

The Maine View

Published by The Maine Heritage Policy Center

Vol. 6, Issue No. 5

June 9, 2008

Reforming Teacher Pay in Maine - Part 1 How Alternative Teacher Compensation Systems are Improving Student Outcomes

By Stephen Bowen, M.Ed.

The current effort to consolidate Maine's many small school districts is the latest in a series of recent efforts to improve the state's schools. During the past decade, Maine has enacted tougher learning standards, developed new assessment systems to test student achievement, reformed the state's school funding formula, distributed laptop computers to thousands of middle and high school students, and dramatically increased state funding for K-12 education. Despite these efforts, student performance, as the State Board of Education reported in a recent study, has remained "flat through recent years."¹

What may have been missing from these attempts at reform was a focus on teacher quality. Studies suggest that effective teachers can have a profound impact on student outcomes. Maine, like many states, has struggled to attract and retain top teachers. The consolidation of school districts, however, presents the state with a unique opportunity to investigate how the adoption of new models of teacher compensation could improve the effectiveness of the state's teachers and correspondingly improve student achievement.

Indeed, across the nation, states and school districts are looking to abandon a system for paying teachers which was adopted nearly a century ago, and are embracing in its place a compensation system focused on student outcomes, encouraging teacher leadership, and rewarding excellence in the complex and demanding job of teaching.

Is it time for Maine to embrace a revolutionary new way to pay its teachers?

Findings:

- Virtually every teacher in Maine is compensated according to what is known as a "single salary schedule." Under this system, teachers with similar educational backgrounds and years in the classroom are paid the same. Because such systems are considered equitable and easy to administer, they remain in near universal use across Maine and the nation.
- Single salary schedule systems have come under increasing criticism in recent years. A number of studies have found that the factors which determine teacher pay under the salary schedule system, such as longevity and level of education, have little or no impact on teacher effectiveness or student outcomes. Studies have concluded that these salary systems "work against" teacher quality because they do not encourage the attainment of teaching skills more directly related to student outcomes, do not encourage professional growth and leadership, and do not attract top students into the teaching profession.
- The recent development of more advanced assessment instruments makes it possible to more carefully measure student achievement, and therefore more accurately and fairly judge the effectiveness of individual teachers. This has led a number of states and school districts to adopt "performance-based" compensation systems, which more directly connect teacher pay to student outcomes and other indicators of teacher effectiveness.
- Though relatively new, such alternative compensation systems have already been shown in a number of studies to improve student outcomes. Such systems have also been used successfully to encourage teachers to take on professional leadership roles and more demanding teaching assignments.
- Maine's need for more highly effective teachers, combined with the focus on teacher pay that is accompanying the current school district consolidation effort, suggest that this may be an opportune time for reform-minded teachers, union leaders, and school boards to carefully investigate the adoption of alternative teacher compensation systems.

Teacher Pay Today

For generations, public school teachers in Maine and elsewhere have been paid according to a so-called “single salary schedule,” which bases a teacher’s pay on his or her years of service and level of education. Under such a system, two teachers in the same school unit with identical levels of education and years in the classroom will be paid the same. When this model was first advanced in the early part of the 20th century, it was thought to be “fair” and easy to administer.² When teachers’ unions became prominent years later, they too became ardent supporters of the salary schedule system, arguing it was “the only pay arrangement that offered all teachers a system of equitable salary distribution.”³ As a result, virtually every public school teacher in the country today is paid according to some kind of salary schedule model.⁴

The salary schedule model, though, has been the subject of intense criticism. According to a 2007 report by the nonpartisan National Governors Association, the model “has not just failed to enhance teacher effectiveness...it works against quality teaching.”⁵ Among the criticisms of the model are that it does not “reward additional skills and knowledge or exemplary practice,” does not “provide incentives for teachers to acquire new skills,” and that it “undermines teacher recruitment and retention” because it has not “produced salaries that are competitive in the current job market.”⁶

