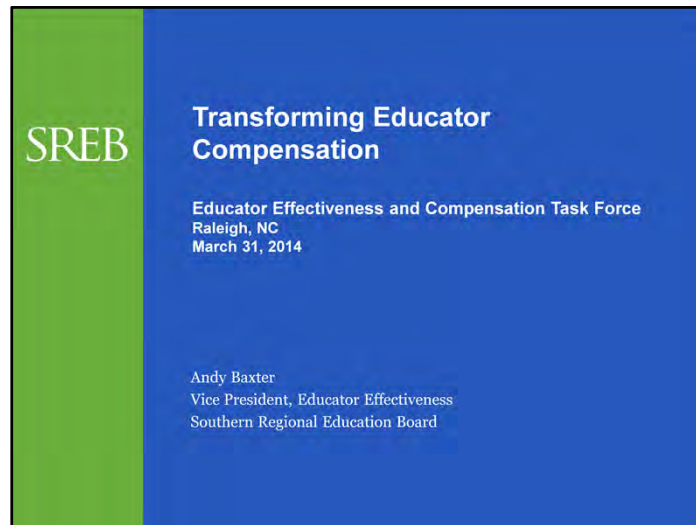


Projected slide:



Notes:

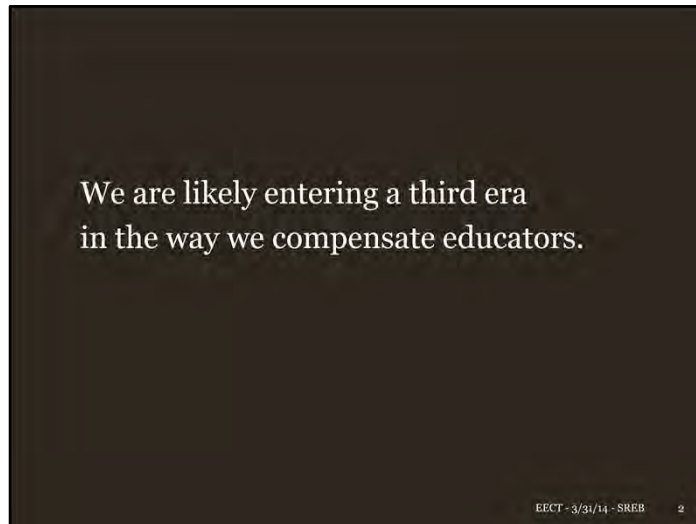
This is a presentation given to NC's Educator Effectiveness and Compensation Task Force at its meeting in Raleigh on March 31, 2014.

The presenter is Andy Baxter, Vice President of Educator Effectiveness at the Southern Regional Education Board.

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Projected slide:



Notes:

We begin by situating our current way of compensating educators in its historical context.

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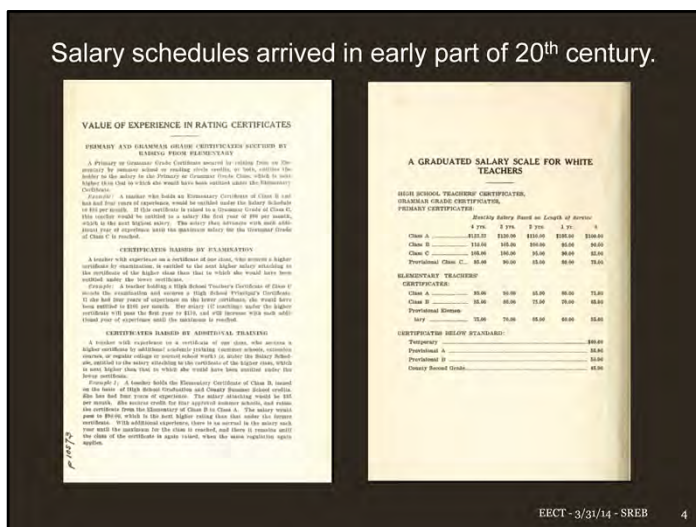
Notes:

In the beginning, teachers often lived in “teacherages,” the way parsons lived in parsonages. A teacher’s room and board was provided by the community.

