

RESEARCH LESSONS LEARNED

The research tells us that performance-based compensation plans are successful when they:

- Align with the vertical goals of the organization and are part of a larger reform effort
- Align with the horizontal policies and practices of the organization, including teacher training and professional development
- Use terms, design features, specific measures of performance and rewards consistently and transparently so that they are clearly defined and understood by all
- Build upon multiple measures of performance that are fair and transparent
- Reward individual, school and district effort
- Establish early and broad stake-holder support by involving stakeholders in the design and implementation of the plan – may require the development of a communication plan
- Ensure stakeholder confidence that the process of determining appropriate compensation initiatives will be carried out carefully and accurately
- ARE ADEQUATELY FUNDED - there are no caps on the number of employees who can receive the award and there is an expectation that the district can afford and sustain the plan

Further, the research tells us that compensation drivers (i.e., the factors that combine to determine compensation incentives) should be structured to be consistent with the reform initiative's overall goals and priorities.

Student Achievement – includes both student growth (growth and value-added) models and student attainment (i.e., performance targets) models. Performance-based compensation can incorporate a mix of individual, team, school and district performance measures and can include a mix of individual team, school and district rewards.

Recruitment – includes both new employees and recruitment for certain hard-to-staff schools and subject areas. New employees are more receptive to performance-based compensation, as well as signing bonuses and indirect compensation such as housing allowances, loan forgiveness, or moving expenses. Recruitment in hard-to-staff schools can be influenced through a mix of differential/market pay incentives and better working conditions. Recruitment in hard-to-staff subject area, especially STEM disciplines, may need to consider higher differential/market pay incentives to attract highly skilled candidates.

Retention – Compressing the single salary scale to provide higher compensation in the earlier years may positively impact both retention and student achievement. Teacher effectiveness is most evident within the first five years of teaching (longer in secondary school). Elementary school teachers respond best to team/school performance measures, while secondary school teachers are accepting of individual performance measures. Creating career ladders and providing compensation for additional skills, roles and knowledge may positively impact retention of the most highly skilled over time. Higher differential/market pay incentives may be necessary to retain STEM teachers when in competition with private sector salaries.

More detailed information can be found on the Center for Educator Compensation Reform website at <http://cecr.ed.gov/>