Aligned by Design

How Teacher Compensation Reform Can Support and Reinforce Other Educational Reforms

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Introduction and summary

Over the past 10 years, long-standing approaches to compensating teachers in primary schools, middle schools, and high schools have come under increasing criticism. The so-called single-salary schedule, which emerged in the 1920s as a way to make teachers’ pay less arbitrary and more equitable, seems highly inefficient in an era where education policy seeks to improve student outcomes and education systems must aggressively compete with other sectors for talent. The single-salary schedule used in most places:

- Rewards only experience and graduate education courses, which have been found to be weakly or even negatively associated with student achievement
- Provides administrators no flexibility to respond to market forces
- Offers teachers no financial incentive to improve their instructional expertise and effectiveness
- Forces even the most effective teachers to wait many years to reach the higher rungs of the schedule, undermining recruitment and retention of talented college graduates.

As a result, policymakers at the national, state, and local levels have proposed or enacted a variety of policies to better differentiate teacher pay. Indeed, nationwide, there is more experimentation with teacher compensation reform than any time since the *A Nation at Risk* report spurred a slew of “merit pay” and “career ladder” initiatives in the mid-to-late 1980s. To address problems with the traditional salary schedule, current initiatives typically focus on one or more alternative ways to differentiate teacher compensation:

- Pay for performance based on outputs—the performance of teachers’ students.
- Pay for skills and knowledge based on inputs—the value of teachers’ varied abilities
- Pay for hard-to-staff subjects or locations based on local labor market conditions
- Pay for additional roles and responsibilities based on higher workloads.

Based on recent initiatives in a number of states and localities, along with the mostly unsuccessful attempts at reform 20 years ago after the publication of *A Nation at Risk*, experts now point to a number of lessons learned that should be examined when designing compensation reforms in order to make such reforms workable and sustainable over a long enough period to have a positive impact.
One key lesson learned is the relationship between teacher compensation and other strategies for recruiting, developing, and retaining a high-quality teaching workforce.

Reviewing studies of several local performance pay programs, Herbert Heneman, Anthony Milanowski, and Steven Kimball, researchers with the Consortium for Policy Research in Education, found that performance pay was nearly always implemented as a “standalone” reform not linked to schools districts’ broader improvement plans or to other human resources policies. That lack of alignment, they conclude, hinders the sustainability and impact of the performance pay initiatives in the districts examined in the studies.6

Allan Odden, co-director of CPRE and CPRE’s new project on Strategic Management of Human Capital in education, offers an example:

*We have worked in districts that have developed knowledge- and skills-based pay structures, using a performance evaluation of teachers with a specific set of teaching standards and scoring rubrics, but for the first ten years did not align the professional development with the teaching practice embedded in the new evaluation system.*7

In other words, the districts began paying teachers to develop certain kinds of specific knowledge and skills—such as acquiring new competencies in curriculum development or improving classroom instructional skills described in formal standards for evaluating good teaching—then neglected to ensure that district-funded professional development activities were focused on the same knowledge and skills.

Based on these school districts’ experiences, Odden and his colleagues conclude that “a revised teacher and principal pay structure by itself will have a modest effect if the other parts of the human resource management system are not realigned.”8

Other experts on compensation reform have begun to echo such conclusions. “I don’t think performance pay is enough on its own,” says the Urban Institute’s Dan Goldhaber, who has conducted extensive research on the topic. “If all you do is plunk down a pay-for-performance model and it’s not implemented well and you don’t have data systems in place to figure out who the strong performers are and you don’t have mechanisms for teachers to improve, then why would that model work or even survive? Policymakers are always looking for silver bullets, but there don’t appear to be any.”9

Fortunately, state and national policymakers are now taking some tentative steps toward encouraging better alignment between teacher compensation reforms and policies related to other human resources areas, including teacher evaluation and professional development. Case in point: Eight states now boast pay-for-performance programs that also incorporate professional development programs for teachers to some extent, as detailed by Robin Chait at the Center for American Progress in her report, “Current State Policies that Reform Teacher Pay.”10
At the federal level, legislation introduced by then Sen. Barack Obama (D-IL) in 2007 would have required local applicants for “Innovation District” grants to address a range of human resource strategies, including compensation reform to improve the education workforce. Similarly, the TEACH Act bills introduced by Sen. Edward Kennedy (D-MA) and Congressman George Miller (D-CA) would require districts to address teacher hiring and placement policies to be eligible for federal grants to offer exemplary teachers “premium pay” to work in high-needs schools. Although the TEACH Act was not passed by Congress, it remains highly influential in conversations about federal policy. For example, in 2007, Miller and Rep. Buck McKeon (R-CA) drew heavily from the TEACH Act in crafting their much-discussed “Discussion Draft” for reauthorizing the Elementary and Secondary Education Act, even lifting parts of it wholesale.

