



Teacher Compensation Practices

SENATE EDUCATION COMMITTEE, MARCH 26, 2018

Key Takeaways










Key Takeaways On Teacher Compensation

- (1) Good teachers should be paid **SIGNIFICANTLY** more in order to improve retention, especially at high poverty and rural schools.
- (2) There are reasonable processes that can be used to define exactly what "Good" and "Best" teachers are, but they aren't easy or without controversy:
 - Best if locally developed and involve some statewide calibration
 - Small, rural districts need a process managed by a third-party given capacity limitations
- (3) A policy framework will require a willingness to make a long term commitment via funding formulas, not one time grants.

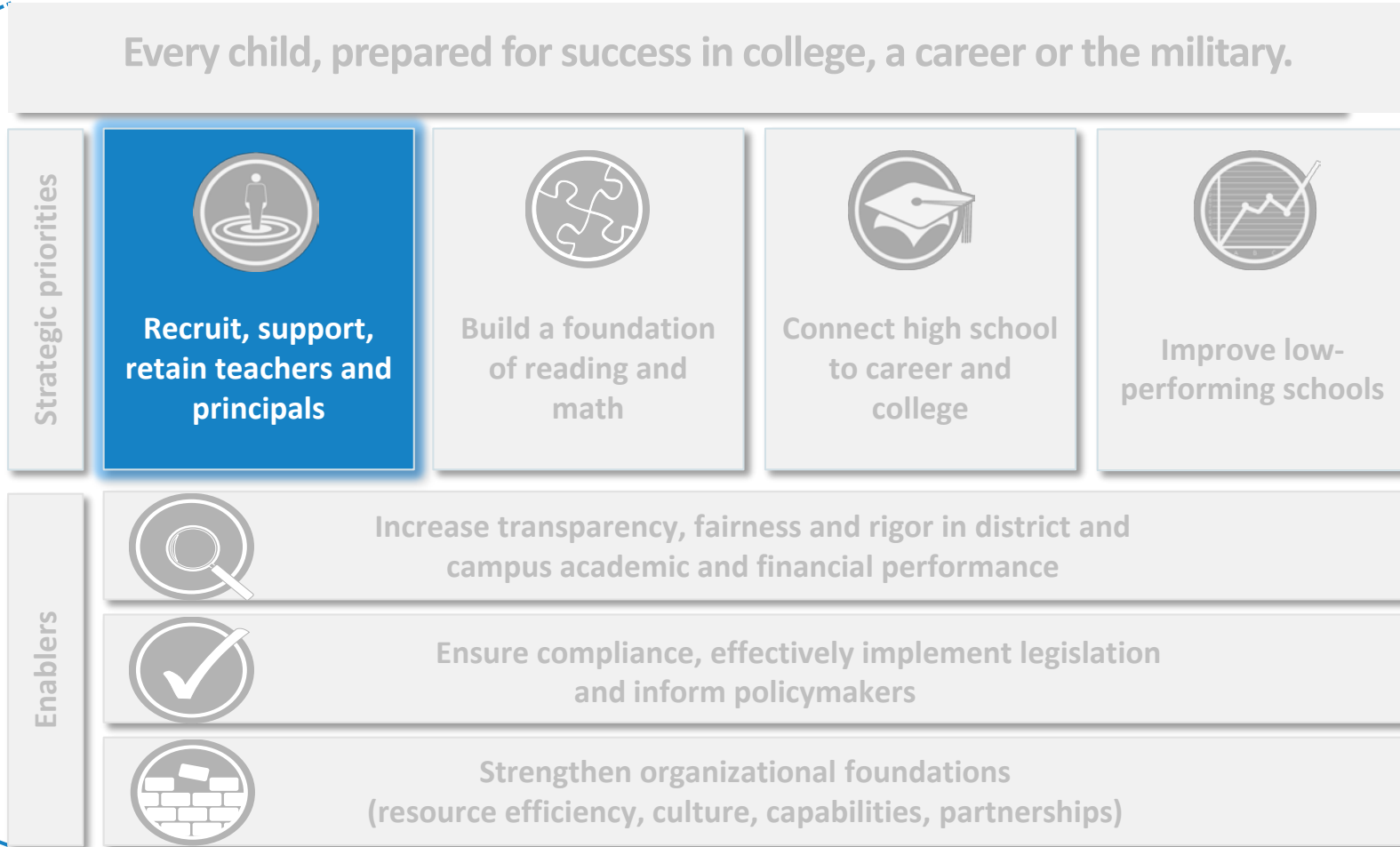
Our Strategic Priorities



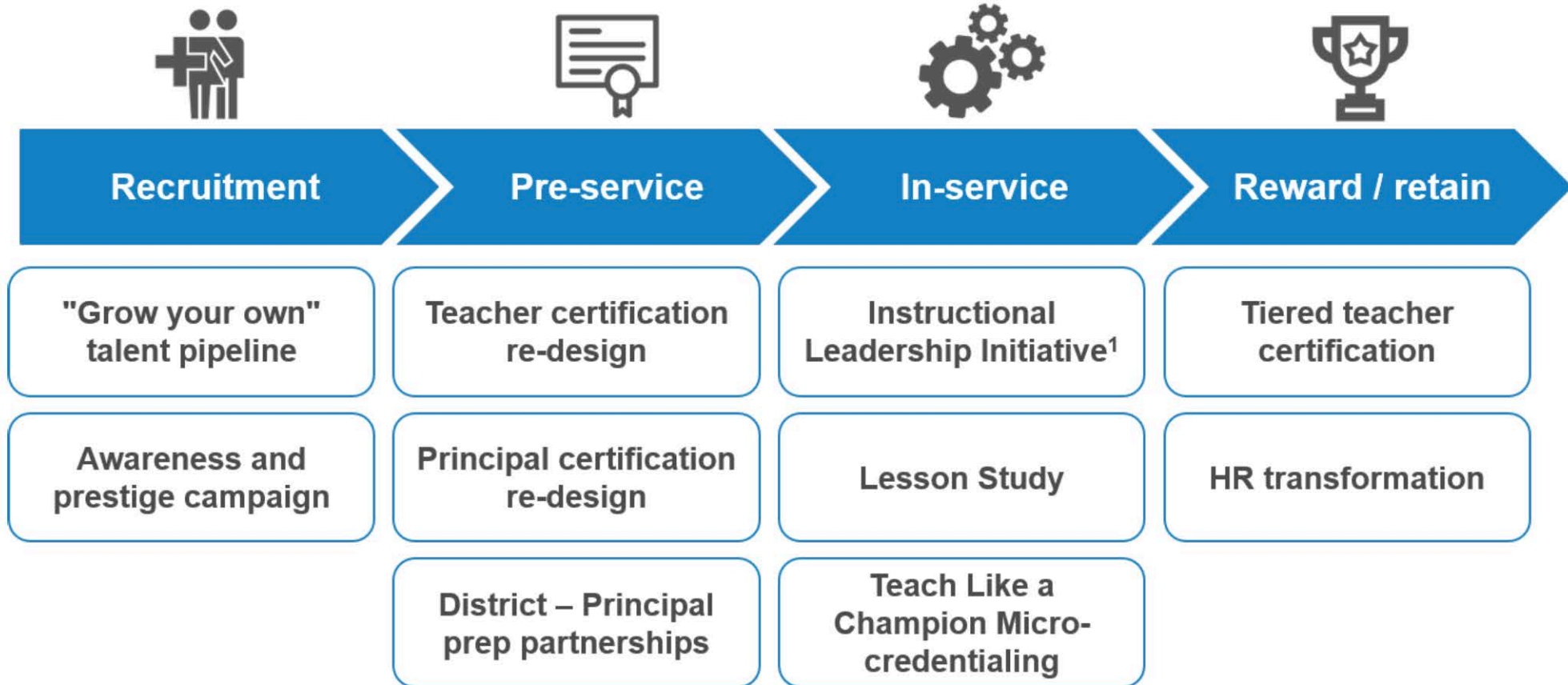
Every child, prepared for success in college, a career or the military.

