

Rewarding Teachers for Students' Performance: Improving Teaching through Alternative Teacher Compensation Programs

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- ✓ **Is the Achievement Gap in Indiana Narrowing?**
- ✓ **Enriching the High School Curriculum Through Dual Credit Courses**

Do teachers' salaries reflect their ability to teach effectively? This is an important question given that teacher salaries account for approximately 37 percent of total education expenditures across the United States (Nelson & Drown, 2003). Furthermore, the objectives of the *No Child Left Behind Act* (NCLB) for increased student achievement and the presence of a highly qualified teacher in every classroom have drawn attention to this issue. In an effort to maximize the return on the investment in teachers, states and school districts across the country have experimented with a variety of teacher compensation methods, including linking teacher pay to student performance. Performance-based pay is not a new concept, but it is one that is receiving increased attention across the country. Indeed, many states and school districts are exploring alternatives to the single-salary structure to improve teacher quality and enhance student achievement.

This Education Policy Brief will examine alternative teacher compensation programs and career ladder programs aimed at recruiting and retaining highly qualified teachers. It will also highlight performance-based compensation programs in use in Indiana and other states across the country.

SINGLE-SALARY STRUCTURE VS. PERFORMANCE-BASED COMPENSATION

The single-salary teacher compensation structure has been in place across the nation for at least the past 50 years (Odden, 2000). By 1950, 97 percent of all schools had adopted the single-salary structure (Protsik, 1996, cited in Gratz, 2005), which provides monetary rewards and incentives based on teachers' years of experience and the number of college degrees they have earned. This formula for calculating teacher salaries makes two important assumptions about what makes a good teacher: (1) teaching ability increases with experience, and (2) completing additional university classes or degrees increases teaching ability and performance in the classroom (Dixon et al., 2002). The single-salary structure has been criticized for not providing opportunities for teachers to be rewarded for using outstanding teaching methods and for not holding teachers accountable for students' learning.

In response to these criticisms, merit pay systems were developed to supplement the existing single-salary structure. Merit pay systems provide incentive pay for teachers based on performance reviews and for assuming extra responsibilities outside of the classroom (Goorian, 2000). However, criticisms of the merit pay system exist as well. An often cited concern is that merit pay systems may promote competition, not collaboration, among teachers. Factors that contribute to this environment include administrator-led performance reviews that may appear to be subjective and competition among teachers for a fixed amount of bonus money (Hatry et al., 1994).

In contrast to the merit pay system, performance-based compensation models seek to promote cooperation and partnership among teachers, and to provide incentive pay to all qualified teachers. Rather than comparing teachers' performance against each other, teachers are evaluated against a set of criteria determined by the school or school district. This system allows all teachers to have the potential to qualify for incentive pay, rather than competing for a limited number of awards.

Performance-based compensation models are typically more complicated than traditional single-salary structure models and require significant thought and planning to be effectively implemented.

These models force school district officials and policymakers to tackle many difficult issues, including the development of a salary structure that rewards good teaching and provides clear links between teachers' knowledge and skills and improvements in student performance. The allocation of funding to support a performance-based compensation model is an additional challenge faced by those put in charge of developing such a program (Education Commission of the States, 2001).

CAREER LADDER SYSTEMS

In addition to performance-based compensation methods, some states and school districts have developed career ladders. As with other professions, many teachers seek out opportunities for promotion to gain increases in pay and responsibility. Many times these promotions are to administrative positions which take teachers out of the

classroom and away from direct contact with students (Odden et al., 2001). Promoting teachers to the administrative ranks presents two potential problems for schools. First, promoting highly qualified teachers to administrative positions takes them out of classrooms where they have already proven their effectiveness and places them into positions where they have reduced contact with students. Secondly, the promotion of highly qualified teachers may result in a higher number of less qualified classroom teachers. The development of an alternative career ladder system could allow highly qualified teachers to advance their careers while remaining in the classroom.

Career ladder systems were designed to provide teachers with opportunities to take on new roles or responsibilities in addition to classroom teaching. There are a variety of career ladder systems that work to expand teachers' skills and responsibilities. They include performance-based ladders, job-enlargement ladders, and professional development ladders (NASBE, 2002). As described in Box 1, teachers progressing up these career ladders can be rewarded for their efforts in a number of areas. More importantly, these career ladders allow teachers to progress along their career path without removing them from the classroom.

