



Briefing Memo

Pay for Performance

Education Commission of the States • 700 Broadway, Suite 801 • Denver, CO 80203-3442 • 303.299.3600 • Fax: 303.296.8332 • www.ecs.org

Pay for Performance Proposals in Race to the Top Round II Applications

By Stephanie Rose
July 20, 2010

The Education Commission of the States reviewed all 36 Race to the Top (RttT) round II applications. Each of the 36 states that applied for round II funding referenced pay for performance under the heading of “Improving teacher and principal effectiveness based on performance.” The majority of states outlined pay for performance initiatives to be implemented upon receipt of RttT funds. Key takeaways from the 36 applications follow.

Common Features of Pay for Performance Proposals

- Most pay for performance initiatives are to be implemented at the individual teacher level and will be informed by annual evaluations. Evaluations will include a significant student growth component, ranging from 15 to greater than 50% of evaluation point totals.
- Programs range from defined bonuses granted on top of an existing pay schedule (Georgia) to complete overhauls of the compensation system tying teacher pay to performance (Florida).
- Many states intend to provide differentiated pay for additional responsibilities and/or teaching in high-need schools or subject areas including:
 - Bonuses to effective teachers who transfer to and remain effective in low-performing schools
 - Additional compensation or signing bonuses for teachers in high-need STEM subjects
 - Stipends for teachers who assume leadership or mentor roles, document and share best practices, serve on districtwide data teams or otherwise take on additional responsibility.
- In addition to state-level funds provided for pay for performance development, Local Education Agency (LEA) subgrants in many states also can fund pay-for-performance initiatives.
- Many states asserted that they will continue to seek grants from the Teacher Incentive Fund (TIF), Teacher Advancement Program (TAP) program, Bill and Melinda Gates Foundation and others to fund pay for performance pilots in their states.

Three Categories of Pay for Performance

Pay for performance programs in the 36 RttT round II applications took one of three forms, with the majority of states developing pilot programs to test pay for performance models. The remaining states were split between starting state-led programs and granting autonomy to LEAs.

1. State-Led (9 states)

States classified as having state-led programs each set aside RttT funding to identify and compensate high-performing teachers. States in this category intend to distribute money either directly to teachers, indirectly to participating LEAs or a combination of the two. Many of the states running performance-pay initiatives at the state level intend to reward teachers in high-need schools and subject areas. Among the states in this category are Florida and New York, both of which will reward teachers based on newly developed teacher evaluation systems that incorporate significant (40-50%) student growth components.

State Examples:

- New York plans to launch a \$30 million Innovative Compensation Incentive Fund to be distributed to LEAs committed to rewarding effective teachers and principals, particularly in high-needs

schools. The state also will create a \$39 million transfer fund that will be used to grant bonuses to highly effective teachers who transfer to high-needs schools.

- In Florida, differentiated compensation will be required for teachers teaching in high-need subject areas or under “challenging circumstances” in participating LEAs. The state also has set aside \$12.7 million to hire financial consultants to aid districts in their transition to performance-based compensation models.

2. Pilot Programs (18 states)

States in this category each plan to launch pay-for-performance initiatives in a limited number of districts in order to develop a model that can later be implemented by all LEAs. The number of pilot LEAs varies greatly by state (3-36+), as does the process of choosing participating LEAs. Some states will initiate a competitive grant process; some will simply pick the largest LEAs or those with the most high-need schools.

State Examples:

- California will choose five LEAs based on a competitive grant process to receive \$1.05 million per year (\$5,000 bonuses x 210 teachers) for alternative compensation plans based on effectiveness. LEAs will have flexibility with RttT funds, and can choose to provide individual bonuses, implement efficacy-based compensation plans or purchase learning materials for their schools.
- Illinois will implement performance-based compensation systems in 13 “super LEAs” and Chicago. The pilot will be funded by grants from the Teacher Incentive Fund and Teacher Advancement Program.

