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Education and Local Government Interim Committee

62nd Montana Legislature

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TO: Education and Local Government Interim Committee

FROM: Dan Whyte, Legislative Attorney

RE: Teacher Performance Pay

DATE: September 15, 2011

EDUCATION AND LOCAL GOV'T
September 15, 2011
Rm 102, Capitol Bldg, Helena
EXHIBIT 11

TEACHER PERFORMANCE PAY

INTRODUCTION

Teacher salaries is a hot topic nationally, internationally, and in Montana. During the last decade, many states have looked to improving student scores through better compensation of teachers and better teacher preparedness. The 2011 Montana Legislature considered but did not pass performance-based pay in Senate Bill No. 329. The body did, however, pass Senate Joint Resolution No. 28, calling for a study of the topic of performance based funding.

At a national level, Department of Education Secretary Arne Duncan has indicated that performance pay for teachers is his department's "highest priority". The federal government's *Race to the Top* is a grant program based in part on teacher performance and student achievement.

Improving a child's public school education is an ongoing topic in legislative circles. One of the overriding questions is whether children's educational experiences improve if teacher salaries are dependant on their performance as educators.

2011 LEGISLATIVE SESSION

Senate Bill 329 -- "Pathway to Excellence" program (§ 20-7-103, MCA) promotes educational excellence through data-driven decisionmaking. Early versions of the Pathway to Excellence program would have provided merit-based pay for teachers based upon academic achievement, however, this amendment failed.

- SJ 28 -- Interim Study of Performance-Based Funding for K-12 Education
 - Development of Performance-Based Funding Design
 - Implementation Plan for 63rd Legislative Session

SCHOOLS OF THOUGHT

There are several viewpoints related to teacher performance pay and student improvement, two of which are included here. More and more studies are being conducted studying this issue. For instance, a 2007 study from the *Journal of Policy Analysis and Management*, Vol. 26, No. 4, 909-949 (2007), reviewed several state performance-related pay programs and considered other studies to determine whether performance pay for teachers improves student success and what types of performance-based measures are successful. It is the goal of the committee to review performance-related pay programs to determine whether merit-based pay for teachers can be recommended for Montana schools.

1. Knowledge and Skills-Based Pay

May include -- National Board Certification
-- Acquisition of new skills
-- Continuing education courses

Salary increases are tied to external evaluators and assessments that specify whether a teacher has reached specified levels of "competency"

Does skills-based pay have any influence on student performance?
-- There are opinions on both sides of this issue

Supporters indicate that the best indicator of student learning is teacher learning

Helena School District and the Helena Education Foundation
-- Helena's Professional Compensation Alternative Plan -- if you invest money up front in professional development, it has been proven that student achievement will improve

2. Using Student Performance as a Criterion

A. Accomplished by -- Student test outcomes attributed to a particular teacher
-- Classroom observations
-- Teacher portfolios

-- Administrator and peer review

- B. Some plans include a standard base pay, plus incentive pay if the performance criteria are met
- C. Can reward individual teachers, groups of teachers (such as on the same team or in the same subject matter), entire schools
- D. Funding may be split between state and local portions
 - State portion tied to school-wide performance
 - Local portion is discretionary and may include measurements of certain subjects, grades, or schools. May also include testing measurements, student involvement in extracurricular activities, and parental involvement.
- E. Incentives for achieving performance goals and incentives for significant academic gains
- F. Schools are using testing measurements to consider teacher tenure
- G. Positives include -- Incentive for teachers to include all students
 - Incentive for improvement of teaching technique
 - Improvement of test scores, graduation rates, college readiness
- H. Pitfalls -- When pay raises are based on student test scores, only a narrow piece of the teacher's work is being measured
 - These plans can pit employee against employee
 - What about teachers who do not teach tested subjects
- I. Cautions -- Incentive-based programs must be crafted to ensure equity and not have the effect of disadvantaging districts or schools serving low-income, high need children
 - Sanctions should be in the form of school reforms and interventions rather than reductions in funding
 - Any plan should consider how high needs schools can recruit and retain the best teachers

CONSIDERATIONS FOR ANY PERFORMANCE PAY SYSTEM

Is there adequate funding for the new pay system?

Is it easily understood and transparent?

Are evaluations objective or subjective?

Have administrative and implementation costs been considered?

Are the sizes of incentives large enough to change behavior?

STATES IMPLEMENTING

Several states have implemented a performance pay structure for teachers. Additionally, numerous cities and school districts have adopted their own performance pay programs, ahead of legislative action in their state. Although the list below is not comprehensive, includes some of the programs and highlights.

