

# Supplemental Report to the Teaching in Kansas Commission

## From the Salary and Benefits Sub Committee

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### Introduction

The initial work of the Teaching in Kansas Commission (TKC) highlighted five key areas as crucial to ensuring that teaching is raised in status and so that teacher shortages can be mitigated. Work groups were formed to study more fully each of the five areas identified by the TKC. One of those five work groups, the subcommittee on Salary and Benefits, met on several occasions between July and November 2008. Their work focused on elements of salary and benefits that are likely to raise the desirability of teaching as a profession and encourage retention of accomplished teachers over the length of a career. This report addresses three major elements: Salary, employment benefits, and retirement benefits.

### Salary

On a national level some have attempted to justify low salaries afforded to teachers by arguing that they do not work “full time.” A more careful analysis, though, shows this premise to be false. In 2005, researchers at the Education Policy Institute discovered the following:

- “A comparison of teachers' weekly wages to those of other workers with similar education and experience shows that, since 1993, female teacher wages have fallen behind 13% and male teacher wages 12.5% (11.5% among all teachers). Since 1979 teacher wages relative to those of other similar workers have dropped 18.5% among women, 9.3% among men, and 13.1% among both combined.
- A comparison of teachers' wages to those of workers with comparable skill requirements, including accountants, reporters, registered nurses, computer programmers, clergy, personnel officers, and vocational counselors and inspectors, shows that teachers earned \$116 less per week in 2002, a wage disadvantage of 12.2%. Because teachers worked more hours per week, the hourly wage disadvantage was an even larger 14.1%.
- Teachers' weekly wages have grown far more slowly than those for these comparable occupations; teacher wages have deteriorated about 14.8% since 1993 and by 12.0% since 1983 relative to comparable occupations.”<sup>1</sup>

The New York Times reported that beginning teacher salaries lagged behind other comparable fields by \$5,000 to \$10,000 while annual earnings after 20 years in the job were likely to be at least \$40,000 behind. Kansas lags significantly behind other states in teacher compensation. Kansas teacher salaries also lag behind when comparing to comparable professions that potential teacher education candidates might consider when weighing their future career options.

Recent teacher shortages have prompted many to look to alternative routes to licensure in order to try and fill vacancies. Notable successful alternate route programs have actually served the profession well IF the alternate routes maintained quality and appropriate field experiences. These programs performed far better than alternate route programs which lack rigor and field experiences. Unfortunately, a recent study by the Woodrow Wilson National Fellowship Foundation revealed that

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<sup>1</sup> From Alegretto, Corcoran, and Michel. (2005). “How Does Teacher Pay Compare? Methodological Challenges and Answers.” [http://www.epi.org/content.cfm/books\\_teacher\\_pay](http://www.epi.org/content.cfm/books_teacher_pay)

only a small portion of qualified individuals who have an interest in an alternate route to a teaching career say they would consider a career switch unless the starting salary was at least \$50,000.<sup>2</sup>

While nationally the teaching profession lags behind in salaries, Kansas salaries lag behind the nation. For 2006, Kansas average teacher salaries ranked 38<sup>th</sup> in the nation. The Economic Policy Institute found that, when comparing Kansas teachers with other college graduates, a significant gap exists. Teachers with a BA earn about 64.7% as much per week as others with a BA. MA level teachers earn 75.3% as much as other Kansans with an MA degree.<sup>3</sup>

Despite glaring shortfalls in teacher salaries, some make the argument that teacher salaries should not be significantly increased unless there are changes in the structures that determine an individual teacher's compensation. The "single salary schedule" was originally instituted to remove gender discrimination and various forms of favoritism – to create a pay structure that demonstrated fairness. In the 1980's, compensation systems known as "merit pay" largely failed as they reintroduced the inequities with salary differentiation based on an individual's evaluation.

But experimentation did not stop with these questionable merit-based strategies. A growing body of evidence provides insights into ways to create alternative compensation structures for the teaching profession. Plans with names ranging from "performance pay" to "career ladder" have been implemented in school districts and statewide programs.

