force. Examining the extremely complex world of school finance and educator compensation is truly a challenging task. Since you already have a copy of my bio, I will dispense with any explanation of my experience in this field and move to my observations.

In framing my comments today, I had planned to cover:

First, I provide a brief overview of the national landscape, dividing the approaches to alternative compensation into five general categories.

Next, I'll give my perspectives regarding the effectiveness and appropriateness of each.

From there, I'll share the six guiding principles I believe are necessary for the successful creation and implementation of alternative compensation systems.

Following those principles, I'll identify the four critical objectives of a compensation system, all designed to enhance student outcomes.

And finally, I'll describe what I assert to be a fundamentally sound framework around which a comprehensive compensation system can be built.

Following my comments, I'll do my best to respond to any questions you may have.

Over the past decade, education stakeholders have witnessed a renewed interest in how the nation pays its teachers. Numerous books, white papers, and policy briefs have been written and analyzed by researchers, educators, advocates, policymakers, and others with an interest or expertise in issues related to teacher compensation. As a result, scores of alternative teacher compensation systems have been developed and implemented in school districts from dozens of different states. Some have been developed at the school district level while others under parameters developed by state legislatures.

The basic premise for this renewed interest is an assertion that the traditional salary schedule that rewards years of service and advanced education is antiquated, necessitating a new or different approach to teacher compensation. This assertion, in

part, is the product of some research, as noted in the Institute for Public Policy's report to the Task Force, which indicates a low correlation between teacher experience and student outcomes. Current salary schedules are often fifteen or more years in length while the research indicates the impact of experience on effectiveness lessens significantly after three to five years. Research also seems to indicate a low correlation between teachers with a Masters Degree and student outcomes, except when the degree is in the teacher's field of study or in cognitive science.

From this assertion has spawned new approaches to teacher compensation. While the mutations of these systems are seemingly countless, most can be roughly grouped into one of five categories:

1. Traditional merit pay that ties economic rewards to student outcomes, usually those measured by standardized tests. Some approaches reward individual teachers while others reward groups of teachers.
2. Traditional merit pay that ties economic rewards to positive evaluations.
3. Market pay for those teachers working in hard-to-fill or hard-to-serve positions.
4. Skill and knowledge pay that rewards the acquisition of new teaching skills and knowledge.
5. Career paths/ladder systems that provide economic rewards through career advancement or serving in additional roles.

Many alternative systems, as one would expect, incorporate more than one type of reward in a given system. Denver's ProComp, for example, contains components of several.

While the motivating factors behind these approaches are not nearly as clear as the approaches themselves, it is hoped they are all motivated by a desire to improve student outcomes through the employment and development of the highest quality teacher workforce possible. Very compelling research indicates that good teaching and teachers matter. The evidence is clear that what a teacher does in the classroom is a far greater predictor of student success than anything else within the school setting.

Directly related to the desire to improve student outcomes is the need to attract and retain a high quality teacher workforce. Some studies indicate that up to 50% of new teachers leave the classroom within the first five years. Conservatively, the national cost of replacing public school teacher who have dropped out of the profession is estimated at \$2.2 billion a year. If the cost of replacing teachers who transfer schools is added, the total reaches \$4.9 billion every year.

Assuming authentic motivation, one must then first begin with a general assessment of each alternative compensation approach. Since the national landscape is replete with examples of each, we can to an extent, learn from the experiences of others. It is important to note here, however, that there is very little compelling research validating or disputing the effectiveness of any of the approaches.

Merit or performance pay tied to student outcomes is the most prevalent and, as noted in the Institute's report, the most controversial. As mentioned earlier, since there is very

little compelling research about the effectiveness of this approach, one then turns to examples, of which there are many. Florida, Texas, including Houston, and the Teacher Advancement Program are among the most widely examined, in part because of scope and size.

Florida's Special Teachers Are Rewarded, or STAR, program lasted but one year. Against the objections of a large number of policymakers, teachers, administrators, and school board members, the \$147 million plan originally targeted 25% of the "best" teachers in the state to receive bonuses. "Best" was to be defined by student performance on standardized tests. Because of an absence of reliable instruments, a recognition that just 3% of the teachers who received bonuses worked in high poverty schools with the vast majority coming from affluent schools, and the realization that many state and national "teachers of the year" winners did not qualify for a bonus, STAR was dumped and replaced with the Merit Awards Program, or MAP. MAP appears to be doing no better. Last year, only 26 of 67 Florida districts even applied for the grant money. As of January, only 5 met the state's requirements for implementation.

The Texas plan has experienced similar failures. There, only one third of the state's 1,033 schools even chose to participate. In Houston, where a form of value-added assessment is used, the \$24 million incentive plan has been mired in confusion and controversy and was revamped after only one year.

