THE TEACHING JOB: Restructuring for Effectiveness

PRACTICAL TOOLS for District Transformation

ERS
Education Resource Strategies
5. COMPENSATION AND CAREER PATH

Teacher compensation represents the largest expenditure line item in most districts. To maximize the return on this investment, a teacher compensation system should be designed to attract candidates with the strongest potential, reward the greatest contributors, and put the best teachers where they are most needed. It should provide incentives to teachers to continuously improve their instruction and take on new and more challenging roles, including teaching low-performing students and in low-performing schools. It should reflect today’s employment reality and be competitive with other opportunities available to potential teachers. The goal of such a system is to integrate teacher compensation with the overall reform plan, and it involves much more than simply raising salaries across the board or tying salaries to student performance.

The biggest positive change that districts can make is to move away from compensating all teachers alike based only on experience and education and toward differentiating among teachers — recognizing individual skills and accomplishments and emphasizing contribution and excellent performance. Traditional teacher salary structures treat all teachers equally, rewarding teachers for years of experience and course credits, whether or not they perform well. Yet research shows that neither experience (after the first three to five years) nor master’s degrees (except degrees in math) are correlated with teaching effectiveness.27 Most districts offer little or no additional money to teachers based on the subject they teach (ignoring the competing career opportunities they may have), the need level of their students and schools, their effectiveness, or their willingness and ability to take on additional responsibilities (e.g., lead teacher, teacher mentor, curriculum leader). Even in districts that do include some of these factors in determining salary and stipends, the relative amount awarded for contribution and leadership is small compared to that awarded for experience and coursework.

Changing the system will likely require changes to collective bargaining agreements and in some cases state law, but a compensation system that is part of a larger organizational development strategy can be good for both teachers and school systems. Districts can work proactively with teachers and teacher unions to redistribute or even expand the current pool of compensation dollars and reward the best teachers with significantly higher salaries than most can earn under old rules. Good teachers will be rewarded for their effectiveness and have opportunities to take on more challenging assignments or additional responsibilities and increase their earning power. But low-performing teachers, teachers who are treading water rather than striving to improve, and teachers who refuse to support reform efforts will no longer be able to earn as much as or more than their talented, hard-working, and more effective peers. The system will support struggling teachers who want to improve, reward teachers who take the initiative to improve their practice and grow throughout their careers, and remove those who are not helping their students achieve.


Districts cannot afford to funnel so many resources into a system that does not reward the best teachers nor provide incentives for teachers to improve and contribute.

These are enormous changes that will likely be difficult to implement, and an overhaul of the compensation system can take years. Districts can start with incremental changes while working on longer-term, fundamental changes. Some districts have a two-tiered compensation system through which current teachers can opt to stay with the existing structure, while new teachers are hired under the new system. The bottom line: Now more than ever, with budgets tightening and fiscal pressures increasing, districts cannot afford to funnel so many resources into a system that does not reward the best teachers nor provide incentives for teachers to improve and contribute.

Teacher compensation in most districts comprises five major categories: base salary, experience, educational attainment, benefits and other, which includes stipends/compensation for additional responsibilities and performance pay. Figure 12 illustrates this breakdown for two typical urban districts. Base salary is the single largest component of compensation, followed by experience, benefits, education, and finally, compensation that is based on teacher effectiveness and additional contribution or responsibilities.

