**Compensation Reform and Design Preferences of Teacher Incentives Fund Grantees (2010).**

In U.S. K-12 public education, incentive pay for educators remains firmly fixed as a high-interest policy topic and has recently become a popular reform initiative in many school systems. The Teacher Incentive Fund (TIF), created in 2006 by the U.S. Department of Education, is at the forefront of this policy movement and has provided hundreds of millions of federal dollars for the implementation of incentive pay systems for teachers and principals. This paper examines the incentive pay plans implemented under the TIF program as of the 2009-10 school year, a reasonable starting point to understanding how federal dollars are being used to modify systems for compensating educators. Primarily drawing upon survey findings, researchers address the following questions: (a) What are the overall objectives of TIF plans? (b) How do sites determine bonus award eligibility? and (c) How are bonus awards distributed and to whom? Overall, TIF plans focus on rewarding educators’ performance in addition to recruiting and retaining educators in hard-to-staff positions. Most plans are designed in ways that limit excessive competition between educators, but they differ considerably in the actual dollar amount of bonus awards offered to educators. As the TIF program is set to receive $600 million dollars this year through federal appropriations and the American Recovery and Reinvestment Act, the findings from this report are particularly relevant and will allow policymakers and practitioners alike to learn more about how school systems are modifying educator compensation and what those choices might ultimately mean for teaching and learning within the nation’s public schools.

To view the entire report, please click here.

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**The Politics of Teacher Pay Reforms (2008).**

This paper explores the politics of various types of teacher compensation reforms, with a particular focus on pay for performance. It examines the political positions taken by the nation’s two teachers’ unions, the extent to which these reflect the preferences of teachers, and how both influence the decisions by localities to implement reforms. New Washington State survey data that describes teachers’ views on compensation is analyzed to contextualize teacher opinions and show variation based on both the type of teacher and the context in which a teacher works.

The role of local decision-makers (for instance, school boards and superintendents) and the incentives that drive their thinking about reform implementation is also examined, with a focus on the dynamics of local school district politics and the institutional inertia of public school systems. The paper concludes with a discussion of various logistical hurdles associated with pay reforms (such as data systems, comparison groups, methods of calculating teacher effectiveness, or confidence in
effectiveness measures) and whether and how these can be overcome, and fleshes out what the forces shaping teacher compensation choices might portend for reform initiatives.

To view the entire report, please click here.


The purpose of this paper is to examine the interplay between emerging policy focus on teacher performance incentives and the response of teachers’ unions. The authors focus first on the policy shift itself. Without an understanding of the nature of the teacher’s job and its tradition, it is difficult to understand the tug-of-war both for and against performance incentives. They then describe major pay for performance efforts underway and examine the extent to which, and the ways in which, teachers unions are responding to demands for increased accountability, and the possible consequences of this relationship for shaping policy and practice. The authors argue that there is a clear and emergent consensus that something must be done to better incorporate results and performance into measures of teachers’ work. Because teachers unions are such important players and because teacher contracts matter, the best path forward is for reformers to engage them in reform efforts whenever possible.

To view the entire report, please click here.


Pay for performance is not new in the Federal government. There has been considerable legislation passed to address the issues associated with the Civil Service Reform Act of 1978 that allowed for variation from the General Schedule. This paper highlights some of the more prolific and influential work in context with the attempts and rationale to move away from the General Schedule pay system; to provide more delegated authority to individual organizations and agencies; and to install a performance based pay system into the Federal civil service.

To read this chapter, please click here.

Market-Based Pay Reforms for Public School Teachers (2008).

Modern personnel economics emphasizes the importance of strategic, integrated compensation policy in an organization. This paper reviews key features of the compensation system for public school teachers. The rigidities and inefficiencies that arise from single salary schedules and other features of
the compensation regime, and their interaction, argue for broad definition of performance-based pay reform. National data on elements of compensation reform in K-12 are reviewed.

To view the entire report, please click here.