The Teacher Advancement Program in Eagle County, Colorado has long been viewed as a model compensation system. In practice, however, the program has been "unfair, inconsistent, hard to understand, and a constant worry for many teachers," according to Jason Glass, the district's human resources director. School leaders have said that when pay becomes a preoccupation and morale goes down, education suffers. Like the others, Eagle County is now in the process of revamping its system. A district committee including administrators and teachers is now proposing a new pay system that is fairer, more transparent, and promotes teamwork.

While these examples serve only as anecdotal evidence, there are a number of other factors that contribute to my assertion that compensation tied directly to measured student outcomes is an inefficient and ineffective use of economic resources.

Included in those factors is an understanding that the greater emphasis and value placed on standardized test scores, the greater amount of teaching time will be spent specifically on the content measured by those tests. While standardized testing and their outcomes are useful tools, they must not exist at the expense of other very important teachings, including those referred to as 21<sup>st</sup> Century skills.

In addition to core subjects, standards, and assessments, the Partnership for 21<sup>st</sup> Century Skills has identified specific student outcomes as the skills, knowledge, and expertise students should master to succeed in work and life in the 21<sup>st</sup> century. Included are:

1. Learning and Innovation Skills
  - a. Creativity and Innovation Skills

- b. Critical Thinking and Problem Solving Skills
  - c. Communication and Collaboration Skills
- 2. Information, Media, and Technology Skills
  - a. Information Literacy
  - b. Media Literacy
  - c. Information and Communication Technology
- 3. Life and Career Skills

Other problems experienced by merit pay systems, leading to my assertion that merit pay is inefficient and ineffective, include:

1. Quality of the measures
2. Accuracy in reporting
3. Competition v collaboration among teachers
4. An over-emphasis of testing
5. Narrowing of the curriculum
6. Testing to the test

The second category of system or approach ties economic rewards to positive evaluations. Like merit pay, the preponderance of evidence validates an assertion that economic resources are better spent in other areas. Most evaluation tools are poorly constructed and are administered inconsistently. While they can be useful tools in helping teachers to assess their own strengths and weaknesses and valuable to administrators in managing the workforce, linking pay to evaluations is culturally problematic. Like many other workplaces, schools are like communities replete with all types of relationships - close personal ones, casual ones, and strictly professional ones. Even when it doesn't exist in reality, even the perception of favoritism will inevitably seep into the workplace, damaging relationships and negatively impacting collegiality and desired outcomes of the compensation system.

The third approach offers market rewards for those serving in hard-to-fill or hard-to-serve positions. With a few caveats, I've found market incentives to generally be logical and sometimes effective components of alternative pay systems. First among the caveats, with hard-to-fill positions - typically science, math, and special education - market incentives have historically been most effective when offered by individual school districts experiencing shortages. When the incentives are offered through the state to all districts, however, it negates individual district advantage. The incentives are then only effective if they draw applicants from other states or, while not likely, cause students in the university system to change their field of study. Also with these incentives, even when they are effective, it's imperative that the overall compensation system promotes retention of the employees the incentives are designed to attract. Finally, regarding incentives for hard-to-serve positions, the research indicates that they are best when offered first to experienced teachers. As noted earlier regarding the learning curve for teachers in the first few years, it's best to avoid placing new teachers in such challenging positions at the beginning of a teaching career.

The fourth category rewards skill and knowledge acquisition, an area so broad and complex that a complete exploration would consume more time than we have here today. That said, I have successfully crafted and negotiated comprehensive skill and knowledge compensation systems in many different school districts. In general terms, I have identified certain approaches which seem to have the most profound impact on teacher effectiveness and behavior:

1. National Board Certification and other portfolio-driven evidence of teacher growth, knowledge, and effectiveness.
2. Intra-district learning academies that offer professional development opportunities to teachers which are directly aligned with district goals and classroom objectives.
3. Action research.
4. Masters Degrees in content area or cognitive science.
5. "Learning blocks" tied to district goals and classroom objectives.
6. Collaborative learning communities.

Having embraced skill and knowledge components as the most valuable part of any teacher compensation system, I have witnessed a positive correlation between economic rewards and teacher behavior. In other words, teachers will access new and different professional development opportunities if the economic rewards are adequate. While a couple of years old now, I have provided you with an examination of such a correlation that was experienced in Manitowoc, Wisconsin.

Finally, there are career path or ladder approaches to teacher compensation. While I will explore this approach later in my comments, I have come to believe that they provide a very effective framework for alternative compensation systems. When supported by other compensation components and incentives, they offer significant potential.

