

Introduction

In the spring of 2010, Indiana passed Senate Enrolled Act 1 (now Public Law 90), which required districts to implement performance-based merit pay for teachers tied to student learning outcomes. However, districts with existing contracts were grandfathered for a period of two years, so most school corporations have not yet implemented this change; statewide merit pay requirements begin in the 2014-15 school year. Additionally, while the law requires pay for teachers to be tied to performance, schools can take a variety of approaches in setting up their own pay structures. As districts determine the specifics of implementation over the next 18 months, it is important that teacher perspectives are considered.

We are current teachers in Indianapolis and Teaching Policy Fellows with Teach Plus. We surveyed teachers about their views on various aspects of teacher compensation.¹ We sought to answer the following questions:

- Are teachers supportive of performance-based compensation?
- How should districts allocate performance pay across individuals, teams and whole schools?
- Do teachers prefer a guaranteed step increase or performance pay?
- Under what conditions should teachers earn higher compensation?

We found that in their approach to pay, there are some areas of general agreement among all teachers, but also some differences between teachers who are new to the profession and more veteran teachers. Recent studies have shown that the majority of teachers in the U.S. have fewer than ten years of experience. Therefore, as districts develop their performance pay implementation plans, they should consider the views of this “new majority”² and how they differ from their more experienced colleagues.

¹ We surveyed nearly 300 teachers, primarily at a professional development summit co-sponsored by the Indiana Department of Education, Marian University, and Teach Plus. Participation in the survey was optional, but we had a strong response rate and a significant number of responses in each demographic and experience category.

² Coggins, Celine and Peske, Heather. “New Teachers are the New Majority.” *Education Week*. January 19, 2011. See also see Ingersoll, Richard and Merrill, Lisa “The Changing face of the teaching force”. *Penn GSE Journal*. Fall 2010.

Summary of the Findings:

- Teachers with less experience are more favorable to performance pay than veteran teachers.
- Teachers prioritized individual bonuses over school-wide bonuses or team bonuses. Again there were differences in opinion between more and less experienced teachers. More veteran teachers with 16 or more years of experience favored school-wide bonuses while less experienced teachers preferred individual bonuses.
- Teachers varied in their preferences for a guaranteed step increase or an option of a bonus without a guaranteed step increase. Newest teachers (years 0-5) most preferred the bonus option, while teachers with 11 or more years of experience favored the step increase by a significant margin.

Are teachers supportive of performance-based compensation?

One of the key ideas of performance pay systems is that teachers who prove to be highly effective in improving students' academic performance should be paid more. Recent studies have shown the impact of effective teachers on students.³ This research confirms what parents and teachers themselves have long known: teachers are the most important school-based variable in determining whether students sink or swim. Indeed, one study estimated that if students were assigned to three effective teachers in a row, the achievement gap would be closed. Studies find the difference between the most and least effective teachers to be as much as a full year's worth of learning.⁴ Just-released research has further shown that effective teaching can be measured and that student performance in one academic year on state tests is not only the best predictor of that teacher's future student performance, but also shows a correlation to success on more cognitively challenging assessments.⁵

Performance pay models reward teachers who are able to achieve higher levels of student performance. A majority of all teachers surveyed (83.2%) agreed with the concept—highly effective teachers should be paid more. This sentiment was strongest amongst early career teachers, with nearly all (94.9%) teachers in

³ See Gordon, Robert, Kane, Thomas J., and Staiger, Douglas O. *Identifying Effective Teachers Using Performance on the Job*. The Hamilton Project. April 2006 and Chetty, Raj, Friedman, John N., and Rockoff, Jonah E. *The Long-Term Impacts of Teachers: Teacher Value-Added and Student Outcomes in Adulthood*. National Bureau of Economic Research, December 2011.

⁴ Chait, Robin (2009). From Qualifications to Results: promoting Teacher Effectiveness Through Federal Policy. Washington, D.C.: Center for American Progress. Sources: Eric A. Hanushek and Steven G. Rivkin, "How to Improve the Supply of HighQuality Teachers" (Washington: Brookings Institution, 2003); Rockoff, "The Impact of Individual Teachers on Student Achievement Evidence from Panel Data"; Steven G. Rivkin, Eric A. Hanushek, and John F. Kain, "Teachers, Schools, and Academic Achievement," *Econometrica* 73 (2) (2005): 417–458.

