

**Title:** Practical considerations from states implementing differentiated compensation programs

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**Question:** Are there practical lessons learned from states with differentiated pay programs?

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**Response:**

To provide implementation-related insights, we conducted phone interviews with the directors of the federal Teacher Incentive Fund (TIF) grant programs in four states: Ohio, South Carolina, South Dakota, and Texas. Each of these states is in the second or third year of TIF program implementation, and all of the phone interviews lasted between 30 and 45 minutes. The following points summarize the practical insights shared by the four directors. (Specific questions and interviewee contact information are located at the end of this document.)

- 1. Ensure that all the logistical pieces are in place before the first day of implementation.** Ohio, South Carolina, and Texas each spent the first year planning the state's TIF program, working to resolve issues among constituent groups and put into place the logistical pieces necessary to successfully implement new differentiated (performance) pay programs. All three states said this was an important part of their current success. South Dakota decided to implement their differentiated pay program in the first year and stated that this resulted in setbacks and changes in course. South Dakota said that a year of preparation for implementation would have likely avoided many or all of these problems. Across states, logistical challenges involved such issues as data systems, teacher observations, and system alignment and support.
  - *The relevant data system(s) must be comprehensive, reliable, and transparent.* All related questions regarding data collection, storage, and the tracking of individual school personnel and relevant student data should be settled prior to program implementation, and any calculations of performance ratings and results must be understandable to the school personnel involved (also see insight 3). The data system should also include an oversight system to catch and correct problems.
  - *Ensure that it is feasible to carry out all required teacher observations.* Within state programs, individual performance assessments may include multiple classroom observations linked with discussions about instructional improvement and related professional development. Carrying out this effort in a manner that promotes improvement and trust requires significant capacity — a sufficient number of

qualified, trained professionals is necessary, and each of these individuals must be provided with sufficient time to fulfill his or her program duties. Questions to consider include: Do school administrators have the ability (both actual and as perceived by teachers) to conduct fair and useful classroom observations? Do school administrators have the time to do this work? Would master or mentor teachers be better? If so, is there a big enough pool of them? Might outside evaluators be a viable option?

- *Align testing, curriculum, and teacher performance components.* Avoid assuming that any existing alignment between testing and curriculum will automatically align with any added teacher performance components under the new system. A specific review should be conducted to ensure that these systems do in fact align.
- *Structure a state-level support system for districts and schools.* Districts and schools will invariably face numerous questions and problems with program implementation, especially during early stages. To confront these challenges, the state should develop a proactive, accessible, and easy-to-use support system that:
  - Helps local officials successfully complete tasks (such as training classroom observers on new protocols and submitting data);
  - Anticipates and prevents common missteps (for example, by providing clear answers for common concerns about pay calculations); and
  - Corrects implementation problems that arise.

Specific suggestions for organizing this type of system included dedicating a state-level support team or contracting with an outside agency.

2. **Conduct early and on-going communication that is inclusive, informative, and decisive.** Across the states interviewed, systemic communication efforts helped ensure buy-in, kept small problems from growing, and minimized losses due to turnover. It is important to make sure representatives from all key interest groups are involved in discussions, including (at a minimum) union representatives, individual teachers, school administrators, school staff, and district and state personnel. Program directors recommended a year of groundwork, perhaps featuring weekly meetings among key personnel. These efforts should include training as well as information delivery and discussion — focusing particularly on the specifics of data collection and compensation calculations. Finally, meeting participants must be willing to resolve thorny issues in a timely manner, avoiding any “tabling” of tough issues.
3. **Focus on building a fair and transparent system.** The program directors interviewed had several specific suggestions for system development. First, they noted that teacher performance assessment should go beyond student test scores to also include qualitative observations of teacher performance. (And if student test results are to be part of the calculation, then a “value added” growth component<sup>1</sup> must be incorporated.) Interviewees also recommended that differentiated payments not affect teachers’ base

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<sup>1</sup> Though intuitively appealing, these types of growth measures tend to be quite complex statistically and involve significant data and assessment requirements.

pay, and suggested that any incentives or bonuses be offered at the school level (rather than just to individuals) as a way to encourage collaboration and discourage “unhealthy competition”. Finally, because many stakeholders do not have experience with statistics, it is important to provide sufficient time and training to clearly explain how the pay calculations work.