The model has been further criticized because it “rewards teachers for characteristics (such as certification and years of experience) that are at best weakly related to teacher effectiveness.”⁷ An important 2003 study of teacher quality found that “a master’s degree has no systematic relationship to teacher quality as measured by student outcomes.” In fact, the report concluded that “degrees and teacher test scores are not consistently or strongly correlated with teaching skill.” Current salary schedule models, therefore, reward the possession of teaching credentials that “may have little impact on student performance.”⁸

Perhaps worst of all, the salary schedule model has led to dramatic variations in teacher quality from district to district and classroom to classroom. Novice teachers tend to get tougher teaching assignments, which go unfilled by veterans because there are no additional financial incentives for taking them.⁹ Additionally, effective veteran teachers often end up leaving the classroom to become administrators, which, for those teachers at the top of the salary scale, represents the only way to continue advancing financially and professionally.

Even here in Maine, serious questions have been raised about the effectiveness of the salary schedule system. In a 2006 report on K-12 education in Maine, a 15-member blue-ribbon panel of the state’s education experts, including the current

commissioner of education as well as a former governor, was critical of what it called “a compensation structure that treats all teachers the same rather than rewarding teachers on the basis of performance.” The report, *The Learning State: Maine Schooling for the 21st Century*, concluded that Maine’s current teacher compensation system is “a major impediment to attracting and retaining superior teachers.” It went on to advocate for a compensation system that allows for “high performing teachers to advance financially at a faster pace than is currently the case.”¹⁰

Time for a Change

Despite growing misgivings about the salary schedule system, its backers have continued to defend it vehemently. They argue, as researcher Brian Hassel put it, “that despite their limitations,” such systems “are superior” to any other model out there, especially ones that propose to use “more direct measures of teachers’ skills, knowledge, and actual success with students” as a basis for compensation. “Perhaps this was the case 80 years ago,” Hassel continues, but today “states and private entities have developed elaborate systems of teaching standards and ways of assessing teachers’ skills, knowledge, and performance, [which] have made it much more feasible to assess schools’ and teachers’ contributions to student learning.”¹¹

The same assessment instruments that have made alternative compensation systems possible have also produced data that demonstrates the critical role that highly effective teachers play in raising the academic achievement of students. The Washington D.C.-based Education Trust concluded ten years ago that “students who have several effective teachers in a row make dramatic gains in achievement, while those who have even two ineffective teachers in a row lose significant ground, which they may never recover.”¹² Additionally, research shows “that teachers near the top of the quality distribution can get an entire year’s worth of additional learning out of their students compared to those near the bottom.”¹³ Clearly, as a number of recent studies have concluded, “there can be little doubt that teacher quality is an important determinant of achievement.”¹⁴

These findings come at a time, however, when there is some question as to the quality of the teacher corps. A recent report by the Hoover Institution cataloged a series of indicators which suggest the number of good teachers is in “perilous decline.” Among the findings were that “academically stronger students tend to shun the teaching profession,” while those that remain on as education majors “typically have lower SAT and ACT scores than other students.” The evidence also suggests “the lower the quality of the undergraduate institution a person attends, the more likely he or she is to wind up in the teaching profession.”¹⁵

There is little reason to think that Maine stands apart from these troubling trends. With so many teachers nearing retirement, Maine must take substantive action immediately in order to bring effective new teachers into the profession.

Alternative Models for Teacher Compensation

The enormous need for better teachers, combined with wider recognition that current compensation systems are not producing them, has led to the development of a number of alternative compensation systems. How are they different than the decades-old single salary schedule model? In a 2007 paper for the Center for American Progress, researcher Joan Baratz-Snowden characterized the approach of most existing reform models as containing “some combination” of the following elements, most of which are not included in teacher compensation systems today.¹⁶