Image:

Teacherage in Currituck County. (n.d.). Retrieved from <http://www.ncgenweb.us/currituck/obits/teacherage.jpg>

Projected slide:



Notes:

Salary schedules came to be in the 1920s. They arose from the desire to standardize pay for teachers, primarily to guard against discrimination.

Salary schedules offer four primary advantages:

1. Predictability – Allow districts to forecast and budget beyond the current year. Teachers can project their future earnings with a fair degree of confidence.
2. Transparency – Provide a salary structure that is clear and understandable to teachers, policy-makers, and the public.
3. Objective – School administrators cannot adjust pay based on an arbitrary reason.
4. Equitable (in one sense)—Teachers with equal experience, degree-level, and board certification have the same pay regardless of any other factor.

Projected slide:



Notes:

The basic structure of the salary schedule has been in place for almost 100 years. The next slides outline five key ways that it has not adjusted to the times.

Image:

Artandcolour, C. (2010). casey/artandcolour: 1931 Pontiac: "Chief Jalopy?" Retrieved from <http://artandcolour.blogspot.com/2010/11/1931-pontiac-chief-jalopy.html>

Projected slide:



Notes:

The next slides detail five challenges facing the current way we compensate educators in NC.

Projected slide:

Notes:



Projected slide:



Notes:

The first problem:

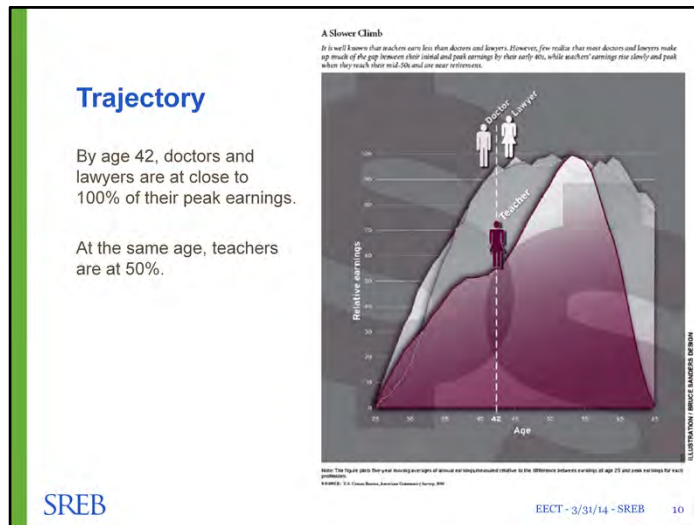
Although I've been unable to find data, a number of teachers report working a part-time job during the school year to supplement their income. Often these jobs are unrelated to teaching or their development as professionals. They take valuable time away from teachers. States and districts could survey teachers to find out extent of part-time work during the school year and use this data as one reason to support the transformation of educator compensation.

Projected slide:

Notes:



Projected slide:



Notes:

A second problem:

The trajectory of earnings under the typical salary schedule, especially at the beginning of the career, is much slower than other professions. So, it's not just that teachers start low in salary, it's that it takes so long to get an appreciably higher salary.

This slow start to salary increases is out of sync with most teachers' professional growth at the beginning of their careers—indeed, most teachers grow very rapidly in their first 3-5 years of being a teacher.

In NC, how long does it take a beginning teacher to get to 50%, 75% and 90% of the maximum salary on the scale?

In many states, the value proposition to a beginning teacher is “Welcome. You will start at \$35,000 but the good news is that if you work 20 years, you, too, can make \$60,000.”

Source of graphic:

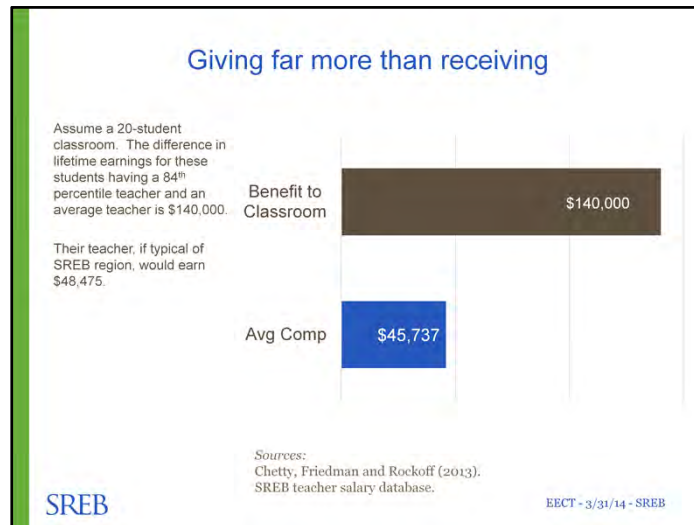
Vigdor, J. (2008). Scrap the sacrosanct salary schedule. *Education Next*, 8(4), 36–42.