3. LEA Autonomy (9 states)

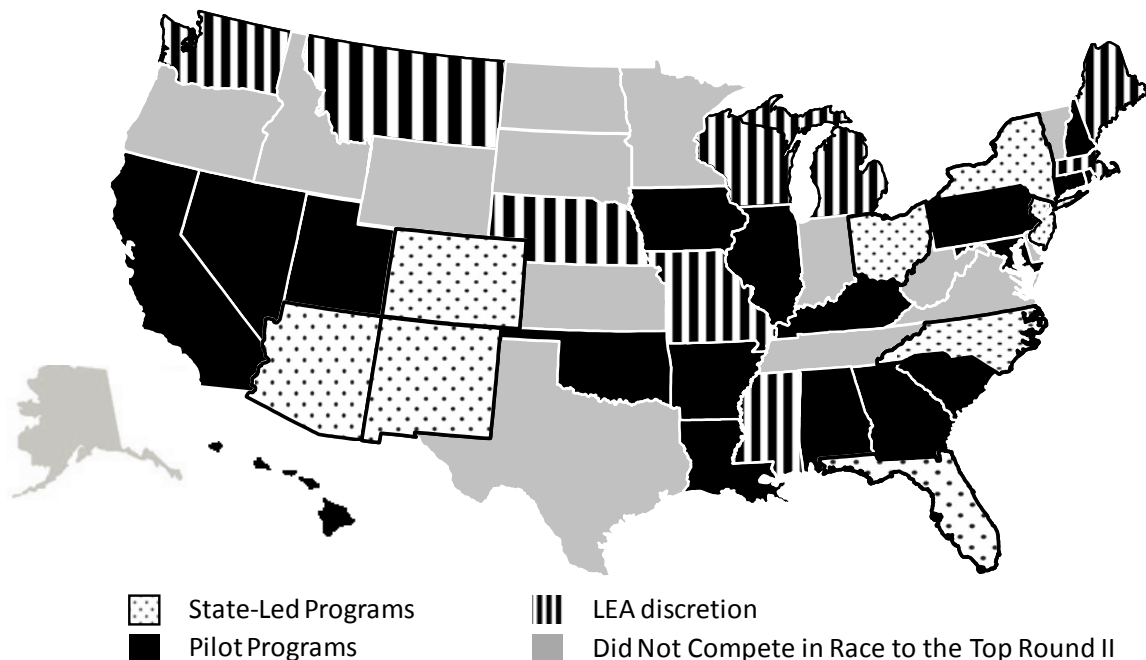
Nine states asserted that LEAs would have the authority to implement performance-based compensation at their discretion, often subject to collective bargaining agreements.

State Examples:

- Michigan stated in its application that it was only recently granted the authority to link student and teacher data and does not feel it is in a position to implement pay for performance initiatives.
- Montana stated that a centralized evaluation and compensation system tied to student achievement data is antithetical to the state’s educational philosophy.