There is one other experiment currently evolving that deserves mention. While it is not by definition an alternative approach to teacher compensation and likely not applicable to broader application, it will be an interesting one to watch. The Equity Project, a small New York City charter school founded by a 31 year old Yale graduate who will serve as its first principal, is scheduled to open its doors in 2009. The school will pay each of its teachers \$125,000 a year while paying its principal \$90,000. The school will have larger class sizes than most and will be pretty sparse in terms of technology and frills. Having spoken with the founder, he believes that the high salaries will attract the most effective teachers. That alone, he asserts, will drive successful student outcomes. I intend to follow this story through an ongoing case study.

With my views concerning different types of approaches to alternative teacher compensation serving as background, I would next suggest certain guiding principles for the creation and implementation of any new system. Systems that tend to be sustainable and effective tend to have adhered, in large part, to these six principles.

1. A clearly identified purpose should be articulated prior to exploring alternative compensation. It's counterproductive to create a new system simply because it's different. It appears that this body has already had that discussion.

2. All approaches should be developed and implemented at the school district level. Some may exist in isolation while others under the parameters of state developed guidelines. Local creation and implementation permits allowances for unique nuances and needs.
3. Teachers and their unions must be involved in the development and implementation of any new system. Systems imposed on teachers have almost always experienced ultimate failure while those with significant buy-in have flourished.
4. New and additional funding must be adequate and sustainable.
5. Prior to broad implementation, it is best to conduct pilot programs, generating the opportunity to identify and address any unintended consequences prior to full implementation.
6. Assessment systems must be developed to measure the effectiveness of the new compensation plan. Developing assessment systems, however, requires a clear definition of “effective.” In other words, to know if an alternative compensation system works, we must first define “works.”

While there are small components of the Denver model that I have not embraced, its implementation has largely been successful because it adhered to these principles. Conversely, the ones which have failed or are currently struggling to find success generally have not.

Finally, before briefly explaining what I view to be a fundamentally sound framework for an alternative compensation system, I assert that there are at least four critical objectives for any new pay system, all of which are designed to achieve the goal of enhanced student outcomes. While the first three are apparent, possibly to the point of being obvious, the fourth may require a brief explanation.

1. Attract high quality teachers into the profession.
2. Retain those teachers once they arrive.
3. Enhance and improve teaching skills and knowledge.
4. Add to the collective body of knowledge about effective teaching practices.

This final objective addresses the continuous need to generate, evaluate, and disseminate those teaching practices which have proven to be most effective. Classroom action research offers an effective tool to meet this objective. Additionally, technology affords an extraordinary opportunity to electronically warehouse findings in such a way that they become accessible to teachers around the state or nation.

As all of what I have said serving as a foundation, I have come to believe that a career ladder type system may serve as an extremely effective framework around which to build a comprehensive alternative compensation system.

Within the next few weeks, I will be releasing a new policy report called *Career Path Compensation Systems for Teachers*. This significant departure from the traditional salary grid will be built around three professional stages or paths - Initial (or Resident),

Professional, and Master Educators. Each new stage contains increased levels of compensation.

The Initial Educator stage will feature a significantly greater starting salary than is currently offered to beginning teachers. Attracting talent to the classroom may be the most urgent need facing the industry. Like the other stages in the path approach, there will be no steps or lanes in the traditional sense. While there will be a discouragement for these beginning teachers to work in hard-to-serve positions, there will be market incentives for them to accept hard-to-fill positions.

After three to five years, Initial Educators may become Professional Educators upon successful completion of a portfolio demonstrating teaching expertise and effectiveness. Once Professional Educator status has been achieved, certain professional development requirements will be expected and specific opportunities for economic incentives established. Among those incentives:

1. Serving in hard-to-serve positions.
2. Earning a Masters Degree in content area or cognitive science.
3. Providing *Evidence of Effective Pedagogy*, a classroom version of the National Board Certification portfolio demonstrating effective teaching practices resulting in positive student outcomes.
4. Completing and disseminating evidence-based action research.

The final optional stage is the Master Educator. Master Educator status can be achieved through the successful completion of National Board Certification. Master Educators will be eligible for the same additional economic incentives available to Professional Educators. In addition to an extended contract year, most Master Educators will serve in one of several leadership roles. Among those roles:

1. Mentors
2. Instructional Improvement
3. Student Transition
4. Extended Student Learning
5. School Improvement

A review of the full report is necessary before one can accurately reach any assessments or conclusions. For our purposes here, it serves only as a seed or idea. I will make certain that the Institute receives a copy upon its release.

With that, I again thank you very much for this opportunity to speak with you today and will attempt to answer any questions you may have.