- **Pay for skills and knowledge.** One of the many flaws of the current single salary schedule is it provides additional compensation to teachers for attaining college degrees that have little or no impact on their performance as teachers. In contrast, many alternative models instead reward professional development and training that has a more direct application to teaching practices. Minneapolis, Minnesota, for instance, has launched the Alternative Teacher Professional Pay system, which increases pay for teachers who complete professional development training programs, then undertake research and complete reports describing “how they applied what they learned in their classrooms and what results they achieved.”¹⁷
- **Pay for leadership.** As the focus on teacher quality has increased, there has been renewed interest in taking advantage of the skills and experience of effective teachers already in service. Where once such teachers left the classroom to go into administration, a number of alternative compensation systems seek to recognize and encourage these teachers to take more active leadership roles while remaining in the classroom. New compensation systems in Ohio and South Carolina “provide additional compensation for teachers who serve as masters or mentors, or participate in planning or curriculum development for the school.”¹⁸ Other reform models create “career ladders,” beginning at “novice” and continuing on to some type of “master teacher” credential. With each step along the way, teachers are given more responsibility and leadership opportunities, and an increase in pay.¹⁹
- **Pay for need.** In a dire need for teachers in certain shortage areas and in hard-to-staff schools, a number of states and school districts have turned to alternative compensation models that provide incentives for teachers to work in high-need areas. Hamilton County Schools in Tennessee

adopted a series of incentives to attract teachers to its lowest-performing schools, including scholarships, housing allowances, and \$5,000 annual bonuses.²⁰ A pilot program in Arkansas paid bonuses to teachers who took on assignments of at least three years in what were identified as “high-priority districts.”²¹

- **Pay for performance.** Perhaps the most controversial element making its way into alternative compensation systems is a “pay-for-performance” element tying salary bonuses to objective measures of student achievement. Teachers’ unions have resisted such approaches for years, arguing it is almost impossible to assess to what extent teacher quality impacts how a student performs. The development of more advanced student assessment systems, however, ones that are able to track student growth and learning from year to year, have weakened those arguments. Today, a number of states and school districts have adopted, with the cooperation of teachers, compensation systems with a performance component.

The Ohio city of Toledo’s TRACS program, for instance, allows teachers to “select an area of student achievement to focus on and continually assess their students’ progress toward it.” Bonuses result from the achievement of these goals.²² Under the “Q Comp” program, developed in Minnesota, “60 percent of a compensation increase must be based on district professional standards and on classroom-level student achievement gains.”²³ The reform model developed by the Center for Teaching Quality not only rewards teachers for increased student achievement on both standardized tests and classroom-based assessments, but also includes recognition of achievement by grade-level or subject-area teams. This approach is intended to inspire more teamwork and cooperation among staff members.²⁴

The Effects of Performance-Based Compensation Systems

These alternative compensation systems are relatively new, but the research that has been done on them, both in the United States and abroad, indicates that such systems hold great promise for increasing student performance.

- A recent study of a pay-for-performance model in Arkansas found “students whose teachers were eligible for performance pay made substantially larger test score gains in math, reading, and language” than students of teachers who were ineligible for bonuses.²⁵
- A 2007 study of teacher incentive programs using data from the National Educational Longitudinal Survey found that “test scores were higher in schools that offer individual financial incentives for good performance.”²⁶

- A 2004 study of a “teacher bonus” system in Israel, in which sizable salary bonuses were tied to student performance on a number of assessments, found “the performance of participating teachers increased, relative to a comparison group of teachers who did not participate in the incentive program.”²⁷
- A new study of a performance incentive system for teachers in India concluded “the incentives led to significant improvements in both math and language test scores. The gains were spread out evenly across grades, districts, skills and competencies, and question difficulty.” The study found the incentive system to be “highly cost-effective,” compared to other reform strategies.²⁸
- A 2000 study of teacher incentive systems in more than 500 public and private schools found that “high school seniors in schools with incentive pay programs scored slightly higher than those in schools without these programs. Moreover, the effects were strongest in schools serving high-poverty students and those that rewarded teachers individually rather than in groups.”²⁹

Clearly, research suggests that such systems, if carefully developed and implemented, can have a positive effect on student outcomes.

Why Maine, Why Now?

