

FOCUS *on Teacher Pay and Incentives:*

Recent Legislative Actions and Update on Salary Averages

SREB

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“Every student is taught by qualified teachers.”

How do you know if your state is making progress toward having a qualified teacher in every classroom? One indicator is when “salaries, benefits and incentives are competitive in the marketplace. They are aimed at recognized expertise, student performance, state needs and taking on additional or different roles to improve curriculum and instruction.”

Adapted from Goals for Education: Challenge to Lead

Teacher pay continues to be a hot issue for states, particularly since it is likely the largest expenditure in education budgets. The lag in national data is a problem, however, particularly when policy-makers are trying to reach a target dependent upon the actions of other states. The latest available U.S. estimates on average teacher salaries are for 2005-2006.

Policy-makers in a number of states are talking about incentive or performance pay. Some support these programs, and others adamantly oppose any kind of selective pay until all teachers “make a livable wage” — but there is much disagreement on exactly what that means. A number of studies compare teacher salaries with those of other professions requiring college degrees or make comparisons based on hourly wages, but arguments abound about whether these comparisons are fair.

SREB states continue to work on teacher pay and on ways to use salary funds to address state needs and priorities, such as attracting and retaining teachers, raising student achievement, closing achievement gaps and ensuring that all children have quality teachers. Programs that pay individual teachers for demonstrating high performance remain a small part of total compensation, difficult to implement and, in many cases, controversial.

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Incentive pay and performance pay: a brief retrospective

When career ladder and individual teacher incentive programs emerged in the 1980s, they were the largest school reform experiments since the creation of minimum salary schedules, which pay teachers based on years of experience and degree level. Beginning in 1984 and continuing for a decade, SREB reported through the Career Ladder Clearinghouse on state efforts to provide performance incentives to teachers.

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SREB noted in the Clearinghouse's 10th annual report that in 1984, six states in the nation (including the SREB states of North Carolina, Tennessee and Texas) were funding career ladder programs either statewide or through pilot projects. These programs allowed teachers to progress "up the rungs of a ladder" by reaching increasingly complex levels of professional performance, completing professional development activities, or taking on new and additional roles in the school. In addition, Florida's Master Teacher Program rewarded meritorious performance. South Carolina was implementing teacher and principal incentive pay pilot programs, and 15 other states nationwide had proposed legislation or task forces to explore paying teachers for additional work or performance.

By 1994, however, a shift had occurred from career ladder programs that rewarded individual teachers to school incentive programs that rewarded entire schools. Nationwide that year, only four states supported career ladder programs (including Tennessee, which later dropped its program). Six states (including the SREB states of Georgia, Kentucky, North Carolina, South Carolina and Texas, plus Indiana) supported incentive programs that rewarded schools for improving student performance. The report noted, too, that Tennessee was planning to begin a program the next year. Five states nationwide (including Florida) were providing funding for incentive programs linked to school restructuring and improvement.

The growth in school incentive programs continued until 10 SREB states were funding these efforts. In a 2004 report, SREB noted that Alabama, Florida, Georgia, Kentucky, Louisiana, Maryland, North Carolina, South Carolina and Tennessee provided awards to schools or directly to all teachers in schools that met certain student performance criteria. (Texas last funded its program in the 1999-2000 academic year.) Most states used both high and improved student performance as the basis for the awards, and five of the states permitted awards to be used for bonuses to teachers. Continued implementation of these programs suffered from a lack of support, either because of a change in policy focus at the state level or due to state budget constraints.

An update on recent incentive pay actions

While the school incentive programs are still operating in states including Alabama, Florida, Louisiana, North Carolina, Oklahoma and South Carolina, recent discussions are again turning to ways to compensate individual teachers — in particular, for teaching in hard-to-staff schools or subject-shortage areas, for taking on additional duties, or based on student performance. Two reports on incentives (including the 1994 SREB Career Ladder Clearinghouse report and a 2002 SREB report) noted some lessons that still appear pertinent today:

- Changing the structure of work for teachers and how they are paid is difficult to accomplish.
- Teachers need to be more involved in the development of any program that seeks to tie financial rewards to individual performance.
- Most teachers, when given the chance, likely will choose to receive additional pay for more work, rather than for demonstrating high performance.

