



Characteristics and Determinants of Teacher-Designed Pay for Performance Plans: Evidence from Texas' Governor's Educator Excellence Grant (GEEG) Program

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In “Characteristics and Determinants of Teacher-Designed Pay for Performance Plans: Evidence from Texas' Governor's Educator Excellence Grant (GEEG) Program”—a paper presented at the February 2008 National Center on Performance Incentives research to policy conference—Lori Taylor, Matthew Springer, and Mark Ehlert describe the teacher pay for performance plans implemented as part of the GEEG program in Texas. In doing so, they address three key questions:

- How did schools propose to distribute bonus awards to teachers, and how did a GEEG school's proposed award distribution plan play out in practice?
- What is the relationship between teacher characteristics and the dollar amounts of bonuses awarded to teachers as part of their school's GEEG plan?
- What are the determinants of GEEG plan characteristics and the distribution of bonus awards to teachers?

Texas' GEEG Program

GEEG was a statewide performance pay program that operated for three years in Texas and came to a close

at the end of the 2007-08 school year. It awarded non-competitive grants ranging from \$60,000 to \$220,000 each year to 99 Texas schools, allowing them to distribute bonus awards to classroom teachers at three points in time: in fall 2006, fall 2007, and fall 2008. Participating schools were considered high-needs, high-performing schools. They ranked in the top-third of Texas public schools in terms of the percent of economically disadvantaged students served during the 2004-05 school year. They also had records of either high performance on the state accountability system or high improvement compared to a set of peer schools in the 2004-05 school year as well.

Participating schools were required to develop their own pay for performance plans, demonstrating significant teacher involvement in the design and approval of those plans. Schools utilized considerable discretion and designed performance pay plans exhibiting notable differences on several key plan variables, including the ways in which they measured a teacher's contribution to student achievement, whose performance determined teachers' eligibility for bonus awards (i.e., the performance of an individual teacher, team of teachers, or the entire school), and the proposed range of bonus awards for teachers.

The Texas Education Agency (TEA) issued guidelines for schools to reference when designing their plans. Those guidelines divided GEEG program funding into two parts. Part 1 funds, representing 75 percent of the grant award, were to be used for bonus awards paid directly to full-time teachers based on two criteria: success in improving student achievement and a teacher's collaboration with faculty and staff. Schools had a great deal of flexibility in defining the performance measures and benchmarks used to evaluate teachers for Part 1 bonus awards. Schools also had the option of including additional criteria for a teacher's ongoing initiative, commitment, and professional involvement in activities aimed at improving student achievement, and/or for working in a hard-to-staff subject area. TEA guidelines also encouraged schools to distribute bonus awards of no less than \$3,000 and no more than \$10,000, and to measure a teacher's performance individually rather than by the performance of an entire school.

How Were Teachers Evaluated?

GEEG schools adopted more than 20 different indicators to evaluate a teacher's performance on the two required criteria. The indicators included teacher and/or student attendance, drop-out rates, student performance on the Texas Assessment of Knowledge and Skills (TAKS) and/or other standardized assessments, team-based curricular planning activities, and participation in teacher induction programs. Forty-six schools considered student performance exclusively at the teacher level. Another 17 schools used both individual and group (e.g. subject/grade level and/or school) measures, while slightly less than one-third relied exclusively on group performance for determining bonus award eligibility. Additionally, most schools devised plans that rewarded teachers for student performance based on an achievement level. Only 11 schools rewarded teachers exclusively for gains in student performance.

How Were Bonus Awards Planned and Distributed?

The authors studied how bonus awards for teachers were planned and actually distributed in the first year of the GEEG program. Their analysis suggests that

most of the incentive plans rejected TEA guidelines favoring a small number of relatively large awards. Instead, most GEEG schools proposed and distributed bonus awards in a relatively egalitarian manner.