⁵ "Ensuring Fair and Reliable Measures of Effective Teaching". Met Project. (Washington: Gates Foundation, 2013).

years 1-5 agreeing or strongly agreeing. Support for this type of performance pay was lowest among teachers with 16 or more years of experience (67.5%).

Years	% Agree that Highly Effective Teachers should be paid more
1-2	97.06%
3-5	93.75%
6-10	84.44%
11-15	85.29%
16+	67.50%

How should districts allocate performance pay across individuals, teams and whole schools?

While Indiana PL 90 requires performance pay as a component of teacher compensation, districts have significant discretion as to how to implement performance pay programs. In most districts that have begun pilot programs, teachers are awarded pay bonuses based on student performance. In some cases, these awards are purely individual; in others, teachers are grouped into “teams” (such as all teachers at a grade level or teaching a particular subject); others offered school-wide bonuses based on meeting certain overall performance goals. Given a choice of individual bonuses, team bonuses, or school-wide bonuses, the largest percentage of teachers surveyed (47.8%) favored individual bonuses, while 32.1% preferred school-wide bonuses and 20.1% selected team bonuses. Significantly, a majority of teachers with fewer than 15 years of experience favored individual bonuses, while the largest number of teachers with 16 or more years of experience preferred school-wide bonuses. The chart below shows the top preference (green), second choice (blue), and least preferred option (gray) by years of experience.

Experience	Individual	School	Team
1-2	48.57%	22.86%	28.57%
3-5	60.32%	19.05%	20.63%
6-10	54.76%	23.81%	21.43%
11-15	51.61%	38.71%	9.68%
16+	32.05%	48.72%	19.23%

These results indicate an overall preference for individual bonuses when teachers were forced to choose between individual, school and team bonuses. However, since many performance pay systems include multiple factors, we also asked teachers to weight each of the three categories, for school, team, and individual bonuses. The percentage of teachers weighting each category highest is listed below. For instance, for teachers with 1-2 years of experience, 50% indicated that individual bonuses should receive the largest weight, 31.6% indicated that school-wide bonuses should receive the largest weight, and 18.4% indicated team bonuses should receive the largest weight.

Experience	Individual	School	Team
1-2	50.0%	31.6%	18.4%
3-5	61.3%	22.6%	16.1%
6-10	58.5%	29.3%	12.2%
11-15	45.2%	41.9%	12.9%
16+	33.3%	49.4%	17.3%
Total	48.2%	36.0%	15.8%

There is a general trend for teachers with more years of experience to favor school-wide bonus structures while newer teachers tend to favor the individual bonus model. Overall, a large plurality of teachers assigned the highest weight to individual bonuses.

Do teachers prefer a guaranteed step increase or performance pay?

We asked teachers whether they preferred the guaranteed step increase that is found in most traditional teacher contracts or a performance pay model in which teachers can earn a larger bonus based on performance but without a guaranteed increase.⁶ Teachers with 11 or more years of experience favored the step increase by a significant margin (68.6%) while teachers with 5 or fewer years of experience preferred the bonus option, with only 39.6% favoring the step increase. Teachers in years 6-10 were split almost evenly on this question.

Years	% Favor Step Increase	% Favor Bonus Opportunity
1-2	39.39%	60.61%
3-5	39.68%	60.32%
6-10	52.38%	47.62%
11-15	67.86%	32.14%
16+	68.92%	31.08%

⁶ While most of the bonus scenarios that are currently being piloted in early adopter districts around the state offer a combination of a step increase and a performance bonus, we phrased this question as a dichotomy to elicit teacher preferences. Under the provisions of PL 90, teachers will not receive a step increase (or any salary increase) based solely on years of experience. Districts must determine a compensation structure that ties teacher evaluations to pay increases, with teachers scoring in the lowest of the four evaluation categories excluded. Prior to the implementation of new evaluation models, Indiana Superintendent of Public Instruction Dr. Tony Bennett cited data that showed that 99 percent of Indiana teachers were rated effective, which will change as new requirements begin statewide in 2014-15. (http://www.indystar.com/article/20120311/LOCAL/203110358/Grading-teachers-Indiana-s-massive-education-reform-will-create-culture-shift?nclick_check=1)

Under what conditions should teachers earn higher compensation?