The KTC salary and benefit work group has identified a finite list of key elements that are "best practice" in these school districts and state programs from other parts of the country. Our recommendations call for pilot programs in Kansas to also embody these elements. The ultimate goals of our work include:

- Provide beginning, average, and career salaries for teachers that are more competitive with other states and comparable professions
- Ensure a system that educators within the system perceive as fair and justifiable
- Expand criteria for determining an individual's compensation beyond years of experience and training/degrees to include additional desirable elements (objectively and fairly measured) for compensation

With these goals in mind, we make the following recommendations.

*Recommendation: Raise beginning and average teacher salaries across Kansas to the national average.*

Evidence cited earlier noted the shortfall between teacher salaries in Kansas and in other states. Over the past three years, the average gap between Kansas salaries and the national average has been \$8,400 to \$8,800. Teachers are the greatest factor in schools impacting student achievement and learning. Kansas achievement data always ranks in the top ten nationally on every measure. The availability of excellent educators at these low salaries is at a risk, though, as a generation of outstanding teachers nears retirement. Increased professional career options available to potential teachers in every content area and grade level demand that we be proactive to make this profession attractive to strong academic candidates so that every child, every subject, every grade level continues to have an excellent teacher.

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<sup>2</sup> Sawchuk, S. (Sept. 17, 2008). "Study details barriers to career-changers going into teaching." Education Week, pp. 10-11.

<sup>3</sup> National Education Association (Sept. 2008) "Show me the money!". Reprinted from The New York Times in NEA Today, pp. 18-19.

*Recommendation: Compact Salary Schedules for “Initial” and “Professional” Educators*

One strategy that matches both the best interest of career earnings for teachers and the professional growth of beginning teachers is to “compact” traditional salary schedules. While standardized tests have significant limitations in their usefulness in measuring teacher effectiveness, strong evidence exists to show that students perform significantly better for each year of experience of their teacher for the first three to seven years in the profession. (It is also noteworthy that it takes at least two years of experience by beginning teachers who enter their career through a shortcut preparation program such as “Teach For America” before their students perform as well as a first year teacher from a traditional full preparation program.) Certainly, by the completion of the first ten years, the individual is an independent, skilled educator. Further professional growth measured by the blunt instrument of standardized tests is harder to differentiate. For this reason, a top-level professional salary should be attained by the tenth year in the profession. This strategy of “compacting” a salary schedule will serve the goals of raising average teacher salaries, increasing the lifetime earnings for individual educators, and better reflecting the professional continuum of knowledge and skills.

*Recommendation: Add dimensions to the Salary Schedule reflecting “Accomplished Educator” criteria*

Traditional salary schedules recognize experience and training for teachers. Both of these dimensions are logical and appropriate measures for inclusion in a compensation system. But several additional factors warrant consideration as criteria for compensation. Some have proposed the concept of career scaffolds – systems that provide compensation for experience (with compressed years of experience), training/education (degrees and targeted professional development), AND for a range of other items that are either professional options for the teacher or reflect the special roles and responsibilities a teacher may fulfill in her/his school and district.

For Kansas, the first 10 years in the profession would be a time during which a teacher moves from “Initial Educator” through those experiences to become a “Professional Educator”. Early steps in this process will include the completion of the KPA, a mentoring/induction program, and the move to full licensure. Just as significant and measurable growth in the skill and independence of the early career educator continue beyond the attainment of a professional license, the salary increases as the teacher moves through the compacted salary schedule to the top of the “Professional Educator” rows. As a teacher reaches “Professional Educator” status, she/he becomes eligible to further enhance salary and also to achieve “Accomplished Educator” status.

