

Strategic Compensation in Education

Exploring Practical Applications
and Lessons Learned



Battelle *for* **Kids**
Bringing clarity to *school* improvement



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Why Strategic Compensation?

Few people dispute that preparing all students for success in our rapidly changing world is a national imperative. Individual success, national economic health and security and international competitiveness are at stake. In recognition of this imperative, educators, policy-makers, businesses and philanthropic organizations are fervently researching, proposing, implementing and sharing educational improvement strategies.

In the midst of searching for successful strategies, schools are struggling to determine effective ways to recruit, retain, recognize and reward the most effective educators to prepare students to gain the skills and knowledge they need to succeed. Related to this problem is the challenge of addressing hard-to-staff schools and subject areas.

Just how large is the financial impact of this human capital concern? Among many statistics, consider that:

- \$3.7 billion is lost annually due to high school graduates unprepared for college or the workforce.
- \$1.4 billion is spent to provide remedial education to students who have recently graduated from high school.

There is unprecedented agreement that great teachers and leaders make great schools. Not just great, but truly transformed schools up to the challenge provide the best education possible for all students. Who agrees? The Obama administration, Bill Gates, millions of educators and their professional organizations, leading researchers and graduates who will acknowledge that their best teachers were the ones who helped them stretch their potential and took the responsibility of not giving up until they reached it. The hope for the future is that all education stakeholders will be committed to implementing strategies that enhance instruction and produce dramatically greater student academic gains.

Is strategic compensation a strategy that will contribute to those gains? This is a fair question and not without some controversy. The simplified answer is: the goal of dramatically increasing student gains is so important that strategic compensation must be considered among other potentially results producing strategies. Pioneering districts and supporters are engaged in thoughtful planning, implementation and collaborating with others across the country to share what works. The wager is that this strategy will have a positive effect on the human capital issues facing schools today.

At the 2009 Symposium on Differentiated Compensation in Education (referred to as the "Symposium" in this paper), Advisor to the United States Secretary of Education Jo Anderson, Jr. remarked that, "Ultimately, it's about more than pay. It's about systemic change in which pay is a critical ingredient. We want to move from teacher isolation, where there is modest evidence of improvement and student learning below what it should be, to teachers experiencing continuous learning, individually and collectively, and where student learning is continuously improving."

While strategic compensation is not universally embraced today, supporters and skeptics acknowledge that there is unprecedented support for investigating it—including, but not limited to:

- Billions of Race to the Top funds, which will, in part, support alternative pay approaches.
- A greatly expanded second round of Teacher Incentive Funding.
- Growing interest by states, such as Texas' investment of more than \$800 million over six years through the Texas Educator Excellence Grant and the District Awards for Teacher Excellence to assist districts and schools in designing and implementing strategic compensation programs.

Proceeding credibly with strategic compensation requires collaborative planning, alignment to goals, responsible funding, using accurate data effectively, constant communications, leveraging the right measures, attracting and retaining the right people, the willingness to evaluate your program and make changes, and learning from research.

Events like the Symposium, co-hosted by Battelle for Kids, the Houston Independent School District and the Institute for Public School Initiatives and supported by the Bill & Melinda Gates Foundation and the National Center on Performance Incentives, are intended to share best practices. In 2009, leading experts joined hundreds of educators from 24 states to explore this complex and often controversial strategy that is growing in use.

Getting Started

Thoughtful initial planning has led to successful strategic compensation programs in schools, while the lack of planning has led to unforeseen complications with communication and payouts. Clarifying the reasons for starting a program will help define and determine the appropriate design. Collaborating with pioneering districts to learn from their best practices and hard lessons learned is a great way to start.

Agreeing upon the definition of the outcomes of strategic compensation for a district is vital in launching productive planning. A general definition might be: **The strategic alignment between district programs, classroom instruction and compensation systems with the goal of increasing educator effectiveness and maximizing student achievement.**

A principal from Aransas County Independent School District (Texas) summarizes the reason that so many districts struggle when launching their programs as failure to “begin with an end in mind.” Thoughtful preparation and planning is the most significant advice for districts considering this strategy.

Understanding the national landscape and importance of strategic compensation will also help engage decision-makers early in the process. With the demands of No Child Left Behind, the clear evidence about highly effective teachers and the statistics about teacher attrition rates, many districts across the nation are considering alternative ways to compensate teachers who are facilitating large student academic gains.

A one-size-fits-all approach does not work for the students that teachers serve; yet we have traditionally compensated teachers on a one-size-fits-all salary schedule.