Projected slide:

Notes:



Projected slide:



Notes:

A third problem :

Good teachers provide a lasting economic benefit to their students. This benefit far exceeds the cost of the teacher's annual salary.

For an informative and careful study of the effects of good teachers on students' adult outcomes, see:

Chetty, R., Friedman, J. N., & Rockoff, J. E. (2013). Measuring the Impacts of Teachers II: Teacher Value-Added and Student Outcomes in Adulthood (Working Paper No. 19424). National Bureau of Economic Research. Retrieved from <http://www.nber.org/papers/w19424>.

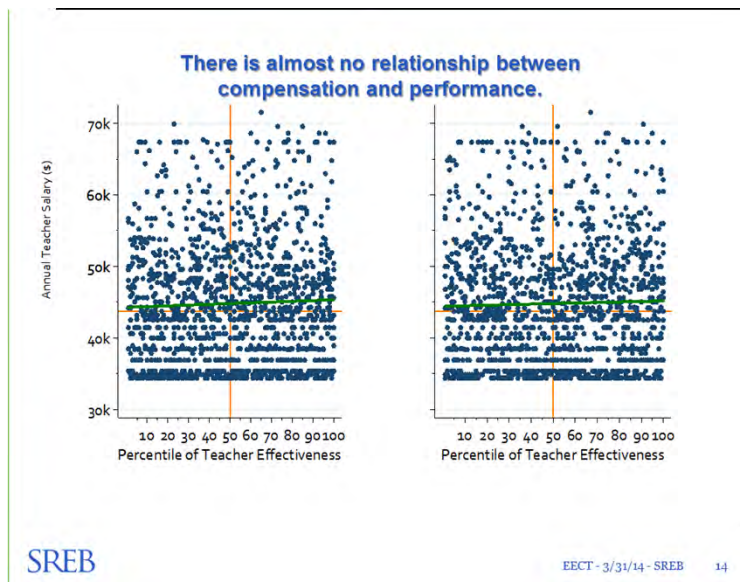
Average salary data can be found at <http://info.sreb.org/DataLibrary/tables/TeacherSalaries.xlsx>.

Projected slide:

Notes:



Projected slide:



Notes:

A fourth problem:

The compensation structure is that it has almost no relationship to teacher performance. This is because almost all of the differences in teacher salaries arise from years of experience, advanced degrees and perhaps National Board Certification. Taken together, these proxies for teacher performance reflect less than 5-10% of the differences in teaching performance.

You could try the graph on this slide for NC. Each blue dot is a teacher. On the y-axis is the teacher's annual salary. On the x-axis is the percentile of the teacher on a measure of teacher effectiveness—in this case, teacher impact on student achievement. You can pick any measure or a combination of them and put them up against the salary. What type of relationship do you see?

Source:

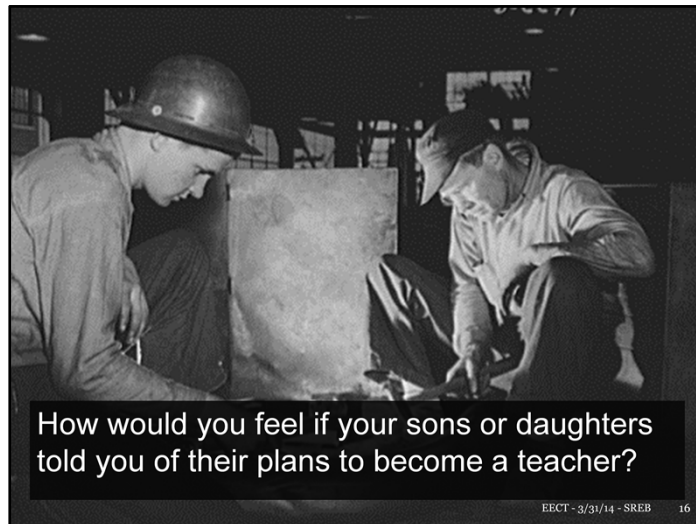
Author's own calculations with data from a large urban district.