ERS has developed a set of compensation principles that outline how districts need to think differently about each of these components individually and as a system. The table below outlines the principles and the implications of implementing these principles in a typical district compensation system.
<table>
<thead>
<tr>
<th>COMPENSATION PRINCIPLE</th>
<th>DESIRED RESULT</th>
<th>CURRENT COMPENSATION STRUCTURES THAT MAY NEED TO CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiated compensation for greater contribution and responsibility</td>
<td>Higher-performing teachers take on leadership roles</td>
<td>• Differentiated career paths that provide higher compensation for high-performing teachers who take on coaching, mentoring, peer assistance, and other roles</td>
</tr>
<tr>
<td>Differentiated pay for hard-to-staff schools and subject areas</td>
<td>District and schools attract and retain the highest-quality candidates to the areas of highest need; Highly effective teachers take on challenging assignments</td>
<td>• Significantly higher compensation levels for teachers who are effective in teaching high-need students and in high-need schools</td>
</tr>
<tr>
<td>Greater compensation for more effective teachers and teaching teams</td>
<td>Teachers focus on continuous improvement; Teachers and other school staff work collaboratively together; District and schools retain highest performers; Low performers leave the system</td>
<td>• Significantly higher compensation levels for those teachers and teams who contribute the most to improving student and school performance, with increased opportunities throughout a teacher’s career; • Limited salary increases based on experience; no increases based on experience for low performers; • Reduced salary increases based on education, with awards linked to district and school needs; tenure awarded later in career and renewed periodically; • Greater increases in salary at tenure and at key career junctures; • Teaching effectiveness rubric that includes collaborative work</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>WORK OPTIONS AFFECTING SALARY</th>
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<tbody>
<tr>
<td>Flexibility to work higher or lower workloads and hours with pro-rated compensation</td>
<td>District and schools retain highest performers</td>
<td>• Clarity and expansion of options for part-time work, job-sharing, and extended time</td>
</tr>
</tbody>
</table>
Competitive market salaries and benefits

To attract and retain high-quality teachers, urban districts need to compensate teachers competitively with surrounding districts. Many districts compare their salary schedules to those in other districts, but this comparison does not tell the whole story. Teachers making decisions on where to teach weigh compensation relative to working conditions, including the length of the contract day and year. Figure 13 shows starting teaching salary and annual contract time in seven urban districts. At first glance, District C appears to pay the highest salary, but teachers in District A have a shorter contract day and are thus paid more than District C teachers relative to contracted time.

Figure 13: Teacher Salary Relative to Contracted Hours

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Teacher Days</th>
<th>Hours per Day</th>
<th>Annual Hours</th>
<th>Starting Bachelor's Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>District A</td>
<td>183</td>
<td>6.5</td>
<td>1,190</td>
<td>$44,943</td>
</tr>
<tr>
<td>District B</td>
<td>190</td>
<td>7.1</td>
<td>1,346</td>
<td>$44,587</td>
</tr>
<tr>
<td>District C</td>
<td>192</td>
<td>7.5</td>
<td>1,440</td>
<td>$48,567</td>
</tr>
<tr>
<td>District D</td>
<td>196</td>
<td>7.5</td>
<td>1,470</td>
<td>$39,114</td>
</tr>
<tr>
<td>District E</td>
<td>181</td>
<td>7.1</td>
<td>1,279</td>
<td>$48,446</td>
</tr>
<tr>
<td>District F</td>
<td>181</td>
<td>7.0</td>
<td>1,267</td>
<td>$43,787</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>187</strong></td>
<td><strong>7.1</strong></td>
<td><strong>1,332</strong></td>
<td><strong>$44,907</strong></td>
</tr>
</tbody>
</table>

Districts need to understand how they compare to surrounding districts, not just for starting salary but also at key points throughout a teacher’s career. For example, if a district has an attractive starting salary but the increases for an effective teacher are lower than in neighboring areas, the district may invest in training and supporting teachers through those critical first years of their careers only to lose them to other districts once they hit their stride.

In addition to salaries, districts (and states) need to look carefully at the benefit packages they offer and whether they are using these resources strategically to improve the quality of teaching. Teacher benefits have traditionally been quite generous (i.e., defined benefit pension plans and generous health benefits), in part because of the perception that teachers have a lower salary scale than other professionals. However, this high investment in benefits can backfire on districts if top-quality candidates do not value the benefits as highly as they value salary. For example, most districts spend significant amounts on pension contributions for teachers. However, many younger teachers might prefer to receive the same amount in salary or other more current benefits. If districts are providing more generous benefits than other local employers but are still not attracting and retaining talented teachers who don’t value those benefits, there may be opportunities to realign this spending and use these resources for other forms of compensation that attract and retain top teachers.
**Differentiated compensation**

Strategic districts looking to support excellent teaching should increase teachers’ salaries based primarily on effectiveness and contribution. Salary schedules should include raises based on teaching effectiveness at all schools, differential pay for effective teaching in hard-to-staff subjects and schools, and opportunities for strong performers to take on additional leadership and other responsibilities for additional pay, especially at high-need schools.