Alignment and Design

Strategic compensation should be in alignment with a district’s programs, mission, values and goals. A program administrator remarks, “Setting targets and communication are keys to success. *‘What do you believe about this award program, your teachers and collaboration?’ We made clear decisions about our beliefs and wanted a system that encouraged collaboration and did not encourage secrecy and competition.*”

Pioneering districts and states have had similar intent in establishing their programs, including:

- Improving teacher collaboration
- Focusing instruction
- Leveraging best practices
- Increasing student achievement
- Improving teacher retention
- Empowering teachers

Before developing the program structure, the conceptual model needs to be “socialized” with the stakeholders, as the personnel impact is extensive—philosophically and personally. Success of the proposed design is paramount to acceptance by the teachers.

Who to Include in the Program

Basic decisions need to be made about eligibility:

- Will there be employment date and attendance requirements?
- Will teachers be required to complete student linkages and verify assignments to participate?
- Can employees “opt out” of the program?

Categorization of employees for award purposes is also critical:

- Will all teachers and staff be included?
- Only core teachers in tested subjects?
- What about principals, central office personnel, and instructional and operational support staff?
- Part-time employees?

Answering these questions as well as determining and explaining who is eligible for an award should occur early in the process.

Initial Funding and Financial Sustainability

Responsible planning involves carefully anticipating the funding necessary to support and sustain the program. Pioneering districts agree that funding involves many variables, some difficult to define or predict.

Funding sources may include the federally supported Teacher Incentive Fund, private foundation grants, portions of the district’s general fund and local tax money. Determining the funding required involves assessing potential payouts for eligible staff as calculated by the program’s eligibility requirements and an estimate of how many staff will qualify for awards.

Another tactic for securing funding beyond state and national grants is reconsidering current programs and redistributing those funds. Some districts develop mock payouts based on the previous year’s results to determine potential estimates. While some districts completely restructure to sustain funding, most districts operate programs with limited funding. It is important to remember that dollars should be focused where they will achieve the greatest impact.

Communication, Communication, Communication

The recurring message from pioneering districts is that communication is an ongoing challenge. From delivering the messaging to conveying measurement data, communication has proved to “make or break” many existing programs. Ineffective communication is a frequent culprit of failure. Because compensation is inherently personal, all of the pioneering districts also conduct face-to-face meetings to engage stakeholders and deliver messages. Some districts also developed Web sites to tailor messages to teachers, students, parents, community and media.

Districts must carefully consider the perceptions of the people on the “front lines.” Battelle for Kids’ Managing Director of Human Capital Tony Bagshaw reinforces the importance of considering all people involved in strategic compensation, “With open records requests often required by law and public information, thorough and thoughtful communication plans are essential to conveying the message effectively, efficiently and fairly. Districts should be the communicators, not someone’s neighbor.”

Symposium panelists cautioned districts to remain conscious of the curiosity, confusion, genuine interest, potential criticism and other responses strategic compensation will generate. Just like a good lesson plan, creating a detailed plan for strategic compensation, from launch to payout, with regular communication and interactions with everyone involved can ensure engagement.





Making the Program Operational

Operationalizing the program requires serious analysis followed by difficult and necessary decisions.

Quality Data and Reliable Measures

There is no perfect solution to data and measurement. Measures that districts are using, both effectively and ineffectively, fuel the most intense debates on this topic. In most cases, the systems aren't in place to measure teacher effectiveness. The current state of educational data systems and essential components of teacher linkage are not being captured or are captured inaccurately. While solving the technical challenges associated with linking teacher and student-level data are complex, and the solutions are not simple, they are essential in calculating measures of effectiveness.

Some initial questions about data measurement:

- Are the measures quantifiable and accessible?
- Do the measures differentiate teachers from each other?
- Is the data compatible?
- Do the systems "speak" to each other?

Impacting more than 85,000 students and 7,500 teachers, Teacher Advancement Program (TAP™) holds performance-based compensation as one of four elements of success. All teachers in TAP™ schools are eligible for financial awards based upon the average of the scores they earn on multiple evaluations of their classroom teaching, as well as their classroom-level achievement growth and school-level achievement growth, both of which are measured using a value-added model.

Many districts are using some form of the student academic growth measure called value-added analysis as a foundation of their programs. Value-added analysis is a statistically reliable method for connecting teacher practice to student growth. As no single measure tells the whole story, value-added data should be used in combination with other data sources in making high-stakes decisions. Measuring student progress versus the traditional accountability systems that have focused solely on achievement is a historically different focus, and requires a change in thinking. It is important to engage the entire school community—educators, students, school board members, community and business members, legislators, higher education leaders and others—to help them understand why measuring both achievement and progress is so important. Using multiple, reliable data sources with multiple years of data is critical to determine compensation program eligibility and structures and most importantly, to ensure college- and career-readiness for all students.