ALTERNATIVE COMPENSATION PROGRAMS ACROSS THE COUNTRY

States and school districts across the country have designed and implemented variations of the performance-based compensation and career ladder programs. While these pro-

grams differ in structure, they encompass elements of skills- or competency-based pay programs, group-based performance award programs, and pay-for-performance programs (see Box 2.) There are numerous examples of these programs in place across the United States. This section will focus on four of the more highly publicized and long-standing programs.

Milken Teacher Advancement Program (TAP)

The Milken Family Foundation Teacher Advancement Program (TAP) is a performance-based compensation program that is being implemented in eight states and seventy schools around the country. TAP was formed to attract and retain teachers. Four elements make up the TAP program: Multiple Career Paths, Ongoing Applied Professional Growth, Instructionally Focused Accountability, and Performance-based Compensation. TAP allows teachers to explore career options while staying in the classroom. Teachers can become part of the leadership team by taking positions as master or mentor teachers. The leadership team evaluates teachers and sets annual goals for staff and students.

Under TAP, all teachers are given time during the school day to plan and meet with other teachers for professional growth. Master or mentor teachers lead the group sessions to address goals and facilitate the growth of individual teachers through reflection. Certified evaluators assess teachers four to six times a year. Teachers are compensated based on their roles, responsibilities, evaluations, and student success. Teachers are also compensated for working in hard-to-staff schools.

Studies of TAP schools in Arizona and South Carolina have yielded positive results regarding increased student achievement. Seven schools in Arizona implemented the Milken TAP program during the 2000-01 and 2001-02 school years. The number of Arizona students participating increased from 949 in 2000-01 to 1,571 in 2002-03 (Schacter et al., 2004). In order to determine the effectiveness of TAP schools, control schools from the state of Arizona were chosen. The schools chosen matched the TAP schools based on characteristics including achievement, school size, percent minority students, school configuration, and location.

Box 1. Types of Career Ladder Systems

<i>Performance-Based Ladders</i>	Allow teachers to take on more responsibility as they demonstrate their ability to do so. Teachers may progress through a series of levels that may include novice teacher, career teacher, and master teacher (NASBE, 2002).
<i>Job-Enlargement Ladders</i>	Allow teachers to take increased responsibility for non-classroom-related activities. Activities may include curriculum development, supervising and mentoring beginning teachers, and serving as a professional development trainer or lead teacher (NASBE, 2002).
<i>Professional Development Ladders</i>	Determine advancement based on the amount of additional knowledge and skills teachers develop over the course of their career. Skills may be obtained through university coursework, professional development activities, advanced degrees, or NBPTS certification (NASBE, 2002).

Box 2. Performance-Based Compensation Models

<i>Skills- or Competency-Based Pay</i>	<p>Works to measure and reward the knowledge and skills teachers develop over the course of their career.</p> <ul style="list-style-type: none"> • Measured in the areas of depth of subject knowledge, expertise in instruction and curriculum development, or knowledge in areas such as guidance counseling or parent outreach (Kelley & Odden, 1995). • Salary increases can be linked to the development of skills needed by the school district, licensure in additional content areas, or NBPTS certification.
<i>Performance-Based Pay</i>	<p>Rewards teachers' performance measured against a set of standards developed by the school district.</p> <ul style="list-style-type: none"> • Performance ranges from student standardized exam performance to teachers' additional responsibilities outside of the classroom. • Incentives for performance can be awarded to individual teachers or to groups of teachers.
<i>Pay At-Risk Performance Awards</i>	<p>Requires employees to put a certain portion of their base salary "at-risk" until they meet established performance goals.</p> <ul style="list-style-type: none"> • Performance goals can be set by the school district and may include completing advanced training or having teachers work together to complete a task that is of great importance to the school or district (Kelley & Odden, 1995).
<i>Group-Based Performance Awards</i>	<p>Encourages teachers to work cooperatively and to improve students' performance.</p> <ul style="list-style-type: none"> • Awards may be used for faculty and staff bonuses, or for curriculum development or faculty and staff professional development opportunities (Kelley & Odden, 1995).