Strategic priorities	 <p>Recruit, support, retain teachers and principals</p>	 <p>Build a foundation of reading and math</p>	 <p>Connect high school to career and college</p>	 <p>Improve low-performing schools</p>
	 <p>Increase transparency, fairness and rigor in district and campus academic and financial performance</p>			
	 <p>Ensure compliance, effectively implement legislation and inform policymakers</p>			
	 <p>Strengthen organizational foundations (resource efficiency, culture, capabilities, partnerships)</p>			

Our Strategic Priorities



Recruit, Support and Retain Teachers and Principals



Recruitment Challenges

Country's Best Students Remain Uninterested

In a 2010 report, McKinsey & Co found:

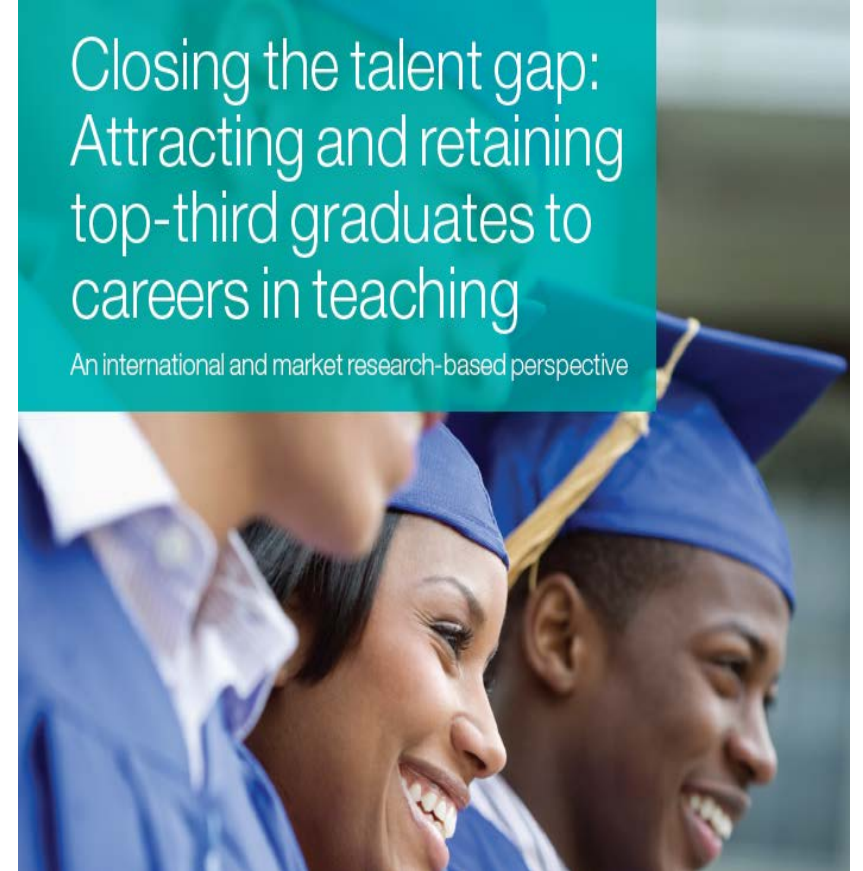
- **23%** of new teachers in the US come from the top 1/3rd of their college graduating classes.
- **14%** of new teachers in high poverty schools come from the top 1/3rd of their graduating classes.

vs.

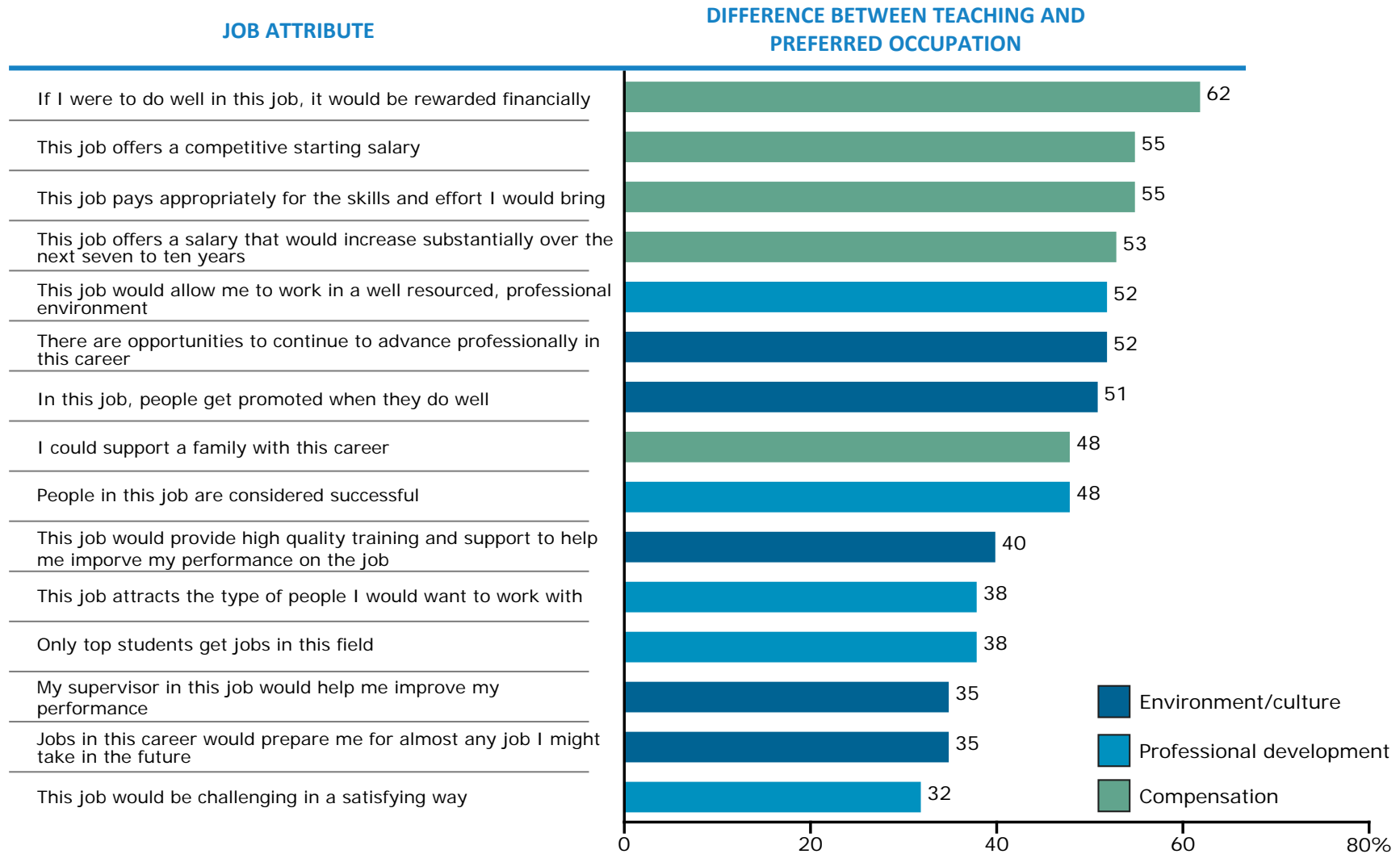
- **100%** of new teachers come from the top 1/3rd of their graduating classes in Singapore, Finland, and South Korea.

Closing the talent gap:
Attracting and retaining
top-third graduates to
careers in teaching