Projected slide:

Notes:



Projected slide:



Notes:

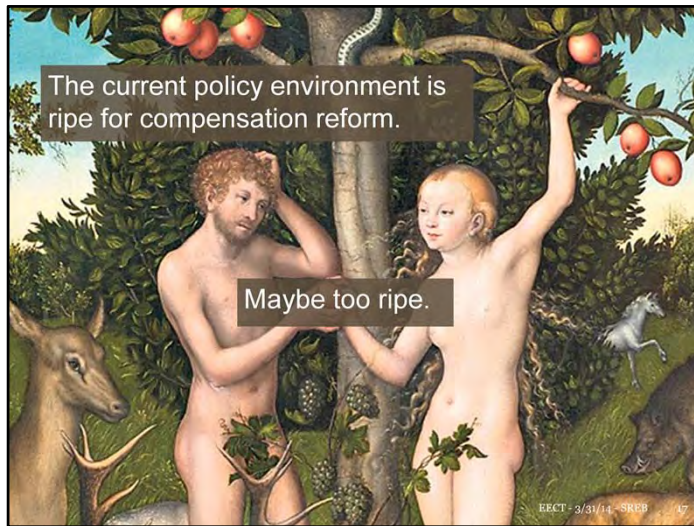
A fifth problem:

The fifth problem is far more visceral than the previous one. Imagine a scenario in which your son or daughter told you of his/her plans to enter teaching as a profession. Not as a service opportunity for a few years after college, but for the long haul. Would you feel secure about your child's financial future?

Many parents would laud a child's decision to teach for its commitment to public service. My guess is that few would feel good about their child's financial future. At least not as good as they might feel if the child chose another profession.

This is not to say anything about the merit or need for people deciding to teach. It is question whether we match their commitment with a commitment to a sustainable income.

Projected slide:



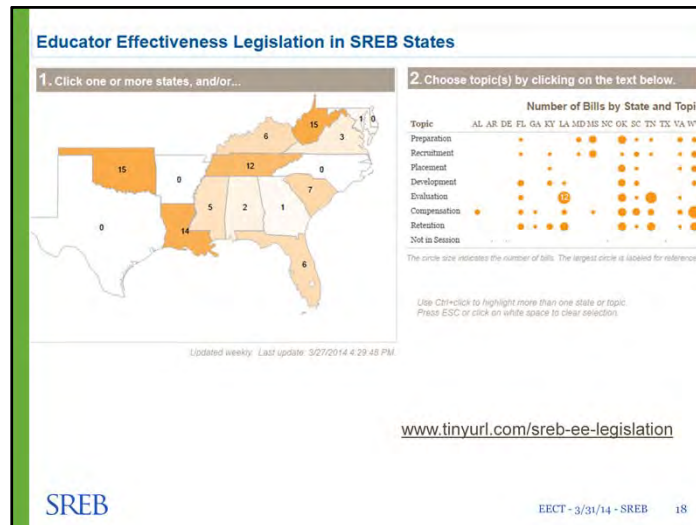
Notes:

A number of factors are converging to spur critical examinations of the way we compensate educators:

- The five problems outlined above
- States emerging from long periods of pay freezes for teachers
- Powerful new data on educator performance

Many to believe that now is the time to reform educator compensation.

Projected slide:



Notes:

Indeed, compensation is a hot topic in state legislatures across the SREB region this year.

You can see these bills at www.tinyurl.com/sreb-ee-legislation

Projected slide:



Notes:

When thinking about transforming educator compensation, you should be clear about the purpose and intended outcome.

The next slides suggest two ways that changes to educator compensation could theoretically improve teaching: motivation and attraction.