During 2000-01, 1,625 students from control schools made up the sample; in 2001-02, the comparison school sample was 1,353; and in 2002-03, the control sample included 2,400 students. Student achievement between these groups was measured utilizing the reading, mathematics, and language scale scores of the Stanford Achievement Test for students in Grades 2-8 enrolled in TAP and control schools (Schacter et al., 2004). The Stanford Achievement Test is designed to measure students' abilities in the areas of reading, language, and mathematics. More specifically, the Stanford Achievement Test covers skills such as reading vocabulary, reading comprehension, language mechanics and expression, and mathematics problem-solving.

Between 2000 and 2003, the majority of TAP schools in Arizona outperformed the control schools in the reading, language, and mathematics portions of the Stanford Achievement Test by a margin of 9 to 46 percentile points (Schacter et al., 2004).

In South Carolina, three elementary and three middle schools implemented the TAP program beginning in 2002. In 2002-03, South Carolina had 2,154 students enrolled in TAP schools. The sample of control students for South Carolina was 1,628 (Schacter et al., 2004). Similarly to Arizona, comparison schools were selected from all schools within South Carolina and matched with TAP schools based on reading and math performance on the Palmetto Achievement Challenge Test (PACT). Comparison of student achievement at TAP and control schools was based on Grades 3-8 students' reading/language arts and math scores on the PACT (Schacter et al., 2004).

TAP schools in South Carolina saw similar results to TAP schools in Arizona. In mathematics, four of the TAP schools outperformed control schools by 14 to 27 percentile points. Additionally, three of the TAP schools outperformed the control schools in reading/language arts by 6 to 26 percentile points (Schacter et al., 2004).

Professional Compensation System for Teachers (ProComp)

Based on a pilot program that demonstrated promising results, the Denver (Colorado) Public Schools (DPS) and the Denver Classroom Teachers Association (DCTA) ratified a new compensation system for Denver's teachers in March 2004. ProComp will pay annual salary increases to teachers whose students have demonstrated academic improvement and to teachers in schools that are judged to be distinguished based on their gains in performance. Additionally, teachers will be rewarded for demonstrating the acquisition of additional knowledge and skills that are related to student growth and their specific academic discipline (Denver Public Schools, 2004).

The DPS plan will also offer incentives for accomplished teachers who choose to work in schools within the district that are in academic need. Similar bonuses will be available to teachers and specialists who fill positions that lack qualified applicants (Denver Public Schools and Denver Classroom Teachers Association Joint Task Force on Teacher Compensation, 2004a).

Denver Public Schools encountered several problems in the implementation of its pay-for-performance program. These problems included linking teacher and student data in a variety of databases and assessing nonacademic teachers' performance (e.g., nurses) (Gratz, 2005). Based on these issues, the program was revised in 2004 to include features such as incentives for teachers to earn professional development units, meet student growth objectives, and serve in hard-to-staff assignments and hard-to-serve schools (Gratz, 2005).

Denver Public Schools conducted an analysis of its pilot pay-for-performance program to determine the impact of the program on student achievement. Beginning in the fall of 1999, 12 DPS schools participated in the pilot program. In 2002-03, the final year of the pilot, 16 elementary, middle, and high schools were participating in the pilot program (Community Training and Assistance Center, 2004). Students at participating pilot schools were compared with control schools on standardized exams including the Iowa Test of Basic Skills (ITBS) and the Colorado Student Assessment Program (CSAP) (Community Training and Assistance Center, 2004).

Control schools were selected from the DPS school district and were matched to pilot schools based on the percent of free/reduced lunch students, the percent of English language learners, and school size/enrollment. However, previous achievement of the schools was not considered in the selection of control schools. Unfortunately, this made it more difficult to detect a positive result of the pay-for-performance pilot program on student achievement (Community Training and Assistance Center, 2004).

Pilot elementary schools' performance on ITBS math, CSAP reading, and CSAP math tests declined over the course of the pilot program. Control schools' mean scores also declined on the ITBS math test, but their mean scores increased on the CSAP writing test. Pilot school students' performance was found to be lower than the control schools' students on all tests except the ITBS language (Community Training and Assistance Center, 2004).