An international and market research-based perspective



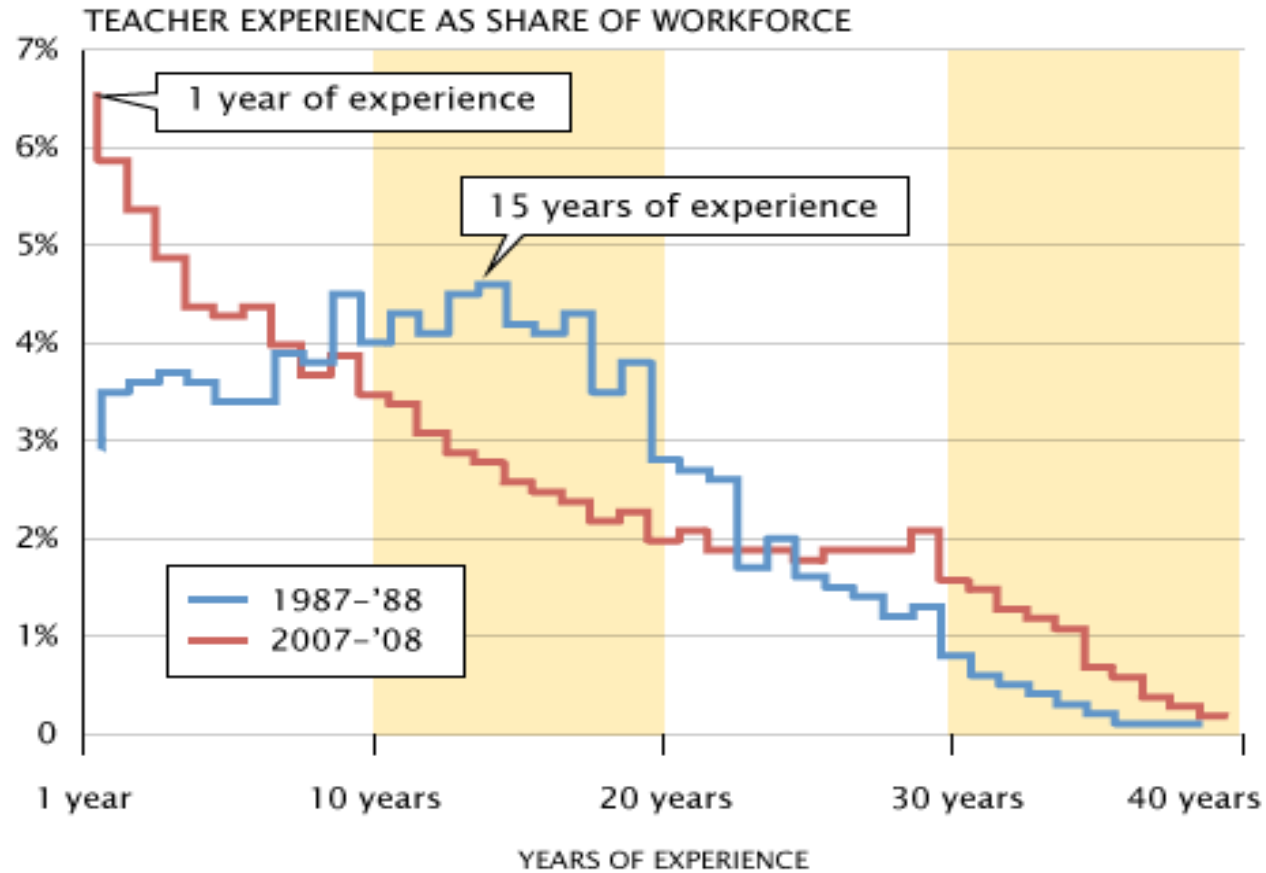
Competitive Compensation A Key Factor



Retention Challenges

Teacher Experience

Teacher Experience



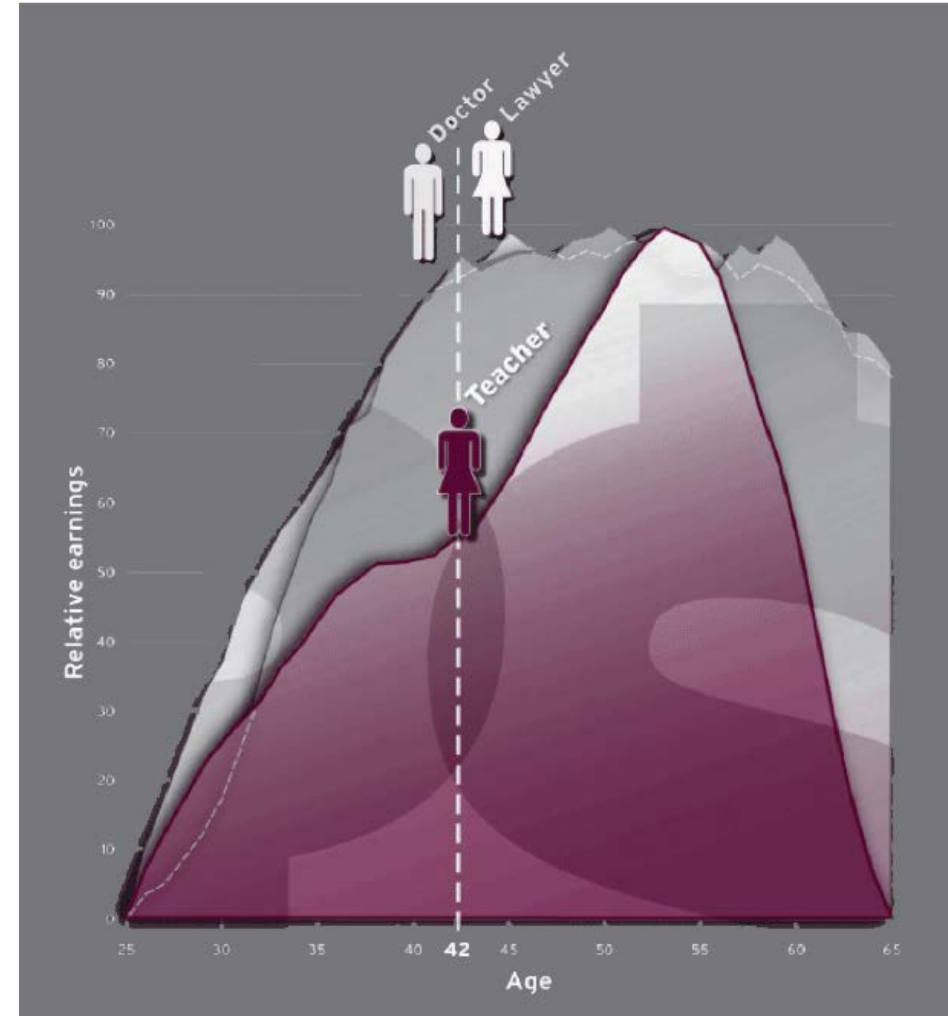
SOURCE: U.S. Department of Education

msnbc.com

Teacher Salaries Peak Late

A Slower Climb

It is well known that teachers earn less than doctors and lawyers. However, few realize that most doctors and lawyers make up much of the gap between their initial and peak earnings by their early 40s, while teachers' earnings rise slowly and peak when they reach their mid-50s and are near retirement.



Texas Compensation Strategy Examples

Current Teacher Performance Compensation Models

Dallas ISD

Comprehensive change to teacher evaluation system impacting all teachers, based on three components: supervisor observations, student growth, and student survey results.

Teacher salaries are explicitly tied to performance appraisal, as opposed to the years-of-service salary schedule.

High performing teachers offered additional \$10k stipends to teach at highest needs campuses, recruited en masse.

Lubbock ISD

District-wide group & individual performance bonuses eligible to staff and teachers.

Group bonuses include campus-wide and content-area student growth. Individual bonuses awarded to teachers in core-content areas based on growth of their students.

High performing teachers eligible for \$15k of bonuses in high needs campuses vs \$3k in other campuses.

Austin ISD

Offers incentives and support for teachers to pursue National Board Certified Teachers. NBCT is a rigorous certification process covering all teaching areas that takes anywhere from 12-24 months, and NBCT teachers have been shown to have a positive impact on student growth.

Support includes covering up front costs and cohort support for those in process. Stipends of \$2k per year thereafter are offered while the certification is maintained, regardless of campus placement.

Current Teacher Performance Compensation Models



Longview ISD

Implemented an innovative 3-tiered teacher performance pay model to highlight work of teachers and campuses that were closing academic gaps



Mathis ISD

Instituted longevity bonuses for teachers and administrators that include \$850 per year increases for the first 10 years of employment with the district



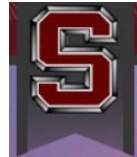
Flatonia ISD

Retention stipends provided annually to staff based on years with the district. An “Early Notice Exit Incentive” provided to teachers transitioning to support recruitment efforts.



Pharr-San Juan-Alamo ISD

Performance pay implemented based on a teacher effectiveness rubric that requires both observation and student growth data.



Seymour ISD

Provides a comprehensive benefits package to teachers that includes a 403b contribution, an HSA account, and a stipend towards gym memberships.

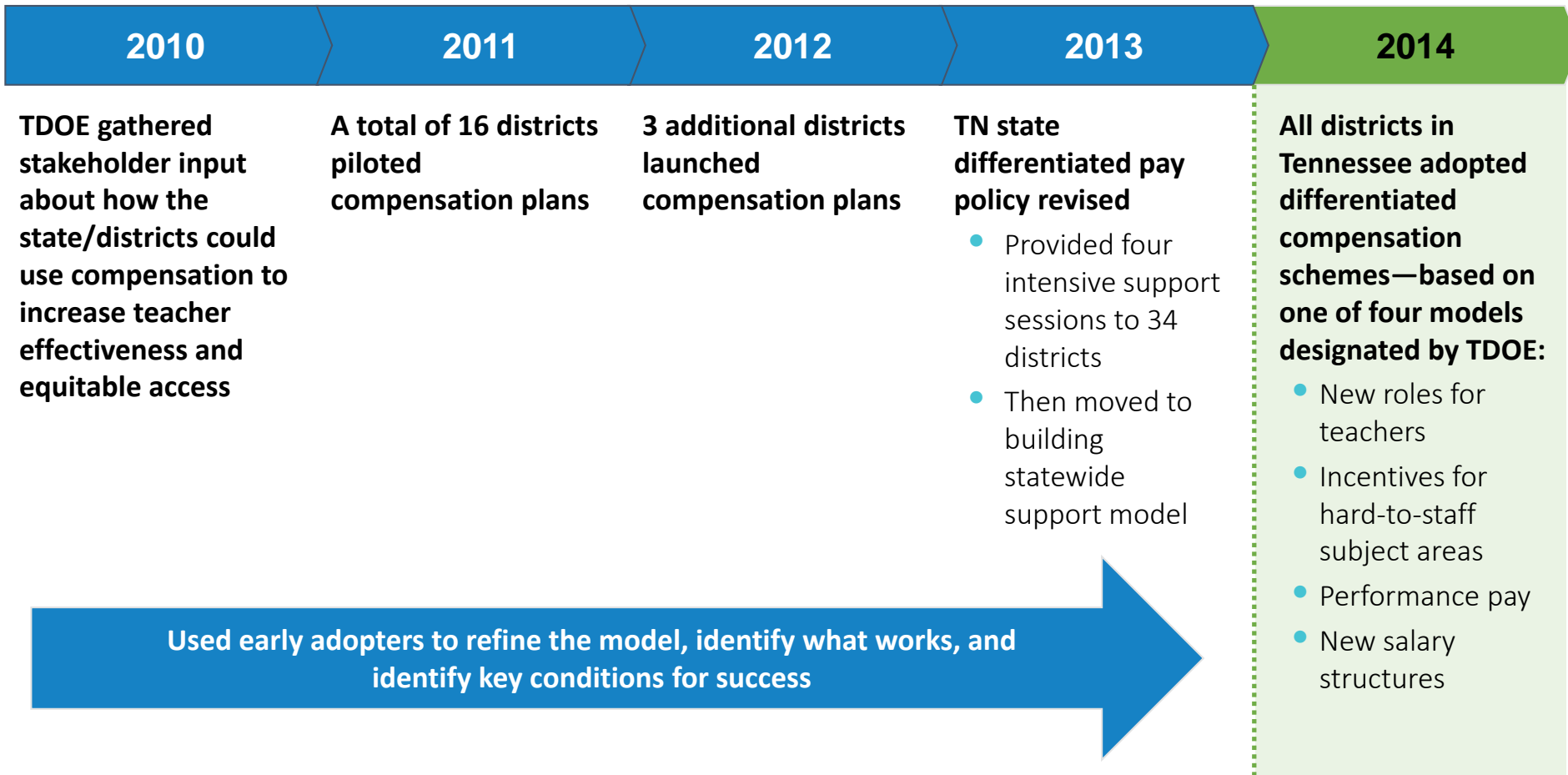


Era ISD

Retention and longevity stipends available to all teachers. An “Academic Coordinator” stipend was created to incentivize the district’s highest performing teachers to stay in the classroom.