- Regardless of how fair the system is for determining incentive awards to teachers, a *perceived* lack of fairness can doom a program.
- Actions to fund or not fund programs are rarely based on real knowledge of the programs and the effects on students.
- State leadership changes (in governor, state superintendent or key legislators) can mean that programs move away from the original intent, never become implemented or are not given enough time to work.

All 16 SREB states offer some type of support program for new teachers, many of which utilize veteran teachers as mentor teachers. Ten of the states mandate beginning-teacher support programs, including several that provide stipends to veteran teachers who serve as mentors. A 2006 SREB report (*SREB States Take Action to Support Beginning Teachers*) noted that stipends ranged from \$500 to \$1,500 annually and that local districts could determine stipends in several states.

Most SREB states provide bonuses to teachers who earn certification through the National Board for Professional Teaching Standards, which has set rigorous standards for teachers' knowledge and skills. A 2006 SREB report noted that 14 SREB states offered bonuses ranging from \$2,500 to \$7,500 per year for the 10-year life of the certificate. In 2007-2008, Arkansas will begin paying bonuses to teachers who are designated as "highly qualified" under *No Child Left Behind*.

Master teacher or distinguished educator programs also have been implemented in several states. Texas is providing \$5,000 per year to master reading and master math teachers who work with teachers in schools to improve teaching in those subjects. Similar programs for science and technology are under development. The state currently has 487 master reading teachers and 25 master math teachers working in the schools. Georgia's Master Teacher Program was created through 2005 legislation as a way to recognize teachers who have at least three years of experience and who display excellence in the classroom. Master teachers may serve as academic coaches (as part of another program also created in 2005), allowing them to remain in the classroom throughout their careers and to receive salary supplements or bonuses in exchange for mentoring other teachers in low-performing schools.

Distinguished educator programs that assign high-performing, experienced teachers to assist teachers and staff in low-performing schools have operated in states including Alabama, Kentucky, Louisiana, North Carolina, South Carolina and Tennessee. For example, under Kentucky's program, created as a part of the Kentucky Education Reform Act of 1990, exemplary teachers are on loan to the state for a period of up to three years and have received 135 percent of their normal salaries for working with identified schools.

States launch pilot projects

In recent years, several states initiated teacher compensation pilot projects. Kentucky legislation in 2002 created a pilot that allowed districts to develop differentiated compensation programs. These programs were designed to provide additional pay above the minimum salary schedule for any of the following purposes: to recruit and retain teachers in shortage areas; to recruit and retain highly skilled teachers for difficult

assignments and hard-to-fill positions; to help reduce the number of emergency-certified teachers in the district; to provide career advancement for teachers; or to reward teachers for increasing their skills, knowledge and instructional leadership. No action has been taken to expand the effort statewide.

Legislation passed in Arkansas in 2007 creates a pilot program for up to 12 school districts to provide incentives to teachers to improve their knowledge and skills, to recruit and retain highly qualified teachers, to encourage teachers to undertake challenging assignments and to support teachers' roles in improving student achievement.

In Virginia, the Teacher Incentives for Hard-to-Staff Schools pilot project was initiated in July 2004 in two school divisions (one urban and one rural). The program was one of several included in a former governor's Education for a Lifetime Initiative. Both districts had a history of high teacher turnover. The initial reports from the two divisions at the end of the first year reflected some successes with the program. Both had a decrease in the attrition rate and reported that the hiring incentive and additional teacher bonuses attracted better-qualified candidates. Both divisions used the \$15,000 hiring incentive to hire teachers in areas of shortage such as mathematics and science for the 2005-2006 academic year. They also found the teacher training and mentoring provided by additional funds in the program to be highly effective.

The pilot program was expanded to three additional districts in 2005-2006. For these new districts, the program was modified to permit hiring incentives of 30 percent of the average teacher salary in each district (rather than the \$15,000). Retention bonuses also were modified to 10 percent of each district's average salary. (They remained at \$3,000 in the original two districts.) Funding was reduced in the 2006-2007 budget, and a local match was required to participate in the program. Some funding was provided for a third year and again, a local match was required. Two districts continued the pilot in 2006-2007. The Virginia Department of Education will issue a final report on the pilots to the General Assembly by September 2007.

