



Supporting Students by Investing in Teachers: A Critique of Performance-Based Pay

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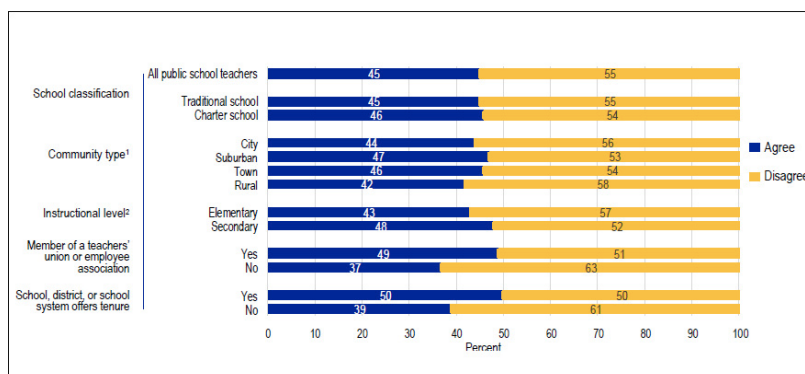
Key Points

- Performance-Based Pay uses monetary compensation to reward teachers and schools for high test scores or other measurable values of student or school success (Lavy, 2007).
- Standardized test scores in a few subjects often dominate accountability systems and exclude other indicators of performance, such as attendance, drop-out rates, and grade retention (Adams et al., 2009, p. 1).
- Heavy emphasis on testing leads to cheating, less collaboration amongst teachers, lower-level instruction, and unfair treatment of teachers, amongst other issues (Podgursky and Springer, 2007).
- Increased salaries for all teachers and additional pay for master's degrees and other certifications are crucial for increasing the social value placed on the teaching profession and teacher motivation (Yuan et al., 2013).

Background Information

In schools, success is measured by test scores. State and federal governments alike have rewarded and punished schools and teachers for test scores since the 1990s, yet dissatisfaction with the education sector's performance remains high (Lavy, 2007, p.88). While there are a variety of factors that impact performance, teacher quality is often ranked as one of the most important influences on a child's academic success in K-12 education, where "quality" refers to experience, qualifications, and commitment (Dolton & Marcenaro-Gutierrez, 2011). Performance-based pay has gained traction as a solution to low teacher pay, which is a source of dissatisfaction amongst teachers (Figure 1). Performance-based pay rewards schools or individual teachers with monetary gains to motivate teachers to improve their students' test scores (Lavy, 2007). For example, core teachers of Grades 3 through 8 in an urban district were eligible for individualized small awards averaging \$1,200-\$1600 for having class test scores between the 50th and 75th percentiles, while teachers surpassing the 75th percentile received a large award averaging \$2,500 to \$3,500 at the end of the school year. This award is a one-time sum, but it can be earned again the following year (Shifrer et al., 2017).

FIGURE 1. Percent of public school teachers who agree or disagree that they were satisfied with their teaching salary, by selected school and teacher characteristics: 2015–16



¹ Community type is defined by the urban-centric school locale code based on the 2010 Decennial Census data, collapsed into four categories: city, suburban, town, and rural.
² Instructional level refers to the grade levels taught by a teacher and divides teachers into elementary or secondary based on a combination of the grades taught, main teaching assignment, and the structure of their classes.
 NOTE: Interpret data on city teachers with caution. After nonresponse adjustments, the nonresponse bias for this category is greater than for other characteristics.
 SOURCE: U.S. Department of Education, National Center for Education Statistics, National Teacher and Principal Survey (NTPS), "Public School Teacher Data File," 2015–16.

Issues with Performance-Based Pay

- The belief that test scores are the best way to measure student performance is misled because accountability systems should include other indicators of performance, such as grade retention (Adams et al., 2009). Additionally, some schools prevent low-performing students from taking these tests, which skews data (Morgan, 2016).
- Performance-based pay may have a negative influence on the team aspect of teaching, potentially leading to animosity between educators at the same school if only certain teachers were deemed worthy of additional compensation (Podgursky & Springer, 2007).
- Performance-based pay has **little effect** on overall student achievement (Shifrer, 2017).

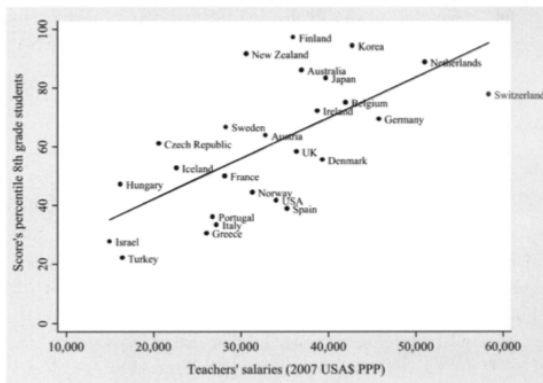
INCREASE ALL BASE SALARIES

The increased value of the teaching profession would lead to a higher sense of motivation amongst teachers and give them more time to spend on schoolwork instead of the additional jobs some take to support their families.

Teachers' wages have decreased over time, and many modes of additional pay have been dismantled, such as no increase in salary for master's degrees. If teachers' compensation placed a higher value on education, there would be greater incentive for higher quality college graduates to join the profession (Dolton & Marcenaro-Gutierrez, 2011). Figure 2 compares U.S. teacher salary and test scores to other countries and finds that higher salaries correlates to better scores. By increasing teacher salaries, school districts will be able to hire more experienced teachers that will be retained for a longer number of years. In the long run, the increased productivity and student achievement and decreased teacher turnover minimized the cost of the increased salaries (Hendricks, 2015). If bonus pay is pursued, it should be tied to career lattice, professional growth, or compensation for work in challenging schools (Yuan et al., 2013, p.18)

However, this solution is more expensive than selective performance-based pay (Lavy, 2007)..

Figure 2: Test score percentile as a function of teacher salary with 15 years' experience



(Dolton & Marcenaro-Gutierrez, 2011)

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1%

Base salaries increased by as low as 1% have resulted in the hiring of more experienced teachers (Hendricks, 2015).

BONUS PAY FOR SCHOOL PERFORMANCE

Because one of the main issues with performance-based pay is its negative impact on collegial culture, one solution is to award performance pay on a school-based level. This way, there is no conflict between those who receive a bonus and those who did not, and the distribution of students across teachers has less of an impact on their ability to succeed in receiving the reward (Mintrop et al., 2017).

However, this solution needs to be developed further because the additional stress and fear over letting down the team or not receiving an award can lead to educators feeling controlled by extrinsic motivation, which invalidates their intrinsic motives to be good teachers (Mintrop et al., 2017, p.10). According to research, performance-based pay works best when employees are largely extrinsically motivated. An example of this occurs in a study of the Charlotte-Mecklenburg and Kentucky programs, where teacher motivation and student outcomes both improved within a school-based system (Lavy, 2007, p.96). When employees are mostly intrinsically motivated, bonuses can become controlling and cause a crowding-out effect (Mintrop et al., 2017).