U.S. Compensation Strategy Examples

Example from TN: Go Slow To Go Fast



Source: Reform Support Network, 'Implementing Differentiated Compensation Systems for Educators'

How does IMPACTplus compare with the previous compensation system?

- Under the previous contract, the starting salary was \$42,369 and it took 21 years to achieve the maximum salary of \$87,584. Under IMPACTplus, a Highly Effective teacher has the potential to earn \$79,975 in her/his first year, and can achieve the maximum salary of \$131,540 in just nine years.

<https://does.dc.gov/sites/default/files/dc/sites/dcps/publication/attachments/2013-2014%20IMPACTplus%20For%20Teachers.pdf>

Evidence from DC Impact – National Bureau of Economic Research

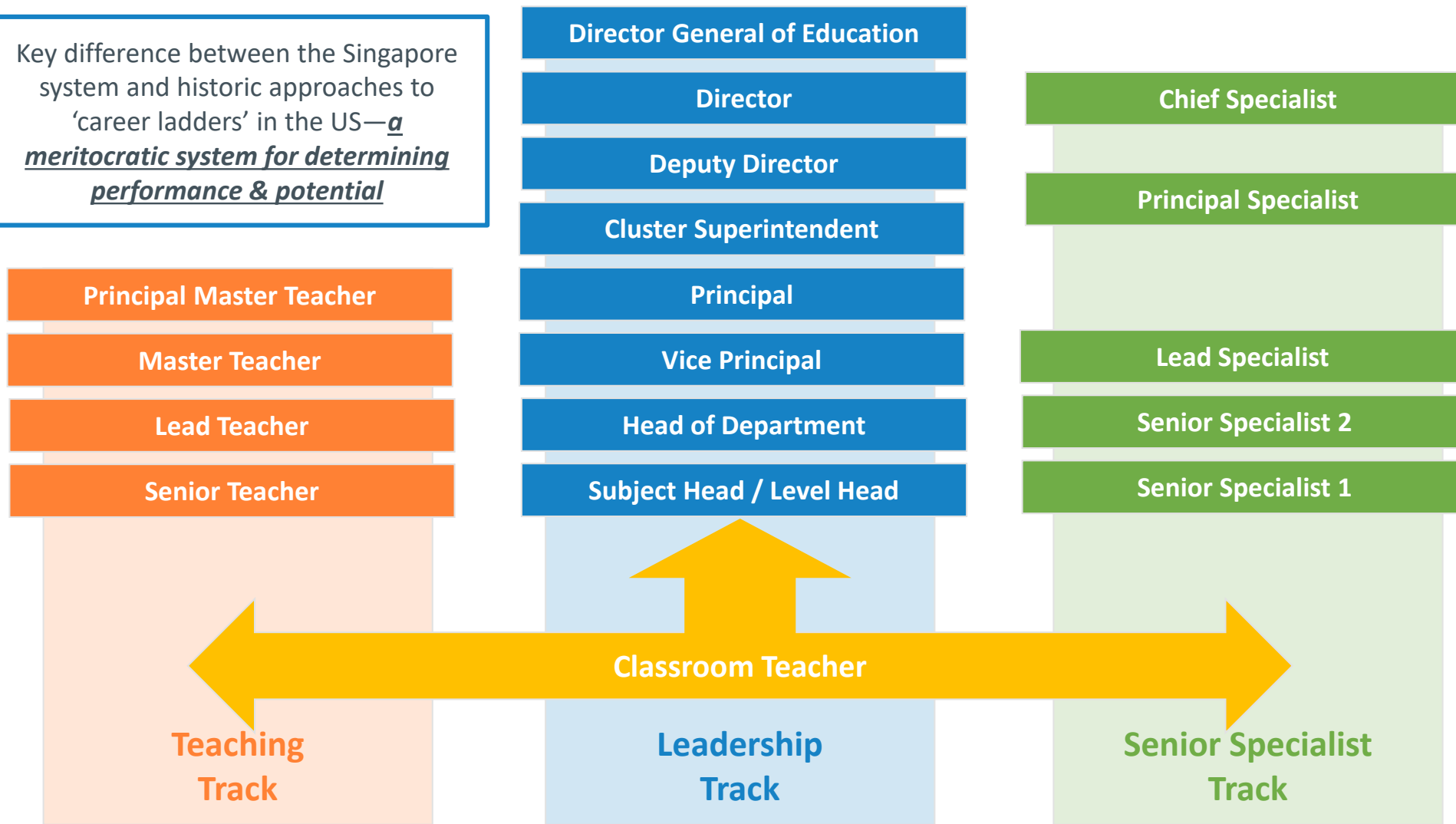
... results indicate that dismissal threats increased the voluntary attrition of low-performing teachers by 11 percentage points (i.e., more than 50 percent) and improved the performance of teachers who remained by 0.27 of a teacher-level standard deviation. We also find evidence that financial incentives further improved the performance of high-performing teachers (effect size = 0.24).

<http://www.nber.org/papers/w19529>

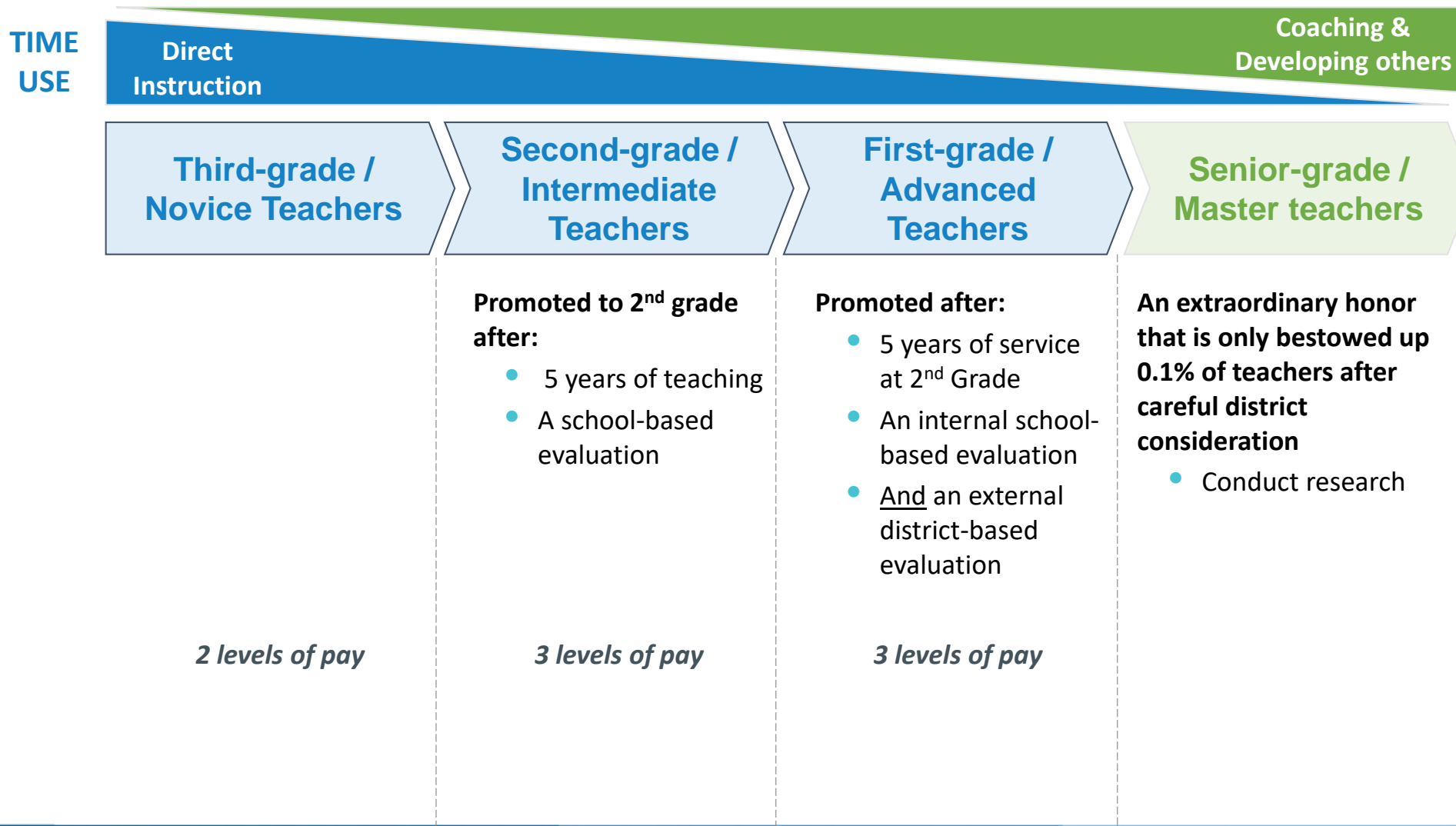
International Compensation Strategy Examples

Differentiated Compensation: Singapore

Key difference between the Singapore system and historic approaches to 'career ladders' in the US—a meritocratic system for determining performance & potential



Differentiated Compensation: Shanghai



Key Lessons on Merit Pay

Several attempts at “**merit pay**” have been conducted around the country that have shown little impact on student achievement, teacher retention, and teacher recruitment.