Figure 14 illustrates the total potential for teachers to get compensation increases over the course of their careers based on education/experience versus contribution and leadership. In most of these districts, 20% or less of the total possible teacher salary is for responsibility and performance (this category includes teacher performance pay, subject- or school-specific bonuses, and compensation or stipends for taking on additional responsibilities).

**Figure 14: Total Possible Raises and Stipends over a Teacher’s Career**

Flexible work options

Most teacher positions in the same school or district look the same. While some teachers may teach a reduced course load to take on leadership responsibilities, such as department head or lead teacher, they still work the same hours per day and the same number of days per year as every other teacher. Part-time positions and full-year opportunities are rare. Districts can increase teacher loyalty, satisfaction, and retention by providing teachers with more flexible options throughout their careers. Flexible work options can also help attract higher-quality candidates and candidates for hard-to-fill subjects and positions such as technology and engineering. These options should include part-time assignments for those who desire a reduced load as well as opportunities for those who want to increase their compensation or develop new skills to add responsibilities, hours, or days beyond the standard full-time teaching position.
Questions to Consider

1. Is your district’s compensation structure competitive with surrounding districts, adjusted for working conditions and hours?

2. Does your district offer benefits that exceed what other local employers offer?

3. Does your district provide significant salary incentives for teachers around contribution and leadership?

4. Are there opportunities for your district to begin to shift salary increases from education and experience to contribution and leadership?

5. Does your district offer flexible working options that allow teachers to work additional or reduced hours for pro-rated pay at different times during their careers?

Take Action!

- Develop a shared long-term vision for your compensation system. Changing the way that teachers are paid is a large and controversial undertaking. All critical parties must be involved in the discussion from the beginning, including teachers, the teachers’ union, school leaders, the school board, parents, and in many cases, the state. Work collaboratively with this group to define a new vision for the teaching job that recognizes the value of the profession; maintains or increases overall investment in teachers; provides the support and environment for teachers to learn and grow over their careers; rewards effectiveness and contribution; and does not tolerate poor performance or lack of professionalism.

- Overhaul your teacher compensation system to align with the guidelines on pages 52–53. As we have discussed throughout this guide, we believe that better teaching is the linchpin to improving the quality of public education. To do this, you need to fundamentally restructure the job of teaching, including how teachers are compensated. The best solution is to dramatically rebuild the system from the ground up, eliminating traditional step and lane increases, rather than simply layering small performance bonuses on top of the existing system — but this cannot be done in a vacuum. Simply changing how teachers are paid, without also redefining how they are hired and trained, assigned, evaluated, and supported, will not work.

A complete overhaul of the teacher compensation system may require transitional investment in the short term, as districts try to respect veteran teachers who have “played by the old rules” for their entire careers, while providing exciting career and salary opportunities for younger teachers. Federal funding focused on improving teaching effectiveness and private funding may be possible sources of this transition funding.
• **Align compensation goals across all levels.** If you are going to hold teachers accountable for effectiveness, it is important that a portion of the evaluation for school leaders, school supervisors, superintendents, and other staff also be linked to performance. Aligning compensation systems encourages all levels in the district to work more effectively together to reach common goals.

### Short-term opportunities

Even if a complete overhaul of the compensation system may not be realistic right now, there are incremental steps you can take now to free resources and redirect them toward critical areas. We have tried to highlight short-term opportunities to reallocate spending below, as well as in the other guides in this series. *These steps will help you move toward your long-term vision and the principles on pages 52–53.*

As you undertake incremental changes to teacher compensation, it is critical that you ensure that each incremental step you take brings you closer to this vision. For instance, eliminating cost-of-living increases may be a way to cut costs in the short term and be less controversial than other options. However, keeping cost-of-living adjustments and instead taking the same dollars from step or lane increases achieves the same dollar savings and moves you closer to a system that rewards contribution and effectiveness. When budgets are restored, instead of reinstating step or lane increases and restoring the status quo, you can push for performance bonuses or stipends for effective teachers to teach in hard-to-staff subjects or schools or other investments that reward effectiveness and contribution.