Calculating Awards and Payouts

Making the connection between measurement and payouts is the ultimate test of transparency. Determining eligibility, categorization and staff awards is complex and subject to errors and omissions. By appropriately linking teachers to students, instructional attribution can be captured with transparency and validity. Vetting the data prior to release will limit errors and omissions.

Regardless of the complexities of program eligibility and categorization, a district should be prepared to explain the connection of measurement to the award to stakeholders. BFK•Award® solution developed by Battelle for Kids allows school districts to collect value-added reports, job classifications and other data necessary to calculate compensation. This solution is personalized to align with a district's strategic vision and varying program needs enabling districts, such as Houston, Fort Worth, Northside and Longview in Texas, to:

- Calculate and show employee award amounts.
- Display explanations of eligibility and program requirements.
- Monitor employee award inquiries and deliver resolutions through an inquiry/response system.
- Correct errors and omissions prior to payout.

Responding to Results

Once highly effective teachers have been identified through the use of value-added data and other measures used to calculate awards, what is the response? How can we learn from these teachers to reach more students? How will less effective teachers receive the needed support to help them get better? How might distribution of teachers be affected?

Strategic compensation is a systemic way to provide targeted professional development for teachers that aligns to the district's improvement goals. Teachers must be supported in achieving the primary goals of accelerating academic progress through:

- Providing ongoing, targeted professional development.
- Connecting to school improvement and improving curriculum.
- Fostering collaboration and support.
- Advancing career ladders.

Using different types of media and experiences, highly effective teachers' proven practices should be discussed and transferred from educator to educator (Battelle for Kids, 2009). In Texas and Ohio, Battelle for Kids started researching the practices of highly effective teachers and with an Houston Independent School District commissioned report, analyzed the teachers who over the past several years are performing in the top 10% across the district. The study was then used to build courses to help teachers improve.

"Guilford County School District (North Carolina) has even involved students in data awareness. One administrator remarks, "The money is good, but it is the staff development that changed us. Our district has learned to use data to drive instruction. My teachers understand it. We've even trained our students to understand the data, allowing them to take pride in themselves and their work."

Aransas County ISD incorporates instructional supports into their program. They allow substitute teacher pay for teacher collaboration and planning time, use a master schedule that allows for common planning time, and conduct walkthroughs to provide ongoing feedback and support allowing teachers to pay more attention to the use of data for school improvement.

Dr. Theodore Hershberg, professor of public policy and history, University of Pennsylvania and co-editor Claire Robertson-Kraft of *A Grand Bargain for Education Reform* emphasize that measures be used not only to reward successful teachers, but also to remediate and support those in need of help. Professional development for teachers is essential, they say.

Todd Hellman, Managing Director of Client Engagement at Battelle for Kids, offers, "Teachers care about their students. If the focus is entirely financial, and not on offering solutions for teachers, the essence of systemic improvement is lost. Doing this with teachers is more effective than to teachers."

Does It Make a Difference?

Inherent in any strategic compensation program design is the need to ensure that the system is working and meeting the goals it was designed to achieve.

Denver Public Schools' ProComp program (Colorado) agreement calls for annual reviews of the system, beginning with internal reviews and eventually providing for an external, third-party review to make certain that ProComp continues to fulfill its mission. In addition to making changes based on analysis and need, districts should identify results that are directly or indirectly associated with the program to determine its impact.

The Benwood Initiative, launched in 2001 in Hamilton County schools (Tennessee), focuses on literacy and teacher effectiveness. Funded by a \$5 million grant to the Public Education Foundation from the Benwood Foundation and a \$2.5 million match from the Public Education Foundation, this initiative has seen notable results:

- In the eight Phase 1 "Benwood Schools," the percentage of third grade students passing the state reading exam jumped from 53% in 2003 to 78% in 2008.
- In 2008, 72% of Benwood (Phase 1) third-grade students scored proficient or advanced in mathematics, up from 50% in 2003.
- Teacher retention improved steadily, and the credentials and experience of teachers in Benwood schools are now on par with the rest of the district.

Eagle County School District (Colorado) launched compensation reform in 2001 to address student achievement below the state average, community perceptions of poor performance and high teacher attrition. Completely abandoning the lock-step salary schedule, Eagle County uses funds from a levy for teacher compensation increases voted on in a general election, federal title funds, reallocated general operating funds and new funds through the Colorado School Finance Act. In years three to five of the grant, Eagle County contributed \$566,532.