Pilot middle school students performed better than control school students on the ITBS reading, CSAP writing, and CSAP math tests. Additionally, the average scores of pilot middle school students increased significantly over time. Furthermore, the control schools' students experienced significant declines in mean scores on the ITBS and CSAP test over the course of the pilot (Community Training and Assistance Center, 2004).

Pilot high schools and control high schools both experienced significant increases in mean scores on most tests over the course of the pilot. However, two pilot high schools had significantly higher increases than control high schools on several ITBS and CSAP tests. Manual High School experienced higher performance than control schools on the ITBS language and math tests. Thomas Jefferson High School students outperformed control high school students on the ITBS language, ITBS math, and CSAP reading tests. However, they performed significantly lower than control group school students on the ITBS reading test (Community Training and Assistance Center, 2004).

Based on the results of the pilot program, DPS has addressed several issues related to the structure of the pay-for-performance system. These issues included how to measure student progress across different classrooms and schools, as well as the use of additional criteria to determine eligibility for awards. Additional criteria including supervisor evaluations, assignment in more

difficult settings, acceptance to take on additional responsibilities, and self-improvement efforts will all be considered when determining award eligibility under the revised DPS system (Gratz, 2005).

While ProComp has been approved by the DCTA and endorsed by Denver Mayor John Hickenlooper, the permanent installation of ProComp is contingent upon the availability of funding for the program. The decision regarding the availability of funding will be made in the fall of 2005 when registered voters in Denver will make the decision whether or not to approve a \$25 million levy which would provide additional revenue to fund the ProComp system (Denver Public Schools and Denver Classroom Teachers Association Joint Task Force on Teacher Compensation, 2004b; Gratz, 2005).

South Carolina School Incentive Reward Program

Established in 1984, the South Carolina School Incentive Reward Program (SIRP) is the longest running state-sponsored, group-based performance plan in the nation. SIRP awards given to schools in the past have amounted to about \$25-\$40 per student. The typical winning school receives between \$15,000 and \$20,000 (Kelley & Odden, 1995).

All schools are placed in one of five comparison bands based on the school's percentage of students receiving free lunches, percentage receiving reduced-price lunches, teachers' average years of education beyond the bachelor's degree, and percentage of students meeting or exceeding standardized test score requirements. Schools compete with other schools in the same band for awards (Kelley & Odden, 1995). Band 1 consists of lower-performing schools with the highest percentage of students receiving free or reduced lunch, and Band 5 consists of higher-performing schools with the lowest percentage of students receiving free or reduced lunch.

A school gain index (SGI) is calculated for each school. Awards are based on three criteria: (1) student achievement, (2) teacher attendance, and (3) student attendance. Of these three criteria, student achievement gain is the most important measure. In order to be eligible for an award, a school must meet or exceed the minimum SGI improvement index based on its grouping category (Richards & Sheu, 1992).

Student achievement is measured using standardized tests. These tests include a modified version of the Boem Readiness Test, a South Carolina criterion-referenced test (Basic Skills Assessment Program or BSAP), and the nationally normed Comprehensive Test of Basic Skills (CTBS) (Richards & Sheu, 1992).

Overall, schools have shown improvement in student performance on standardized exams. However, student and teacher attendance has not seen marked improvement. Schools in the lowest socio-economic status bands have seen the greatest improvement in student achievement. Schools in Band 1 showed significantly greater gains than Band 5 schools on the BSAP and CTBS standardized tests (Richards & Sheu, 1992).

Tennessee Value-Added Assessment System

Through the founding of a group of business and community leaders known as the Community Education Alliance (CEA) and the development of a teacher recruitment and retention plan, the city of Chattanooga has been able to attract quality teachers to some of the city's lowest performing schools and significantly increase students' performance in reading, language arts, math, science, and social studies.

Utilizing the Tennessee Value-Added Assessment System (TVAAS) as the measuring stick for students' improvement and teachers' productivity allows for a more "level playing field" for teachers who have low-achieving students. TVAAS focuses on students' improvement, and allows teachers that help previously underperforming students make significant learning gains during the year to receive credit for their accomplishments (Holland & Soifer, 2004).