At present, though, the most prominent teacher compensation reform program is the Teacher Incentive Fund, the largest federal program providing targeted support for compensation reform. TIF requires states and local education agencies seeking grants from the fund to address professional development and teacher evaluation when designing performance-based compensation systems. Importantly, TIF is due to expand rapidly this year because of the American Recovery and Reinvestment Act of 2009, which more than doubled the federal appropriation for TIF by allocating $200 million for the program in fiscal year 2009, which ends at the end of September. What’s more, in May President Obama proposed increasing the program’s appropriation to $487.3 million in fiscal year 2010, beginning in October.

Even so, the emphasis on the alignment of teacher compensation reform with other human resources reforms is relatively new, and little is understood about what true alignment looks like and how it can best be achieved. One key question: Does TIF encourage actual alignment among compensation, evaluation, and professional development, or does it merely require grantees to include “multiple components” without ensuring that various human resources elements truly support and reinforce one another?

This paper reviews emerging ideas about policy alignment in education based on “strategic human resource strategies” in the private sector. Specifically, the paper first examines the Teacher Advancement Program introduced by the Milken Family Foundation in 1999 and now sponsored by the National Institute for Excellence in Teaching—to gain a better picture of what alignment looks like and how it is achieved “on the ground.” We then discuss potential challenges for achieving different kinds of alignment, and then offer recommendations to policymakers interested in encouraging better aligned teacher compensation reforms and other human resources reforms.

The analysis of TAP in this paper suggests that it is possible to tightly align teacher compensation with other human resources reform polices, but that such alignment requires a highly intentional design and cannot be left to chance. The TAP design does not achieve alignment merely by including teacher evaluation and professional development along
with teacher pay in the model, but rather by employing several explicit strategies that allow other schoolwide practices to support and reinforce differentiated compensation, and vice versa. Specifically, the TAP design employs the following methods to ensure an aligned approach to performance-based compensation:

- Teacher evaluation and professional development help teachers develop a clearly defined repertoire of instructional skills that are rewarded by annual bonuses.

- The school’s improvement planning process and professional development provide teachers with new instructional strategies that have been proven to produce learning gains for students in the school—another factor rewarded by annual bonuses.

- Differentiated pay is used to create a team of teacher-leaders who have the authority, time, and expertise to improve teacher evaluations, professional development, and school improvement planning.

Achieving widespread consensus that traditional ways of paying teachers must change is just the first step on the path to worthwhile reform. Now policymakers are confronting difficult design issues as they craft policies to advance performance-based compensation. So far most of the research and debate has focused on criteria for triggering annual performance bonuses. This paper will illustrate that policymakers must broaden their thinking about compensation reform to consider how other policies can support better ways of paying teachers, and—just as important—how all of these new investments in performance-based compensation can be leveraged to build the capacity of our public schools to take on the hard work of systemic improvement, without which it will be impossible to raise the achievement of America’s students to globally competitive levels.
About the author

Craig Jerald is president of Break the Curve Consulting, which provides expertise to leaders and policymakers on issues related to education policy, communications, research, and practice. Since founding Break the Curve in 2004, Craig has worked with organizations such as the Center for American Progress, the Bill and Melinda Gates Foundation, the National Governors Association, the National School Boards Association, the Education Trust, Achieve Inc., Education Sector, the Learning First Alliance, ACT, and the Alliance for Excellent Education. Prior to founding Break the Curve, Craig served as a principal partner at the Education Trust, where he worked on issues ranging from school accountability to teacher quality and school finance equity. As a senior editor at Education Week from 1996 to 2000, Craig founded and managed the organization’s research division and helped create and direct Education Week’s special annual reports series, Quality Counts and Technology Counts. Craig also has worked at the U.S. Department of Education, and he began his career as a Teach for America recruit and middle school teacher in California’s Long Beach Unified School District.

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