

Pay-for-Performance/Merit Pay Research Points

September 5, 2007

There is no conclusive evidence that demonstrates pay-for-performance models lead to any improvement in student achievement.

- “Merit pay comes in many forms and flavors -- including extra bonuses for student achievement gains, satisfactory evaluations by principals or committees, acquiring additional duties, gaining new skills and knowledge, and serving in hard-to-staff schools. We've looked at dozens of plans in North America, South America, Asia, Europe, and the Middle East. Guess what? None of them, past and present, has ever had a successful track record. None has ever produced its intended results. Any gains have been minimal, short-lived, and expensive to achieve.”
 - Troen, Vivian, Boles, Katherine C. “How ‘Merit Pay’ Squelches Teaching.” *The Boston Globe*. September 28, 2005.
- In a 2002 review of California’s ill-fated Certificated Staff Performance Awards The California Legislative Analyst concluded that schools receiving the awards had actually performed worse than those who did not in terms of meeting their 2001 Academic Performance Index targets. The LAO also found that the awards provided minimal incentive because teachers saw little connection between their performance and the likelihood of their receiving the award.
 - California Legislative Analyst’s Office (LAO), *Analysis of the 2002-03 Budget Bill*. [Accessed from http://www.lao.ca.gov/analysis_2002/education/ed_12_Accountability_LowPerforming_Schools_an102.htm on September 5, 2007.]
- Research on the effectiveness of specific incentive programs for teachers is limited.
 - Koski, William. Stanford Institute for Research on Education Policy (IRREP), *A High-Quality Teacher in Every California Classroom: Improving Policies to Support Teacher Quality* [PowerPoint Presentation by Prof. Koski at Release of “Getting Down to Facts” studies]. March 15, 2007.
- “Evidence of a substantial positive impact on either student achievement or teacher performance is lacking.”
 - Heneman, Herbert G. III, et. al., Consortium for Policy Research in Education, University of Pennsylvania, *Teacher Performance Pay: Synthesis of Plans, Research, and Guidelines for Practice* (CPRE Policy Brief RB-46). February, 2007.
- A 1994 Urban Institute study reviewed studies of merit pay and found “little evidence from other research, including the evaluation literature, that incentive programs (particularly pay-for-performance) had led to improved teacher performance and student achievements.”
 - Hatry, Harry P., Greiner, John M., Ashford, Brenda G. *Issues and Case Studies in Teacher Incentive Plans, 2nd Edition*. The Urban Institute Press. July, 1994.
- A review of literature and analysis of various performance-pay systems showed that evidence of outcomes is slender, and no conclusive links to student performance can be made.
 - Podursky, Michael J., and Springer, Matthew G., Dept. of Economics, University of Missouri – Columbia for the National Center on Performance Incentives. *Teacher Performance Pay: A Review*. Oct., 2006.]

There is a long, failed history of merit pay or pay-for-performance programs in the United States

- “For more than a century, such [pay for performance] plans have been implemented, then abandoned, then implemented in a different form, then abandoned again. The idea never seems to work, but proponents of merit pay never seem to learn.”

-- Kohn, Alfie. “The Folly of Merit Pay.” *Education Week*, September 17, 2003.

- “By and large, the school districts we examined did not succeed at implementing lasting, effective, monetary or non-monetary incentive plans, ones that had a demonstrated ability to improve student learning (presumably the major rationale for providing added public funds in the case of monetary incentives).”

-- Hatry, Harry P., Greiner, John M., Ashford, Brenda G. *Issues and Case Studies in Teacher Incentive Plans, 2nd Edition*. The Urban Institute Press. July, 1994.

Teacher performance is but one factor that influences student performance, and is difficult to demonstrate. To base teachers’ salaries on factors outside their control is unfair.

- “By one estimate, only about 3% of a teacher’s contribution to student achievement can be explained by skills that are easy to measure. The remaining 97% is attributable to qualities such as enthusiasm, which are not measurable and for which good proxies are not available.”

-- Harris, Debbi C., Wisconsin Center for Education Research, University of Wisconsin – Madison. *The Promises and Pitfalls of Alternative Teacher Compensation Approaches*. August, 2007.

- “Teachers’ sense of the performance pay plan’s fairness is an essential ingredient for acceptance.” (Heneman, 2007)

Any effective plan to influence teacher recruitment, retention or quality via alternative compensation methods will require a long-term financial commitment – something that California hasn’t shown the political will to implement or sustain to date.

- When California approved its high-stakes accountability system in 1999, it included bonus payments for teachers in schools who met their growth targets. \$100 million was allocated for those bonuses in the 1999 and 2000 budgets, but that figure was reduced to \$50 million in mid-year cuts in 2001 because the state didn’t have enough money to pay all eligible teachers. The program was eliminated entirely in 2002 due to state budget cuts.
- “Teachers are suspicious of performance pay because of funding questions and often are unwilling to buy into the program and respond positively because of this skepticism.” (Heneman, 2007)
- The design, implementation and administration of performance-based compensation systems are also all more expensive than traditional salary schedules, and would require a significant commitment of resources by the state or districts to implement and run. (Harris, 2007)

Pay-for-Performance compensation plans may also have detrimental impacts on student performance and teacher morale. (Harris, 2007)

- Holding teachers accountable for performance – theirs or that of their students – without corresponding investments in quality professional development and other growth opportunities – will discourage teachers instead of providing incentives. Teachers in need of assistance may fear reaching out if it could impact their salary.
- Basing teacher performance on student performance could have a similar effect that high-stakes testing has had on schools – teachers may be more likely to “teach to the test” than ever if their salary depends on it, thus leading to important factors of student learning that could be neglected.
- Basing “performance” on principal evaluations, as some have suggested, without substantial investments of new resources, might put principals under significant pressure to keep evaluations low to keep salary levels affordable for the district. This same financial pressure could actually provide a disincentive for districts to provide professional development opportunities to teachers.
- Using performance pay can actually make it more difficult to attract high-quality, experienced teachers to districts that most need them. If more affluent districts can afford to pay teachers greater incentives – or have less at-risk student populations, thus leading to better outcomes on achievement tests – teachers will be drawn to those districts by higher salaries. This would be counterproductive to all attempts to attract teachers to work in those schools (or districts) of greatest need.

Research suggests that compensation alone will not attract or help to retain quality teachers. Therefore, pay-for-performance plans may not be effective in the education sector.

- “Better compensation matters to teachers, but unless their classroom and school environment is conducive to good teaching, better compensation is not likely to improve teacher retention rates ... Many teachers who have left teaching before retirement would come back if improvements were made to teaching and learning conditions. Monetary incentives alone would be less effective in luring them back.”

-- Futernick, Ken. Center for Teacher Quality, CSU Sacramento. *A Possible Dream: Retaining California Teachers So All Students Learn (Executive Summary)*. April, 2007.

- While compensation is important to teachers, money plays a smaller role in motivating their behavior than might be expected. (Harris, 2007)

The real way to attract and retain highly-qualified individuals into the teaching profession is concentrate on what study after study has found teachers value most: better overall pay, safe and supportive working environments, opportunities for collaboration and professional development, adequate and up-to-date textbooks and supplies, and more parental/family involvement.