

# Compensation Study Group

## Summary Paper

### Introduction

This document represents the findings of a voluntary group of school board members, teachers and union leaders, and central office administrators from Southeastern Pennsylvania school districts.

This group of educators met every other week for a four-month period to learn about the role of compensation in school improvement and accountability. The members heard from a variety of experts and practitioners and shared their ideas, experiences and concerns.

This paper does not reflect a consensus on this topic, but rather a collection of observations and perspectives that are meant to serve as the first step in a much larger dialogue about the future of our public school system.

One area of general agreement reached by the group is that compensation remains very much an unknown variable in school reform. There is little agreement in the field about whether compensation could positively impact student achievement. The lack of empirical data in this area leads to a caution about moving too quickly or surely in any one direction; while there is potential for improvement, there is also a great deal of danger that a system could diminish instead of improve the quality of teaching and learning.

### The Role of Compensation

In order for standards-based school reform to succeed, school districts must attract and retain the best instructional practitioners and leaders. Though it is only one piece of the larger effort and must be placed in its appropriate context, compensation plays an important role in making the teaching profession an attractive one.

An adequate compensation system is imperative if districts are to attract quality teachers. The best and brightest college students often have opportunities in many fields and – especially in shortage areas like math and science – pay in the private sector can be a great deal more competitive than typical teachers' starting salaries. In addition, it is at least as important to use salary to increase morale as a teacher continues his or her career in order to address districts' teacher retention problems. Many districts face high turnover and vacancy rates and compensation must be considered for use as an incentive if these conditions are to be improved.

Another possible function of compensation is to recognize differentiated instructional ability. Pay systems that use knowledge, skills and/or student improvement as variables allow districts to reward excellence and spur remediation. Great care must be used in ensuring that such structures are fair, which includes attention to whether compensation should be objective or subjective.

## **Existing Compensation Systems**

The group began with the traditional salary schedule. This system has definite advantages and disadvantages. Educators generally view the salary schedule's objective nature as important to protect teachers. In addition, the traditional salary schedule encourages longevity so that employees know that the longer they remain in the district the more they will be compensated; stability and sureness are attractive in this system. Yet the disadvantages of the single salary schedule are serious and may work to prevent schools from serving as true learning communities with a system-wide emphasis on improving instruction. The current system does not offer opportunities for extra rewards, so that desired behavior and achievements remain unlinked to the reward structure. Secondly, though the salary schedule benefits teachers who remain in the system, it does not necessarily focus the district's monetary resources on retaining particularly desired teachers.

Past experiments have dealt mainly with the idea of "merit pay" – a principal using classroom observation to evaluate teachers and subsequently awarding bonuses to a select few. Among the numerous flaws that doomed this type of system, two stand out as lessons for current compensation reform. First, the evaluation system lacked credibility; there was widespread belief that favoritism – not excellent teaching practice – was the key to receiving a bonus. Secondly, teachers had to compete with each other for the contents of the fixed pot of bonus dollars, undermining attempts to make teaching a collaborative endeavor. If used, bonuses should not be "zero-sum gain"; all educators who meet pre-approved criteria for success must have access to the rewards.

Study group members heard from the Denver Pay-for-Performance Team about that school district's pilot program. Teachers in select Denver schools set two goals based on student achievement; they receive small bonuses for each that they achieve. The strongest benefit from this system, according to group members, was the emphasis that it placed on using student achievement data to improve classroom practice. Yet the goals are not meaningful unless they are challenging and/or innovative. This places a great deal of pressure on administrators to participate in goal-setting, supervise progress and provide resources. The outcome is therefore extremely dependent on principals. As a result, the quality of building leadership is a variable that could directly impact teacher compensation under this type of system.

Another approach the study group examined was the knowledge- and skills-based pay in place in Cincinnati. This system is important because it represents a major change and a collaborative experiment. But implementing such a revolutionary system – with potential for both salary gain and loss – without any linkage to student achievement raises the question of how the district and union will measure whether there is any real return. Moreover, the Cincinnati pay system is entirely subjective; for it to succeed, teachers, administrators and the public will have to trust its processes and results.

The group also discussed the idea of "gainsharing" – where groups of teachers or entire schools receive bonuses based on student learning gains. This system raises the issue of whether teaching is an individual or team-based endeavor. Two advantages of "gainsharing" are that it is entirely objective (based on achievement data) and can lead to a culture of collaboration and shared responsibility.

Two central themes emerged from the study group's discussion of alternative compensation systems. The first is that objectivity is extremely important. Everyone must be clear on what is being measured (and rewarded) and how determinations of success are made. Secondly, personnel must trust the system; credibility is crucial for a novel compensation system to succeed in recruiting/retaining teachers and in increasing student achievement.

### **Compensation and Professional Development**

Differentiated compensation systems are based on the idea that success above and beyond the educator's job description should be rewarded. This results in at least three "levels" of employees – those who excel, those who perform at an appropriate professional level and those whose job performance is deficient. An equitable compensation structure is one that is linked to opportunities for remediation for teachers in need at the same time as it rewards those who are already superior. Professional development is therefore imperative in order for teachers to believe that they have the tools to succeed. Incentive programs that reward teachers for earning National Board for Professional Teaching Standards certification may encourage teachers to participate in long-term, job-embedded professional development that will help them improve their teaching practice.

The study group discussed the realm of staff development and noted that just any college coursework does not necessarily lead to improved practice or to the acquisition of skills that will be useful for teachers in the classroom. A number of group members said that professional development should be linked to specific district and building goals; there should be a balance between teachers' freedom of choice and central office/principal judgment on the skills and knowledge that teachers need. New technologies that make video and online coursework accessible for most educators should be employed by districts in order to link teachers and the development opportunities they require.

### **Areas for Further Examination**

The group identified a number of areas that should be examined more closely in the context of compensation. How compensation will be dealt with as part of a larger accountability discussion remains a clean slate, but this is a topic that is not going away as systems seek ways to focus on increasing student learning.

Participants thought that four areas were among those worthy of additional study:

- If student achievement is to be brought into compensation, the value-added approach holds a great deal of promise. Value-added allows student gains to be employed without penalizing teachers whose students begin the year below grade level or who come from lower-income socioeconomic backgrounds.
- Attention should be paid to whether goals are examined and rewards distributed once a year or at numerous points. Among the possible advantages of the latter are more opportunities for teachers to be rewarded for success and for teachers and administrators to focus on student achievement data as a diagnostic tool. Such a

system would have to include frequent feedback on progress and a credible link to appropriate development resources.

- Alternative compensation systems should be aligned with the intrinsic rewards that employees seek. One of the perceived strengths of the Denver program was that teachers set specific goals and are then rewarded if they achieve them. The system is therefore absolutely objective and everyone is able to focus on the desired outcomes.
- Should new compensation ideas involving student achievement be used only as bonuses or should they replace the traditional salary schedule? Would it be best to implement changes as bonuses first and then evaluate them before changing how base pay is calculated? How does the public perceive the current system which rewards years of experience and degrees earned? A related issue is whether veteran teachers should be “grandfathered” into the current system and given the choice as individuals of whether or not to participate in alternative approaches to compensation. Under such a system, all new hires would automatically enter under the new pay structure – with opportunities for incentives and to move up the ladder more quickly.

The debate over compensation must also include the role of the community. What do taxpayers – a group that often includes teachers and administrators as well as civic and business leaders – need to do to provide the necessary resources for districts to attract and retain quality professionals? Compensation is only piece of this larger systemic accountability discussion.