Items that might warrant additional compensation could include, but not be limited to:

- Serving in various teacher leadership roles (e.g. grade level or department chairperson)
- Providing professional development for colleagues
- Working on projects beyond standard expectations for the teachers (e.g. curriculum revision, instructional materials selection)
- Serving in specialized teacher roles (e.g. peer coach, mentor, peer assistant, peer reviewer)
- Coordinating specialized programs or projects (e.g. leading school improvement teams, accreditation preparation work, conducting department/grade/school/district-wide action research)
- National Board Certification
- Demonstrating specialized skills (e.g. technology integration, English as a Second Language instruction)
- Engage in community outreach
- *Successful progress in achieving a school/department/grade level goal for school improvement*

In the salary scaffold structure, each of these types of items could serve as a layer (with its own variations) as in the sample below:



In the above example, years 1-3 would represent the “Initial” phase of the career, years 3-10 (and beyond) could encompass the “Professional” phase. At some point during the career, additional expertise, certifications, leadership, etc. can move an individual from the front level to include one or more of the “Accomplished” layers.

**Recommendation: Use best practice in developing compensation systems**

First and foremost, a compensation system should begin with a solid beginning salary and a competitive career salary (by the end of the compacted schedule) with advanced degrees. Additional compensation that honors factors that demonstrate that an individual has moved from “professional” to “accomplished” status should supplement this solid foundation. Such additional compensation should be implemented with the following basic elements in place:

**Guarantee stable, adequate state funding** – Numerous studies have noted deficiencies in overall state funding. Beginning in 2000, Kansas National Education Association established a task force to determine the funding level needed to provide a “quality public school education” in every school in Kansas. They estimated that current funding at that time fell about \$800 million short of the amount needed.

Later in 2000 the Kansas State Board of Education (KSBE) laid out its goals for education in the 21<sup>st</sup> century for Kansas AND identified funding needs to meet those programs. They called for full day kindergarten, improved teacher salaries, full funding for special education excess costs, etc. They stated that at least \$790 million more was needed for schools. They also recommended a three-year phase-in of this plan.

The Kansas Legislature chose not to accept the findings of a Task Force from the 1990’s appointed by Governor Bill Graves, the KNEA study, nor the recommendations of the Kansas State Board of Education. The Legislature contracted with the consulting firm of Augenblick and Myers to conduct a cost study for a suitable education in Kansas. They found a shortfall of between \$800 million to \$1 billion using two different models of analysis.

Courts mandated that the Legislature act to remedy this problem. The recent plan to increase the investment in public education fell significantly short of the amount recommended by Augenblick & Myers.<sup>4</sup> Increases were also spread over three years with no adjustment for the impact of inflation, thus further exacerbating the shortfall. Other districts and states that have implemented plans to raise teacher salaries have seen those plans succeed or fail over time based on their commitment to fully funding and maintenance of funding over time.

In order to appropriately fund Kansas public schools, a minimum of \$800 million adjusted for inflation (minus one year of funds infusion that exceeded inflation) is needed. This is the amount needed to achieve both increases in salaries and ensure access to a 21<sup>st</sup> century education for every public school student.<sup>5</sup>

***A stable commitment of local funding*** – School districts also have a responsibility to provide an appropriate level of compensation to all employees. New compensation structures require teachers to begin to think differently about how they are paid. It is also appropriate that districts think differently about what portion of their available funds should be allocated to attract and retain a highly qualified teaching staff. The most notable recent case in point is the contingency of the Denver Public Schools plan on voters' willingness to increase taxes to pay for their compensation plan.

***Infrastructure to support all aspects of a new compensation system must be in place*** – Resources to provide rewards are critical but not sufficient to guarantee successful implementation of a new compensation system. Additional resources such as personnel time and expertise will be needed to administer a plan. For example, if a system relies on teacher development of portfolios and observations to determine placement on a career ladder using Charlotte Danielson's rubrics, the system must have 1) persons with time and training as evaluators, 2) a system to ensure inter-rater reliability, 3) record-keeping systems, 4) training for all staff to familiarize them with the criteria and 5) expectations of the career ladder, etc. While it is understood that expertise will be developed and enhanced over time, some degree of readiness must be achieved at the beginning of implementation or a dismal failure will result. Teacher evaluation systems typically are designed with sufficient refinement to assist in making employment decisions but not with the precision to distinguish between levels of acceptable teacher performance. For this reason, the committee addresses teacher evaluation more extensively in a later portion of this report.

