

# RETHINKING TEACHER PAY

The Role of State Policy

## THE CASE FOR STATE-LED ACTION

Nobody goes into teaching to get rich, but that's no excuse not to pay teachers as professionals. Compensation is one of the most important factors determining who enters the profession and how long they stay<sup>1</sup>—and the hard truth is that the way we pay teachers in this country is shortchanging our very best teachers and holding back our schools, our students and the teaching profession.

Under the lockstep compensation systems currently in use in nearly 90 percent of all districts in this country, teachers typically earn raises for two reasons only: notching an additional year of experience, or earning an advanced degree. They can't earn more for being exceptionally successful at helping students learn.

State policy leaders can play a crucial role in setting the right conditions for districts to build smarter compensation systems. Without being overly prescriptive, policy leaders can enable smarter compensation systems at the local level. Some policy changes will remove barriers to district autonomy and give districts the freedom to structure systems that meet their local needs. Other reforms will allow for the best use of state funds.

As legislators prepare for the 2015 session, they should review current state law governing teacher compensation and prepare bills aimed at modernizing compensation policies to put the most emphasis on demonstrated performance. State leaders should look to set three minimum standards for teacher pay systems:

- 1) Phase out mandated automatic, annual salary increases not based on performance (e.g., as demonstrated through a multiple-measure evaluation system).
- 2) Reduce or remove mandated salary increases based on advanced degrees.
- 3) Increase compensation for early-career high performers, and make performance a significant factor in salary increases at all experience levels.

In addition to these minimum standards, state leaders should explore incentives and other support for district programs that recruit and reward effective teachers in high-need subjects and schools, and create career pathways that will expand the reach of highly effective teachers as mentors and teacher leaders.

## State Road Maps to Smarter Teacher Compensation

FLORIDA	TENNESSEE	LOUISIANA
In Florida, state law dictates that teacher raises are based in part on evaluation ratings, ensuring that highly effective teachers earn considerably more than effective teachers, and that teachers who do not get results in the classroom do not receive raises.	Tennessee districts are now required to adopt differentiated pay plans, in which compensation takes into account at least one of the following factors: additional roles and responsibilities, performance, or hard-to-staff subject areas or schools.	Louisiana's state law requires that compensation increases be based on teacher effectiveness, demand and experience—with no factor accounting for more than 50 percent of the formula.

<sup>1</sup> TNTP (2012). *The Irreplaceables: Understanding the Real Retention Crisis in America's Urban Schools*. Brooklyn, NY: TNTP.

## The Facts: What Are the Hidden Costs of Lockstep Teacher Pay?

- Last year, schools in the U.S. spent an estimated \$250 million giving pay increases to teachers identified by their districts as ineffective.<sup>2</sup>
- In one typical urban district, ineffective teachers with 20 years of experience earn nearly 60 percent more than highly effective teachers with five years of experience for fulfilling identical responsibilities.<sup>3</sup>
- Each year, schools across the country spend more than \$8.5 billion on raises for teachers due to master's degrees—enough to cover the cost of all school nutrition programs for more than 15 million students.<sup>4</sup> Yet research shows that advanced degrees have little to no measurable effect on a teacher's ability to help students learn.<sup>5</sup>
- Starting salaries for teachers are 25 percent less than starting salaries for professionals in fields like marketing, nursing or accounting.
- After D.C. Public Schools implemented performance-based pay, compensation became one of the least common reasons teachers cite for leaving the district.<sup>6</sup>

## Supporting Successful Implementation

State leaders should aim for more than local compliance: They can support successful implementation by positioning their state education department with the resources and expertise to support districts as they roll out new compensation systems.

### Provide the resources districts need

These resources might include models of performance-based systems that districts can adopt off-the-shelf, or analytical support. The Indiana Department of Education, for example, provides a sample compensation model that complies with the state requirements, as well as a compensation checklist to help districts build their own systems.

### Support effective communication

Develop strong communications plans to engage and invest school communities in new teacher pay systems. Support districts with sample communications materials, including key messages, tools for teachers (like salary calculators) and systems to solicit feedback from educators. An online hub for compensation guidelines can help district leaders build plans that will meet their needs.

### Expect local variation

With these changes to state policy and support from the state, districts can develop compensation systems that meet their local needs, within a framework for smarter use of funds for recruiting, retaining and rewarding great teachers. What those district systems look like can and should vary, given that they operate in different labor markets, but the role of the state is to give local education authorities the room to create systems that meet their needs.

Learn more about states and districts that are already building compensation systems that put great teaching first:

[tntp.org/shortchanged](http://tntp.org/shortchanged)

<sup>2</sup> Even if we conservatively assume that around 96 percent of teachers are effective—the approximate finding across sites where TNTP has worked—that leaves 4 percent who are rated ineffective but still receive around \$250 million in raises each year. The National Center for Education Statistics Schools and Staffing Survey for SY 2011-12 estimates there are 3.9 million teachers in the United States. \$1,500 average per step increase is based on publicly available salary schedules from six large school districts around the country. 4.12 percent of 3.9 million teachers multiplied by a \$1,500 average annual raise is approximately \$250 million.

<sup>3</sup> Richmond Public Schools salary schedule (SY 2013-14).

<sup>4</sup> The amount of the master's bump was calculated using the methodology from *Separation of Degrees: State-by-State Analysis of Teacher Compensation for Master's Degrees* (Roza and Miller, 2009), using updated salary data for teachers from the National Center for Education Statistics Schools and Staffing Survey for SY 2011-12. The cost of all school-based food assistance to students is estimated at \$16.3 billion by the Federal Education Budget Project at the New America Foundation.

<sup>5</sup> Clotfelter, C., Ladd, H. & Vigdor, J. (2007). *How and Why Do Teacher Credentials Matter for Student Achievement?* (NBER Working Paper 12828). Cambridge, MA: National Bureau of Economic Research.

<sup>6</sup> TNTP (2012). *Keeping Irreplaceables in D.C. Public Schools: Lessons in Smart Teacher Retention*. Brooklyn, NY: TNTP.