Key Lessons To Take Into Consideration:

- **Size matters** – small dollar amounts lead to limited impact on behavior
- **Clarity matters** – if teachers don’t understand how the incentives work, the incentives don’t change behavior
- **Calibration matters** – evaluations of performance must be rigorous and consistent, otherwise grade inflation occurs disconnecting the incentives from the desired outcomes; Money for all is different than money aligned to student outcomes
- **Eligibility: The More The Better** – if the incentive is limited to only a few teachers at a campus, teachers have a disincentive to work together
- **Permanence matters** – one-time offerings often disappear when funding dries up, having limited impact on behavior
- **A Comprehensive Design is better** – add-on bonuses to otherwise pre-existing evaluations and salary schedules have less impact on behavior than more comprehensive evaluation & salary structure changes
- **Focus On The Need** – Recruitment and retention are not universally problematic within the state, so incentives designed should be designed with that in mind (ex: higher salaries for serving in high needs schools)

Appendix

Differentiated Compensation vs. Merit Pay

“Differentiated Compensation”

VS

“Merit Pay”

- **Tends to be broadly structured around long term organizational needs:**
 - Ex: Based on summative performance evaluations, you get a raise or promotion
 - **Tends to be designed as holistically new compensation system**
 - Ex: Seniority-based salary schedules replaced with new schedule based on evaluation rating and/or expanded leadership duties and/or placement needs
 - **Typically focused primarily on retaining more top performers over time, and attracting similar performers**
 - Ex: outcomes for students will improve over time if the makeup of our teaching force improves over time, especially for our neediest schools
 - **Typically foster aligned changes in evaluation & coaching practices**
 - Ex: since employee raises & job promotions are now tied to summative evaluations, everyone has an interest in getting better in the areas evaluated
- **Tend to be narrowly structured for achieving short term outcomes:**
 - Ex: If you get a significant test score gain, you get a one-time bonus
 - **Tend to be bolted on to existing compensation systems:**
 - Ex: years of service salary schedule remains in place, so the core value rewarded by the compensation system is still one of seniority, but with bonuses
 - **Typically rests on an assumption that performance of existing employees can be improved with financial incentives:**
 - Ex: our teachers would get better student outcomes if we gave them bonuses to raise student outcomes
 - **Not necessarily aligned with other practices to grow employee capacity**
 - Ex: teacher evaluations and professional development continue as they have, but merit bonuses are also available

Dallas ISD Teacher Options

In spring 2017, Dallas ISD teachers answered a survey about this approach to evaluation & compensation:

“My salary should be based on how effective I am as an educator.”

6716 responses

- Strongly Agree - 23.0%
- Agree - 38.7%
- Neutral - 23.6%
- Disagree - 9.4%
- Strongly Disagree - 5.4%

61.7% Agree

14.8% Disagree

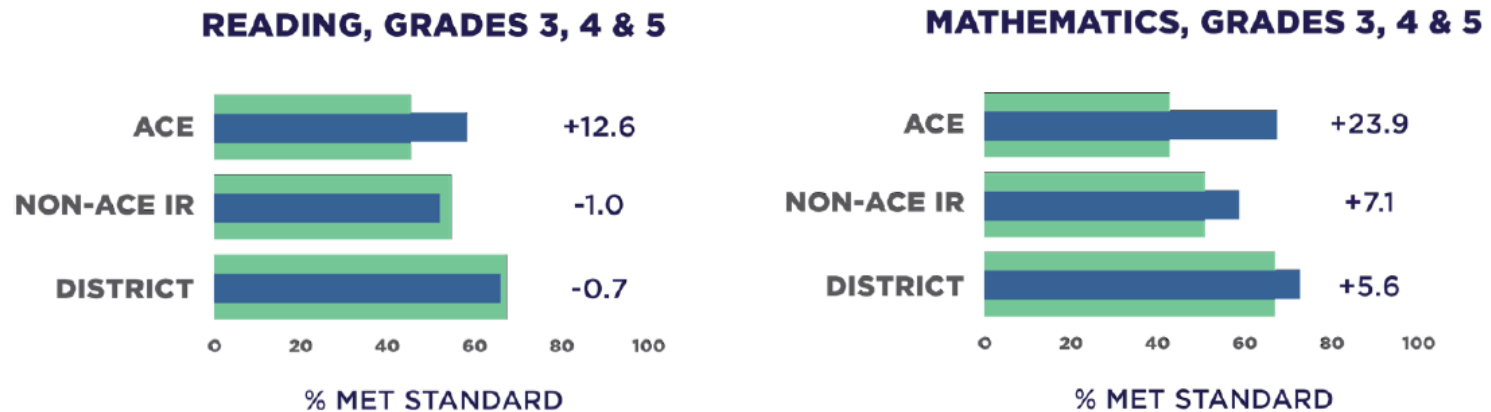
Teacher Retention by Effectiveness Level

	Still Teaching in District			Left District		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Unsatisfactory	54 42%	48 59%	45 51%	74 57%	33 40%	43 49%
No Level	239 67%	165 77%	156 77%	111 31%	49 23%	47 23%
Progressing I	1603 77%	1484 79%	1187 77%	474 23%	398 21%	351 23%
Progressing II	2113 80%	2071 83%	1924 81%	513 19%	413 17%	432 18%
Proficient I	3219 86%	3386 87%	3583 87%	439 12%	433 12%	468 11%
Proficient II	671 91%	985 92%	2022 91%	35 5%	69 6%	80 7%
Proficient III	298 90%	362 95%	522 94%	17 5%	12 3%	22 4%
Exemplary I	94 89%	79 98%	97 95%	8 8%	1 1%	5 5%
Exemplary II	NA	55 98%	71 96%	NA	0 0%	1 1%
Overall	8291 82%	8635 85%	8596 85%	1668 16%	1408 4%	1449 14%

Dallas ISD ACE Results

ACE Results

STAAR 2015 to 2016 Growth in Percent Met Standard (Year-Specific Standard)

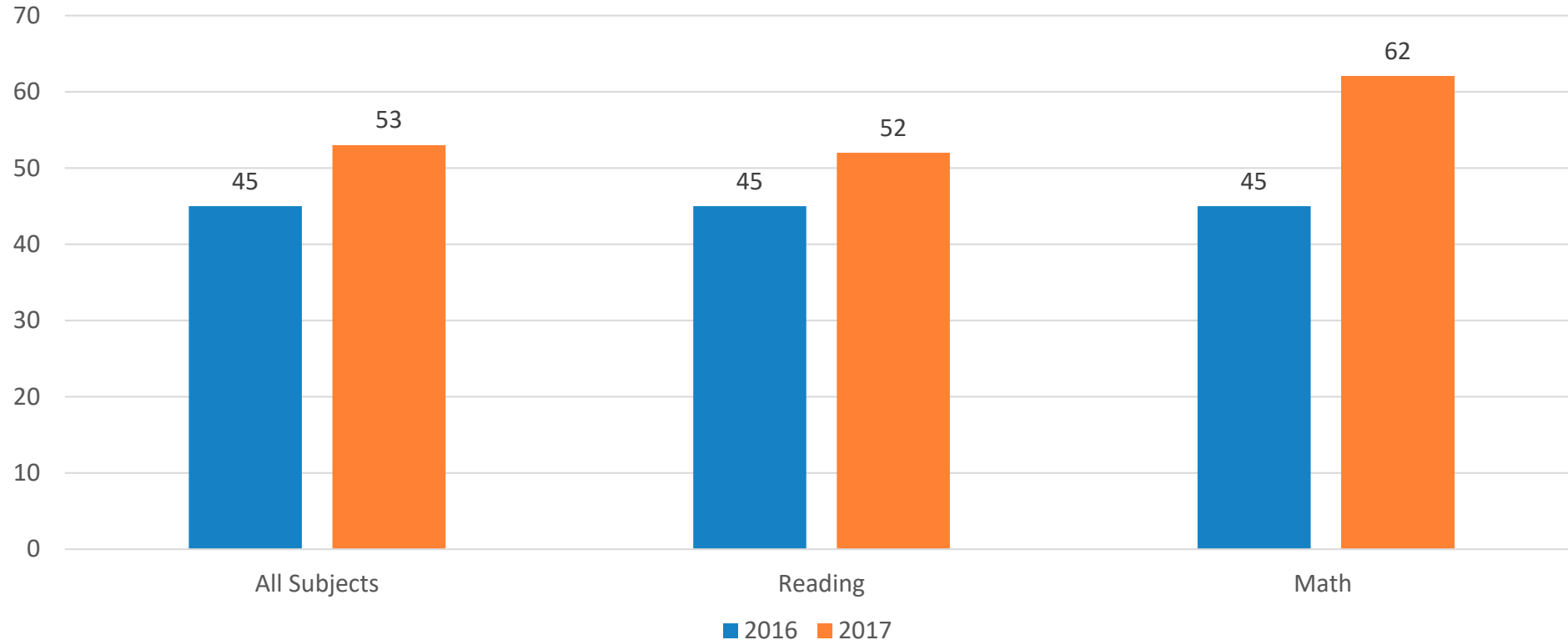


Although many IR schools showed growth throughout the district, ACE had significant success with elementary schools.