***District-Union Relations*** – New compensation structures can only result from monies (possibly new monies) being directed to criteria other than the experience and degrees of the single salary schedule. There must be a spirit of trust in the district that alternative compensation is not a shell game to decrease employee costs to the district. There must be trust that the system for determining eligibility for additional compensation is reliable, fair, and congruent with the values of the persons who work in the district. Some have recommended that implementation of a strong interest-based problem solving mechanism between district and union should be a prerequisite for such plans. United School Administrators and Kansas National Education Association jointly provide training and facilitation for such culture-building systems.

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<sup>4</sup> Augenblick, J., Myers, J., Silverstein, J., Barkis, A. (2002). Calculation of the Cost of a Suitable Education in Kansas in 2000-2001 Using Two Different Analytical Approaches.

<sup>5</sup> For additional information on tax structures necessary to fund both public education and other public services, see Sims, R. (2004). School Funding, Taxes, and Economic Growth: An Analysis of the 50 States. <http://www.nea.org/edstats/images/schoolfunding.pdf>.

***A supermajority of teachers must express acceptance for a change in compensation structures –***

Teacher approval or acceptance is lynchpins of success or failure of new compensation systems across the country. Administrators must also have confidence that the new plan can be implemented fairly and that they will have necessary resources to oversee the plan. The system must, therefore, be both collaboratively developed and collaboratively implemented. Also, approval as part of the negotiated agreement is a given. Numerous studies have noted that a mere majority approval for significant changes in compensation structures is not enough. For a plan to be successful, it needs approval by some super-majority of the bargaining unit. Some locals have required two-thirds, 75%, or even up to an 80% approval vote.

***A transition from current systems to new systems must be available to ensure veteran and new staff are all treated fairly –***

A change from one pay system to another requires a plan for transition. One cannot expect buy-in if some employees have his/her salary reduced as a result of a change to a new system or addition of new elements to an existing system. Current employees achieved their current status by complying with the demands of the current system and should not be penalized for working within the structures and values of the old system. Whether a “grandfather” option is utilized, a phase-in period is incorporated in the plan, or the new compensation system results from new monies or an increased portion of district funds being applied to salaries, some provision must be made to protect the financial well-being of all.

***Student data should not be used to determine individual compensation, but may be ONE appropriate criterion among multiple measures for determining a “group reward” –***

Recent findings from statewide performance pay systems at the state level demonstrate the difficult nature of basing individual teacher pay on measures of student achievement. The RAND (2007) Corporation noted that teachers widely believed that the individual bonus system implemented statewide in Florida had serious negative effects on collaboration as individuals were put in competition for compensation rewards. RAND also utilized multiple models to measure teacher impact and found that varied statistical models generated significantly different results in identifying who the “better” teachers were. In addition, just as it is academically indefensible to measure student learning based on a single test, high-stakes decisions about compensation should also not be based on oversimplified achievement measures.

Individual performance pay is most problematic since the statistical calculations to determine “teacher influence” is subject to error and to the impact of the statistical formula. Combined with the negative impact of competition between teachers, we recommend that any system that links compensation or bonuses to achievement should only be implemented when linked to group (grade level, department, school, for example) goals. Performance incentives should allow for choice in setting goals that either rely on attaining a performance standard or attaining an agreed-upon level of progress towards a level of student performance. These goals should be perceived as attainable (In Douglas County, CO, for example, approximately 90% of the groups pursuing a performance incentive were successful). Other cautions regarding the appropriate use of data (e.g. student privacy) should also apply.

