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ABSTRACT

Under the School Improvement and Accountability Act (SIAA) of 1989, North Carolina school districts developed plans for educational improvement. During the 1989-90 school year, 134 school districts developed responses to the SIAA, and all included differentiated teacher salary/pay plans. These pay plans are analyzed, and several generalizations are drawn. Six models for salary differentiation are described: certification, special assignment, task differentiation, merit, incentive, and school/student outcomes. It is contended that most of the pay plans did not demonstrate any virtue beyond acceptability; pay plans were largely characterized by an inability to differentiate among teachers. Plans were generally short-term and supportive of current practice, with a limited focus on potential revision. For school improvement to take place, districts need to: (1) commit to improvement; (2) focus on inputs or outputs; (3) analyze changes expected for the next year; (4) identify accountability and the role of evaluation; and (5) study long-term projections. Two tables and one flowchart complement the text. A 30-item list of references is included. The SIAA, school improvement indicators established by the North Carolina State Board of Education, and a list of waivers submitted by local North Carolina school districts under the SIAA are appended. (SLD)

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NORTH CAROLINA'S SCHOOL IMPROVEMENT AND ACCOUNTABILITY ACT: A DESCRIPTION OF LOCAL DISTRICT PROPOSALS

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NORTH CAROLINA'S
SCHOOL IMPROVEMENT AND ACCOUNTABILITY ACT:
A DESCRIPTION OF LOCAL DISTRICT PROPOSALS

ABSTRACT

The School Improvement and Accountability Act of 1989 offered North Carolina's school districts the opportunity for greater decision-making latitude in exchange for, and support of, improved student outcomes. During 1989-90, 134 school districts developed plans responsive to the Act. All of the plans included differentiated pay plans. This paper analyzes those plans and draws several generalizations about them. Finally, the paper suggests several conditions that must be in place, if these plans are to contribute to school improvement.

BACKGROUND

For some time, Americans, in both the public and private sectors, have been consumed by a profound sense of dissatisfaction with themselves, their society, and its position in the world, especially when compared with the World War II enemies. President Jimmy Carter found himself in deep political trouble when he called attention to the "national malaise". No one denied the truth of what he said. The apparently unforgivable sin was saying it. Lee Iacocca became a household word when he moved from diagnosis of the problem to strategies for solution. Importation of Japanese theories of personnel management, combined with a Germanic focus on production quality seemed to offer a way out, at least for American business (Ouchi, 1981).

The Reagan administration swept into power on the promise to get government off the backs of the American people. Whether deregulation of the savings and loan industry, the telephone company, and other businesses was a good idea or not, Americans felt that government was the problem, not the solution (Peters and Austin, 1985). Of course, similar attitudes affected education, because education was perceived to be in the same condition as the American enterprise.

The history of school reform for improvement is a long one, stretching back at least to the middle of the nineteenth century (Cremin, 1961). Depending upon who was articulating the national education agenda, various calls for different goals were heard. The equality versus quality debate reflected the rising tide of aspirations of a nation of immigrants that sensed that education was central to economic progress, but in which democratic ideals wrestled with nativism and racism (Ravitch, 1983).

Interestingly, an old strategy was trotted out in the 1980's as part of the school improvement effort. Career ladders, task differentiation, and salary based on merit had been the subject of experimentation for some time. As early as 1946, the Umstead Commission in North Carolina had proposed evaluation of teachers with salary differentials reflecting higher levels of performance (Commission on Merit Rating of Teachers, 1946). Clearly the focus for Umstead and his colleagues and the legislators who authorized a second career ladder experiment in 1961 and again in 1985 was

the improvement of educational outcomes by identifying inputs, and paying more for workers who made those more valued inputs. This same theory--focus on inputs and assume that desired outcomes will follow--led to the development of career ladder plans in Tennessee, Utah, Florida, Georgia and other states. Most of these reform plans were sponsored by politicians (especially governors) who felt that the economic life of states was threatened by sub-standard educational systems (Holdzkorn, 1988). Researchers had identified a number of discrete teacher behaviors associated with student achievement. (See, for example, Brophy, 1988; Fisher *et. al.*, 1978; Gage and Needels, 1989.) This made possible the creation of scientifically and legally defensible systems for performance evaluation, thus permitting more objective (and hence legally defensible) decisions about differential distribution of rewards (Beckham, 1981; Murnane and Cohen, 1986).

Perhaps in response to this largely external pressure, the teaching profession began to talk about skills differentiation not so much as an educational reform strategy, but as a strategy to lead to increased recognition of the status of teachers as professionals. Coalescing in the Carnegie Forum on Economics and Education report on "lead teachers", the profession adopted a position that called for increased professional responsibility and authority (Carnegie, 1985). The reason, the profession asserted, that the reforms, whatever they were, hadn't worked in the past was that educators had not played a legitimate role in creating the reform activities (Wise *et. al.*, 1984). Of course, this argument, appearing as it did at the same time as the interest in increased worker involvement in business/industry decision-making, made intuitive sense (Darling-Hammond, 1989). It also coincided with a shift from attention on in-puts to an emphasis on outcomes (Finn, 1990).

This shift has had important consequences for school reform efforts for two reasons. First, by shifting attention from in-puts to outcomes, the larger society has said, effectively, "We're less interested in how you achieve results than in evidence that you achieve results." Given a checkered history of educational equity, this results-based orientation could have some unintentional negative effects, especially for children of traditionally disenfranchised groups (Gardner, 1984).

Second, the reward structure has shifted from the individual to the group. Because of the difficulty of ascertaining individual contributions to the desired result, the problem is finessed by simply rewarding the group (Lortie, 1975). Whether this will lead to increased group effectiveness is not wholly clear. It may be that, given the rhetoric of teacher associations, the group focus will remain acceptable to most teachers. It also may be that the best teachers (however "best" is defined) will prove increasingly dissatisfied by the undifferentiated reward structure. Winston Churchill is supposed to have observed that while people don't mind being created equal, they hate to have to stay equal.

TEACHER SALARY DETERMINATION AND DIFFERENTIATION

Examination of how teachers around the nation are paid reveals that most states share a common strategy for establishing the salary base and then, if they differentiate, use some combination of six models. In this section, the procedures for establishing the base and variations are described. In passing, it should be observed that the source of funds is probably even more important than the distribution formula. In many states, a per pupil allotment, including funds for instructional personnel, is granted by state government. Local districts add funds to that base to arrive at the final salary paid to teachers in a given school district. Clearly this method encourages districts to hire relatively inexperienced teachers because their salaries are lower than those of experienced teachers. Moreover the method both creates and tolerates inequities since the local community's ability (and willingness) to pay is the ultimate determinant of salary. This equity issue is the basis for major, court-ordered reforms now underway in Texas and Kentucky.

Fundamentally, teachers' salary schedules differentiate on two variables: experience and educational attainment. Virtually all of the 50 states and thousands of communities that set salaries rely on these two variables. The assumption is made that loyalty to the organization (longevity) is a value that should be rewarded. Hiring new employees represents expense that can be saved if present employees are retained. Furthermore, there is an assumption that, for most teachers, increased

experience leads to increased instructional effectiveness. The "step" increases are usually a fixed percentage of the base salary so that, especially in time of rapid inflation, teachers may experience a real erosion of buying power. Moreover, individuals who demonstrate superior performance are paid at the same rate as less well-performing colleagues. Given this scenario, the salary schedule potentially is a powerful disincentive for those teachers who feel keenly their lack of ability to affect their own salary.

The second feature of most teacher salary schedules across the country does a little to mitigate this feeling of powerlessness, at least for some people, for some time. Most salary schedules include an "adjustment" (either as a percentage of salary or as a fixed dollar amount) for advanced degrees or additional university credits. This adjustment, like the adjustment for experience, is predicated on the assumption that increased education of the teacher will lead, eventually, to improved outcomes. Although little scientific evidence has ever been produced to support this assumption and despite teachers' own observations to the contrary, most states and local districts (with the approval of professional associations) pay this adjustment. Of course, if it were true that more education led to better teaching we would expect to see the very best teaching in American universities. Nevertheless, the belief that advanced degrees equal increased effectiveness goes largely unquestioned when salary schedules are constructed. Advanced degrees, then, provide a strategy by which individual teachers can affect their own salary; however, any satisfaction or motivation is likely to be short-lived as the increase in salary becomes a regular factor in the calculation of salary.

Models for Salary Differentiation

Sergiovanni (1967), replicating the work of Herzberg (1959) on employee motivation, found that for educators, salary is not a motivator, although it may be a dissatisfier. That is, people may not teach more, or harder, for more money; but they will (or at least some will) leave teaching because the salary is perceived to be low. Over time, states and localities have developed a number of strategies for improving, at least in the short term, salaries of educators. Six models for salary differentiation are

frequently identified in the literature and in practice: certification, special assignment, task differentiation, merit, incentive, and school/student outcomes. These models frame the subsequent discussion.