Florida's Merit Award Program (MAP)

Bonus is at least 5%, but no more than 10% for the average teacher salary. The award is distributed as a flat amount to all qualifying professionals in the district, regardless of their position or job responsibilities. At least 60% of award must be based on student performance. Performance can be measured as total gains (determined by pre- and post-testing), proficiency levels on exams, or a combination of both. Teachers whose students take the state standardized tests must use the results of the exam to determine proficiency levels. Non-tested subjects and grades can use any national, state, or district determined testing instrument that is aligned with the Sunshine State Standards. Up to 40% of awards may be used to award professional practices.

Professional practices include (1) the ability to maintain appropriate discipline, (2) outstanding subject matter knowledge and instruction, including the use of technology, (3) appropriate use of data and assessment results, (4) collaboration, (5) the Florida Educator Accomplished Practices, and (6) any other factors as determined by the district school board. All MAP plans must be board approved and adopted each year. The terms of each district's MAP are subject to negotiation with any existing teacher's association.

In 2011, the Student Success Act was signed into law. It requires local school boards to adopt a performance salary schedule by July 2014 that provides annual salary adjustments for instructional personnel and administrators based on performance. It establishes salary performances for "highly effective" or "effective" performance, but not for those who do not receive either of these ratings. The law also directs local boards to provide salary supplements for assignment to Title I (Improving the Academic Achievement of the Disadvantaged) or low-performing schools, certification and teaching in a critical teacher shortage area (math, science, and career education), or assignment of additional academic responsibilities.

Texas Governors' Educator Excellence Award Programs

This is a three part grant program which began in 2007. To receive awards, schools must

be in top third of Texas schools in terms of percentage of economically disadvantaged students and have a performance rating of either "Exemplary" or "Recognized". Awards include school-based awards ranging from \$40,000 to \$290,000 per year based on student enrollment. Texas Education Agency recommends individual teacher awards ranging from \$3,000 to \$10,000. A district level grants program requires 60% of funds go directly to classroom teachers and 40% of funds to go to personnel stipends or other programs. At the state level, 75% of the funds go to teachers whose classes show the most improved student achievement and teacher effectiveness. 25% of the funds are awarded to other school employees (including principals) who contribute to student achievement, professional development, teacher mentoring, stipends for after school programs, and programs to recruit and retain teachers.

Minnesota's Q-Comp

Schools receive funds to award teachers for excellence in student achievement. Districts receive \$260 per student to implement the program.

Q-Comp incorporates both traditional career ladders and professional development for teachers, while advancing existing state standards through integration of measures to compensate teachers according to state approved measures of student achievement. Under Q-Comp guidelines, 60 % of any compensation increase must be based on district professional standards and on classroom-level student achievement gains.

Arizona's Proposition 301

The performance pay program is to be funded by a .6% sales tax increase. It provides for a 20% to supplement to basic teacher salaries, 40% for teacher performance pay, and 40% for classroom-based programs such as professional development, Arizona Instrument to Measure Standards (AIMS) intervention, drop-out prevention, and class size reduction.

Teacher pay plans include 54% pay based on group goals for student achievement, 32% include individual pay based on professional development, and 22% include individual pay based on student achievement.

New for 2011 is that the program must require up to 20% of a school district superintendent's salary to be classified as performance pay.

The Quality Basic Education Act provides for additional compensation for teachers in mathematics or science or under certain circumstances, provides standards for mathematics and science endorsements.

Idaho

There are two parts to the performance pay plan in Idaho: (1) a state portion based on

school-wide performance in the Idaho Standards Achievement Test (ISAT), and (2) a local portion with broad discretion to school districts.

At the state level, all members of a school's staff will receive a bonus if the school is eligible. To be eligible, the school must meet state academic goals by showing significant academic growth in a single school year or overall achievement gains in a single year. Certificated staff in a school will receive bonuses if the school-wide growth in student achievement on the ISAT year over year ranks in the top three quartiles of schools statewide, or if the overall school-wide achievement of students on the ISAT ranks in the top two quartiles of schools statewide, or both. Under this plan, the majority of the money will go toward schools demonstrating academic growth: 70 percent of the state portion of funding goes toward schools demonstrating growth and 30 percent goes toward schools demonstrating overall achievement.

Under the local portion of the plan, school districts will set student achievement goals as determined at the local level. Districts will have the flexibility to decide what areas to focus on.

A recently passed law institutes a pay for performance compensation system to reward teachers and administrators on a school wide basis for student achievement as determined by academic growth. Teachers may also be rewarded for teaching in hard to fill positions, and for taking on leadership roles such as mentoring, creating curriculum, grant writing, and obtaining National Board Certification.

WHERE DO WE GO FROM HERE?

This committee is charged with studying performance-based funding, developing a funding design, and providing the 2013 Legislature an implementation plan. These are broad parameters.

In November, staff will arrange for panel discussions on data collection and analysis as a key component of performance-based pay plans and will follow up on committee requests for more details about particular state programs. We will also review other states to see if there have been legal challenges to performance-based pay legislation.

PUBLIC COMMENT