***Additional compensation elements must be sufficiently large to justify the time, effort, and risks involved in pursuing them –***

A system that provides increased compensation for new and different criteria will likely not work unless the amount of the additional compensation is sufficiently large to demonstrate that the district and union place value on the new and different work or measurements of performance that are part of the plan.

***New systems should provide employees with choices about which aspects of compensation they wish to pursue*** – Employees should have the opportunity to decide if they wish to participate in “individual” elements of an alternative compensation plan. If the appropriate super-majority of a group determines to participate in a group reward, all members of that group are bound by that agreement (just as all members of the bargaining unit are subject to the terms of the negotiated agreement even if they did not support its ratification. There should be no professional stigma if any person chooses not to pursue individual elements of alternative compensation. A desirable feature of many pay systems is multiple forms of alternative compensation or multiple criteria for achieving an incentive. Creation of options within a plan should be considered as the compensation system is designed.

***Professional development must be provided so those that administer a new system have the knowledge and skills to do so*** – An adequate system of support to help each employee must be an integral part of any alternative compensation system. The plan must address both the desired teacher skills and the skills necessary to administer the compensation system. The professional development system should empower individual employees and develop the capacity of schools and the district as a whole. Principles of effective staff development are well established (e.g. ongoing, job-embedded) and must be inherent components of the district’s professional development plan.

***Characteristics of reward criteria must be understood by employees compensated in the new system*** – Employees must be able to understand the system. Complicated statistical formulas that require advanced mathematics to justify are probably not appropriate since the complexity will call into question the validity and/or reliability. Criteria for determining additional compensation must be quantifiable, reliably measurable, and validly related to the intended values of the system.

***An appeal process must provide assurances of an objective, fair determination of compensation*** – Systems in which potentially subjective evaluation are used as criteria for determining levels of compensation need a mechanism to allow employees to experience the system as fair. An appeals process for evaluations/assessments, for approval of goals, etc., is essential to maintain this fairness.

## **Next Steps**

Just as transition is a necessary step in the implementation of a new compensation system for a district, transition is a necessary part of an effort to diffuse these new structures across Kansas. For this reason, we recommend that the legislature allocate funding for a cross section of pilot programs in districts representative of the demographics, size, and geography of the state. Proposals should be considered based on the degree to which they reflect the principles embodied in these recommendations. Funding should be sufficient to increase the average teacher compensation for the district in question by the amount necessary to raise the Kansas statewide average teacher salary to the national median.

## Appendix

The following terms are commonly used when discussing compensation systems for educators:

**Merit Pay** – The typical design of a merit pay plan calls for an individual evaluator to determine which individuals are worthy of additional compensation. In many cases, the evaluator has great latitude in defining what constitutes meritorious conduct. Also, in order to provide budgetary stability, the plans typically include “maximums” limiting the number of teachers who could potentially receive additional compensation. These maximums and procedures suggest two underlying assumptions of merit pay plans: 1) that only a limited number of individuals within the system are worthy of being deemed “meritorious” and 2) that the individual evaluator is the best person to determine criteria and to judge who is worthy.

These plans as described above contain several inherent flaws. They rely on arbitrary standards for merit and the subjective judgment of an evaluator to determine if the employee has met the standards. Merit pay also tends to encourage counter-productive levels of competition among staff. Still another problem typically associated with these plans involves quotas or caps on the number of individuals or percentage of the staff that can receive rewards, even if a greater number of staff members are worthy of the merit incentive. Historically, these plans frequently did not include funding for long-term success or for rewarding all staff worthy of merit pay.

This committee recommends that we avoid Merit Pay plans as they lack the objectivity to satisfy the critical attributes of a compensation system.

**Single Salary Schedule** – Based on rows representing years of experience and columns representing college hours and/or advanced degrees, the traditional single salary schedule provides an objective and consistent measure to determine salary. In Kansas, many districts also recognize Professional Development Credit points or equivalency credit as a part of the column definitions (in addition to college hours). The system allows any individual to have access (over time) to the highest level of compensation if they choose to plan a career path in that manner.