Certification

Differentiated certification typically is based on some combination of time on the job and accumulation of educational credits. As has been discussed, this practice assumes a relationship between educational attainment and teacher effectiveness. Traditionally, in many states, the educational requirements for certification or re-certification are a condition for continued employment. In these states, there may, or may not, be salary increases attached to various levels of educational attainment.

If states differentiate certification levels among teachers, most identify beginning and career teachers. These levels rarely attempt to distinguish levels of effectiveness or influence salary, rather they license teachers to teach and then to continue teaching. An exception is Maine, which has a tiered certification system that identifies beginning, professional, and master teachers. The enabling legislation identifies the three certification levels, and local districts develop and oversee the credentialing processes for career and master teachers. Local districts have the authority to pay additional salary to master teachers, however at this point most districts do not. Approximately 130 out of Maine's 12,000 teachers have been designated master teachers (Southern Regional Education Board, 1991).

A variation on the certification model that is growing in popularity is paying teachers for participation in staff development activities. These career development plans, as they are often called, may be individually developed or may identify specific activities or areas of study for which teachers will be paid. These plans may pay teachers who attend staff development sessions without explicitly stating that a change in teaching practice will take place as a result of the training, or they may include an expectation that new skills will be demonstrated in the classroom. That is, there may or may not be a connection between the basis for certification and classroom performance.

The certification model is currently sparking renewed interest because of the desire of the National Board for Professional Standards in Teaching to certify high-performing teachers. It is hoped that certification based on pre-determined indicators of quality teaching performance will lead to identification of "high flyers". These skilled teachers theoretically will be motivated by the recognition carried by National Certification as well as by the higher salaries and the diversified job tasks that the Board hopes will follow certification (National Board for Professional Teaching Standards, 1989).

Task Differentiation

This model is already fairly wide-spread in American schools, especially high schools. The model is based on the realization that some jobs need to be done that aren't specifically assigned to a given position. Therefore, some teachers assume responsibilities as department chairs, athletic coaches, yearbook advisors, etc. While the specific jobs and qualifications differ from school to school, as do performance expectations, the basic notion that remuneration in dollars or time ought to be awarded to those who do something more than their colleagues is commonly accepted.

In the recent past, the willingness to pay for task differentiation has extended beyond tasks specifically focused on students. It is increasingly common to find mentor teachers, supervisors of student teaching, staff development providers, teachers who analyse student scores on standardized tests, and teachers who study the school curriculum getting additional compensation (Research and Service Institute, 1988). Pay for differentiated staffing roles or for assuming extra duties is the most common category of pay for performance reported in the annual survey conducted by the Southern Regional Education Board, and mentor programs are the most common of the extra duties (SREB, 1991).

Merit

This model is simultaneously one of the most attractive (especially to school patrons) and one of the most difficult to implement. Quite simply, the model awards salary increases to those persons who perform their jobs better than other people do or who attain a pre-determined level of proficiency in job performance. This model makes good sense, intuitively, and appeals to business people who

have long been paid bonuses based on demonstrably superior performance. However, educators have long resisted this model for at least two reasons. First, it has been argued that there is no fair basis for evaluating teachers' performance. This argument combines an implicit distrust of administrators (who would play favorites or who do not know about instruction in a given class or subject) with a sense that because everything the teacher does cannot be evaluated, nothing should be. Second, it has been asserted that merit models create unhealthy competition among teachers, who need to work cooperatively (Freiberg, 1987).

The fact that both of these objections have been overcome in merit plans across the country has not influenced the thinking of many educators (Brandt, 1990). However, there does seem to be a growing number of teachers willing to consider merit pay. Sixty four percent of surveyed teachers responding to a question on incentive programs said that they supported group merit bonuses, and 53 percent responded in support of individual merit pay (U.S. Department of Education, in SREB, 1991). It may be that the information available from long standing projects has begun to influence opinions. State and local differentiated pay plans based on merit have been in place for several years in Tennessee, South Carolina, Texas, Arizona, and Utah, as well as Dade County Florida, and Toledo, Ohio. Although specifics of plans vary from one place to another, they usually combine evaluations of classroom teaching with other indicators including attendance, student outcomes, and professional responsibilities.

Incentive

The incentive model springs from classic Theory X thinking about worker motivation. Essentially, Theory X assumes that workers do not work willingly and give the least necessary amount of energy to their job tasks because increased effort does not yield anything of value to the worker. Therefore, in order to get more or better work, the equation must be changed so that increased effort will lead to increased rewards. This psychology is the basis for rewards in many American corporations. Examples include Mary Kay cosmetics, Amway, and all used car lots. It is also the basis on which many behavior modification programs are built.

Unfortunately many worker incentive programs do not take into account the fact that people may need additional training before they will be able to reach increased levels of effectiveness. Perceived ineffectiveness or limited effectiveness may result from a lack of alternative work strategies, not from an unwillingness on the worker's part to do better. This highlights a fundamental difference between assumptions underlying merit and incentive approaches to differentiated pay. The merit model assumes that people are working as hard and as smart as they can and that some people, for whatever reason, work "better" than others. The reward is offered for good work. The incentive approach says that not all people work as hard as they might and lack of effort rather than differences in skills accounts for differences in worker effectiveness. The dynamic here is very different from the merit award. Incentives are used to bring about good or better or different work.

Teacher incentive plans have been developed to promote a variety of changes in work habits. Some incentive plans address improvements in classroom instruction. Others attempt to influence teachers to take on roles or develop relationships that they had not had in the past. Plans involving team or site-based planning may use incentives to encourage teachers to participate in these new organizational structures.

Special Assignment

Typically, special assignment models emphasize a specific organizational need, rather than individual effort. For example, a district may wish to hire mathematics teachers and be having difficulty locating them (perhaps because private sector businesses are snapping up all the mathematics graduates). The district administration may decide to establish a salary differential (e.g., 10 percent over the district pay schedule) to entice mathematicians to become teachers.

In other cases, special assignment pay is awarded to teachers who work in specific places, for example, in schools or classes in which the student body is perceived to be particularly hard to educate or in geographic areas that have difficulties attracting teachers. These salary differentials--sometimes referred to as "combat pay" or "recruiting bonuses"--are awarded to teachers who are willing to assume the assignments, without regard to other measures of individual worth. They are

paid simply for accepting what is considered to be an unattractive assignment. A variation on this idea can be seen in Rochester, New York, where differentiated pay is a strategy to bring talented teachers into difficult teaching situations. In the Rochester Plan, "master teachers" who agree to teach "at-risk" students or to teach in areas where there are identified teacher shortages earn special assignment bonuses (SREB, 1991).

Student/School Outcomes

This model, which can be thought of as the Machiavellian model, pays salary increases on the basis of outcomes. How those outcomes are attained, or at what cost, is less important than the fact that they are attained (Haertel, 1986). Whether the emphasis is put on individual students or aggregations of students (schools) is fundamentally a question of measurement convenience and political acceptability. Measurement concerns include the need for procedures to fairly test students' achievements in dance classes or art classes or even mathematics classes and then to assess teachers' contributions to demonstrated abilities. Political acceptability becomes an issue because measuring student outcomes also implies measuring teacher productivity.

This model is acceptable, interestingly enough, when students/schools are successful; but a focus on outcomes does little for schools experiencing varying degrees of failure. Rather than creating opportunities for school improvement, plans based on outcomes usually simply recognize variance among students. This model may force educators and their constituents to acknowledge the different outcomes attained by schools or school systems. However, the ability of this model by itself to increase teachers' level of accomplishment is somewhat limited. As with incentive models, the possibility of receiving a reward may not bring about the desired change if either lack of knowledge about alternative approaches to teaching and learning or lack of resources, rather than lack of effort, are at the root of low student outcomes. It may be that combining a model that rewards student outcomes with a plan for professional development will produce the changes desired in the outcomes model and inferred in the professional development plan.

ACTIVITIES IN NORTH CAROLINA

Efforts to create incentives and career "restructuring" in North Carolina took three forms between 1985 and 1989:

- o A teacher induction program was established for all teachers certified after January 1, 1985. During the first two years of teaching, mentor teachers provide assistance in skills development and participate in the decision regarding continuing certification.
- o A Career Development program was piloted in 16 school districts. Essentially, the pilot was based on financial rewards for teacher merit (5 percent for Level I and 15 percent for Level II) and task differentiation plans developed by the participating districts.
- o A lead teacher program was pilot tested in three districts. This plan provided opportunities for some teachers in each participating school to be designated lead teachers (and receive pay adjustments). Lead teachers performed a variety of pedagogical and administrative tasks.