4. **Consider differentiated pay to be a component of a larger set of supportive reforms.** A differentiated pay system is not a stand-alone program and does not exist in a vacuum. The TIF program directors emphasized that the schools and districts that understood, communicated, and implemented larger systemic reforms had more success implementing differentiated pay. For example, one systemic approach might involve promoting teacher leadership and peer coaching, which can increase compensation (beyond the differentiated pay system) for master teachers who stay in the classroom. Alternatively, subject-, grade- or school-level data meetings might be integrated with peer coaching as a way to prompt specific changes in curriculum and classroom practice. These activities could be made a regular part of the school day and annual calendar.

5. **Other suggestions**

- *Pilot the system, fix problems, and build on initial successes.* Mistakes are inevitable, so iron them out while the number of implementation sites is manageable. Then, scale up.
- *Local flexibility enhances the likelihood of success, but it also poses challenges.* Expect regional differences in how people feel about differentiated pay programs, so it is important to allow for some flexibility in what the goals are and how performance might be measured. The state should look to build supports to help districts and schools to succeed, as previously noted.
- *Districts must contribute money to the program if it is going to be sustainable.* The local financial commitment might be small at first and then grow over time. This may promote district involvement and commitment while also allowing them to explore the likelihood of program success and sustainability. (Ohio, South Carolina, South Dakota, and Texas all started with opt-in programs initially supported in large part by outside grants.)

6. **Initial successes cited by TIF directors (anecdotal evidence) <sup>2</sup>**

- *Increased teacher retention.* Interviewees suggested that retention rates remained stable during year 1 but generally increased (sometimes significantly) during years 2 and 3.

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<sup>2</sup> The official multi-year evaluation of the federal Teacher Incentive Fund program is now underway, with initial findings scheduled to be released in 2010.

- *Improved morale.* During year 1 there was anxiety about “gotcha” observations and some suspicions about the commitment to structural changes that would promote a community of learners among teachers, administrators, and staff. By the end of year 1, though, especially after the first bonuses were received, trust in the system increased and morale seemed higher in most schools.
- *Greater interest in subsequent professional development.* According to the TIF directors interviewed, many teachers resisted the initial year 1 workshops related to the new differentiated pay programs. By year 2, however, the majority of teachers were more open to them. The interviewees suggested that this change might have been due to the “high quality” of the first workshops, related changes in the school’s work environment, and receipt of the first bonus payments.

## Interview Subjects

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More information about TIF projects is accessible online from the Center for Educator Compensation Reform (CECR) at <http://www.cecr.ed.gov/initiatives/grantees/profiles.cfm> or <http://www.performanceincentives.org/>.

## Interview Questions

- I. Where is your state now in the process of implementing its TIF program? In which year of implementation is the program?
- II. In your experience so far,
  - a. What practical lessons have you learned?
  - b. What specific challenges or setbacks have you experienced?
  - c. What specific successes have you had?
  - d. What, if anything, unexpected has happened?
  - e. What would you do differently if the program were to be started again?
  - f. What advice would you give the Utah State Board of Education work group as it finishes developing its program and begins implementing it?
- III. May we have permission to use your name and state in this report? Would you prefer that your comments be confidential?

This memorandum is one in a series of quick-turnaround responses to specific questions posed by educators and policymakers in the Western region (Arizona, California, Nevada, Utah), which is served by the Regional Educational Laboratory West (REL West) at WestEd. This memorandum was prepared by REL West under a contract with the U.S. Department of Education's Institute of Education Sciences (IES), Contract ED-06-CO-0014, administered by WestEd. Its content does not necessarily reflect the views or policies of IES or the U.S. Department of Education nor does mention of trade names, commercial products, or organizations imply endorsement by the U.S. Government.