Rewards for high TVAAS scores include a \$5,000 bonus for individual teachers and the potential of a \$2,000 bonus for every teacher in the school if the school receives a high overall TVAAS score. In addition to salary bonuses, other incentives provided to teachers by the CEA include loans toward the purchase of a house in a neighborhood near a low-performing school, free legal services, and free tuition toward a master's degree in urban education (Holland & Soifer, 2004).

These incentives have helped reduce teacher recruitment and retention problems and improve student achievement at the nine schools utilizing this program. Low-performing inner-city Chattanooga schools par-

ticipating in the TVAAS program are increasing students' scores on standardized tests at a more rapid rate than their suburban counterparts. For example, in two years the percentage of Grade 3 students reading at or above grade level, as determined by the Terra Nova standardized test, in low-performing inner-city Chattanooga schools has doubled (Holland & Soifer, 2004).

Additionally, teacher retention has increased significantly. In the fall of 2002, there were 30 vacant positions at the nine schools. One year later only one teaching position was vacant (Holland & Soifer, 2004).

Impact of Alternative Compensation Programs on Student Achievement

Research on the impact of performance-based pay and other alternative compensation programs has mostly focused on their impact on teachers (Kelley et al., 2000; Kelley et al., 2002; Milanowski & Heneman, 2001). However, there has been some research regarding the impact of alternative teacher compensation on student achievement outcomes (Dee & Keys, 2005; Schacter et al., 2002; Schacter et al., 2004).

Research conducted on alternative compensation programs indicates increased student achievement in several areas. For instance, in their study of Tennessee schools offering merit pay for teachers, Dee and Keys (2005) found that kindergarten through Grade 3 students of teachers in merit pay systems scored higher on the Stanford Achievement Test in the areas of reading and math than students whose teachers were paid under the conventional single-salary structure.

Increased achievement also occurred for Tennessee teachers with varying degrees of teaching experience when merit pay was introduced (see Figure 1). Percentile score increases on the math section of the Stanford Achievement Test were greatest for students with probationary/apprentice teachers—those with zero to four years of teaching experience. Slightly lower student percentile score gains on the math section of the Stanford Achievement Test occurred for Level I teachers, generally those with five to nine years of teaching experience, and Level II or III teachers, generally those with 10 or more years of teaching experience. However, students with more experienced teachers (Level II and Level III teachers) showed the greatest percentile score increase on the

reading portion of the Stanford Achievement Test (Dee & Keys, 2005).

Schacter et al. (2002) indicated that schools participating in the Milken Teacher Advancement Program made significant gains in student achievement on the Stanford Achievement Test.

The average TAP school gained between 11.5 percent and 23 percent from 2000 to 2002 toward their goal of scoring in the 85th percentile on the Stanford Achievement Test. Additionally, TAP schools showed significantly greater student gains than control schools in the areas of reading, language, and mathematics in 2001 and 2002 (Schacter et al., 2002).

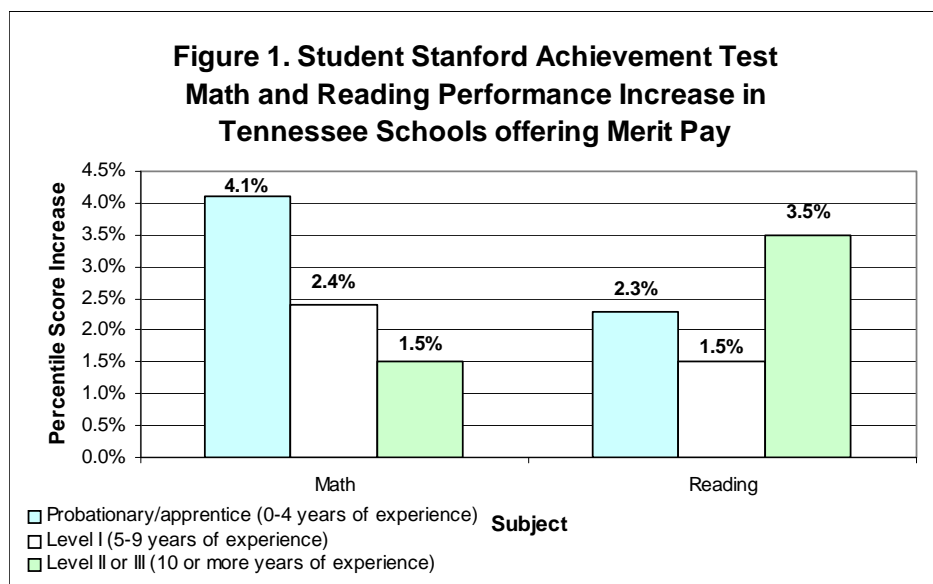
Furthermore, as part of statewide educational reform in Texas and Kentucky, performance incentive programs were established. Students in these two states demonstrated marked improvement as a result of these reforms. From 1994 to 1998, students in Texas increased their performance on the Texas Assessment of Academic Skills (TAAS) math exam from approximately 50 percent passing in 1994 to 80 percent passing in 1998 (Raham, 2000). Students in Kentucky increased their elementary students' National Assessment of Educational Progress (NAEP) performance significantly between 1993 and 1997. Elementary school students scoring at the proficient level on the NAEP rose from 8 percent in 1993 to 38 percent in 1997 (Palmaffy, 1998 cited in Raham, 2000).