In August 1989, the General Assembly passed the School Improvement and Accountability Act (Appendix A). This legislation allowed school districts to:

1. propose goals for improved student achievement;
2. develop a plan of pay differentiation as a strategy for reaching specified district goals;
3. request waivers from certain laws and policies that inhibited the district's ability to achieve its goals; and
4. request flexibility in certain funds to allow more effective fund management.

The State Superintendent was authorized to approve parts 1, 2, and 4 of the plans, while the State Board of Education was authorized to grant waivers from law and policy (N.C. General Assembly, 1989). Figure 1 illustrates roles and responsibilities in the development of performance based accountability plans. The State Board of Education developed guidelines and procedures for local participants. Local districts through their local boards of education decided whether or not to participate. While participation under the School Improvement and Accountability Act was voluntary, every school district in the state submitted a school improvement plan to the State Superintendent.

This paper will provide a brief discussion of district goal setting and the resultant school improvement plans. The major portion of the paper relates to differentiated pay plans. An overview of waiver requests follows. Although the flexible funding provisions of the School Improvement and

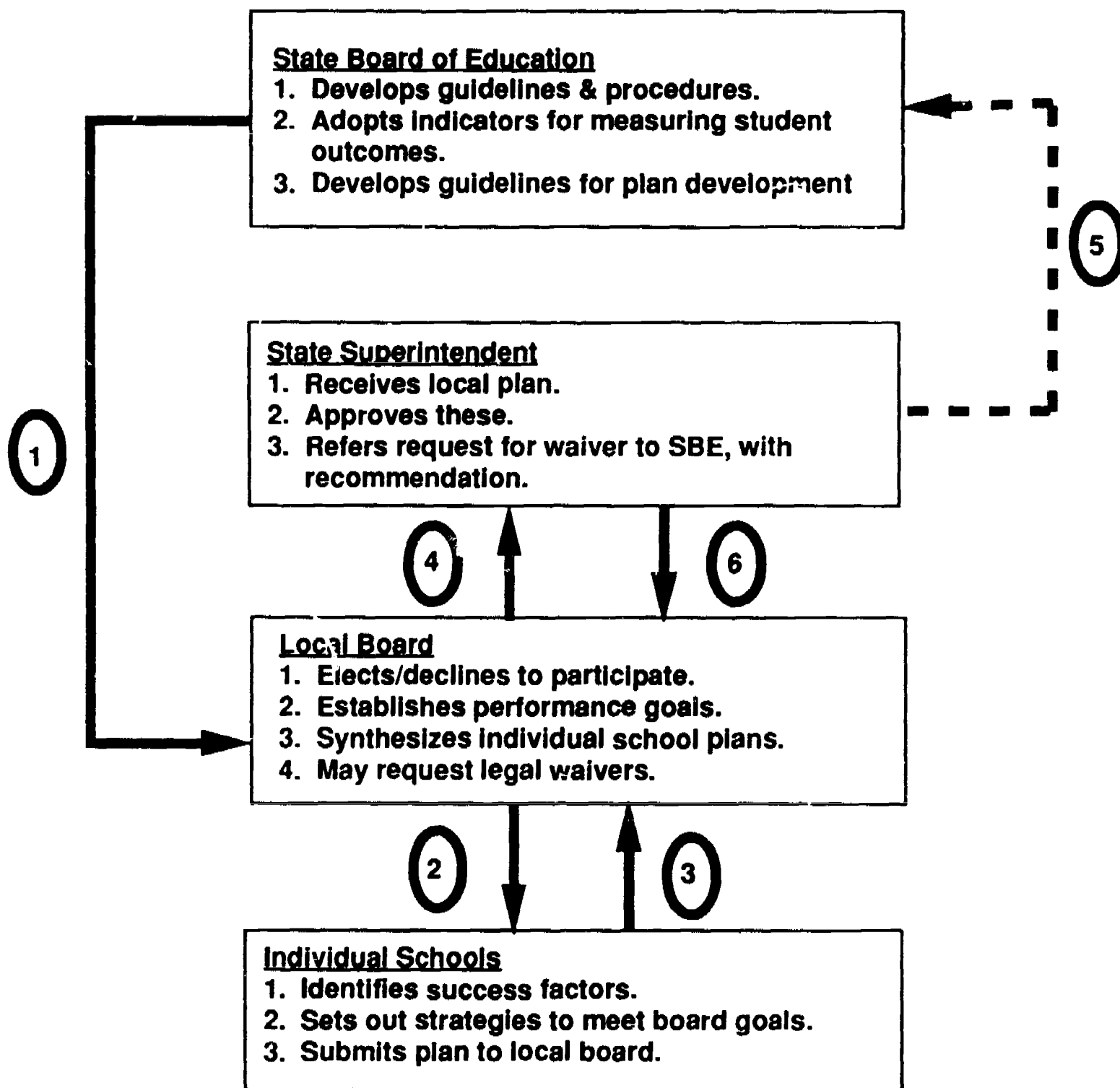


Figure 1. PROCESS FOR IMPLEMENTING PERFORMANCE-BASED ACCOUNTABILITY PLAN

Accountability Act raise important issues, they are not addressed in this paper. North Carolina has a high percentage of state funding for public schools, and state funds are allocated by specific line items (usually based on average daily membership or teaching positions). These factors combine to make this topic a complex one that merits a separate paper.

School Improvement Plans and Student Outcome Goals

The School Improvement and Accountability Act clearly states that improving student performance is its primary goal. The legislation directs the State Board of Education to adopt indicators for measuring student performance. In carrying out this responsibility, the Board adopted the same outcome indicators as those in a newly developed state accreditation process (Appendix B). Although the indicators are the same, State Board policy established the standards for accreditation while local districts set their own improvement goals under the School Improvement and Accountability Act. Depending on the current performance level for a given indicator, the district goal might approach, maintain, or exceed the State accreditation standard. Districts could also add local goals to the State Board list.

Districts developed three- to five-year plans with annual milestones by which to measure progress along with the strategies for attaining the goals. The law specified that teachers, administrators, and other school staff were to be involved in generating district goals and producing the local school improvement plan. Department of Public Instruction staff members reviewed local school improvement plans. A detailed analysis of district school improvement goals is beyond the scope of this study, however a general observation is in order before discussing differentiated pay plans and waiver requests, two strategies available under the School Improvement and Accountability Act.

The plans propose quite modest improvements. Put another way, these are, by and large, low risk plans. Districts that are at or above the level stipulated by the State Board for accreditation frequently designated "maintenance" levels. That is, no improvements are promised. Moreover,

districts treat goals below the accreditation level very gingerly, with respect to planned improvements. There are several explanations for this conservative approach to goal-setting. Many districts felt uneasy about promising too much because the salary rewards depend, in some plans, on attaining goals. For all plans, the law requires goal attainment after three or five years in order to continue in the program. Some local plans, however, are predicated on annual goal attainment. Feeling that early success was important for maintaining momentum, perhaps district planners felt these modest goals were "sure things".

In addition, the School Improvement and Accountability Act is largely perceived as a "go/no go" proposition. That is, there are rewards for success, but not for effort. In the RJR Nabisco school improvement program, schools are encouraged to take risks; at least they are not punished for failing to be successful in all their undertakings. The School Improvement and Accountability Act does not provide a mechanism for renegotiating outcomes nor does it provide opportunities to explain how big risks may have resulted in partial success. There is a provision that districts need only meet 75 percent of their goals to continue participation, but if anything, that provision is liable to result in excuse-making rather than accepting interesting failure as evidence of effort. When all is said, expectations, as evidenced in these plans, are not very high. It would be interesting to know how this particular message was perceived by teachers and principals not involved on the planning committees. It will be interesting to see if changes in district outcomes meet, exceed, or fall below levels established in local plans.

Differentiated Pay Plans

The School Improvement and Accountability Act enabled every local district to adopt a differentiated pay plan as a strategy for attaining their goals. Funding for differentiated pay was the only new money attached to this legislation. All 134 local school systems submitted differentiated pay plans as part of their school improvement plans. Most of the pay plans combined features of the six models described above rather than selecting a single model for their plan. Table 1 shows that task differentiation is a component in most pay plans, measures of school/student outcomes and merit are

criteria for performance bonuses in almost half of the plans. Certification and incentive components are also common strategies for differentiation, and special assignments are the least frequently used option.

