

# NATIONAL CENTER ON Performance Incentives

## *Research Brief*



## Teacher Salary Bonuses in North Carolina

February 2008

In “Teacher Salary Bonuses in North Carolina”—a paper presented at the February 2008 National Center on Performance Incentives research to policy conference—Jacob Vigdor of Duke University reviews a teacher salary bonus program operating in North Carolina. Known officially as the ABC’s of Public Education, the program awards teachers with bonuses up to \$1,500 for schoolwide student test score gains. Vigdor discusses whether North Carolina’s bonus program has improved student performance and/or lowered socioeconomic and racial achievement gaps in its public schools.

### **North Carolina’s ABC’s of Public Education**

In 1996, North Carolina implemented a statewide bonus system for all teachers in all public schools. The ABC’s of Public Education distributes awards for teacher bonuses in schools where students meet or surpass targets for test score gains in math and reading. The program has a two-tiered structure. Teachers in schools that show “exemplary” growth in student test scores receive \$1,500, while teachers in schools with “expected” growth receive a \$750 bonus. Teachers have expressed substantial support for the state’s bonus program. In fact, the North Carolina Association of Educators advocates maintaining the bonus program and even expanding it.

The most contentious issue in implementing the bonus program has been the method for setting school-specific targets for test score growth. Although the specific formula has changed over time, schools serving lower-achieving students are generally required to

post greater gains to qualify for bonus payments. In each year since the program’s inception, the majority of the state’s public schools have qualified for teacher bonus awards.

The ABC’s of Public Education was evaluated during the 2003-04 legislative session, identifying several improvements necessary for the continuation of the bonus program. Chiefly, the formula used to evaluate a school’s test score gains was found to be flawed. It did not adapt well to changes in standardized tests and gave awards to schools even when the gains were concentrated in a small group of students within a school. Accordingly, the formula used to identify a school’s student test score growth was modified and implemented beginning in the 2005-06 school year.

### **Conclusions and Policy Implications**

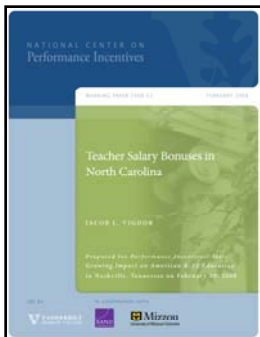
Identifying the outcomes of North Carolina’s ABC’s of Public Education program is difficult, since the program was not implemented using a randomized experimental design. Vigdor finds that the program appears to have a positive impact on students’ scores on the high-stakes tests used to determine schools’ bonus award eligibility, but there is no evidence of a program impact on low-stakes test scores. Vigdor finds no evidence that the achievement gap has narrowed between Black and White students. In fact, the achievement gap between Black and White students has actually increased during the life of North Carolina’s bonus award program. The same widening of the achievement gap is observed between students

receiving free or reduced lunch and all other students.

The benefits of North Carolina's ABC's of Public Education program have not been reaped by all schools. Lower performing schools have generally been less likely to qualify for bonuses. It is unclear whether this reflects the lower quality of instruction at those schools, or the structure of the formula used to determine the eligibility threshold in each school. A related, and unintended, outcome of the program has been the migration of teachers away from hard-to-staff schools and at-risk students. Since the introduction of the bonus program, there has been a marked increase in the number of teachers leaving lower-performing schools to take positions at more advantaged schools, even at a lower salary. Salary supplements for teachers assigned to hard-to-staff schools

may be one means of preventing migration of teachers to more advantaged schools. Evidence from a recent North Carolina initiative to reduce turnover among math, science and special education teachers in high-poverty secondary schools suggests that differential pay can be an effective method of reducing teacher turnover.

Researchers and policy makers should continue to explore strategies to attract and retain high-performing teachers in traditionally low-performing schools in North Carolina. Despite these challenges, the consistent popularity of the state's bonus program among public-school teachers bodes well for its future and provides time for making adaptations to limit unintended and undesirable consequences.



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