Why should Maine take a serious look at alternative teacher compensation models? Simply put, the state’s schools, like most across the nation, are simply not good enough. The same 2006 State Board of Education report that called for a reform of Maine’s teacher compensation system states in its very first paragraph that “Maine’s schools are not ready for the 21st century.” “The data is clear,” the report continues, “Maine has one of the most expensive public school systems in the nation, and yet our results measured by multiple indices are flat through recent years.” The report concludes that “dramatic change must occur” in Maine schools.³⁰

Dramatic change is indeed coming in the form of the new school district consolidation law, which will require the merger of hundreds of Maine school districts. However, this effort is primarily focused on saving money. While an “estimate of cost savings to be achieved” is one of the key components of the reorganization plans required by state law, an “estimate of improved student performance to be achieved” is not.³¹

Reorganization presents a golden opportunity to address the issue of teacher pay. Among the many challenges that will face the soon-to-be consolidated school districts will be the negotiation of new district-wide teacher contracts. Under law, teacher contracts in effect before consolidation are to be hon-

ored by the new regional school unit after consolidation. At some point, however, the new regional district must negotiate a contract that covers all of the new unit’s teachers, regardless of which district they were in before consolidation. The merger of higher-paying and lower-paying districts will no doubt result in an effort to bring up the salaries of the lowest-paid teachers. This will not only cost the new districts an enormous amount of money, but may also result in the highest-paid teachers being given smaller raises for a number of years as lower-end salaries are brought up.

There is an opportunity for reform-minded teachers, union leaders, and school boards to look carefully at implementing some type of alternative compensation system. Teachers at the top end of the salary scale have the most to lose from the consolidation of school units, and might be amenable to looking at alternative ways to increase their pay, especially if such alternative models come with more opportunities for professional growth and leadership. With Maine’s declining student enrollment meaning fewer teaching jobs, the teachers’ union faces a potentially dramatic drop in membership. Embracing an innovative new compensation system may attract more teachers to the union’s ranks. Given the tight budget times, school boards will no doubt welcome the opportunity to look carefully at alternatives to traditional compensation models, which essentially pay teachers for credentials, such as education level and years of service, both of which have been shown to have little effect on student outcomes.

As always, there is pressure on everyone involved in Maine’s education system to improve student outcomes. Given the success such alternative compensation systems have shown elsewhere, and despite the challenges presented by district consolidation, Maine may never have a better opportunity to look closely at the issue of teacher compensation.

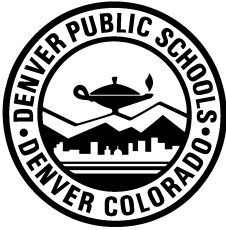
Conclusion

District consolidation is the latest in a long line of education reform efforts that, aside from having little effect on student outcomes, have had one other thing in common. They did not focus on teacher quality.

Research has proven time and again that highly effective teachers can have a profound effect on student outcomes. New assessment instruments mean we can now accurately and fairly assess the effectiveness and performance of teachers, rather than simply count their college degrees and years of service. At the same time, we need to fill every teaching position in Maine with a highly skilled teacher, and we need to dramatically expand the number of opportunities teachers have to demonstrate continued professional growth and leadership. By focusing our efforts on improving teacher excellence, we can create a new generation of teachers with the ability to dramatically improve student performance.

In a 2000 survey sponsored by several of the state's leading media outlets, Maine people were asked whether "teacher salaries should be based on performance in the classroom rather than seniority. Fifty-five percent of respondents supported the notion, while 29 percent opposed it."³² No doubt those who supported the idea knew from their own experience in school that inspiring and effective teachers are precious and few.

Alternative approaches to paying teachers for the important work they do may be the best way to achieve the important goal of ensuring that highly skilled teachers can be found in every Maine classroom.



Denver's ProComp System – a Model for Maine?