Table 1. Options Offered in Differentiated Pay Plans

Model	# of Plans
Task Differentiation	107
Student/School Outcomes	62
Merit	61
Certification	56
Incentive	40
Special Assignment	6

Districts' readiness for/knowledge of differentiated pay models, their desire for centralized coordination/control, and their willingness to differentiate among employees determined the type of differentiated pay plan developed by local school systems. While many districts established district-wide committees to design and administer the plans, 49 specifically granted almost total autonomy to the individual schools. In order to illustrate the range of plans developed, selected district plans will be highlighted next. (Not every plan could be used as an illustration, so inclusion here should not be regarded as special recognition of these plans as exemplary.) The differentiated pay plans can be categorized according to the purpose that they were designed to serve. Some districts wanted more time to plan. Others sought to encourage participation by providing participants with a variety options. Still others emphasized local school goals.

Plan-to-plan model

Many districts felt that sufficient time was not available to allow careful construction of school improvement and differentiated pay plans. Therefore, time was spent by these districts in activities aimed at spreading information about the School Improvement and Accountability Act and its implications. Teachers and other staff served on committees that examined the status quo with respect to the 30 criteria set by the State Board of Education. These committees then recommended goals for improved achievement, deferring planning for differentiated pay systems to 1990-91. The Camden County Schools plan is an example of this model. In order to participate in the differentiated pay plan in the first year that funding became available and yet avoid hasty construction of what may have been an unpopular plan, the steering committee proposed a three phased plan-to-plan.

Before planning began, the district steering committee was formed, with each of its members elected by a school faculty. Moreover, each building elected a five-member school-based committee that would study the issues surrounding differentiated pay. Phase I, which occurred during July and August, 1990, involved selecting committees and orienting them to their duties. Phase II, during the first part of the school year, allowed each school committee to engage in a number of research activities--reading, visits, etc.--to generate ideas for pay differentiation that might be attractive to teachers in the respective schools. Phase III was devoted to preparation of school and district plans for implementation in 1991-92. This phase culminated in a vote by affected staff and approval of the plan in the spring of 1991.

Funds generated in the 1990-1991 fiscal year were used to support the various meetings, research activities, and plan preparations. To encourage wide participation in planning, the steering committee voted to allow any faculty member--not just committee members--to participate in planning activities.

Cafeteria model

A potential pitfall of differentiated pay plans is that they may fail to account for the vastly different motivational needs of individuals. Teacher A may put in more hours or demonstrate

specified performance levels for more money. Teacher B, on the other hand, may not be motivated by the extra income, but may be interested in expanded role responsibilities. A second problem that can affect planning presents itself in North Carolina; any allotted funds not spent by a school district revert to the state general fund at the end of the fiscal year.

Sampson County met the challenges of different motivational needs and of planning expenditures in their differentiated pay plan. The plan rests on six categories of activity, corresponding to the models (certification, special assignment, etc.) already described. Within each category, a number of pay opportunities ("standards" by which participants earn points) exist. The participant selects up to 10 standards, each of which is worth 20 points. Throughout the year, a maximum of 100 points may be earned, upon attainment of the standards.

At the end of the year, all earned points are totaled and divided into the total bonus fund. This establishes a point-to-dollar value. By multiplying an individual's point total by the dollar value, the amount of the bonus can be calculated.

In addition to avoiding the reversion problem, this scheme allows pre-determination of the point values at a minimum level. Assuming that every eligible participant will earn the 100 point maximum, one could divide this number into the estimated fund (2% of the total salary allotment for professional staff) to establish a minimum point value. Thus, participants can choose to earn points, if they perceive the value to be worth the effort.

The Sampson County plan established two structures of interest. The district steering committee will monitor implementation and may evaluate the plan at year's end. In addition, in anticipation of possible disagreements, the plan charges building-level committees with responsibility for conflict resolution. Inclusion of both of these features makes the Sampson County plan virtually unique among the 134 plans submitted in the first year, as does the rich variety of opportunities to earn points within each category. This plan addresses organizational needs while acknowledging individual motivation. The standards themselves are articulated at the school-district level even though the participant chooses which standards to work towards.

School-based model

Proponents of the effective schools approach to school reform argue that school reform happens building by building. In these plans, virtually total responsibility for establishing plans was relegated to the individual schools. Typically, an allocation formula is agreed upon (usually either 2 percent of the building salary or a fixed rate per person) and then the individual faculty is allowed to design and implement its own plan. Often these plans and the implementation will be studied by a district-wide committee that will devise a new plan (based on this early experience) to be voted on for 1991-92. Submissions from districts electing this approach tend to be vague, since the building plans didn't exist when plans were submitted. Leadership, either formal or informal, will probably be the crucial element in the success of these plans, and they are likely to reflect the relative strengths and weaknesses of the staff in individual buildings.

The King's Mountain City Schools designed a school-based plan that uses the cafeteria approach. Because this plan will be operationalized at the building level it is not as specific about options as the districtwide Sampson County plan. At the beginning of the school year, differentiated pay funds were equally divided among four components: staff development, task differentiation, school/district outcomes, and merit. Individuals elected to participate in up to four of the components. A districtwide committee assisted individual schools in designing appropriate activities for the staff development/certification component. Extra duty positions were allocated to each school for the differentiated task component. Staff at each school specified the responsibilities attached to each position and selected the personnel for each position. Thus, in these two components, local buildings could exercise wide decision-making discretion. The outcomes component is activated if a school reaches 75 percent of its school improvement goals. In that case, participants receive the amount determined in the school plan. The merit fund is used for teachers receiving sufficiently high evaluations (50 percent of ratings on the eight teaching functions on the state teacher performance appraisal system at least "Above Standard", with no function rated below "At Standard").

While the King's Mountain plan gives great latitude to individual buildings, a district committee was chosen to monitor the plan. Like the Sampson plan, a conflict resolution process is specified. Because the levels of the four funds were established at the beginning of the year, it appears likely that reversions may result from this plan or that bonus amounts will vary widely from component to component, as a function of participation. This variability is, of course, all the more reason for a monitoring committee to be at work.

Incentive/merit Components

Over two thirds of the differentiated pay plans included a merit or incentive component. Most of them considered group and individual performance, but did not set especially stringent standards for attaining rewards. Perhaps not surprisingly, relatively little variety among incentive/merit components was seen. Typically, in these components, districts set up one or two organizational conditions for accessing the incentive funds. Usually, the school district has to reach at least 75 percent of the annual milestones in their school improvement plan. In turn, the building has to achieve at least 75 percent of its milestones. (This second condition sometimes is not included.) Given these attainments, the bonus fund is divided equally among those teachers who meet certain individual criteria, typically a pre-determined attendance record and a pre-established performance level, as measured by the North Carolina Teacher Performance Appraisal System. In most cases, this performance level is fairly low (at least all "At Standard" ratings), but in a few cases it is surprisingly low (an average of "At Standard" ratings).

While easily attainable standards may have the virtue of insuring success in what many teachers may perceive as a "high risk" situation, it is hard to see how these relatively low standards, will, in fact, bring about the desired improvements. (This point is somewhat obviated by the relatively modest improvement goals that many districts established.)

Generalizations about Differentiated Pay Plans

While each of the plans was developed largely in isolation from the others, it is nevertheless possible to draw some generalizations that apply to many, if not most, of these plans.

The political nature of the pay plans probably undermined leadership efforts by those interested in setting rigorous goals. In order to be accepted, the pay plans had to be endorsed by majorities of both teacher and administrator groups. Although it is impossible to know, it appears that, in many districts, leadership was replaced by followership. It is axiomatic in political science that committees settle for the "lowest common denominator" solution to a given problem, unless charismatic leadership is exerted. Most of the pay plans did not demonstrate any virtue beyond acceptability. Indeed, in many units, the pay plan and the student achievement goals were developed simultaneously and independently by separate committees. In such a case it is hard to see how the pay plan could be a strategy for goals attainment. Moreover, how the negotiation skills and organizational planning knowledge of teachers--who were heavily involved in formulation of these plans--could be brought to an appropriate level within the short time available for developing plans is hard to understand. That is not to say that such a level couldn't be attained. However, it is unreasonable to believe that people were as sophisticated about management, budget, personnel issues, and goal setting as they were, necessarily, assumed to be. While it is possible to fault the law itself or DPI for the short time-table that exacerbated some of these problems, the "plan to plan" option--the only one that could buy needed preparatory time--was exercised only by about one third of the districts.

The plans are largely characterized by their unwillingness to differentiate among teachers. Despite the clear statement by the State Board of Education that across the board raises would not be accepted, a very large number of plans will have the effect of granting across the board raises when they are operationalized. Of those that didn't actually talk about "equal division", many plans set performance expectations for teachers so low that across the board raises will be the result. One plan agreed to pay a "merit" bonus to anyone averaging At Standard on the North Carolina Teacher

Performance Appraisal Instrument. In effect, this means a teacher earning "Below Standard" on as many as six of the eight evaluated teaching functions could still qualify for merit money.