These structures provide a school district with a great degree of predictability of salary costs. However, the single salary schedule lacks the opportunity for more rapid advancement to the highest level of compensation regardless of the skill or work level of the individual. While the single salary schedule reflects an inherent value for advanced academic study and for professional experience as well as for objectivity and fairness, it lacks recognition for other factors that the system may value. There are also concerns that, for individuals who reach the maximum salary, both the monetary motivation for continued growth and satisfaction with their career diminish.

This committee recommends that the Single Salary Schedule be retained as a portion of an overall compensation structure AND that such schedule be “compacted.”

**Career Ladders** – The committee considered any plan that established a hierarchy of skill or responsibility to be a career ladder. One example of a career ladder is a system that uses Charlotte Danielson’s teacher performance rubrics to establish a multi-tiered structure of expertise. Some career ladders provide differentiated responsibilities for persons with greater expertise or experience. Such

responsibilities may have involved curriculum writing, departmental or school leadership, peer assistance or mentoring, etc. in lieu of some teaching responsibilities.

Some career ladders require teachers to maintain portfolios to document their professional expertise; some utilize observation by trained peers as a factor in determining skill levels. Successful plans tend to offer a variety of opportunities to achieve higher career ladder status through measurable, well-defined criteria. When plans rely on leadership roles or committee participation to determine placement on a career ladder, it is important to answer questions such as these:

- Who chooses the leaders or committee membership?
- Who designs, implements, monitors, and revises the career ladder plan?
- Are there terms of office in leadership roles or committee ranks?
- Can a teacher serve multiple terms?
- What are the job expectations of the leader/member?
- If different committees receive differing compensation, which gets more and why?

**Extra pay for extra work** – Most implementations of the single salary schedule also include some degree of extra pay for extra work. The committee found that districts provide compensation for a wide array of extra responsibilities beyond the school day. Some of these are the same activities that can be found in another district’s career ladder. Other responsibilities focus less on the professional aspects of teaching and provide compensation for such things as hall duty, lunchroom duty, working at school events, etc.

Extra duty pay systems typically do not attempt to approximate an hourly rate conversion of the employee’s contractual rate. There is an inherent assumption that all persons performing extra duty will be equally adept regardless of educational background. Some such plans allow for “years of experience” to translate into higher pay in a similar manner to the single salary schedule.

While there is a basic sense of fairness in providing extra pay for extra work, there are some typical critiques. The fact that the pay rate is not equivalent to the employee’s hourly rate tends to demean the work even if it does require expertise (such as writing curriculum). On the other hand, some argue that “true professionals” would do the ancillary tasks to make a school/district operate without expecting to get paid by the minute. A response to this critique is that few professions expect (and get) the amount of work from their employees outside contractual time. Statistics reveal that teachers put in far more hours at work in their contract year than most other professions in a 12-month period and teachers have responsibilities during summer months (such as for their own professional growth) that generate little or no additional compensation.

**Knowledge and/or Skill** – These plans provide additional compensation to individuals who demonstrate a specific knowledge base or set of skills that they can apply in the classroom. One of the most prevalent systems recognizing knowledge and skill is bonus payment for persons holding National Board Certification. This certification represents a careful, reliable evaluation of a discrete skill set specifically related to the responsibilities of teaching. Other systems include bonuses for demonstrated knowledge or skill with particular classroom technology or for a particular teaching technique.

Inherent in such plans is a desire both to recognize persons who are able to enhance their teaching through application of the desired knowledge/skill and to encourage other staff members to develop the knowledge/skill. In the ideal implementation, these plans allow for school districts and locals to

agree upon desired knowledge/skills that they wish to encourage among staff. Reliable, valid measures of the knowledge/skill must also be identified. The plans may come in the form of a one-time bonus when the knowledge/ skill is demonstrated or may be available for a number of years (such as each year for the life of the National Board Certification). These plans may also identify knowledge/skills that add to the capacity of a school to achieve its goals. For example, group facilitation skills may be a valuable resource to a building as it sets goals, and additional compensation to individuals possessing that skill may be included in these plans in addition to skills related to teaching.