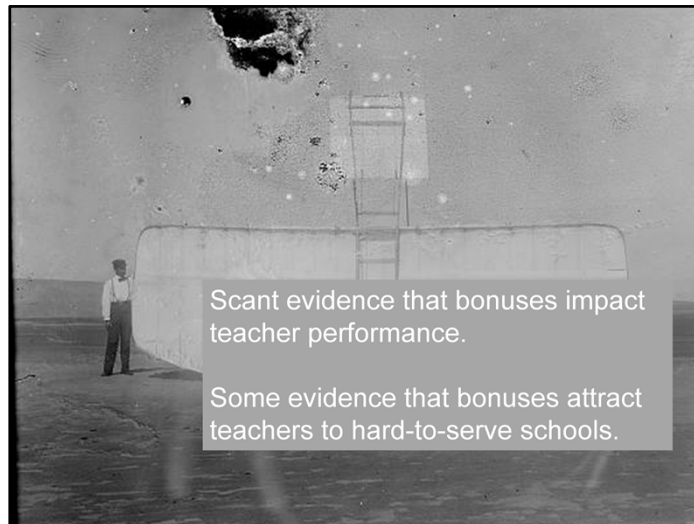
Projected slide:



Notes:

Most educator compensation reforms are premised on the idea that if current teachers are paid more, they will be better teachers. This is the underlying assumption behind bonus programs like the previous NC ABCs School Bonuses, performance pay bonuses and incentives (e.g, Teacher Incentive Fund implementations in districts), and the current plan to reward the top 25% of teachers in NC.

Projected slide:



Notes:

Bonus programs for educators almost always fail to meet their intended outcomes. The best evidence we have overwhelmingly suggests that these types of bonuses do not result in better outcomes for teachers and students. Well-done research from Nashville, New York and Chicago show no effect of these programs under a variety of conditions. (Email andy.baxter@sreb.org to get copies of these studies).

It is easy to imagine why these have no effect. For them to work, teachers must (a) have actionable feedback on their performance, (b) access to professional development that leads to better results, and (c) resources to undergo that development.

There is a larger reason, too. We have strong evidence from the psychology and behavioral economics disciplines that bonus programs like these work in jobs where the labor is menial, but not when the labor involves complex thinking and problem-solving. (See the work of Daniel Pink or Dan Ariely.)

Projected slide:



Notes:

A more promising way compensation reform could improve teaching is less about motivating teachers than it is about attracting and retaining strong teachers for the long haul. This is sometimes called the “selection effect.”

By transforming teacher compensation in ways that address the structural challenges of the salary schedule system detailed earlier in the presentation, we will draw additional people into teaching *and* provide a way for gifted teachers to increase their income substantially while staying in the classroom.

The research base on this effect in education is thin, and understandably so. You can test the effect of a bonus program over 1-3 years. But to test the effect of this type of change you will need a much longer time horizon. Few states and districts have started down this road.

Here is a seminal article on the selection effect: Lazear, E. P. (2003). Teacher Incentives. *Swedish Economic Policy Review*, 10(2), 179–214. Retrieved from http://www.ekonomiskaradet.se/Panda_ekonomiska/Data/Documents/sepr2003/Lazear.pdf

Projected slide:



Notes:

There is a very promising approach to transforming educator compensation that is being tried in districts more than in states. Like many ideas in education, it is not necessarily new.

Projected slide:

Example of career bands

Level	Salary Range	Performance Level	Responsibilities
Expert teacher	\$80-100k	Consistently high level over x years	Observation Mentoring Classroom instruction
Master teacher	\$60-80k	At least high level for x years	Mentoring Classroom instruction
Regular teacher	\$40-60k	At least proficient for x years	Classroom instruction
Probationer	\$35-40k	Entry-level	Classroom instruction

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Notes:

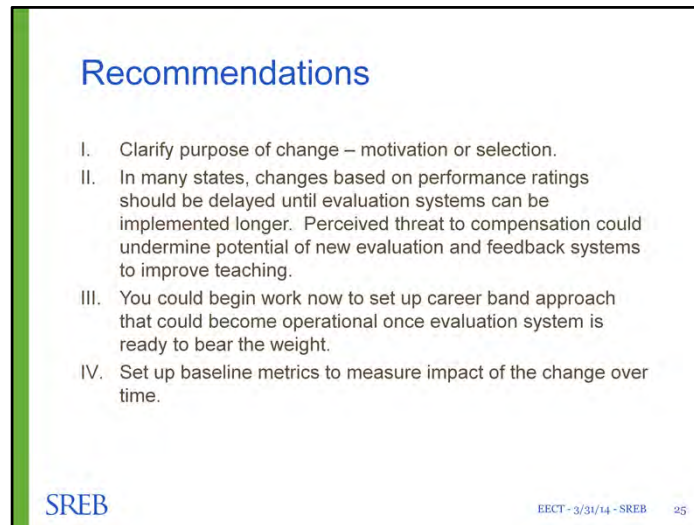
The approach is called different things in different places – career ladders, career bands, career lattices, etc. They all share similar attributes that resemble the way many in business, universities and the military are paid.