In 2004, Virginia also began piloting the Middle School Teacher Corps, which selected up to 69 qualified middle grades mathematics teachers to teach in schools with a demonstrated need and to work with school administrators and faculty to help less experienced and struggling teachers. The state provides a salary supplement of up to \$10,000 for Teacher Corps members hired by an eligible school and \$5,000 for a Teacher Corps member remaining at an eligible school.

The North Carolina General Assembly allocated \$515,000 in 2006-2007 for a pilot program to provide bonuses of \$15,000 to up to 10 newly hired middle grades and high school math and science teachers in each of three districts.

Teacher recognition takes several other forms

SREB states have used other methods to recognize teachers as well. In Maryland, a \$2,000 annual stipend is paid to teachers with an Advanced Certificate who work in a low-performing school. Districts are required to pay the associated increase in employee benefit costs for anyone receiving the bonus. Maryland also has paid \$1,000 signing bonuses to new classroom teachers graduating with a grade-point average of 3.5 on a 4.0 scale. Anyone receiving the bonus must teach in a public school system for at least three con-

secutive years. A new Maryland program funded with \$100,000 in 2006-2007 is designed to provide \$10,000 to each of 10 teachers to reward them for outstanding performance.

North Carolina's 1997 Excellent Schools Act was intended to strengthen professional standards for teachers, with the goal of improving student achievement and reducing teacher attrition. The bill included a variety of actions relating to teacher pay, including a provision authorizing teachers with a master's/advanced competency certificate to receive a 10 percent pay raise.

In other state actions, the Mississippi Education Reform Act of 2006 allows additional base compensation for teachers in critical shortage areas and critical subject areas if funds are available. In 2000 Delaware legislation raised teacher pay and authorized teachers who gain additional skills and knowledge to earn supplements of 2 percent to 6 percent. In addition, teachers who take on additional responsibilities receive a bonus of \$1,500.

Performance pay: the challenge at hand

Florida and Texas are two SREB states that have most recently initiated efforts to pay bonuses to individual teachers based at least in part on the performance of their students, and Arkansas has just passed legislation. While this appears to be a great idea, particularly since both *No Child Left Behind* and state accountability programs focus so heavily on student performance and improvement, Texas and Florida have found the programs difficult to implement and unpopular with teachers. As mentioned previously, in the 1980s both states were pioneers among SREB states in recognizing effective teachers for their efforts.

Florida has initiated several actions over the past 10 years. A 1997 law (amended in 1999) created a plan for performance pay. Each year, districts were to evaluate teachers based on several factors, including student performance, classroom management, subject matter knowledge and the ability to evaluate students' instructional needs. In 2000, legislators clarified that teachers who demonstrated outstanding performance would be eligible to earn 5 percent salary bonuses. However, no funds were earmarked to support the effort — the expectation was that the program would be funded by the districts. The recession early in the decade prevented districts from implementing the plan, although it remained in law. When districts did begin implementation at the urging of the state department of education, plans varied tremendously. In some districts, it was virtually impossible to qualify for a bonus while in others, it reportedly was very easy to qualify.

Legislation in 2002 required each district to include a four-level career ladder in its salary schedule in 2004-2005. A one-time appropriation of \$25 million supported pilot career ladder programs in volunteer districts in 2003-2004. In 2004, the legislature delayed for one year the implementation of the career ladders and then repealed the law in 2005.

Legislation in 2006 called for each district to adopt a salary schedule that included differentiated pay for both instructional personnel and school-based administrators, based on factors including school demographics, additional responsibilities, critical shortage areas and level of job performance difficulties. The bill also revised the 1999 law calling for 5 percent performance pay bonuses, and the budget included funding for the first time (\$147.5 million). The STAR (Special Teachers Are Rewarded) program was to provide 25 percent of the highest-performing teachers in each district with bonuses of 5 percent. The bonuses

were to be based on district plans (approved by local teacher unions through the collective bargaining process) that included student performance, additional responsibilities, school demographics, level of job performance difficulty and critical shortage areas.