We asked teachers what factors they believe should be included in teacher compensation. For example, should teachers receive higher pay for earning an advanced degree, teaching in a high-poverty school, or teaching a subject with a shortage of teachers? Traditional teacher pay systems pay all teachers with the same structure, regardless of whether there is a shortage of science and math teachers or an oversupply of elementary teachers. Therefore, many states and districts are experimenting with ways to make teacher compensation more responsive to market forces.⁷ Further, research has consistently shown that there is little or no relationship between a teacher's advanced degrees and how the teacher's students perform.⁸ Still, over 90% of respondents said teachers who earn an advanced degree should be paid more, endorsing a common provision in existing contracts. Interestingly, support for this provision was strong regardless of teacher experience and even among those who do not hold an advanced degree.

Years	% Agree with paying based on degree
1-2	91.43%
3-5	87.30%
6-10	97.73%
11-15	85.29%
16+	91.36%

Degree	% Agree with paying based on degree
Bachelor's	91.35%
Master's	90.41%
Doctoral	100.00%

A smaller majority favored rewarding teachers who work in high need schools. Of all teachers surveyed, 76.7% supported this idea, with teachers who self-identified as teaching in an urban setting most strongly in favor.

Community Type	% Favor paying more for teaching in high need schools
Urban	88.24%
Suburban	63.46%
Rural	65.67%

In recent years, there has been a significant national shortage of science and math teachers. These teachers are typically in great demand and some districts have offered incentives to attract effective teachers in these high need subjects. However, slightly fewer than half of respondents (47.3%) favored

⁷ Podgursky, Michael and Matthew Springer. *Teacher Compensation Systems in the United States K-12 Public School System*. National Tax Journal, March 2011.

⁸ Clotfelter, Charles T., Helen F. Ladd, and Jacob L. Vigdor. *How and why do teacher credentials matter for student achievement?*. No. w12828. National Bureau of Economic Research, 2007.

rewarding teachers of these subjects. Teachers in those content areas had a predictably different view, with more than three-quarters responding that they should be paid more.

Subject	% Favor paying more for teaching a high need subject
6-12 Math	78.95%
6-12 Science	86.67%
All Others	38.42%
Total	47.27%

Union vs. Non-Union

While many public school teachers belong to their local teachers' associations, many recent education reforms in Indiana (especially the increased number of public charter schools), have led to a growing number of teachers that do not belong to unions. Of the teachers surveyed, 47% of the respondents classified themselves as union members and 53% as non-union members.

As we analyzed the survey, in addition to sorting for years of experience, we also compared the responses of union members to their non-union counterparts. While 68.1% of union members believed that highly effective teachers should be paid more, 95.7% of non-union teachers supported this idea. Similarly, 78.3% of union members favored a guaranteed step increase over a performance bonus, while nearly two-thirds of non-union members (64.9%) favored a performance bonus over the step increase. Union members also tended to favor school-wide bonuses, while a clear majority of non-union members preferred individual bonuses.

Recommendations

District leaders will face many challenges as they weigh which options to include in new teacher contracts. As they make these choices, we believe that it is important that they consider the perspectives of all teachers, and when opinions vary, give particular weight to the views of “early career” teachers who now constitute the majority of the teaching force and who represent the future of the teaching profession. Districts should embrace new evaluation models and performance based compensation that offer exciting opportunities to reward and retain outstanding teachers more effectively than ever before.



Indianapolis Teaching Policy Fellows 2012

Jeffrey Berry, Snacks Crossing Elementary, MSD Pike Twp.
 Alicia Criswell, Beech Grove HS, Beech Grove City Schools
 Patrick Jones, Tindley Preparatory Academy
 Ashley Meyer, Challenge Foundation Academy
 Ryan Rampetsreiter, Challenge Foundation Academy
 Felicia Sears*, George Washington Community High School, IPS
 Shannon Singleton*, Ben Davis HS, MSD Wayne Twp.
 Karon Wallace*, North Central HS, MSD Washington Twp.

Tameka Bryant, Broad Ripple Magnet HS, IPS
 Tom Hakim*, Indianapolis Lighthouse Charter School
 Spencer Lloyd, Emmerich Manual High School
 Kate Mobley, Warren Central HS, MSD Warren Twp.
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