Lubbock ISD – Impact of Targeted Performance Pay

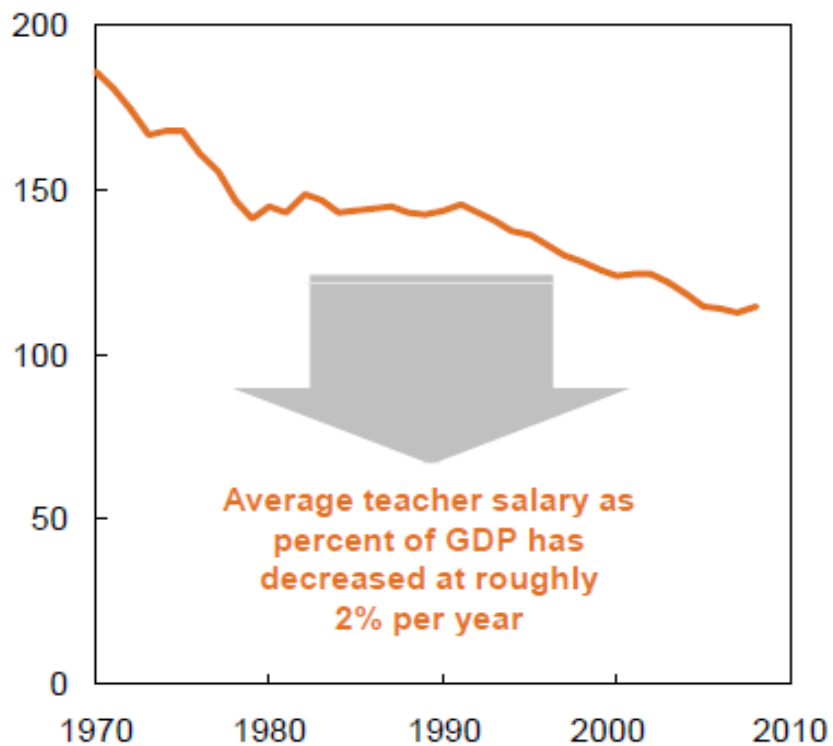
Highest performing teachers (as judged by gains of students on STAAR) given \$10,000+ to stay at a high needs school

All Students - Approach Grade Level or Better

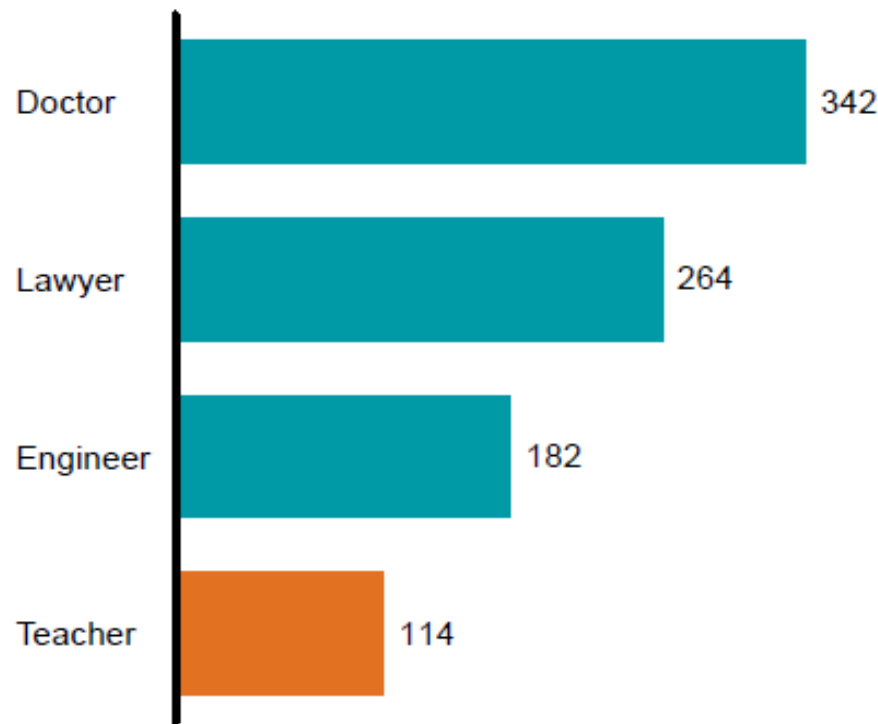


Comparing Average Professional Salaries

Average U.S. teacher salary as percent of GDP per capita 1970 – present
Percent



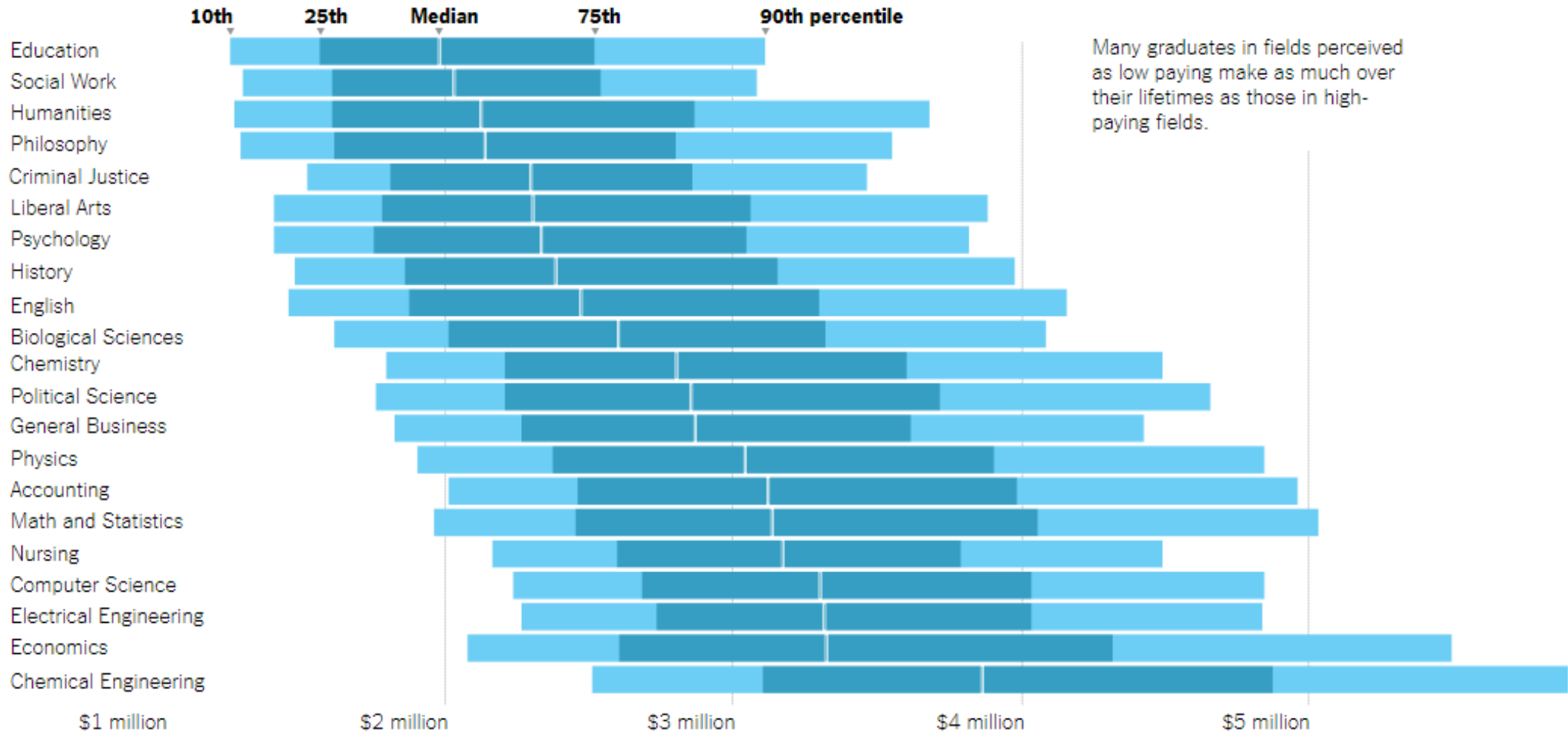
Average professional salaries in US as percent of GDP per capita 2008
Percent