Accountability and performance incentive plans in education are compromised by goal distortion, gaming, and corruption. Education policy makers who design such plans have paid insufficient attention to similar experiences in other fields. This paper describes institutions in health care, job training and welfare administration, and in the private sector, that employ performance incentive systems, and the perverse consequences that follow. Because of such consequences, in the private sector performance incentives rely primarily on subjective evaluations, not easily corrupted quantitative measurements. In the public sector and service professions like teaching, performance incentives run the risk of subverting the intrinsic motivation of agents. The paper notes, however, that despite goal distortion, gaming, and corruption, performance incentive plans may nonetheless improve average performance on measured dimensions.

To view the entire report, please click here.

A Legal Perspective on Performance-Based Pay for Teachers (2008).

Merit pay is now in the midst of a renaissance. Hundreds of school districts are experimenting with some type of performance-based pay system. At least six states have statewide or pilot programs, and the federal government has spent close to $100 million on the Teacher Incentive Fund. Whether such programs will last, encourage the start of others, or fold like their predecessors remains to be seen. In the meantime, there are a number of important policy and empirical questions to ask about these programs and performance-based pay in general. The author addresses the question of whether there are legal obstacles to the creation and implementation of performance-based pay programs. The chapter sets out a framework for analyzing the legal issues raised by performance-based pay, which can be divided into two categories: governmental authority and individual rights. The former addresses whether the government has the authority to develop a performance-based pay system and if there are any limitations on that authority. The latter issue asks whether individual teachers possess any rights that must be protected in the implementation of such a system.

To view the entire report, please click here.
**Pay-for-Performance: New Developments and Issues (2007).**

Intense competitive pressure and the need for continual improvements have led to a burgeoning interest in and use of pay-for-performance programs. This paper explores the increased use of pay-for-performance, drawing examples from healthcare, education, and the government. Suggestions are made as to how best to implement pay-for-performance programs, while drawing attention to key implementation problems. The author suggests that pay-for-performance programs will be enhanced by greater research and experimentation, as well as an increased emphasis on initial design. Specifically, practitioners need to be wary of common design problems, including difficulty in measuring performance, limited funds for payouts, and perceptions of unfairness.

To view the entire report, please click here.

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**Credentials Versus Performance: Review of the Teacher Performance Pay Research (2008).**

In this article we examine the economic case for merit or performance-based pay for K-12 teachers. We review several areas of germane research. The direct evaluation literature on these incentive plans is slender; highly diverse in terms of methodology, targeted populations, and programs evaluated; and primarily focused on short-run motivational effects. It is nonetheless fairly consistent in finding positive program effects. The general personnel literature highlights potentially significant selection effects of employee compensation systems. This is particularly relevant for teaching, because a growing body of production function research points to large, persistent, but idiosyncratic differences in teacher productivity. Thus, along with motivation effects, there is potential for substantial positive long run selection effects from teacher performance pay systems. The evaluation literature is not sufficiently robust to prescribe how systems should be designed (e.g., optimal size of bonuses, mix of individual vs. group incentives). However, it is sufficiently positive to support much more extensive field trials, pilot programs, and policy experiments, combined with careful follow-up evaluation.

This article is available in the Peabody Journal of Education, Vol 82, No 4.

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**Teacher Performance Pay: A Review (2006).**

In this paper we examine the research literature on teacher performance pay. Evidence clearly suggests an upsurge of interest in many states and school districts; however, expanded use of performance pay has been controversial. We briefly review the history of teacher pay policy in the U.S. and earlier cycles of interest in merit or performance-based pay. We review various critiques of its use in K-12
education and several strands of empirical research that are useful in considering its likely impact. The
direct evaluation literature on incentive plans is slender, focused on short-run motivational effects, and
highly diverse in terms of methodology, targeted populations, and programs evaluated. Nonetheless, it
is fairly consistent in finding positive program effects, although it is not at present sufficiently robust
to prescribe how systems should be designed - for example, optimal size of bonuses, mix of individual
versus group incentives. It is sufficiently promising to support more extensive field trials and policy
experiments in combination with careful follow-up evaluations. Since a growing body of research finds
substantial variation in teacher effectiveness as measured by student achievement gains, future
evaluations need to pay particular attention to the effect of these programs on the composition of the
teaching workforce.

To view the entire report, please click here.
This paper was published in 2008 by the Journal of Policy Analysis and Management, 26(4): 551-573.