Planned Distribution of Bonus Awards

The distribution of bonus awards proposed in GEEG applications varied considerably, with 22 schools designing plans where all recipient teachers received the same amount. The average difference between the proposed minimum and maximum awards was \$1,615. It is interesting to note that 75 of the 99 GEEG schools proposed minimum bonus awards of less than \$3,000 and almost half of all GEEG schools proposed a *maximum* bonus award of less than \$3,000, despite the recommended amounts in TEA's program guidelines.

Actual Distribution of Bonus Awards

The distribution of actual bonus awards was, on average, somewhat less egalitarian than that which was originally proposed. Actual bonus awards for teachers ranged from \$75 to \$15,000, with most teachers earning between \$1,000 and \$3,000. Almost 80 percent of the teachers who earned a Part 1 bonus award received less than \$3,000. The share of teachers in a school receiving a bonus award ranged from 36 to 100 percent, with an average of 78 percent receiving bonus awards across GEEG schools. The average award received by a GEEG teacher was strikingly similar in magnitude to the average incentive award reported nationwide by participants in the Schools and Staffing Survey for 2003-04.

Do Teacher Characteristics Influence Bonus Award Receipt and Amounts?

The authors examined the relationship between teacher characteristics and the awards they received during the first year of the GEEG program. Their analysis suggests that the relationship between observable teacher characteristics and the dollar amount awarded to teachers in GEEG schools reflects factors other than those rewarded by the traditional salary schedule (i.e., years of experience and degrees held).

The researchers found that teaching assignments and building tenure had a strong influence on awards. Bilingual education/ESL teachers, language arts teachers and teachers with self-contained classrooms in TAKS grades were significantly more likely to receive GEEG awards. Teachers in grades and subjects covered by the TAKS test also received significantly larger awards, on average, than other teachers. Teachers who were new to a GEEG school in the 2005-06 school year (i.e., the performance year which determined bonus award distribution in fall 2006) were less likely to receive bonus awards, and on average received smaller awards than teachers who were employed in the school in the previous school year (i.e., the 2004-05 school year).

They found no evidence that the lower probability of a newly arrived teacher receiving a GEEG award reflects bias against newly minted teachers, however. Less than half of the teachers who were new to a GEEG school were also new to teaching, and there was no evidence that highly experienced teachers received higher awards than less experienced teachers. Furthermore, there was no evidence that teachers with advanced degrees earned larger awards than other teachers.

How Did Teacher and School Characteristics Shape GEEG Plans?

Taylor, Springer, and Ehlert also examined a number of teacher and school characteristics that could be associated with the type of GEEG plan developed and adopted at a particular school. They wanted to explore whether or not such characteristics could explain the variation in three key aspects of GEEG plans, the unit of accountability (i.e. whose performance determined a teacher's bonus award eligibility), the approaches for measuring student performance, and the equality of proposed and actual teacher bonus awards.

The results are as follows:

- *Units of accountability:* As teachers become more dissimilar (in terms of their education level and years of experience), there is an increasing probability that GEEG plans were based on the per-

formance of individual teachers rather than the performance of teacher teams or the entire school.

- *Approaches to measuring student performance:* The lower the average teacher experience at a school, the more likely that the school relied on measures of student growth rather than achievement level measures.
- *Equality of proposed and actual bonus awards:* GEEG schools with more economically homogeneous student bodies (i.e., a greater percent of economically disadvantaged students) and highly similar, experienced teaching forces developed more egalitarian bonus award plans. Contrary to expectations based on the survey literature, the analysis provides no evidence that a relative distaste for performance pay among elementary school teachers leads to systematically more egalitarian plans in elementary schools.

Conclusion

The GEEG program provides an ideal setting to study the nature of compensation reforms that educators perceive to be acceptable. Policy makers have become more focused on teacher compensation reform to enhance academic opportunities and outcomes of public elementary and secondary school children, yet many teacher compensation reforms are short-lived when teacher engagement and buy-in for plan design are absent. This study offers important insight into design features of performance pay plans that educators may perceive to be reasonable, since design was largely informed by educators themselves. This information may prove useful as practitioners, researchers, and policy makers explore the utility of teacher pay for performance policy to improve administrator and teacher productivity, recruit more qualified teaching candidates, and enhance learning opportunities.



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