The Houston Independent School District (HISD, Texas) paid \$40.4 million through its ASPIRE Award Program across 15,668 campus-based employees to recognize their excellence in raising students' academic progress in the 2008–2009 school year. Since HISD launched the award program as part of a district-wide educational-improvement and performance-management model, HISD has achieved record-breaking results:

- Received first place in the 2009 Magna Awards national recognition program for the ASPIRE model.
- Achieved record highs of student scores on the Texas Assessment of Knowledge and Skills and tests showed improvement on national achievement and college-readiness tests.
- Raised progress and achievement across all student groups and increased the number of schools rated Recognized or Exemplary by the Texas Education Agency from 35 in 2005 to 205 in 2009. HISD also achieved the highest percentage of top-rated schools among large urban school districts in Texas.
- Captured instructional attribution not otherwise available, improved the accuracy of teacher's value-added analysis by weighting students properly and created more transparency and validity in the process for teachers and principals, with Battelle for Kids' technology solution, BFK•Link® solution.
- Developed a strategic communications plan, in partnership with Battelle for Kids, that repositioned the program focus on recognizing excellence and using the diagnostic information within value-added reports to inform instruction.



Conclusion

“To our society, student achievement is more than a goal: it is the expectation. And while a perfect system is unattainable, it is an ethical obligation to strive collaboratively to provide the best one possible.”

Dr. James Mahoney,
Executive Director,
Battelle for Kids

Growing use of strategic compensation reflects significant consensus about the importance of teacher effectiveness on student learning. Willingness to consider linking teacher effectiveness to student performance, measure that effectiveness, and tie teacher compensation to student outcomes is propelled by growing confidence in the importance of using statistically reliable growth measures to inform practice. By mining best practices—localized to each district’s culture and greatest areas of concern—we will best leverage financial resources to establish and implement programs that lead to success for all students.

We can learn a great deal from pioneering districts and the lessons emerging from their experiences. In summary:

- **Include the right people from the beginning and define clear goals.** Once you clarify the reasons you’re considering strategic compensation, make sure that the model you choose aligns with those goals.
- **Make sure people understand what you’re doing,** and why you’re doing it. Strategic and effective communication is the most important piece of successful strategic compensation.
- **Align and design** your strategic compensation plan so that it’s connected to the other initiatives you’re pursuing as a district to improve.
- **Use the right, statistically reliable data, ensuring accurate student-teacher attribution.** Make sure your teachers and all other stakeholders understand how and why that data is being used and **have a planned response to the data and results.**
- **Remember the end goal:** to offer students the best opportunities for success in college and the workplace. This is what drives teachers in the classroom.

John Hussey, Chief Strategy Officer at Battelle for Kids, offers, “Ultimately, there is no perfect system when it comes to strategic compensation in education. There are limitations with measurement and data, but as long as there is clear vision and direction, there is evidence that strategic compensation can have productive results.”

Finally, at the heart of this discussion is the goal of identifying, recognizing and rewarding instructional excellence in ways that increase academic gains for all students. We need to draw excellent talent into the field of education who quickly become highly effective in accelerating student progress. We need to retain them, and we need to help current educators learn and implement best practices. We need to place teachers where they can and need to be the most productive. And, we need to harness the power of data to inform the many decisions administrators and teachers make every day that impact their students’ lives.

Pioneering districts and those who counsel them are the first to say that strategic compensation is not a silver bullet or panacea for educational woes. And, they caution that there is no single compensation model that works for everyone. But their concern for their students’ futures, commitment to enlightened pragmatism, and determination to accelerate student progress makes them trailblazers. Surely, more educators will follow in their path—considering the important lessons learned shared from practitioners. As a result, more educators will be able to say at the end of the day, **we’re trying everything we can to truly transform education and maximize opportunities for success in life for each and every student.**

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About Battelle for Kids

Battelle for Kids is a national, not-for-profit organization that provides strategic counsel and innovative solutions for today's complex educational-improvement challenges.

Our mission-driven team of education, technology, communications, and business professionals specializes in creating strategies that advance the development of human capital, the use of strategic measures, the implementation of effective practices in schools, and communication with all stakeholders. We partner with state departments of education, school districts, and education-focused organizations to advance these strategies with the shared goals of: improving teaching effectiveness and student progress; informing instructional practice in real time; recognizing and rewarding teaching excellence; and aligning goals and maximizing impact in schools.

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