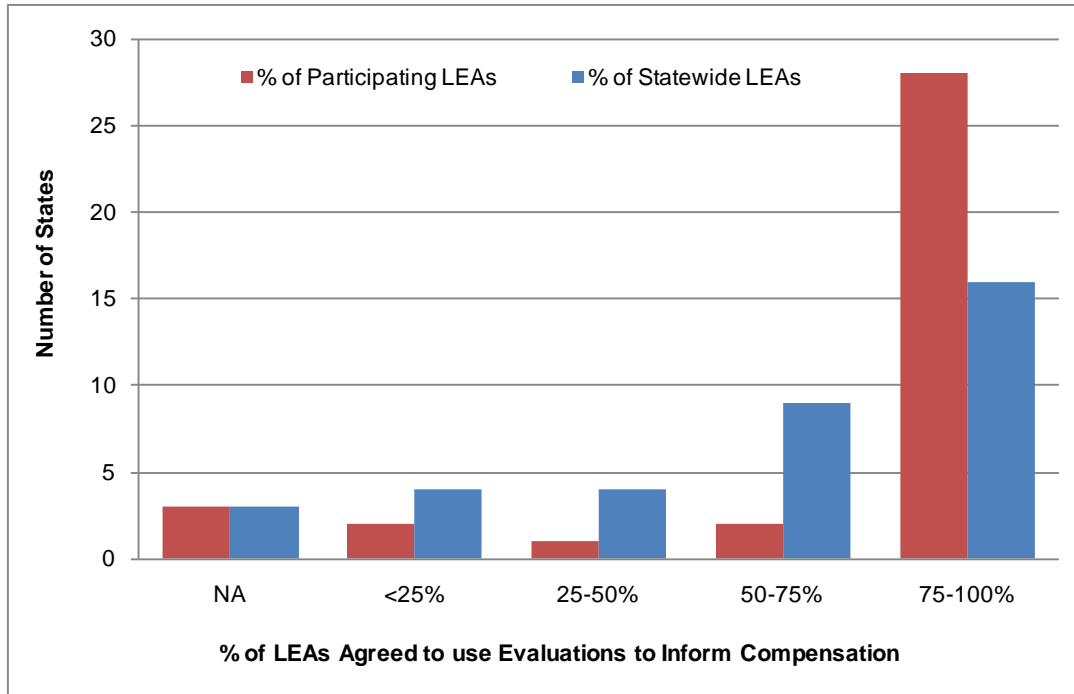
Summary Charts

Pay for Performance State Map



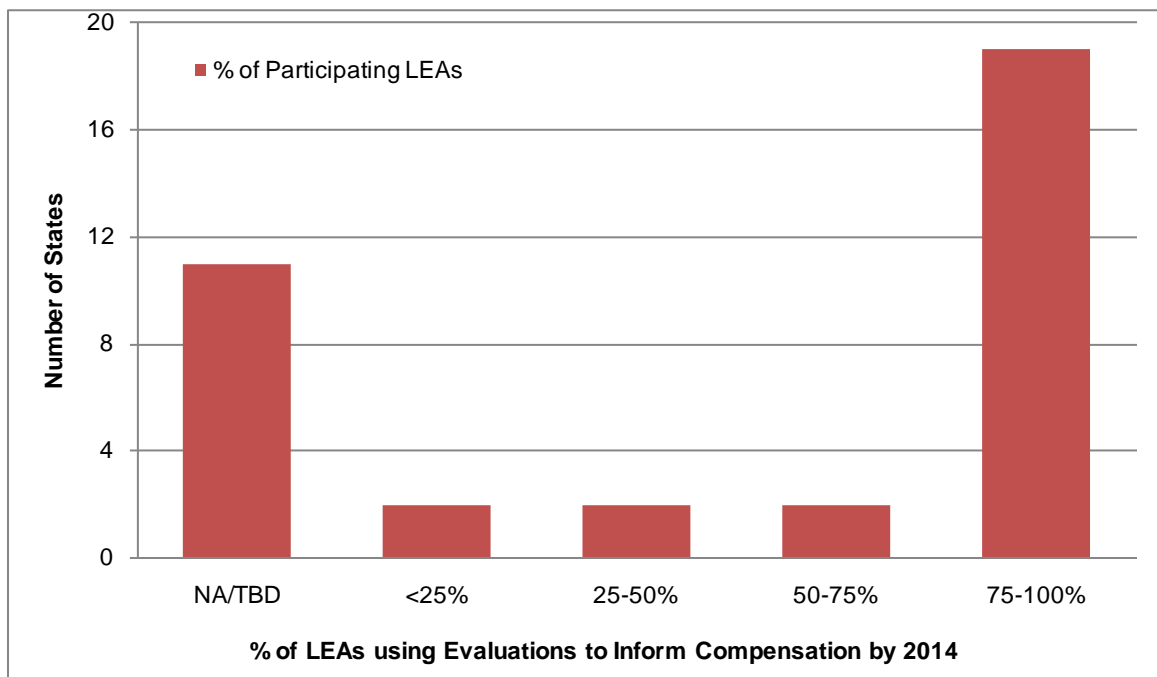
Extent to which participating LEAs agreed to use Teacher Evaluations to Inform Compensation Decisions

The majority of states (28) gathered the support of over 75% of participating LEAs. Sixteen states were able to sign 75% of LEAs statewide.



Participating LEAs using Evaluation Systems to Inform Compensation by 2014

The majority of states (19) intend to have over 75% of LEAs using evaluations to inform compensation decisions by the 2014 school year end. Fifteen states cited a 100% participation target by 2014.



State Summary Table

State/Region	Pay for Performance Category	LEAs Using Teacher Evaluations to Inform Compensation			
		# LEAs Agreed to Informed Compensation	% of Participating LEAs	% of LEAs in State	Target % of Participating LEAs by 2014
Alabama	Pilot	99	90%	75%	NA
Arizona	State-Led	389	100%	63%	100%
Arkansas	Pilot	NA	NA	NA	TBD
California	Pilot	NA	NA	NA	5%
Colorado	State-Led	114	100%	44%	100%
Connecticut	Pilot	162	100%	82%	100%
District of Columbia	State-Led	35	100%	60%	100%
Florida	State-Led	68	99%	96%	90%
Georgia	Pilot	26	100%	14%	80%
Hawaii	Pilot	1	100%	100%	NA
Illinois	Pilot	521	100%	60%	100%
Iowa	Pilot	NA	NA	NA	100%
Kentucky	Pilot	174	100%	100%	100%
Louisiana	Pilot	93	100%	67%	100%
Maine	LEA Autonomy	55	67%	25%	10%
Maryland	Pilot	0	0%	0%	100%
Massachusetts	LEA Autonomy	276	100%	70%	100%
Michigan	LEA Autonomy	737	100%	87%	NA
Mississippi	LEA Autonomy	142	100%	93%	NA
Missouri	LEA Autonomy	347	100%	62%	100%
Montana	LEA Autonomy	343	100%	82%	NA
Nebraska	LEA Autonomy	205	95%	81%	100%
Nevada	Pilot	16	94%	94%	33%
New Hampshire	Pilot	83	100%	51%	30%
New Jersey	State-Led	223	57%	34%	75%
New Mexico	State-Led	87	100%	71%	NA
New York	State-Led	744	100%	86%	100%
North Carolina	State-Led	115	100%	100%	TBD
Ohio	State-Led	213	40%	21%	75%
Oklahoma	Pilot	278 (a)	100%	52%	100%
Pennsylvania	Pilot	191	100%	32%	NA
Rhode Island	Pilot	40	83%	80%	100%
South Carolina	Pilot	88	100%	100%	64%
Utah	Pilot	107	99%	96%	NA
Washington	LEA Autonomy	265	100%	90%	TBD
Wisconsin	LEA Autonomy	93	22%	21%	50%

Source: State Race to the Top Round II Applications.
(a) Of the 278 LEAs, 148 will collectively bargain the specifics of incentive pay.

Stephanie Rose, with the ECS Information Clearinghouse, prepared this report.

© 2010 by the Education Commission of the States (ECS). All rights reserved. ECS is a nationwide, nonprofit organization that helps state leaders shape education policy.

ECS encourages its readers to share our information with others. To request permission to reprint or excerpt some of our material, please contact the ECS Information Clearinghouse at 303.299.3675 or e-mail ecs@ecs.org

Helping State Leaders Shape Education Policy