These increases in students' performance may not be entirely attributable to the implementation of performance incentive programs. Raham (2000) notes that the performance incentive programs were components of larger education reform efforts in Texas and Kentucky. However, it is still important to note the role of performance incentive programs as a factor in the improvement of students' academic achievement.

ALTERNATIVE COMPENSATION PROGRAMS IN INDIANA

Since the mid-1990s, school districts in Indiana have taken new steps to promote the development of high-quality teachers and to reward those teachers who take the initiative to earn additional licensure or advanced certification. Local examples of this are the work of the Anderson Federation of Teachers and the Anderson Community School Corporation. In 1995, these organizations began reimbursing teachers who successfully obtain National Board for Professional Teaching Standards (NBPTS) certification. Teachers in this district are also allowed five release days to prepare for certification (NCREL, 1999).

A second example is the contract signed in 1997 by the Hammond Teachers' Federation and the School City of Hammond allowing NBPTS certified teachers to become eligible for placement in the doctoral level of their



Adapted from Dee & Keys (2005).

salary structure or to receive an additional \$2,000 over what they would earn if they were not NBPTS certified (NCREL, 1999).

Private schools in Indiana have employed performance-based compensation programs as well. With funding from the Lilly Endowment, eight Catholic schools in Indianapolis have implemented the Milken TAP program and have seen impressive results. For example, for the first time in the school's history, 100 percent of Grade 6 students at Saint Lawrence Catholic School in Indianapolis passed the math section of the ISTEP+. Saint Lawrence Catholic School principal Betty Popp highlighted the positive impact of the TAP program on the teachers at her school: "I had good teachers. Now I have great teachers" (Neal, 2005).

Peggy Elson, Director of the TAP program for the Archdiocese of Southern Indiana, is also confident that her schools are improving due to the implementation of the TAP program. Through the professional growth component of the program, "teachers are improving their techniques," Elson stated (Personal Communication, April 21, 2005). However, the cost of the TAP program may prohibit its continuation. In 2006, funding from the Lilly Endowment grant will end, but with the positive outcomes, administrators are convinced the Archdiocese of Southern Indiana will be able to locate other sources of funding for the program.

At the state level, the Indiana General Assembly has passed legislation including opportunities for teachers to obtain financial support while seeking NBPTS certification. Indiana Public Law 221 established a grant system through the Indiana Department of Education to fund school improvement plans, including professional development for teachers (NBPTS, n.d.). In addition to the grant system established by P.L. 221, the fiscal year 2002-03 state budget allocated \$20,500,000 for professional development and a new teacher induction program administered by the Indiana Professional Standards Board. This included \$250,000 for NBPTS certification and \$16,250,000 for professional development grants under Indiana Code 20-1-1-6.5 (Indiana Department of Education, 2001). The annual state appropriation for teacher professional development during the 2005-07 biennium is \$13,812,500 (Indiana General Assembly, 2005).