Student performance was primarily to be measured using the state's Florida Comprehensive Assessment Test (FCAT). After submitting plans for the implementation of the STAR program, a number of districts declined to participate, and at least one lawsuit was filed by a teacher union challenging the constitutionality of the program. Teachers reportedly felt that too much emphasis was placed on the state test; that there was no way to assess the students not taking the FCAT; and that there was no way to determine the performance of educators (such as counselors) who were not in the classroom and teachers who taught subjects not tested by the FCAT.

A bill passed by the Legislature and signed by the governor early in the 2007 session repealed the STAR program and the performance pay program that districts were required to fund. The bill, which takes effect July 1 of this year, created the voluntary Merit Award Program for Instructional Personnel and School-Based Administrators. This new program is to provide pay supplements of 5 percent to 10 percent of the district's average teacher salary, based on district-developed plans.

The plans are to base awards on evaluations that take into account student performance, learning gains — or both — and professional practices. At least 60 percent of the evaluation will relate to student performance, and the new program will use a wider variety of assessments than the STAR program. Also, non-classroom instructional staff, such as counselors, can qualify by using an instructional team approach for those persons. Up to 40 percent of the evaluation will be tied to professional practices, such as the ability to maintain discipline, outstanding knowledge of subject matter, the ability to deliver high-quality instruction, the ability to use data to design and implement instructional strategies to meet individual student needs, and the ability to maintain a positive collaborative relationship with students' families.

Texas, too, has a long track record at trying to recognize its best teachers. Texas supported its Career Ladder Program for almost 10 years. Legislation in 1993 abolished the program and, following the national trend, created a school reward program, the Texas Successful Schools Awards Program (funded until 1999-2000). More recently, in an Executive Order signed late in 2005, the governor required the state commissioner of education to establish a performance-based pay grant program for public school educators. The Executive Order specified that the program would award grants of no less than \$100,000 to schools to reward educators for improving student performance. It required the Texas Education Agency to set aside \$10 million for implementation.

In 2006, the Legislature passed a bill to continue the governor's effort by adding to the statutes language addressing the Awards for Student Achievement Program and the Educator Excellence Awards Program. The law set up a fund into which the commissioner of education is to deposit each year \$1,000 for each classroom teacher employed in the state (more than 300,000 in 2005-2006). Up to \$100 million of the funds are earmarked for the Awards for Student Achievement grants. The remaining funds are to support the Educator Excellence Awards grants. Beginning in 2008-2009, \$840 for each classroom teacher is to be deposited in the fund, rather than \$1,000. The Legislature currently is debating whether to continue the programs.

Under the Awards for Student Achievement Program, schools are eligible to apply for a grant beginning in 2006-2007 if they are highly rated through the state's accountability system, among the top 25 percent of schools showing improvement in math or reading performance, or in the top third of schools in the percentage of educationally disadvantaged students who perform successfully on assessments. Schools that apply must develop (and submit to the Texas Education Agency for approval) an incentive plan to reward teachers who have a positive impact on improving student achievement. The plan should include evidence of significant classroom teacher participation in its development and documentation of teacher support.

Of the total grant awarded to a school, 75 percent must go to classroom teachers who have demonstrated success in improving student achievement using "objective, quantifiable measures, such as local benchmarking systems, portfolio assessments, end-of-course assessments and value-added assessments." Teachers also must collaborate with other educators to improve student achievement at the school. Consideration may be given to teachers in shortage areas and for demonstrating ongoing involvement in activities that directly result in improved student performance. Awards to individual teachers will range from \$3,000 to \$10,000.

The remaining 25 percent of the grant is to be used by the school for a variety of purposes: awards to campus employees who are not classroom teachers, professional development, signing bonuses for teachers in shortage areas, teacher mentoring programs, activities that support new teachers, and programs that contribute to improved student achievement.

The Educator Excellence Awards Program is designed to provide grants to school districts based on locally developed award plans approved by the commissioner of education. At least 60 percent of grant funds received by each district must be used to reward classroom teachers for improving student achievement. As with the Awards for Student Achievement Program, meaningful, objective measures are to be used to determine the awards. The remaining funds must be used to provide stipends to effective mentors, classroom teachers certified in a shortage area, teachers certified in the main subject area in which they teach, teachers who hold postgraduate degrees, and principals and other school employees who improve student performance. Funds also may be used to implement differentiated pay programs.