The City of Denver's Professional Compensation system, known as ProComp, is not only the nation's first major alternative compensation system, it is widely regarded as one of the best. Developed with cooperation from the Denver teachers' union, the ProComp system was begun as a pilot program before going system-wide in 2004. The program establishes a base salary, with opportunities for salary increases and bonuses in four different areas:

- **Professional Evaluation.** With cooperation from the school system, the process by which teachers were evaluated was completely overhauled. Teachers are assessed in five areas: "instruction, assessment, curriculum and planning, learning environment, and professional responsibilities," and they must provide evidence of achievement, including student work.³³ Teachers meeting or exceeding performance standards earn salary increases.
- **Knowledge and Skills.** Denver developed a new system whereby teachers could earn "professional development units" for work related to improving student outcomes in their classrooms. Teachers "must do more than simply sit through a course" to receive development units, they must "demonstrate the knowledge and skills in the classroom" and must reflect, using data, on "whether the application of that knowledge and skill made a difference."³⁴ Teachers are also accorded salary increases for attaining professional degrees and certification by the National Board of Professional Teaching Standards.³⁵
- **Market Incentives.** Needing to fill challenging teaching positions, Denver included in the ProComp system incentives for teachers to take on high-need teaching assignments, either in more challenging schools or in subject areas with a shortage of teachers. Each year, the teachers' union and the school system establish a list of schools and teaching assignments that are designated as high need, and teachers opting to take those positions are accorded salary bonuses.³⁶
- **Pay for Performance.** Denver's innovative pay for performance component has since become a national model. Teachers can earn performance pay in three areas. First, each teacher meets with an administrator to set two achievement goals for the year and to establish the process by which the meeting of those goals will be measured. The flexibility of this system allows teachers to adapt goals on an annual basis to meet the needs of each year's class. If teachers meet one or both goals for the year, they are entitled to a salary bonus. Second, teachers earn bonuses if students exceed expected scores on Colorado's state achievement test. Third, the ProComp system also includes a "Distinguished Schools" program, under which further salary bonuses can be earned by a school's entire faculty if the school is identified as "distinguished" according to a long list of indicators such as test scores, yearly improvement, and attendance rates.³⁷

Though only a few years old, the ProComp system has shown signs of success. A study of the program's multi-year pilot found "significant learning gains" among the students of teachers making use of the program.³⁸ Early evidence also indicates the new program is helping Denver to staff its most challenging schools. The system now gets eight times as many teacher applications as there are openings for schools identified as "hard to staff."³⁹ A clearer sign of the program's success is the enthusiastic response of Denver's teachers. While all teachers hired after January 2006 must be a part of the Pro-Comp system, it is voluntary for teachers who were in the system prior to that. "About half" of those who had such a choice have chosen to use the Pro-Comp system, indicating broad-based support for the program within Denver's teaching community.⁴⁰

Indeed, the Pro-Comp system has become a national model. Presumptive Democratic presidential nominee Senator Barack Obama mentioned the Denver model specifically in a December 2007 speech, saying it "proves" that performance-based teacher compensation, developed with the cooperation of teachers, "can work."⁴¹

Sources:

1. *The Learning State: Maine Schooling for the 21st Century*, Select Panel on Revisioning Education in Maine, 2006
2. Baratz-Snowden, Joan, *The Future of Teacher Compensation – Déjà Vu or Something New*, Center for American Progress, November, 2007
3. Koppich, Julia, *Toward a More Comprehensive Model of Teacher Pay*, National Center of Performance Incentives, 2008
4. Ibid
5. *Improving Teaching through Pay for Contribution*, National Governor's Association, 2007
6. Baratz-Snowden, *The Future of Teacher Compensation – Déjà Vu or Something New?*
7. Hannaway, J., Rotherham, A., *Collective Bargaining in Education and Pay for Performance*, National Center on Performance Incentives, February, 2008
8. Hanushek, Eric; Rivkin, Steven; *How to Improve the Supply of High Quality Teachers*, Brookings Papers on Education Policy, May 21-22, 2003
9. Podgursky, Michael, *Market-Based Pay Reform for Public School Teachers*, National Center on Performance Incentives, February, 2008
10. Select Panel on Revisioning Education in Maine, *The Learning State: Maine Schooling for the 21st Century*
11. Hassel, Brian, *Better Pay for Better Teaching*, Progressive Policy Institute, May 2002
12. Haycock, Kati, *Good Teaching Matters*, The Education Trust, 1998
13. Hanushek, Rivkin, *How to Improve the Supply of High Quality Teachers*
14. Greene, Jay, *Education Myths*, Rowan & Littlefield Publishers, Inc., 2005
15. Hess, Frederick, *Teacher Quality, Teacher Pay*, Hoover Institution Policy Review, April/May, 2004
16. Baratz-Snowden, *The Future of Teacher Compensation – Déjà Vu or Something New?*
17. Koppich, *Toward a More Comprehensive Model of Teacher Pay*
18. Chiat, Robin, *Current State Policies that Reform Teacher Pay*, Center for American Progress, November, 2007
19. Ibid
20. Baratz-Snowden, *The Future of Teacher Compensation – Déjà Vu or Something New?*
21. Chiat, *Current State Policies that Reform Teacher Pay*
22. Koppich, *Toward a More Comprehensive Model of Teacher Pay*
23. Podgursky, Michael J., Springer, Matthew G., *Teacher Performance Pay: A review*, Journal of Policy Analysis and Management, Vol. 26, No. 4, 2007
24. *Performance Pay for Teachers: Designing a System that Students Deserve*, Center for Teaching Quality, 2007
25. Winters, M., Greene, J., Ritter, G., & Marsh, R. *The Effect of Performance-Pay in Little Rock, Arkansas on Student Achievement*, National Center of Performance Incentives, 2008
26. Figlio, D., Kenny, L., *Individual teacher incentives and student performance*, Journal of Public Economics, 2007
27. Podgursky, Michael J., Springer, Matthew G., *Teacher Performance Pay: A review*
28. Muralidharan, K., Sundararaman, V., *Teacher Incentives in Developing Countries: Experimental Evidence from India*, National Center of Performance Incentives, 2008
29. Chait, *Current State Policies that Reform Teacher Pay*
30. Select Panel on Revisioning Education in Maine, *The Learning State: Maine Schooling for the 21st Century*
31. Maine Public Law 2007, Chapter 240, Part XXXX
32. Bonin, Gordon, *Mainers seek teacher accountability, says survey*, Bangor Daily News, September 16, 2000
33. Baratz-Snowden, *The Future of Teacher Compensation – Déjà Vu or Something New?*
34. Gonring, P., Jupp, B., Teske, P., *Pay-for-Performance Teacher Compensation: An Inside View of Denver's ProComp Plan*, Harvard Education Press, 2007
35. Podgursky, Michael J., Springer, Matthew G., *Teacher Performance Pay: A review*
36. Gonring, P., Jupp, B., Teske, P., *Pay-for-Performance Teacher Compensation: An Inside View of Denver's ProComp Plan*
37. Ibid
38. Baratz-Snowden, *The Future of Teacher Compensation – Déjà Vu or Something New?*
39. Koppich, *Toward a More Comprehensive Model of Teacher Pay*
40. Ibid
41. Meyer, Jeremy, *Obama backs Denver teacher pay plan*, The Denver Post, December 31, 2007

Stephen Bowen is the director of education policy at The Maine Heritage Policy Center. The author can be reached at sbowen@mainepolicy.org.

The Maine View is a publication of The Maine Heritage Policy Center that provides research and commentary on current public policy issues. All information is from sources considered reliable, but may be subject to inaccuracies, omissions, and modifications.

The Maine Heritage Policy Center is a 501 (c) 3 nonprofit, nonpartisan research and educational organization based in Portland, Maine. The Maine Heritage Policy Center formulates and promotes free market, conservative public policies in the areas of economic growth, fiscal matters, health care, and education – providing solutions that will benefit all the people of Maine. Contributions to MHPC are tax deductible to the extent allowed by law.

Editor and director of communications, Martin Sheehan, can be reached at msheehan@mainepolicy.org.

© 2008 The Maine Heritage Policy Center

Material from this document may be copied and distributed with proper citation.

Made possible with support from

P.O. Box 7829 207.321.2550 (p)
Portland, ME 04112 207.773.4385 (f)

