

NATIONAL CENTER ON  
Performance Incentives  
Research Brief



## Bonus Awards for Teachers in Texas' Performance Pay Program: Findings from the First Round of TEEG Schools October 2009

A recent report published by the National Center on Performance Incentives (NCPI) presents findings from the second-year of a multi-year evaluation of the Texas Educator Excellence Grant (TEEG) program, a statewide educator incentive program that operated in Texas. As part of this evaluation report, researchers examined how first-year TEEG schools (i.e., those in TEEG during the 2006–07 school year) proposed and actually distributed bonus awards to teachers as part of each locally-designed performance incentive plan. Specifically, they looked at the dispersion of minimum and maximum awards to teachers in each school and the equality of bonus awards within a school. The report also examines how teacher characteristics are related to the design and distribution of teacher bonus awards in TEEG schools.<sup>1</sup>

### Design of TEEG Bonus Awards

The Texas Education Agency established guidelines for TEEG schools' design of performance pay plans, in which they recommended schools set teacher bonus awards no less than \$3,000 and no greater than \$10,000 per teacher. However, most schools participating in the first year of TEEG (95 percent) proposed a minimum award less than \$3,000, and nearly 83 percent of them proposed a maximum award of less than \$3,000. The distribution of proposed awards varied considerably both within and between schools. Some schools (14 percent) set possible maximum and minimum bonus awards at equal levels, meaning that any teacher meeting minimal performance criteria got a bonus award amount, but nothing above it for exceeding performance thresholds. On average, the difference between maximum and minimum teacher bonus awards proposed by first-year TEEG schools was \$989.

<sup>1</sup> Information about the teacher bonus awards designed and distributed by the first round of TEEG participants comes from several sources: each TEEG school's plan application submitted to the Texas Education Agency (TEA); data reports submitted to TEA on a secure server detailing how actual awards were distributed to teachers in the fall 2007 semester; and detailed surveys administered to principals in participating TEEG schools. The second round of bonus awards was not distributed until fall 2008, after the release of the year-two TEEG evaluation report. A complete review of bonus awards is provided in the year-three TEEG evaluation report.

### **Distribution of TEEG Bonus Awards**

Evaluators found that 69 percent of full-time teachers in TEEG schools received a bonus award for their performance during the 2006–07 school year. Bonus awards ranged from a low of \$20 to a high of \$20,462, with most teachers receiving between \$1,000 and \$3,000. Nearly 90 percent of the teachers who earned bonus awards received less than \$3,000.

However, 75 percent of first-year TEEG schools distributed bonus awards that surpassed the maximum dollar amount the school had originally specified in their TEEG plan submitted to TEA. Most likely, schools utilized contingency plans; that is, when some teachers did not meet performance criteria for bonus awards, remaining fund balances were distributed amongst those teachers who did meet award eligibility criteria. Additionally, in most TEEG schools (91 percent) actual bonus award distribution was less equal than the proposed bonus awards in schools' performance pay plans.

### **Determinants of TEEG Bonus Awards**

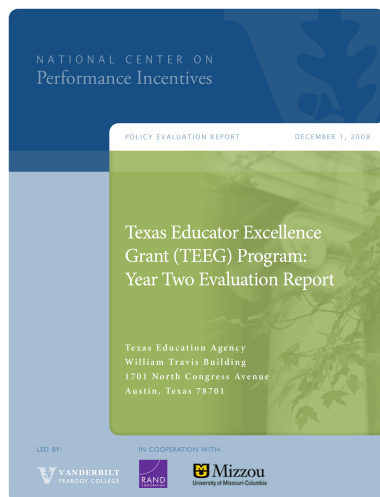
Finally, evaluators conducted simple regression analyses to identify teacher and school characteristics that might explain the distribution of first-year TEEG bonus awards. Schools with students who were more similar on socioeconomic status tended to have more equal actual distribution of awards, but these schools were no more likely to have more equal proposed distribution of awards compared to other schools in the first year of TEEG. Charter schools and schools with a higher share of male teachers adopted more individualistic (i.e., less equal) bonus award plans, all other things being equal.

Finally, teachers who were assigned to language arts, math, science, bilingual education/ESL, and self-contained TAKS classrooms were significantly more likely to receive a bonus award and a higher award amount than were other teachers.

### **Conclusion**

Taken together, these findings suggest that when given the opportunity to design their own performance pay plans, school personnel opted for relatively egalitarian award models. However, the actual distribution of bonus awards was often less egalitarian than the proposed award models. Interestingly, teacher characteristics associated with the receipt and amount of a bonus award are not prominent determinants in the traditional single salary schedule, which is based primarily upon teachers' highest degree of education and years of experience. TEEG bonus awards were more often determined by the teaching assignment of a teacher. Understanding the nature and amount of bonus awards distributed in TEEG schools is even more important given their consistent influence on teacher turnover decisions, as discussed in the comprehensive evaluation report.

To read more about NCPI's year-two evaluation of the TEEG program, visit [www.performanceincentives.org](http://www.performanceincentives.org).



This research brief describes work performed by the National Center on Performance Incentives and documented in Texas Educator Excellence Grant (TEEG) Program: Year Two Evaluation Report, by Matthew G. Springer, Michael J. Podgursky, Jessica L. Lewis, Mark W. Ehlert, Bonnie Ghosh-Dastidar, Timothy J. Gronberg, Laura S. Hamilton, Dennis W. Jansen, Omar S. Lopez, Christine H. Patterson, Brian M. Stetcher, and Lori L. Taylor. The National Center on Performance Incentives is a research and development center funded in part by the United States Department of Education's Institute of Education Services (R305A06034). The views expressed in this research brief do not necessarily reflect those of the sponsoring agencies.

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