There is a long tradition of solidarity among teachers. Often this is defined in opposition to poorly trusted administrators. However, this tradition of solidarity will lead to the downfall of school improvement plans, if educators continue, publicly, to resist attempts to differentiate performance and rewards. In fact, of course, all educators do not now earn the same salary, so differentiation exists. What does not exist is the connection between an individual's effort and a reward. As long as that situation obtains, school systems risk the loss of many excellent teachers who will leave the classroom to seek positions with greater opportunity .

Most rewards, if based on student/school outcomes, are group-focused. Given the above points, this is reasonable. More importantly however, when viewed from the level of the school rather than the classroom, in many ways, teaching is a cooperative effort. Therefore, group rewards seem appropriate. It remains to be seen if the School Improvement and Accountability Act leads to improved communication, group goal-setting, group evaluation of effort, etc. implied by the group perspective. Group rewards do not insure group action.

It should be noted that very few improvement plans described new structures for improving communications among teachers. That is, some of the differentiated pay could have supported release time for planning, or faculty retreats, or permanent substitutes to insure availability of planning time. Anecdotally, some evidence exists that suggests precisely the creation of these structures in some schools. This tends to be the result of the ingenuity of individual principals and teachers who have restructured school schedules. It remains to be seen if such structures are maintained where they have been initiated and if they are developed by other schools, especially those that took a group approach to their reward structures.

Tasks in plans with differentiated staffing components, for the most part, are tasks that already exist. Rather than seeing the School Improvement and Accountability Act as an opportunity to create new roles, emphasis is placed on the structural status quo. Roles identified in differentiated pay

components include department chairpersons, grade level chairpersons, mentors, and staff development presentors. Very few plans proposed lead teachers, for example. Very few plans proposed new activities for teachers that might support school improvement efforts. An exception may be the structures created to develop the school improvement plans themselves. These committee or team members are often rewarded. If these structures become institutionalized they could provide a basis for on-going planning and communication focused on school/district goals.

Plans tend to be both short-term and repetitive of current practice. Because the budget levels for differentiated pay plans are phased in over a four-year period, it might have been reasonable to expect the local districts to develop similarly phased-in plans. In fact, most did not. Only a few plans suggest that Year 2 activities will be different from Year 1 activities or that salary differentiation/incentives/rewards will shift emphasis, definition or focus. In most plans, Year 4 will be (it is assumed) just like Year 1, only more so. In the same way, action strategies seem to be based on current knowledge, with only modest provisions, if any, for teachers to acquire new knowledge/to develop new skills in instruction. Again, in part this can be explained by the short development period for all of these plans. However, only some plans include specific provision for oversight committees, intentional plan revision, or staff development focused on instructional problems.

Most plans do not anticipate problems. There is only a limited sense in which plans embody the notion that revision, once the district has some experience, will be necessary or desirable. On some level, the plans exhibit a kind of self-satisfaction in themselves. Not only are possibilities for revision not in evidence, most plans do not include appeals procedures or other problem-solving mechanisms to help employees deal with possible misunderstanding of the plan. Especially in plans that provide for site-based plans developed independently by individual schools, structures for district level monitoring are noticeably absent. The idea of institutional review is of great importance for dissemination of useful ideas from one school to others as well as for problem-solving across school sites.

In most plans there is simply no relationship between the reward or incentive structure and improved student outcome. The plans for student/school improvement do not suggest strategies that will be implemented to change the status quo. There is no discussion of altered structures for instructional decision-making, no suggestion that formative evaluation of student progress will be conducted differently, no plan for providing staff development for instructional improvements. A visitor from another planet, after reviewing these plans would be unable to identify them as proposals to conduct the business of schools differently. If we do not do something differently, what leads us to believe that the outcomes will be different?

Waiver Requests

The School Improvement and Accountability Act allowed districts to request waivers from certain laws and policies that they perceived as impeding school or district attainment of goals. Several states have tried this strategy to encourage local districts to try innovative practices. Arkansas, North Carolina, Oregon, Texas, Washington, and West Virginia include options for requesting waivers in their descriptions of current school improvement legislation (SREB, 1991). Although states have provided the option of requesting waivers as a strategy to provide flexibility, local districts have not responded with a rush of requests (Olsen, 1990). A possible explanation is, as state regulations increased in the 1970's and 1980's, local districts augmented their own policy making (Furman and Elmore, 1990). Some authors suggest that local policies have become as limiting to flexibility at the school level as state policies, and, as a result, districts frequently request waivers from policies that do not exist at the state level (Olsen, 1990). Common areas for waivers include requirements for student courses, teacher certification, and teacher assignment (Furman and Elmore, 1990). Waiver requests documented in the literature also seek to install peer evaluation and to trade planning periods or set longer working hours to get flexibility in class size (Olsen, 1990).

North Carolina educator's responses to the opportunity to seek relief from state regulations fit patterns reported in other states. As they prepared school improvement plans, educators reviewed state laws and policies to identify regulations that they felt inhibited service delivery. Upon review,

some requests addressed areas that did not require waivers from state policies. For the most part, districts asked relief in areas perceived to carry burdensome reporting and recordkeeping requirements. In all, districts requested waivers in 80 specific policy areas. (See Appendix C for a complete list.) A major group of requests is related to teacher certification, assignment, and personnel issues. A second category sought relief from student-related regulations, including assignment, length of school day, attendance policies, record keeping, course requirements, and testing. Finally, some waiver requests addressed administrative requirements such as required reports and limitations on use of funds because of line item funding and state purchasing contracts.

Table 2 presents information about the 26 categories of law/policy from which waivers were most frequently sought. While the total requests were made in 80 categories, only 26 had twenty or more requests. The table displays the waiver category, the number of waivers sought, the disposition by the State Board of Education of each request (including the percentage granted) and the number of districts requesting waivers by category. Many of these waivers are double-edged swords that may cut both ways. (See also Olson, 1990.) Take, for example, the flexible use of teacher assistants. The research on class size consistently shows no, or only modest achievement effects, related to class size except in some primary grades (Robinson, 1990). Will this new flexibility result in an increase of teacher/pupil ratios in primary grades (where the impact is) and a simultaneous reduction in other grades, where there is less likely to be an impact? Similarly, will the flexibility to use summer school funds during the regular term result in a weakening of the summer school's impact? The answer to these questions need not be yes, but without careful management, it may be.

What Remains To Be Done?

In reviewing the literature developed from planned change in schools and school districts, there is a virtually universal agreement that change only comes about in districts that are in an appropriate state of readiness for change. Readiness can be thought of as having three characteristics: Good

**TABLE 2. MOST FREQUENTLY REQUESTED WAIVERS AND DISPOSITION
(May 1990)**

ISSUE	NUMBER OF REQUESTS	LEAS	DISPOSITION			
			YES	NO	RFI*	OTHER
1. Class Size	124	112	124(100%)	0	0	0
2. Flex: T Assts.	117	109	117(100%)	0	0	0
3. Ex. ch.: Handicap Regs	116	40	9(8%)	55	2	50
4. Cert: Out of Field	95	62	64(67%)	9	18	4
5. Textbooks	93	89	92(99%)	0	1	0
6. Perf. Appraisal	68	60	11(16%)	49	6	2
7. Sum. Sch/Reg Term	67	59	63(94%)	4	0	0
8. Cert: Regs	65	37	24(37%)	21	12	8
9. Fin Flex: Gen	64	39	24(38%)	28	8	4
10. A G. Regs	59	38	11(19%)	15	3	30
11. Test Schedule	58	39	9(16%)	18	1	30
12. BEP Funds Flex	52	41	46(88%)	1	3	2
13. Non Cert/Prof Pers	48	35	11(23%)	22	15	0
14. State Purch Cont	46	45	0(0%)	45	0	1
15. Pers Plse: Leave	38	26	1(3%)	36	0	1
16. Sch. Day Length	37	34	26(70%)	7	3	1
17. Elim Fin Rpts: Non-Spec.	30	19	1(3%)	18	1	10
18. Flex SD Funds	29	22	13(45%)	10	6	0
19a. Carry-over Funds	24	22	0(0%)	24	0	0
19b. ISS Staff Cert.	24	24	24(100%)	0	0	0
19c. Voc Ed: MOE	24	21	22(92%)	1	0	1
22a. Annual SD Rpt.	23	22	21(91%)	0	1	1
22b. AF Stu Assign.	23	21	23(100%)	0	0	0
24a. Trans Field Trips	22	20	8(36%)	5	0	9
24b. Homebound Art	22	20	0(0%)	0	0	22
26. Ex Ch: Staff	20	19	9(45%)	8	2	1

*Request further information

communication channels, leadership committed to the program, and orientation toward established goals.

Good channels and structures for communication must exist within the organization. Such communication channels allow information to flow in many directions: to and from the central office, within and among schools, within grade levels and departments of the participating schools. These communications channels carry messages of trust, of commitment, of mutual respect for others, and of a promise of shared labor. Because change of the scope needed for school improvement and accountability has the potential for affecting all of the district's staff, an effort must be made to ensure that all have access to good information.