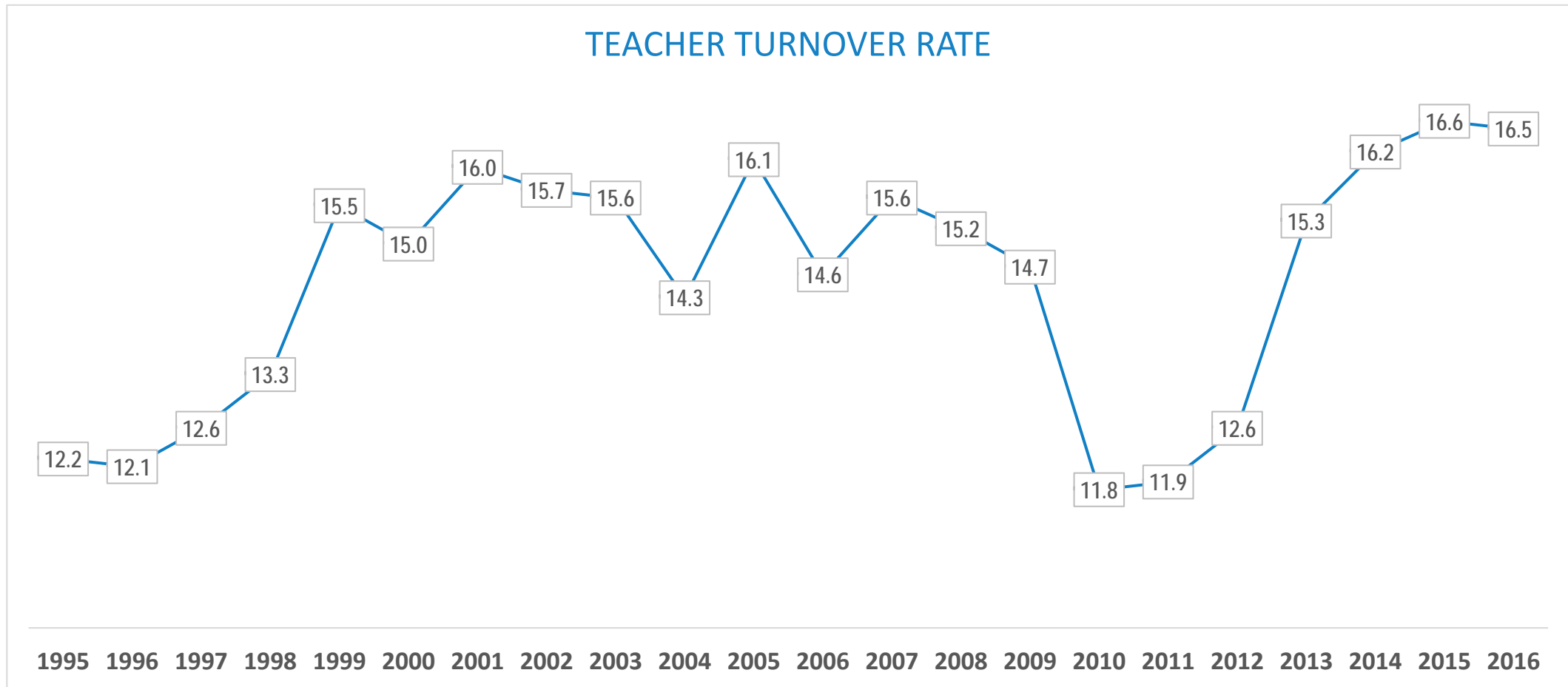
Source: McKinsey Report: Closing the talent gap: attracting and retaining top-third graduates to careers in teaching, *September 2010*

Projected Career Earnings Over Time

Projected career earnings for college graduates in the ...