Some identify the lack of recognition for broader educational and professional knowledge in favor of targeted skills as a limitation/weakness of these plans. Unless new monies become available to supplement the single salary schedule, there is also the criticism that teachers who invested in the kinds of learning valued by the system (degrees and hours) lose income to others given a different set of rules by which to play unless a dual system is operated as a transition or “grandfathering” provision.

**Pay for Performance** – Pay for performance, as used by the committee, refers to any system that provides compensation based on measures of student performance. The committee classified systems that measured teacher performance without consideration for student performance as either the pay for knowledge and skills categories (e.g. teacher performance being demonstrated by some teacher assessment process) or merit pay (teacher performance being determined by the judgment of an evaluator).

There are two types of performance rewards – *individual rewards* and *group rewards*.

*Individual Rewards* – Individual rewards provide additional compensation or recognition to an individual based on the performance of that individual’s students on one or more measures. If student performance reaches some benchmark, or if student growth/improvement reaches some predetermined level, the teacher is eligible for the reward. Some systems allow for individual teachers to propose improvement or performance goals to some overseeing committee for approval prior to the beginning of a term or school year. Other systems have preset goals. The most complicated of these plans utilizes statistical analysis to determine the degree to which the teacher was responsible for student growth and the degree to which student growth might be attributed to other factors (such as socio-economic status, previous academic performance, etc.) These plans are based on the assumption that an individual teacher’s contribution to the performance of his/her students can be quantified. They are also based on a desire to recognize teachers whose students perform the best on some academic measures. The plans do not recognize the influence of the entire school on the growth of a student. For example, mathematics achievement is deemed to be the result of good math teaching with little regard for how science teachers may use applied mathematics or other types of integrated projects across curricular areas.

Serious concerns have been raised about individual reward systems. For example, there is a concern that collaboration and teamwork essential for achieving school-wide goals may be diminished unless the individual rewards plan incorporates some collaboration factor. This decreased spirit of teamwork is most likely if there are limited rewards and teachers are in competition to receive those rewards. A second concern is that measuring the effect of one teacher on the performance of students aside from all other factors is extremely difficult (if it is truly possible). Plans that attempt to statistically account for teacher effect tend to become highly complex and lack understandability.

Group Rewards – Group rewards are based on the assumption that a larger group of staff members contribute to the performance of individual students other than their specific teacher for a particular subject in a particular year. Teams may consist of a whole school, a particular grade level, a particular department within a school, or even a department across several schools. As with individual rewards, goals for either achievement or for improvement are set and approved in advance and all members of the contributing group receive some portion of the reward if the goal is met. Group rewards are based on the assumption that a whole school staff can work collaboratively to improve student performance regardless of whose class the student is in. Some group reward systems provide rewards to non-teaching staff (custodians, secretaries, etc.) for their contribution to school climate and accommodating student needs.

One concern expressed about group rewards is that some individuals will not work hard, believing that the group's effort will carry them. Experience from the private sector would indicate that this concern is unfounded. Measuring student performance is still a challenge in group rewards systems, but the larger size of the student population being measured and the inclusion of additional system-wide influences is likely to increase the reliability of the measures.

In both individual and group rewards, there is an assumption that quality teaching can make a difference to overcome student characteristics and external environmental influences. As stated above, one of the greatest difficulties in performance reward systems is to determine:

- a) What student outcomes (if achieved) are worthy of a bonus being paid to the staff?
- b) How can student performance reliably and validly be measured on the desired outcomes?
- c) How can the teacher's or school's influence on student outcomes be reliably calculated?