The leadership--both formal and informal--must realize a commitment to the goals of the program. Lukewarm acceptance of goals by leaders will be interpreted (correctly) as a lack of importance of the program or a failure of will. If people don't believe that they can cause improvements to occur, they are right. Improvements won't occur when, justified or not, there has already been a great deal of talk at the leadership level in some districts about a lack of commitment on the General Assembly's part to the School Improvement and Accountability Act. This is offered, apparently, as justification for the district leadership's lack of commitment. It should be observed that the School Improvement and Accountability Act doesn't require any further action on the General Assembly's part in order for the goals of the bill to be achieved, with the exception of funding the differentiated pay plans. No other new funds will result from this bill. Therefore district and building leadership needs to demonstrate its commitment to improvement and the concomitant belief that the present staff can bring about these improvements.

An orientation toward the goals of improvement must characterize the work of the school and district. Goal orientation is not simply listing goals and hoping they'll be achieved. Rather, goal orientation means that at all decisions are made in terms of goals attainment. Currently available resources--human and material--are inventoried in terms of their contribution to goal attainment.

In addition to ensuring that these three conditions exist, schools and districts need to insure that appropriate staff development is provided that focuses on both instructional improvement and on the skills needed to prepare both teachers and administrators to share relationships in terms of power, authority, and responsibility. It cannot be assumed that teachers already possess the skills and knowledge of district policies, school law, budgeting procedures, student scheduling and so on that principals have acquired through formal schooling and on-the-job experience. These things can and should be taught to teachers. Similarly, it cannot be assumed that teachers and supervisors already have pedagogical knowledge that they will suddenly reveal during this improvement program. Teachers are not failing to use instructional innovations because they are paid too little, but because they don't know anything to do except what they are already doing. Staff development that is both goal-oriented and classroom-focused must be supported by the school and district. Structures and relationships must be established that encourage use of newly acquired knowledge and skills for the purpose of attaining district goals.

Finally, strategies and structures that encourage people to reflect on their work, modifying it where appropriate and continuing it when it is successful, must be created. School improvement can be viewed as a dice game. We throw the dice and whatever happens, happens. We can wait until April or May each year and measure students' progress along any of a number of parameters. If positive change occurs, lucky us. The dice show sevens. If no change occurs, too bad; the dice are against us.

A somewhat more satisfying way to view school improvement is to think of the enterprise as analogous to bowling. While we cannot guarantee that we will bowl strike after strike, we can try to assume the correct stance, aim the ball, approach the line and release at the proper point in the swing. Even if we don't get a strike, we always have a chance to bowl a spare. If we take this approach to school improvement, we will closely monitor our activities and try to discover which of our actions has had the desired effects. These we will continue. If any of our activities were unsuccessful, we

will figure out why and modify or abandon these. We may not reach our goals in one semester, but we will do better in the second semester. A spare is still better than a gutter ball.

As we achieve increasing success in our improvement efforts, other people--some of whom might have been skeptical, at first--will want to join us. They'll want to get on a winning team. If we've really made improvement, we will let them join.

Conclusion

As local school districts prepare to implement their plans for School Improvement and Accountability, it might be helpful to reflect on five questions:

1. Is our district committed to improvement?
2. Do we need to focus on inputs or outcomes?
3. What will be different in our schools next year from last year?
4. How will we hold ourselves--teachers and administrators--accountable? What will evaluation do for us?
5. What is the long-term outlook for our program? Do we have systems in place that will allow us to deal with the possibility that our plan will need to change if we are to continue to improve?

In answering these questions, it is well to keep this observation by the Southern Regional Education Board in mind: Significant improvements in education do not just happen. They are planned, pursued, and evaluated. Educational improvement is a long-term proposition (SREB, 1988).

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APPENDIX A
The School Improvement and Accountability Act

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

CHAPTER 778
SENATE BILL 2

AN ACT TO APPROPRIATE FUNDS FOR THE IMPLEMENTATION OF THE
SCHOOL IMPROVEMENT AND ACCOUNTABILITY ACT OF 1989.

The General Assembly of North Carolina enacts:

Section 1. Title of Act. -- This act may be referred to as the "School Improvement and Accountability Act of 1989."

Sec. 2. Legislative Intent. -- It is the intent of the General Assembly that this act be implemented with a minimum of regulations.

Sec. 3. Performance-based Accountability Program. -- Article 16 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 4. Performance-based Accountability Program.

"§ 115C-238.1. Performance-based Accountability Program; development and implementation by State Board.

The State Board of Education shall develop and implement a Performance-based Accountability Program. The primary goal of the Program shall be to improve student performance. The State Board of Education shall adopt:

- (1) Procedures and guidelines through which, beginning with the 1990-91 fiscal year, local school administrative units may participate in the Program;
- (2) Guidelines for developing local school improvement plans with three-to-five year student performance goals and annual milestones to measure progress in meeting those goals; and
- (3) A set of student performance indicators for measuring and assessing student performance in the participating local school administrative units. These indicators may include attendance rates, dropout rates, test scores, parent involvement, and post-secondary outcomes.

"§ 115C-238.2. Local participation in the Program voluntary; the benefits of local participation.

(a) Local school administrative units may, but are not required to, participate in the Performance-based Accountability Program.

(b) Local school administrative units that participate in the Performance-based Accountability Program:

- (1) Are exempt from State requirements to submit reports and plans, other than local school improvement plans, to the Department of Public Education; they are not exempt from federal requirements to submit reports and plans to the Department.
- (2) Are subject to the performance standards but not the opportunity standards or the staffing ratios of the State Accreditation Program. The performance standards in the State Accreditation Program,

modified to reflect the results of end of course and end of grade tests, may serve as the basis for developing the student performance indicators adopted by the State Board of Education pursuant to G.S. 115C-238.1.

- (3) May receive funds for differentiated pay for teachers and administrators, in accordance with G.S. 115C-238.4, if they elect to participate in a differentiated pay plan.
- (4) May be allowed increased flexibility in the expenditure of State funds, in accordance with G.S. 115C-238.5.
- (5) May be granted waivers of certain State laws, regulations, and policies that inhibit their ability to reach local accountability goals, in accordance with G.S. 115C-238.6(a).
- (6) Shall continue to use the Teacher Performance Appraisal Instrument (TPAI) for evaluating beginning teachers during the first three years of their employment; they may, however, develop other evaluation approaches for teachers who have attained career status.

"§ 115C-238.3. Elements of local plans.

(a) The board of education of a local school administrative unit that elects to participate in the Program shall submit a local school improvement plan to the State Superintendent of Public Instruction before April 15 of the fiscal year preceding the fiscal year in which participation is sought. The local board of education shall actively involve a substantial number of teachers, school administrators, and other school staff in developing the local school improvement plan.

(b) The local school improvement plan shall set forth (i) the student performance goals established by the local board of education for the local school administrative unit and (ii) the unit's strategies and plans for attaining them.

The performance goals for the local school administrative unit shall address specific, measurable goals for all student performance indicators adopted by the State Board. Factors that determine gains in achievement vary from school to school; therefore, socioeconomic factors and previous student performance indicators shall be used as the basis of the local school improvement plan.

The strategies for attaining the local student performance goals shall be based on plans for each individual school in the local school administrative unit. The principal of each school and his staff shall develop a plan to address student performance goals appropriate to the school from those established by the local board of education.

(c) The local school administrative unit shall consider a plan for differentiated pay. The local plan shall include a plan for differentiated pay, in accordance with G.S. 115C-238.4, unless the local school administrative unit elects not to participate in any differentiated pay plan.

(d) The local plan may include a request for a waiver of State laws, regulations, or policies. The request for a waiver shall identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals and shall explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.

"§ 115C-238.4. Differentiated pay.

(a) Local school administrative units may include, but are not required to include, a differentiated pay plan for certified instructional staff, certified instructional support staff, and certified administrative staff as a part of their local school improvement plans. Units electing to include differentiated pay plans in their school improvement plans shall base their differentiated pay plans on:

- (1) The Career Development Pilot Program, G.S. 115C-363 et seq.;
- (2) The Lead Teacher Pilot Program, G.S. 115C-363.28 et seq.;

- (3) A locally designed school-based performance program, subject to limitations and guidelines adopted by the State Board of Education;
- (4) A differentiated pay plan that the State Board of Education finds has been successfully implemented in another state; or
- (5) A locally designed plan including any combination or modification of the foregoing plans.