Legislation proposed, but not passing, during the 2003 and 2004 sessions of the Indiana General Assembly included several teacher compensation issues, including incentives

for certification, recruitment incentives, educational loan forgiveness, and an authorization for school corporations to pay an annual bonus of up to \$10,000 to teachers who teach certain secondary courses in mathematics and sciences (Indiana Department of Education, 2004). Additionally, according to the North Central Regional Educational Laboratory (n.d.), beginning in the 2005-06 school year Indiana will begin to rank its schools based on improvement in student performance and is supposed to provide financial incentives to schools whose students show improvement, although the legislature has not yet funded the awards and incentives program.

Indiana has not seen widespread adoption of formal performance-based compensation models among its public or private schools and districts. However, many elements of skill- or competency-based pay models are certainly present in school districts across the state.

CONCLUSIONS AND RECOMMENDATIONS

School districts in areas across the nation are in various stages of the development and implementation of alternative teacher compensation programs. Many of these programs include some aspect of student achievement as an indicator of effective teaching. States including California, Minnesota, Iowa, Ohio, Colorado, Kentucky, North Carolina, Tennessee, and South Carolina have seen the adoption of alternative teacher compensation programs with varying degrees of success. There are several things that can be learned from these states' experience with alternative teacher compensation programs.

Conclusion:

Alternative teacher compensation programs can be effective tools for improving teaching

When carefully developed and implemented, teacher compensation programs can provide incentives for teachers to broaden their knowledge, skills, and responsibilities. These programs can also

promote collaboration among teachers. Increased student achievement is another positive impact demonstrated by schools participating in the Milken TAP program and schools in Colorado, Tennessee, Texas, and Kentucky that are utilizing an alternative teacher compensation program (Community Training and Assistance Center, 2004; Holland & Soifer, 2004; Palmaffy, 1998 cited in Raham, 2000; Raham, 2000; Schacter et al., 2002).

Recommendations

The state of Indiana should continue to offer incentives to recruit and retain teachers with knowledge and skills in schools' areas of greatest need. The needs could include subject area knowledge (e.g., math, science, or special education) or skills and certifications in areas including technology or counseling. These incentives could also be utilized to attract teachers to hard-to-staff schools. Additionally, professional development funding for credentials such as NBPTS certification should be continued.

Conclusion:

A broad range of stakeholders must be considered in the development of an alternative compensation program

Consideration of a school's climate is important in the design and development of an alternative compensation program. All stakeholders, including teachers, administrators, and staff, must be considered in this process. Additionally, certain elements of the program must be clearly articulated. For example, evaluation of a teacher's performance is an extremely important aspect to consider. Performance indicators must be established and agreed upon by all stakeholders. If these elements are not considered, it may have an unintended detrimental impact on the school's climate. Instead of fostering a collaborative climate, a competitive climate may emerge.

Recommendations

School districts interested in developing an alternative compensation program for their teachers should spend a significant amount of time collecting information and develop-

ing a plan. All stakeholders must be considered in the development of this plan. This can help to increase support from school personnel, as well as foster a collaborative school environment.

Conclusion:

Further research is necessary regarding compensation programs' impact on student achievement.

While the research in this area suggests that alternative teacher compensation programs increase student achievement, further inquiry is needed in this area. The positive gains experienced by students should not be overlooked. However, to add to the knowledge in this area, achievement measures other than standardized tests should be examined to help determine the actual impact of alternative teacher compensation programs on student achievement.

Recommendations

Research should be conducted on Indiana schools utilizing alternative teacher compensation programs, including the Milken Teacher Advancement Program. While national research in this area exists, there is little, if any, research on alternative compensation programs in the state of Indiana. Research in this area could yield important information for Indiana education policymakers and lead to improvements in teaching quality and student achievement.

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WEB RESOURCES

Consortium for Policy Research in Education: Teacher Compensation
<http://www.wcer.wisc.edu/cpre/tcomp/related/papers/index.asp>

Denver Public Schools Professional Compensation System for Teachers
<http://denverprocomp.org/>

Education Commission of the States: Teaching Quality - Compensation
<http://www.ecs.org/html/issue.asp?issueid=129&subIssueID=78>

Milken Family Foundation Teacher Advancement Program
<http://www.mff.org/tap/tap.taf>

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