• **Review your compensation levels relative to other districts.** Salary schedules are publicly available. Review your salary levels and working conditions to understand your salary levels and contracted hours relative to comparable and surrounding districts. You can use this information in collective bargaining to make starting salaries more comparable.

• **Review benefits relative to other local employers.** Schools tend to have generous health benefits and pensions. Districts should evaluate shifting spending from benefits to salary, as long as benefits remain competitive. As part of your analysis, include a review of your retirement plan to see if there are more cost-effective alternatives.

• **Reduce or remove lane increases.** There is no demonstrated correlation between teaching effectiveness and educational attainment beyond a bachelor’s degree (except for a slight impact in the case of high school math and science).²⁸ By negotiating a reduction, phase out, or complete removal of salary increments for additional credits or degrees, you can free up significant resources to invest in other areas. You can also tighten policies for approving lane education credits. In most districts, principals or central office supervisors must approve individual course credits toward lane credit. By approving only courses that truly impact instructional effectiveness or move teachers toward certification in critical fields, and by requiring a minimum grade for credit, you can reduce lane spending and improve the quality and impact of the courses teachers are taking.

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• **Enable teachers to reach the top salary step earlier in their careers.** In the districts we have studied, there are between 12 and 30 steps in the salary ladder. By having the salary scale top out earlier in a teacher’s career, districts can free more dollars to invest in incremental compensation for contribution and leadership.

• **Change the way you offer stipends.** Be proactive in directing stipends toward your top performers. First, when possible, encourage your best teachers to take on additional responsibilities, allowing them to earn stipends and get leadership experience as a reward for high performance. Second, revise stipends so more money goes to those who make the biggest contribution to school and student achievement. Third, concentrate stipend resources in high-need schools to reward those teachers willing to teach there.

• **Create differential salary schedules by subject.** Teachers with expertise in some subjects (e.g., math, technology, science, special education) have more (and more highly compensated) alternatives to teaching than teachers in other subjects (e.g., physical education, music). This difference in the marketplace should be reflected in teacher compensation. Many districts have implemented nominal stipends of $1,000–$2,000 per year. This differentiation is not sufficient to compete with other job alternatives. The additional compensation must be enough to attract and retain effective teachers in these areas.

• **Differentiate compensation for teaching at hard-to-staff schools.** Teachers in hard-to-staff schools who can demonstrate effectiveness should receive extra compensation if they are willing to commit to at least three years. You might also consider differentiation for teams of effective teachers who elect to transfer to high-needs schools together, as this can be attractive for teachers and is a powerful strategy to jumpstart a shift in school culture and performance. Again, stipends of $1,000–$2,000 per year are not sufficient to compete with other job alternatives. The additional compensation must be enough to attract and retain effective teachers to these schools.
• **Differentiate compensation based on teacher effectiveness.** Before districts can consider paying teachers based on effectiveness, they need to have a strong, multifaceted teacher evaluation system that includes value-added measures of student growth (see pp. 25–26). Once this system is in place, districts should look to reward teachers who demonstrate effectiveness as measured through student performance, observation, and instructional practice. The additional pay must be significant enough to provide effective teachers with truly differentiated compensation and to retain the most talented teachers throughout their careers. The easiest and fastest way to do this is by layering performance bonuses on top of existing salary schedules. But embedding effectiveness in the salary schedule itself provides the most effective and sustainable change for both districts and teachers, as add-on programs may be both limited in size because they are new dollars and easier to cut in tough budget years.

• **Develop career lattices/paths that allow teachers to take on more leadership responsibility and still teach.** Consider adding multiple pathways so the most effective teachers can take on leadership responsibilities either through teaching a reduced load, working over the summer, or adding additional time during the school year. Reward teachers for this work on top of their salaries.

• **Develop career lattices/paths that allow teachers to reduce their workloads temporarily or permanently.** Find ways to keep your best teachers teaching. Encourage part-time work if needed temporarily (e.g., for a teacher with young children at home or pursuing a graduate degree). These options can provide needed flexibility for teachers and can help districts manage budgets by giving them flexibility in matching staffing to student needs. For example, one school might need two teachers with different qualifications but only need each one half time. Districts can support schools in using part-time teachers by actively recruiting and hiring a pool of skilled part-time employees and working with unions to build in this flexibility.