(b) Support among affected staff members is essential to successful implementation of a differentiated pay plan; therefore, a local board of education that decides that a differentiated pay plan should be included in its local school improvement plan shall present a proposed differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed differentiated pay plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

Every three years after a differentiated pay plan receives such approval, the local board of education shall present a proposed plan to continue, discontinue, or modify that differentiated pay plan to affected staff members for their review and vote. The vote shall be by secret ballot. The local board of education shall include the proposed plan in its local school improvement plan only if the proposed plan has the approval of a majority of the affected paid certificated instructional and instructional support staff and a majority of the affected certificated administrators.

(c) Local school administrative units electing to participate in a differentiated pay plan shall receive State funds according to the terms of the plan but not to exceed:

- (1) 1990-91: two percent (2%) of teacher and administrator salaries, and the employer's contributions for social security and retirement;
- (2) 1991-92: three percent (3%) of teacher and administrator salaries, and the employer's contributions for social security and retirement;
- (3) 1992-93: four percent (4%) of teacher and administrator salaries, and the employer's contributions for social security and retirement; and
- (4) 1993-94 and thereafter: seven percent (7%) of teacher and administrator salaries, and the employer's contributions for social security and retirement.

Any differentiated pay plan developed in accordance with this section shall be implemented within State and local funds available for differentiated pay.

(d) Attainment of the equivalent of Career Status I shall be rewarded through a new salary schedule that provides a salary differential when a certified educator successfully completes his probationary period.

(e) Any additional compensation received by an employee as a result of the unit's participation in the Program shall be paid as a bonus or supplement to the employee's regular salary. If an employee in a participating unit does not receive additional compensation, such failure to receive additional compensation shall not be construed as a demotion, as that term is used in G.S. 115C-325.

"§ 115C-238.5. Flexible funding.

For fiscal years beginning with the 1990-91 fiscal year, the State Board of Education, only upon the recommendation of the State Superintendent, shall increase flexibility in the use of State funds for schools by combining into a single funding category the existing categories for instructional materials, supplies and equipment, textbooks, testing support, and drivers education except for funds for classroom teachers of drivers education. Only local school administrative units electing to

participate in the Performance-based Accountability Program shall be eligible to receive this flexible funding

Local boards of education shall provide maximum flexibility in the use of funds to individual schools to enable them to accomplish their individual schools' goals.

"§ 115C-238.6. Approval of local school administrative unit plans by the State Superintendent; conditions for continued participation.

(a) Prior to June 30 each year, the State Superintendent shall review local school improvement plans submitted by the local school administrative units in accordance with policies and performance indicators adopted by the State Board of Education. If the State Superintendent approves the plan for a local school administrative unit, that unit shall participate in the Program for the next fiscal year.

If a local plan contains a request for a waiver of State laws, regulations, or policies, in accordance with G.S. 115C-238.3(c), the State Superintendent shall determine whether and to what extent the identified laws, regulations, or policies should be waived. The State Superintendent shall present that plan and his determination to the State Board of Education. If the State Board of Education deems it necessary to do so to enable a local unit to reach its local accountability goals, the State Board, only upon the recommendation of the State Superintendent, may grant waivers of:

- (1) State laws pertaining to class size, teacher certification, assignment of teacher assistants, the use of State-adopted textbooks, and the purposes for which State funds for the public schools may be used, and
- (2) All State regulations and policies, except those pertaining to State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-325, health and safety codes, compulsory school attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

(b) Local school administrative units shall continue to participate in the Program and receive funds for differentiated pay, if their local plans call for differentiated pay, so long as (i) they demonstrate satisfactory progress toward student performance goals set out in their local school improvement plans; or (ii) once their local goals are met, they continue to achieve their local goals and they otherwise demonstrate satisfactory performance, as determined by the State Superintendent in accordance with guidelines set by the State Board of Education.

If the local school administrative units do not achieve their goals after two years, the Department of Public Instruction shall provide them with technical assistance to help them meet their goals. If after one additional year they do not achieve their goals, the State Board of Education shall decide what steps shall be taken to improve the education of students in the unit."

Sec. 4. End-of-course and End-of-grade Tests. -- G.S. 115C-174.11(c) reads as rewritten:

~~"(c) Competency-Based Curriculum Testing. -- In order to provide achievement information and educational accountability as part of the Basic Education Program, the State Board of Education may acquire, in the most cost-efficient manner, achievement tests and test information to evaluate achievement in those grades and courses as specified in the Basic Education Program. Information from these tests may be used as one criterion by teachers and local school personnel in arriving at student grades and in making administrative decisions.~~

(c) End-of-course and End-of-grade Tests. -- The State Board of Education shall adopt a system of end-of-course and end-of-grade tests for grades three through 12.

These tests shall be designed to measure progress toward selected competencies, especially core academic competencies, described in the Standard Course of Study for appropriate grade levels. With regard to students who are identified as not demonstrating satisfactory academic progress, end-of-course and end-of-grade test results shall be used in developing strategies and plans for assisting those students in achieving satisfactory academic progress."

Sec. 5. Testing for Comparisons of Student Achievement. -- Effective July 1, 1992, G.S. 115C-174.11(a) reads as rewritten:

~~"(a) Annual Testing Program. In order to assess the effectiveness of the educational process, and to ensure that each pupil receives the maximum educational benefit from the educational process, the State Board of Education shall implement an annual statewide testing program in basic subjects. It is the purpose of this testing program to help local school systems and teachers identify and correct student needs in basic skills rather than to provide a tool for comparison of individual students or to evaluate teacher performance. The annual testing program shall be conducted each school year for the third, sixth and eighth grades. Students in these grade levels who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing program if special testing procedures are required for testing such students. The State Board of Education shall select annually the type or types of tests to be used in the testing program.~~

The State Board of Education shall ~~also~~ adopt and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades, rather than standardized tests. Local school administrative units may use these assessment instruments provided to them by the State Board for first and second grade students, and shall not use standardized tests. The State Board of Education shall report to the Joint Legislative Commission on Governmental Operations prior to May 1, 1988, and to the Senate and House Appropriations Committees on Education prior to March 1, 1989, on the assessment instruments it develops.

If the State Board of Education finds that testing in grades other than the first and second grade is necessary to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states."

Sec. 6. Annual Report Cards for Schools. -- G.S. 115C-12(9) reads as rewritten:

"(9) Miscellaneous Powers and Duties. -- All the powers and duties exercised by the State Board of Education shall be in conformity with the Constitution and subject to such laws as may be enacted from time to time by the General Assembly. Among such duties are:

- a. To certify and regulate the grade and salary of teachers and other school employees.
- b. To adopt and supply textbooks.
- c. To adopt rules requiring all local boards of education to implement the Basic Education Program on an incremental basis within funds appropriated for that purpose by the General Assembly and by units of local government.

The Board shall develop a State accreditation program that meets or exceeds the standards and requirements of the Basic Education Program. The Board shall require each local school administrative unit to comply with the State

accreditation program to the extent that funds have been made available to the local school administrative unit for implementation of the Basic Education Program.

The Board shall use the State accreditation program to monitor the implementation of the Basic Education Program.

- c1. To issue an annual 'report card' for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account demographic, economic, and other factors that have been shown to affect student performance.
- d. To formulate rules and regulations for the enforcement of the compulsory attendance law.
- e. To manage and operate a system of insurance for public school property, as provided in Article 38 of this Chapter.

In making substantial policy changes in administration, curriculum, or programs the Board should conduct hearings throughout the regions of the State, whenever feasible, in order that the public may be heard regarding these matters."

Sec. 7. Existing Career Development and Lead Teacher Pilot Programs.

(a) Notwithstanding the provisions of Article 24B of Chapter 115C of the General Statutes, Article 24D of Chapter 115C of the General Statutes, or any other provision of law, funding for the career development pilot projects and the lead teacher pilot projects shall continue through the 1989-90 fiscal year; Provided, however, that any additional compensation received by an employee as a result of the unit's participation in the pilot program for the 1989-90 fiscal year and for subsequent fiscal years shall be paid as a bonus or supplement to the employee's regular salary.

Funding of these pilot projects shall continue for subsequent fiscal years only if the pilot units successfully submit local school improvement plans pursuant to the Performance-based Accountability Program, during the 1989-90 school year and during subsequent school years.

(b) Beginning with the 1993-94 fiscal year, the career development and the lead teacher pilot units shall receive only the amount of State funds available for school units participating in a differentiated pay plan pursuant to the School Improvement and Accountability Act of 1989; they shall receive no State funding as career development pilot units or leadteacher pilot units.

(c) The local school improvement plan for each career development pilot program shall include a schedule of modifications to the career development program. This schedule shall result in an incremental reduction or increase, as appropriate, in the amount of funds allocated for differentiated pay so that, for the 1993-94 fiscal year and subsequent fiscal years, the cost of the differentiated pay plan equals the amount of State and local funds available for differentiated pay for school units participating in differentiated pay plans pursuant to the School Improvement and Accountability Act of 1989.

