

Results in Brief:

Teacher Incentive Fund: Final Report on the Implementation of Performance Pay Systems by the First and Second Cohorts of Grantees

June 2016

The Teacher Incentive Fund (TIF) was first authorized in 2006 to support efforts to develop and implement performance-based compensation systems for teachers and principals in high-need schools. The authorizing statute specifies that grantees' performance pay systems are to provide incentives based on gains in student academic achievement, classroom evaluations, and other factors and to provide educators with incentives to take on additional responsibilities and leadership roles.

This study examined program implementation in the first two cohorts of grantees (2006 and 2007), a total of 33 grantees. All 33 grantees implemented performance pay systems for principals and other school administrators ("principal projects"); 31 grantees also included teachers in their performance pay systems ("teacher projects"). The grantees examined in this study made awards to educators based on a number of other factors in addition to those listed in the legislation, such as performance evaluations (which could include classroom observations, reviews of lesson plans, and feedback from peers and students); supports for improving practice such as mentoring, coaching, and participating in professional development; and incentives for teaching in hard-to-staff schools or subjects. Because the TIF program continued to evolve after the first two cohorts, the grantees studied in this report were responding to somewhat different (and generally more flexible) program requirements than were later cohorts of grantees.

STUDY QUESTIONS

1. How did the size and distribution of incentive awards vary across educators and grantees?
2. To what extent were incentive payments based on student achievement or based on other factors such as supports for improving practice, performance evaluations, and teaching in hard-to-staff schools or subjects?
3. How did participating educators perceive the fairness and effectiveness of the performance pay systems?

STUDY DESIGN

This study examined program implementation in the first two cohorts of grantees (2006 and 2007), a total of 33 grantees. This report is based on surveys of teachers and principals conducted in spring 2011 and an analysis of incentive award payouts, primarily for the 2010–11 school year. Survey response rates were 87 percent for the teacher survey and 74 percent for the principal survey. Thirty-one of the 33 grantees provided payout data; 28 of these provided data for 2010–11 and three provided data for 2009–10.

A previous report (2012) provided information on early implementation for these grantees based on an earlier round of payout data, interviews, and extant documents.

Highlights

- Across all educators who received an incentive award, the average award was \$3,651 for teachers and \$5,508 for administrators. These average awards represented approximately 8 percent of average teacher salaries and 6 percent of average principal salaries.
- Within grantees, the average teacher award ranged from \$1,170 for the grantee with the smallest average award to \$8,772 for the grantee with the largest average award (2–24 percent of average salaries), and the average administrator award ranged from \$814 to \$10,711 (1–13 percent of average salaries).
- Awards for student achievement gains comprised the largest share of incentive payouts to teachers and administrators; 64 percent of teacher award payouts and 63 percent of administrator award payouts were based on student achievement.
- Smaller proportions of incentive payouts were based on performance evaluations (13–14 percent), participation in supports for improving practice (12–14 percent), and working in hard-to-staff schools and subjects (6–12 percent).
- Teachers were less likely than principals to agree that their performance pay system was fair (46 percent vs. 64 percent). However, 55 percent of both teachers and principals agreed that the possible award size was large enough to motivate them to earn it.

SIZE AND DISTRIBUTION OF AWARDS

Incentive awards provided to teachers tended to be smaller than administrator awards in terms of absolute dollars but larger when viewed as a percentage of average base salary.

- The average incentive award across all individual award recipients was \$3,651 for teachers (8 percent of an average teacher salary) and \$5,508 for administrators (6 percent of average salary).
- Most grantees provided average awards of between \$2,000 and \$5,999 (24 teacher projects and 18 principal projects), but some provided average awards that were much smaller or larger (for teachers, as low as \$1,170 and as high as \$8,772).

Individual incentive award amounts varied considerably.

- For teacher projects, the grantee with the greatest range in their teacher incentive award amounts gave awards that ranged from \$625 to \$25,000, while the grantee with the smallest range gave awards that ranged from \$2,000 to \$4,000.
- For principal projects, the grantee with the greatest range in their administrator incentive award amounts gave awards that ranged from \$1,600 to \$33,625, while the grantee with the smallest range gave awards that ranged from \$800 to \$1,000.
- Across all award recipients, teacher award amounts ranged from \$6 to \$25,000, and principal award amounts ranged from \$13 to \$33,625. Looked at in relation to salary levels, the highest individual teacher award was 55 percent of average base salary and the highest individual principal award was 41 percent of average base salary.

More than half of the grantees provided performance awards to almost all participating educators.

- In 19 out of 30 teacher projects and 19 out of 31 principal projects, over 90 percent of participating educators received a performance award. More than three-quarters of grantees provided performance awards to over half of all participants (23 teacher projects and 24 principal projects).
- A few grantees provided awards to a much smaller proportion of participants: three grantees provided awards to 5 to 10 percent of participating teachers, and four grantees provided awards to 6 to 13 percent of participating administrators.
- The grantees with the largest number of participants were less likely to award incentives to all or most participants. As a result, 51 percent of all teacher participants and 49 percent of all administrator participants received incentive awards.

COMPOSITION OF INCENTIVE AWARDS

Awards for student achievement comprised the largest share of incentive payouts received by teachers and administrators, but incentive payments were also based in part on performance evaluations, participation in supports for improving practice, and working in hard-to-staff schools and subjects.

- Nearly two-thirds of teacher payouts (64 percent) and principal payouts (63 percent) were based on student achievement.
- Smaller proportions of incentive payouts were based on performance evaluations (13–14 percent), participation in supports for improving practice (12–14 percent), and working in hard-to-staff schools and subjects (6–12 percent).

EDUCATOR PERSPECTIVES

Teachers were less likely than principals to report that they understood their performance pay systems or that systems were fair.

- Fewer than half of participating teachers said they understood “well” or “very well” the activities or achievement for which they could earn incentive pay (44 percent) and how their work was evaluated for the performance pay program (35 percent).
- In contrast, 64 percent of principals said they understood the activities or achievement for which they could earn incentive pay, and 55 percent said they understood how their work was evaluated for the performance pay program.
- Forty-six percent of teachers and 64 percent of principals agreed that their performance pay program was fair. Larger percentages agreed that the required formal evaluation they received was fair (82 percent of principals and 79 percent of teachers).

Teachers’ and principals’ perceptions of the effects of their performance pay systems on educator behavior sometimes differed.

- Over half of both teachers and principals (55 percent) agreed that the possible award size was large enough to motivate them to earn it.
- Seventy-one percent of principals and 52 percent of teachers reported that the performance pay project encouraged teachers to work harder.
- Sixty-seven percent of principals but only 39 percent of participating teachers agreed that teachers altered their instructional practice as a result of the performance pay project.