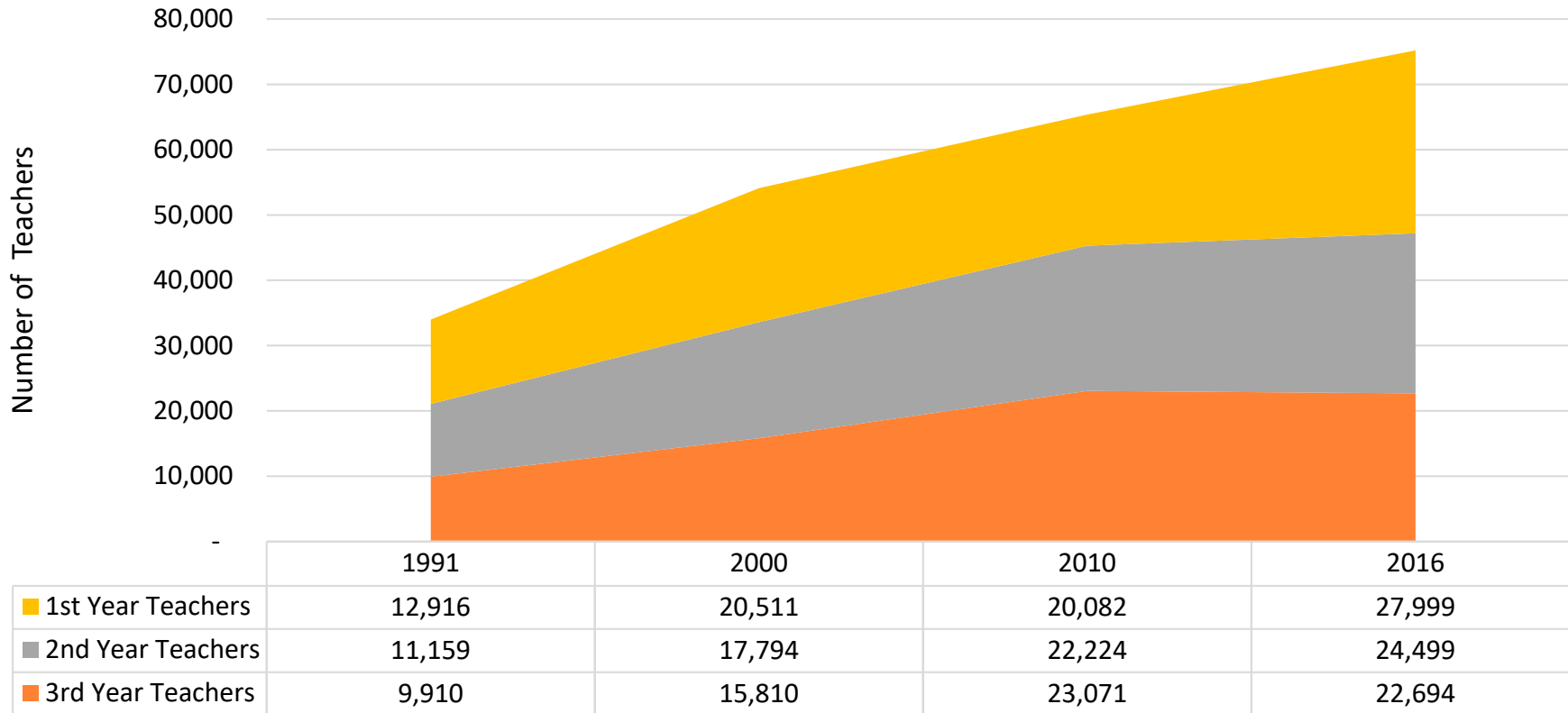


Teacher Turnover



Source: TEA

Teacher Experience Over Time

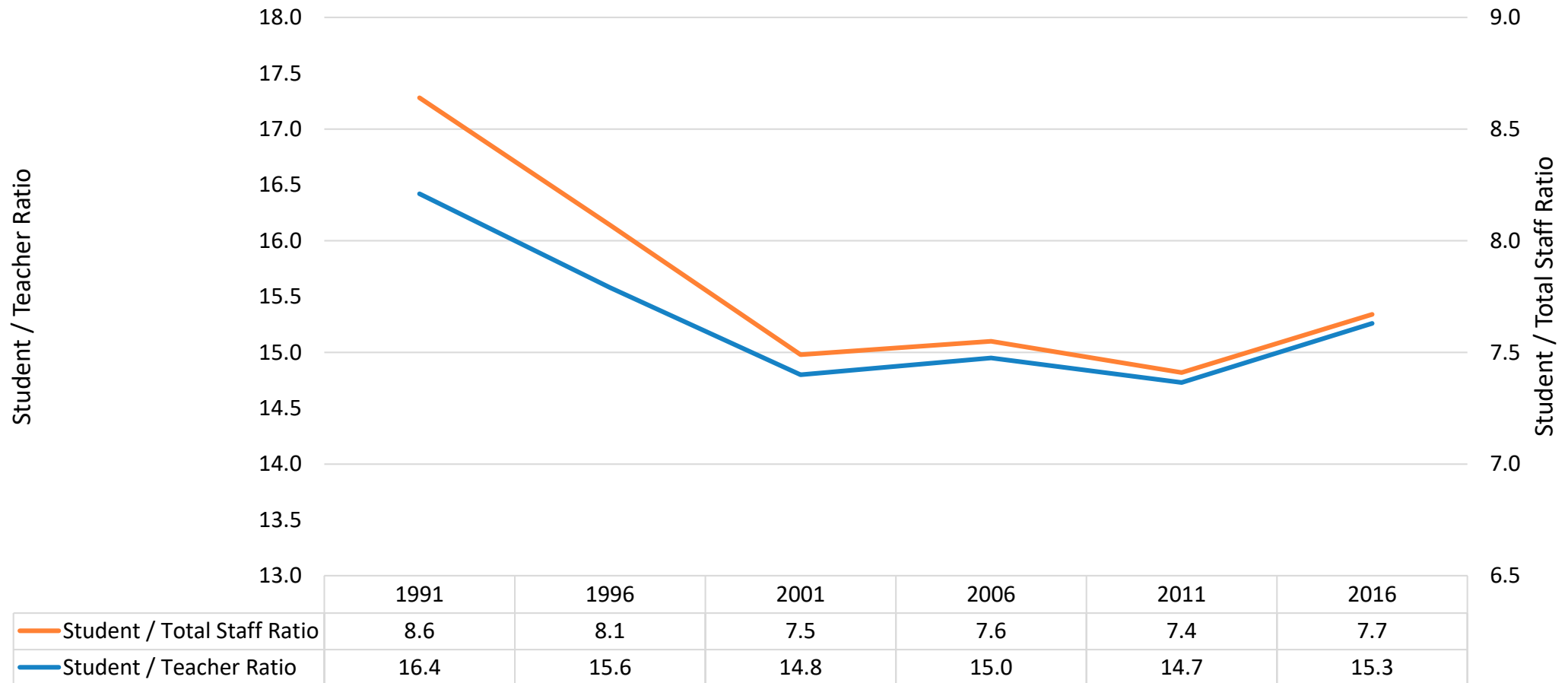


In the span of 25 years, the percentage of teachers with more than three years of experience **has dropped by 5.1%** from 83.5% in 1991 to 78.4% in 2016.

*Teachers in their 4th year or more totaled **171,940 in FY1991**, **214,112 in FY2000**, **267,726 in FY2010**, and **272,160 in FY2016**.

Trends In Teacher Student Ratios

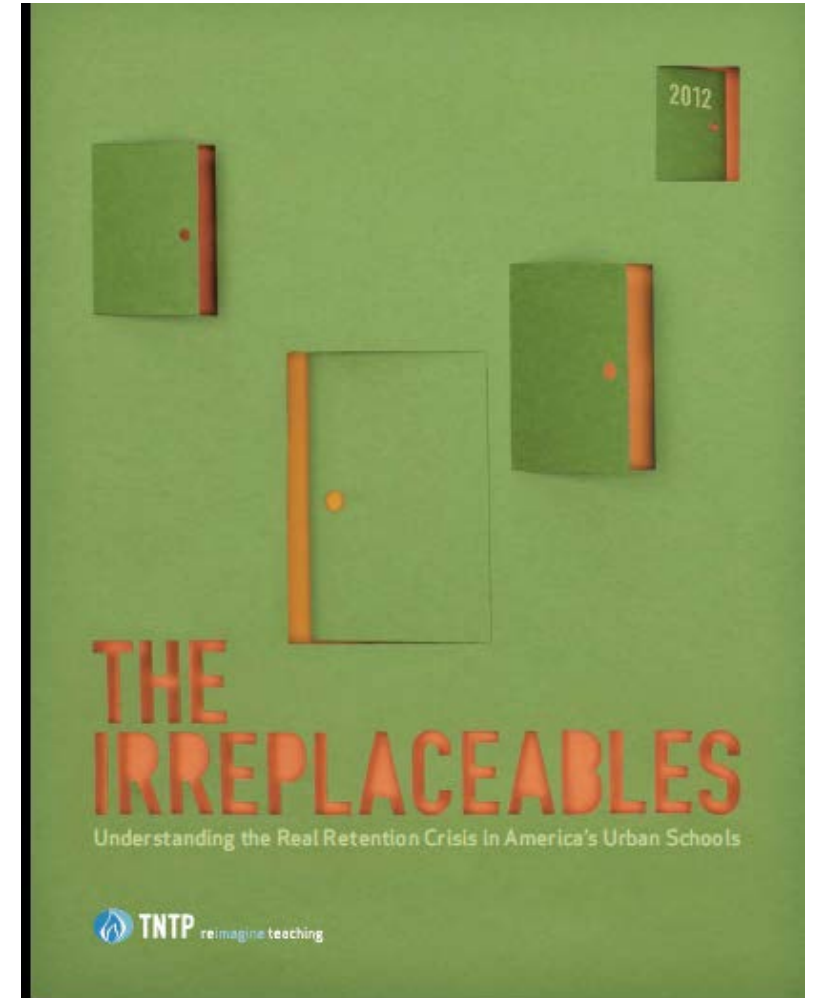
It does not appear larger class sizes are to blame for reductions in retention.



Why Are Top Teachers Leaving The Profession?

In a 2012 report by TNTP, less than half of the top performing teachers surveyed were told they were high-performing by their school leadership, let alone compensated accordingly.

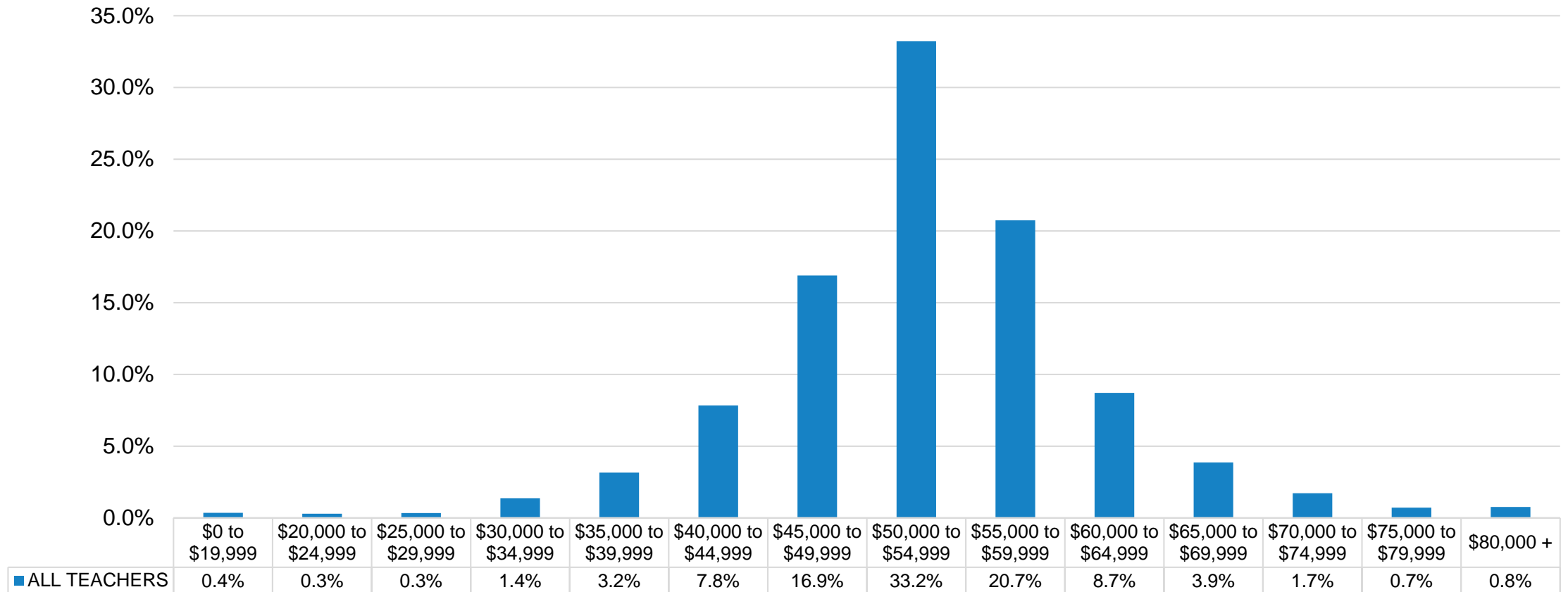
*“State and district leaders should phase out quality-blind pay structures in favor of more flexible compensation systems that offer greater earnings potential for high-performing teachers early in their careers. As a rule of thumb, we recommend that **Irreplaceables** (high-performing teachers) be able to make a six-figure salary by the end of their sixth year of teaching.”*



Teacher Salary Distribution – All Teachers

2015-2016 School Year

Percentage of Teachers in Each Salary Bracket



Experts Agree On The Need

The Texas Teacher Preparation Collaborative calls for a competency-based, tiered licensure system that differentiates performance and strengthens teaching as a profession

“Teachers need a pathway for career advancement that involves growth in professional skills and expertise, improves outcomes for students, and opens the door to greater responsibilities and opportunities.”