(d) If an employee in a career development pilot unit is recommended for Career Status I or II and that status is approved by the local board of education prior to the beginning of the 1989-90 school year, the local board of education may pay that employee a bonus or supplement to his regular salary. For the 1989-90 fiscal year only, the local board of education may use any State or local funds available to it for the career development pilot program to pay these bonuses or supplements.

(e) Effective at the beginning of the 1989-90 school year, an employee may be considered for Career Status II no earlier than his third year in Career Status I; an employee may be considered for Career Status III no earlier than his third year in Career Status II.

(f) Any career ladder pilot project in a school unit that has resulted from a merger of school units, within the last calendar year preceding the effective date of this act, may be modified by the local school board, upon the recommendation of the State Superintendent of Public Instruction and with the approval of the State Board of Education. This modification shall require no more funds than allocated to the particular project by the State Board of Education from funds appropriated to the State Board of Education in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989.

Sec. 8. The Department of Public Education shall report prior to May 1, 1990, and annually thereafter, on the implementation of the School Improvement and Accountability Act of 1989, to the chairmen of the Senate and House of Representatives committees on education, appropriations, and appropriations on education.

Sec. 9. Nothing in this act shall be construed to obligate the General Assembly to appropriate any funds to implement the provisions of this act.

Sec. 10. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 12th day of August, 1989.

JAMES C. GARDNER

James C. Gardner
President of the Senate

J. L. MAVRETIC

J. L. Mavretic
Speaker of the House of Representatives

APPENDIX B
School Improvement Indicators Established by the
North Carolina State Board of Education

**School Improvement Indicators Established by the
North Carolina State Board of Education**

The indicators in the State Accreditation performance standards comprise the required indicators for measuring student outcomes in school systems participating in the School Improvement and Accountability Act. SAT scores are also required, although they are not one of the State Accreditation performance standards. Local districts establish their own goals for each of the indicators. Goals may exceed Accreditation Performance standards, but this is not a requirement; however, goals are expected to be set at levels that establish an expectation of reasonable achievement and improvement. Some goals may be at maintenance levels. Depending on the indicator, goals may be expressed as a percentage of affected students or a district's average score or percentile rank on standardized tests.

1. Average Daily Attendance Rates
2. Successful Completion of 5 Units of Credits for Graduation
3. Successful Completion of Courses for Entry into the 16 Institutions within the State University System.
4. Eligibility for the North Carolina Scholars Program
5. Vocational/Job Skill Employment Rate
6. North Carolina Competency Tests in Reading
7. North Carolina Competency Tests in Math
8. North Carolina Competency Tests in Writing
9. North Carolina Competency Tests in Writing Essay
10. Compensatory Program Achievement Gain Scores in Reading
11. Compensatory Program Achievement Gain Scores in Math
12. Drop-out Rates
13. California Achievement Test Scores at Grade 3
14. California Achievement Test Scores at Grade 6
15. California Achievement Test Scores at grade 8
16. North Carolina Annual Testing Program: Writing Essay at Grade 6
17. North Carolina Annual Testing Program Writing Essay at Grade 8
18. North Carolina Science Test at Grade 3
19. North Carolina Science Test at Grade 6
20. North Carolina Science Test at Grade 8
21. North Carolina Social Studies Test at Grade 3
22. North Carolina Social Studies Test at Grade 6
23. North Carolina Social Studies Test at Grade 8
24. North Carolina Algebra I Test
25. North Carolina Algebra II Test
26. North Carolina Biology Test
27. North Carolina History Test
28. North Carolina Chemistry Test
29. North Carolina Geometry Test
30. SAT Scores

APPENDIX C

Waiver Requests Submitted by Local North Carolina School Districts under the School Improvement and Accountability Act

Waiver Requests Submitted by Local North Carolina School Districts under the School Improvement and Accountability Act

Pursuant to the provisions of the School Improvement and Accountability Act, local North Carolina school districts submitted waiver requests in the categories listed below. Requests are grouped into ten major areas: certification, teacher assignment/position conversion, student assignment or student attendance, course/graduation requirements, student testing, program management, administration, personnel, auxiliary services. The number of districts submitting requests in each category as of March 1991 is reported. Figures reported here are more recent than those tallied on Table 2. For this report, a district is counted only once in each category, although in some cases, districts submitted more than one request per category.

CERTIFICATION

Teach out of area	63
Exemptions from select regulations	38
Employ non-certified personnel--academic areas in general	37
Employ non-certified personnel--in-school suspension programs	25
Flexibility in certification/assignment in handicapped programs	20
Flexibility in certification/assignment in academically gifted programs	12
Flexibility in certification/assignment in vocational education programs	12
Flexibility in calculation of credits for certificate renewal	10
Ability to carry certification renewal credits beyond renewal cycle	4
Employ non-certified staff in drop out prevention/at-risk programs	3

TEACHER (TEACHER ASSISTANT) ASSIGNMENT/POSITION CONVERSION

Use and assignment of state-funded K-3 teacher assistants	112
Exceed class size/teacher contact hour regulations	116
Use state summer school funds for remediation during regular school year	65
Use vocational education months of employment for other instruction	24
Combine multi-level vocational education classes and exceed size regulations	15
Use teacher assistants as substitute teachers	13
Retain state funds from unfilled positions	15
Flexible use of state in-school suspension funds	14
Convert state allocated positions to dollars and dollars to positions	10
Flexibility in number of teaching periods per day	7
Receive lump sum payment of substitute teacher funds	8
Flexibility in employment/payment of substitute teachers	3
Convert state allocated teacher assistant positions to teaching positions	2

STUDENT ASSIGNMENT/ATTENDANCE

Assign borderline/bright students to AG classes as space permits	25
Count students in homebound/hospitalized settings for ADM reports	21
Allow LEA to exempt some students when calculating district performance	13
Flexibility in assignments to handicapped classes	13
Vary length of school day for students	36
Vary/modify length of school year for students	7

Student Assignment/Attendance (continued)

Modifications to reports of excused/unexcused absences and drop-outs	12
Drop alternate school program attendance from district performance reports	8
Staggered attendance for kindergarden for first 10 days of school	5
Altered enrollment/admission/attendance requirements for kindergarden	4
Flexibility on 14 year age requirement for drivers education	1
Count students in attendance who are on planned educational trips	1

COURSE/GRADUATION REQUIREMENTS

Flexibility in 150 clock hour requirement for Carnegie Unit course credit	14
Exemption from/ modification of required SB2 performance indicator	8
Award high school credit based on mastery rather than contact hours	6
Count eighth grade algebra I and geometry towards graduation requirements	4
Require passing of NC Competency test for drivers education	2
Use GED as exit document for potential dropouts	1
Enter student scores on placement exams on transcripts--no graduation credit	1

STUDENT TESTING

Modify annual testing schedule	47
Modify annual testing procedures	14
Modify end-of-course testing procedures	14
Exempt select students from annual testing program	7
Eliminate scores of select students from calculation of district performance	2
Request state-level revision of state third grade tests to conform to CAT	1
Permit use of standardized tests of achievement in first and second grades	1

PROGRAM

Purchase textbooks and instructional materials not on state-approved list	89
Modify regulations of programs for students with handicapping conditions	41
Modify regulations of programs for students who are accademically gifted	42
Modify regulations of vocational education programs	17
Modify curriculum/course of study in Basic Education Program	10
Use state adopted textbooks beyond contract period	5
Include drivers education in health and physical education courses	6
Modification of regulations governing student support services	1

ADMINISTRATION

General financial flexibility	42
Purchase items and use vendors not listed on State Purchase and Contract	46
Flexibility in use of Basic Education Program funds, but not program	43
Flexibility in use of state-allocated staff development funds	23
Elimination of annual staff development report	22
Carry over unexpended state funds to next fiscal year	22
Elimination of selected financial reports	19
Elimination of selected program reports	11

PERSONNEL

Modify the state system of performance appraisal for school personnel	69
Flexible use/accumulation of leave days and other benefits	27
Eliminate required annual staff development for substitute teachers	14
Modify guidelines for differentiated pay in school improve/account legislation	10
Permit teachers to work at home on snow days	2
Flexibility in five-day work week for vocational education teachers	2
Modify required school day to include 30-minute planning period after instructional day	1

AUXILIARY SERVICES

Use state school buses for field trips and after school tutorial programs	20
Use state school buses to transport non-school aged students to board approved programs	8
Exempt LEA from requirement to operate a transportation system	4
Use state school buses for student activity functions	3
Flexibility in child nutrition program	1

OTHER

Allow opportunity to implement any waiver approved for any other district	1
Eliminate use of corporal punishment in schools	1
Exemption from State Board of Education policy regarding Channel One	1