**Market Based Pay** – Teacher shortages may be viewed simply as an issue of supply and demand or may be expanded to consider a "quality" issue as well. There are two approaches to dealing with teacher shortages. One approach is for individual districts to raise salaries or offer bonuses to attract desirable candidates away from other districts. A second approach is for state governments to take action to increase the resources for all districts, in some cases targeted specifically to teacher salaries. There are also two different problems that may be addressed by market based pay plans. These plans are frequently used to attract teachers of subjects (e.g. science) or with special skills (e.g. bilingual) where limited supply exists. A second purpose of market based plans may be to attempt to increase compensation for all subject areas to address teacher shortages as a broader concern than simply for certain subject areas.

Some make the assumption about the district-by-district approach that all districts already have adequate resources and competition will ensue to cause all to raise salaries. This idea also assumes that current salaries and competition are able to attract sufficient numbers of new teachers to the profession in limited supply fields. Thus far, we continue to see an inadequate supply of teachers in certain fields, competition among districts, and the inability of districts to raise salaries or provide bonuses to change the enrollment patterns in schools of education. Districts that have experimented with increased compensation for teachers in short supply have used bonuses, forgiveness of loans, assistance with housing, and credit for all years of experience on a single salary schedule (while placing limits on other experienced new hires). In some cases, the district provides the bonus on a one-time basis to all current employees (as well as new employees, when hired) when a shortage area is identified.

States have also attempted to address the shortage issue in a variety of systems. Some states have increased statewide compensation for teachers. Other states have lessened requirements for entry into the teaching profession. It appears that the former assumes a need for greater compensation is necessary to attract and retain qualified teachers while the latter assumes that less qualified persons can succeed and that persons with less preparation or skill can make up the gaps without appreciably raising salaries.

Several major concerns have been expressed regarding certain market based compensation strategies. First, a market approach that provides additional compensation to certain teachers based on the subject matter they teach is contrary to the spirit of equality and opportunity often held by people who pursue education as a career. Paying teachers different amounts based on the subject matter they teach may imply an inherently lower worth on certain subjects we expect students to learn. It would also be naïve to assume that resentment would not occur if colleagues were compensated differently for essentially the same work, academic training, and responsibility. An unintended side effect may also be a decrease in the spirit of collaboration necessary for a culture of “learning community” within schools. In some instances, there is fear that the market approach may have already led to exorbitant bonuses for coaches with winning extracurricular records while neglecting the academic purpose of schools.

The effect of the district-level incentive approach is that districts with more abundant resources are more likely to have qualified teachers in every classroom while districts with fewer resources or less desirable environmental factors may have to hire teachers with less experience or inadequate preparation or skill.

The committee believes that scholarships, loan forgiveness, and other such strategies are appropriate ways to attract new teachers to hard-to-fill content areas. Support for current teachers wishing to become licensed in an area of shortage is also appropriate. Once teachers have entered the profession, though, the salary system should reward all members of the profession equitably and market approaches should raise the salaries for the profession as a whole to compete with other professions with comparable preparation and responsibilities.

**Low Performing School Incentives** – Regardless of the salary and benefits available, some schools have a hard time attracting and retaining teachers due to the difficult working conditions. Schools face a variety of problems that cause them to be perceived as “low performing.” In some settings parental involvement is minimal; some have high percentages of special needs students; some have students who have had fewer learning resources in their lives; some are in neighborhoods perceived as unsafe; and some schools suffer from economic neglect and physical deterioration. New teachers who succeed in such difficult settings will often move to schools or districts with better facilities or students who come more motivated and ready to learn. Many new teachers do not survive these settings.

The result is that low performing schools tend to see an ongoing procession of beginning teachers and little stability from an ongoing core of experienced master teachers. Some districts have initiated rewards systems for experienced teachers who will choose to work in low performing schools to help them improve student performance. It is recommended that these schools be labeled “high priority” rather than “low performing” and that resources be provided both to attract and retain a quality teaching staff as well as to reduce class size, fix buildings, and provide computers and other instructional materials.