With legislation passed in 2007, Arkansas also may be stepping into the performance pay arena. Under the bill, schools or entire districts may choose to implement alternative pay programs tied to student achievement. Test scores may count for up to one-half of the student measures used to determine eligibility for bonuses of at least 10 percent. A committee, at least half of whom must be teachers, will develop, implement and evaluate the program.

Update on teacher salary averages in SREB states

Despite these actions, the majority of a teacher's pay still hails from a minimum salary schedule that compensates teachers based upon degree level and years of experience. Thirteen of the 16 SREB states have state minimum salary schedules. Teachers in the remaining three states (Florida, Maryland and Virginia) are paid primarily based on local salary schedules.

In most SREB states, state legislatures adopt pay raises as part of the budget, although local boards often can approve additional increases. For 2006-2007, general raises averaging from 2 percent to 4 percent were

included in budgets in eight SREB states (Arkansas, Delaware, Georgia, Kentucky, Louisiana, South Carolina, Tennessee and Virginia). Louisiana's increase was \$1,500 per teacher, or about 3.7 percent. Raises in Texas were \$2,000, about 4.8 percent. In addition, a \$500 stipend that covered part of health care costs was rolled into the minimum salary schedule, resulting in an overall increase to the salary schedule of \$2,500.

Larger increases were approved in Alabama, North Carolina and Oklahoma. Alabama teachers received raises of 5 percent. In addition, the Legislature added five instructional days to the school year, and teachers received corresponding pay increases of 2.5 percent for those days. Oklahoma is continuing its five-year plan to raise teacher pay to the average of its surrounding states. Teachers received \$3,000 (about 7.7 percent), which was more than twice the raise originally planned. North Carolina teachers received raises averaging 8 percent, part of a plan to raise average pay to the national average. Raises are determined through collective bargaining in Florida and Maryland. No raises were included in budgets in Mississippi or West Virginia.

Estimated Average Salaries for Teachers in the SREB States

	Average Salary, 2004-2005	Average Salary, 2005-2006	Percent Change, 2004-2005 to 2005-2006	Percent Increase, 1995-1996 to 2005-2006
United States	\$47,674	\$49,109	3.0	30.3
SREB states	42,184	43,417	2.9	34.1
SREB states as a percentage of the nation	88.5	88.4		
Alabama	\$38,186	\$40,347	5.7	28.9
Arkansas	41,489 *	42,931 *	3.5	45.4
Delaware	50,595	54,264	7.3	33.9
Florida	41,590	43,302	4.1	29.9
Georgia	46,526	48,300	3.8	42.1
Kentucky	40,522	41,903	3.4	26.7
Louisiana	39,022	40,253	3.2	50.2
Maryland	52,331	54,486	4.1	32.4
Mississippi	38,212 *	40,594 *	6.2	46.6
North Carolina	43,348	43,922	1.3	44.4
Oklahoma	37,879	38,772	2.4	36.5
South Carolina	42,189	43,242	2.5	36.7
Tennessee	42,076	42,537	1.1	28.4
Texas	41,011	41,744	1.8	30.5
Virginia	42,768	43,823	2.5	26.0
West Virginia	38,360	38,284	-0.2	19.1

* Reported by the state department of education.

Sources: National Education Association, *Rankings of the States and Estimates of School Statistics*, various years, and state departments of education.

Although most SREB state legislatures currently are in session and budgets are still under deliberation, a few states have concluded 2007 regular sessions. In 2006, Kentucky passed a budget for the 2006-2008 biennium that added two instructional days to the school year in 2007-2008 and provided raises of \$3,000, about 7 percent. Georgia, Mississippi and Virginia teachers will receive 3 percent raises, and West Virginia teachers will see raises averaging 3.5 percent. In Arkansas, where the outcome of a school finance lawsuit has dominated regular and special sessions, the minimum salary schedule will increase by 1 percent in 2007-2008 and by 1.2 percent in 2008-2009.

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