This approach envisions different levels or classifications of teachers. Each classification brings with it different responsibilities and compensation levels. Teachers progress up through the career bands based on a number of factors – evaluation results, years of experience, etc.

This could change the prospects for your sons or daughters who are going into teaching. They would start at an entry level. Their salary would be set at a reasonable amount and their responsibilities could be to provide classroom instruction as an apprentice to a master or expert teacher. The new teacher would see incremental gains while remaining in the entry category. But the first real jump could come after 2-3 years when, if the teacher has met the criteria, the teacher advances to the next classification. This is a change in status and responsibilities. The teacher could stay in this band and receive incremental salary increases (like those received now) for the rest of his/her career.

Or, the teacher could progress to the next level with a higher compensation range and additional responsibilities.

Projected slide:



Recommendations

- I. Clarify purpose of change – motivation or selection.
- II. In many states, changes based on performance ratings should be delayed until evaluation systems can be implemented longer. Perceived threat to compensation could undermine potential of new evaluation and feedback systems to improve teaching.
- III. You could begin work now to set up career band approach that could become operational once evaluation system is ready to bear the weight.
- IV. Set up baseline metrics to measure impact of the change over time.

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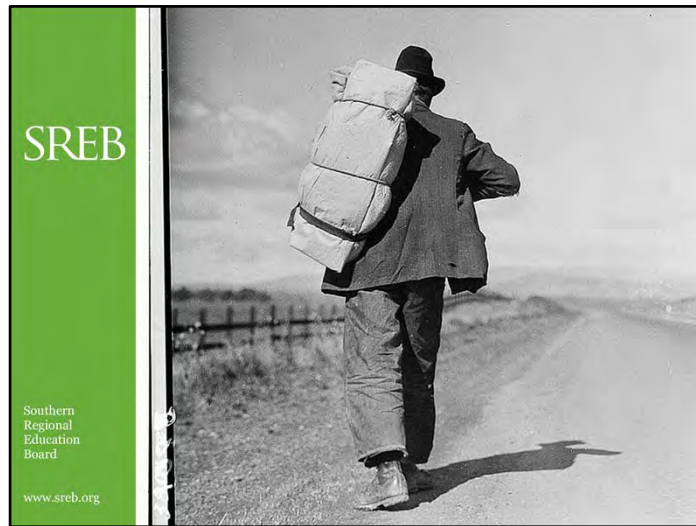
Notes:

Based on my reading of the literature and what is happening in the states, here are some general recommendations the task force could consider.

A key question to ask is whether NC's new evaluation system is ready to bear the weight of differentiated compensation. As soon as we attach high stakes to the evaluation system, we have likely changed the thoughts inside teachers' heads from "How do I get better?" to "How is this going to affect my pay?" This is an entirely human reaction, one that we all share.

Four of the five problems with the current salary schedule don't have much, if anything, to do with the link of performance and compensation. We can begin to address these concerns while the evaluation system matures. Then, when teachers and principals begin to believe that is meaningful measure of progress, we can begin to incorporate it into compensation. While that may be several years or more in the future, the work to envision and plan for the new system can begin now.

Projected slide:



Notes:

In summary, the current way we compensate teachers is showing its age of 100. It faces strong challenges that it did not face at its inception.

Flash in the pan solutions – a bonus here, a bonus there—are unlikely to do much to help teachers or their students.

We need a deep and thoughtful transformation of educator compensation. It will take the expertise of many, especially input from teachers and principals. The Educator Effectiveness and Compensation Task Force is a promising first step.

Thank you for your invitation to be a part of your conversation. SREB stands ready to help in any way we can.

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