

Performance  
Incentives in Texas:  
**Why Schools  
Chose Not  
to Participate**

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# Performance Incentives in Texas: Why Schools Chose Not to Participate

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## Abstract

This study examines why 51 schools declined an invitation to participate in a state-funded educator incentive initiative, the Texas Educator Excellence Grant (TEEG) program. Using data from an ongoing evaluation of the TEEG program conducted by the National Center on Performance Incentives (NCPI) under contract with the Texas Education Agency, this article examines reservations that school leaders expressed about participating in the program. Findings suggest that schools' decisions were less about outright opposition to performance incentive policies in education and more about the interplay between a schools organizational context and particular features of the TEEG program. Specific concerns included that: (1) guidelines for distributing awards to school personnel were inequitable; (2) performance incentives might be detrimental to a schools culture; (3) the school selection process did not recognize other teachers' or schools' contribution to students' academic success; and (4) time demands and technical expertise needed to implement the program outweighed perceived benefits. Many school leaders described these concerns as being even more problematic in small districts and schools. Future efforts to implement similar programs should consider the appropriate balance between state guidelines and local flexibility, clearly communicate program guidelines and regulations, offer technical assistance, and allow sufficient time for schools to plan their educator incentive programs.

## I. INTRODUCTION

Performance incentives for educators have long occupied policy debate in the State of Texas. Salary incentives were enacted as state policy during the 1980s and, over the past two decades, have manifest in evolving policy innovations including the Texas Teacher Career Ladder Program (1984-1993), the Texas Successful Schools Award Program (1992-2001), and most recently, the Governor’s Educator Excellence Award Program (GEEAP) (2006-present). GEEAP is comprised of three educator incentive initiatives: the Governor’s Educator Excellence Grant (GEEG), the Texas Educator Excellence Grant (TEEG), and the District Awards for Teacher Excellence (DATE). Currently the largest performance incentive program in the United States public education system, GEEAP is projected to allocate an approximate \$247 million per year to high-performing educators when fully-implemented in the 2008-09 school year.

Under the TEEG program nearly 1,200 public schools implemented a locally-designed performance incentive program during the 2006-07 school year. However, reminiscent of earlier attempts to implement incentive pay in public education (Murnane and Cohen, 1986; Hatry, Greiner, and Ashford, 1994), the TEEG program has not been without controversy. Media reports typically juxtapose fervent justifications for and against the TEEG program and its other GEEAP counterparts.<sup>1</sup> Moreover, during 2007 legislative session, funding for the TEEG program was rejected following a Texas House of Representatives vote supporting an amendment championed by Representative Rick Noriega (D-Houston) to reallocate TEEG program funds to giving an across-the-board \$800 pay raise for educators. Ultimately, program funding was preserved by the Texas Senate during a special legislative session.

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<sup>1</sup> See “Lack of funds lowers bonus amounts for individual teachers”, *Reporter News*, September 24, 2007; “Most school districts reject Texas’ new merit pay plan”, *The Dallas Morning News*, November 15, 2007

Despite a growing body of anecdotal reports about the TEEG program, relatively little is known empirically why some schools declined the invitation to participate. Even when looking outside of Texas, the empirical literature to date has very little to say about schools' rationale for turning down opportunities to design and implement a performance incentive program. A few reports have studied individual teachers' revealed preference toward performance incentive systems in general (Ballou and Podgursky, 1993; Goldhaber, DeArmond, and DeBurgomaster, 2007; Jacob and Springer, 2007), or analyzed factors contributing to failure of earlier attempts to implement performance incentive programs (Murnane and Cohen, 1986; Hatry, Greiner, and Ashford, 1994). Other research projects have examined the interplay among educator attitudes, organizational contexts, and features of performance incentive programs (Kelley and Finnigan, 2003; Heneman and Milanowski, 2004; Smylie and Smart, 1990; Wise, 1999).

In an effort to bridge this knowledge gap, we developed a semi-structured interview protocol to collect information from schools that chose to forego participation in the TEEG program during the 2006-07 school year. Interviews focused on schools' decision-making processes, rationales not to apply for a state grant under the TEEG program, and general attitudes toward the TEEG program and other performance incentive policies. Findings offer needed insight into the interplay between educators' attitudes, organizational contexts, and features of a performance incentive program, which is particularly germane as the State of Texas, along with several states and districts nationwide, continue to design and implement performance-based teacher compensation policies.

Interview findings indicate that reservations about participating in the TEEG program were less about outright opposition to performance incentive policies and more to do with the interplay between a school's organizational contexts and policy features of the TEEG program.

The most frequently cited reasons included: (1) guidelines for distributing awards to school personnel were inequitable; (2) performance incentives might be detrimental to the school's culture; (3) the selection process did not recognize other teachers' or schools' contribution to students' academic success; and (4) time demands and technical expertise needed to implement the program outweighed perceived benefits. A number of interviewees described these issues as being even more problematic in small districts and schools. It was also evident that many school leaders did not involve teachers in their decision to decline participation irrespective of state guidelines calling upon schools to do so. Finally, some objections communicated by school leaders during the interviews made it clear that TEEG program guidelines were not well-understood at that particular school.

While our study puts forward important findings about the interaction between schools' organizational contexts and policy attributes of the TEEG program, it is important to acknowledge several limitations of this study. We were required to keep the identities of all interviewees anonymous, thus limiting our ability to link specific interview findings with individual school characteristics. Additionally, even though every effort was made to interview the person with most knowledge about a school's decision to decline TEEG participation, one person cannot guarantee an entirely complete representation of the thoughts and preferences of all decision-makers. Finally, approximately 95 percent of eligible schools accepted the state's invitation to participate in the TEEG program during the 2006-07 school year, suggesting TEEG program guidelines and program implementation were satisfactory enough for most eligible schools to test the waters.

Further discussion of our study is divided into the following five sections. Section II contains a more detailed description of Texas educator incentive programs, paying particular

attention to the TEEG program. Sections III and IV provide a review of relevant literature and overview of methodology, respectively. A synthesis of results is presented in section V. In conclusion, section VI discusses implications for policy and directions for future research.

## **II. EDUCATOR INCENTIVE PROGRAMS IN TEXAS**

Educator incentives earned increasing prominence in state and local policy deliberations in the State of Texas over the past two decades. This led to a plan for financial incentives, first outlined by Governor Rick Perry in 2004, to reward educators who improve student achievement at schools serving high proportions of economically disadvantaged students. Originally conceived as a \$10 million, three-year pilot program targeting the 100 highest-performing high-poverty public schools in the state, this initiative quickly evolved into GEEAP, which is comprised of three initiatives: GEEG, TEEG, and DATE. These three initiatives are projected to allocate an approximate \$247 million per year to high-performing educators when fully-funded in the 2008-09 school year, making it the nation's largest performance incentive program (see Table 1).

[INSERT TABLE 1 HERE]

The TEEG program, which is the primary focus of this study, is state-funded at \$100 million per year over five years. School eligibility, which is determined on an annual basis, is based on two primary criteria: a school being in the top half of all Texas public schools in terms of their percentage of economically disadvantaged students; and, a school having a record of academic success or improvement as measured by its performance under Texas' Accountability Rating System. In terms of the latter criteria, a TEEG-eligible school must either receive one of the top two performance ratings (i.e., Exemplary or Recognized) on the state accountability

system, or, if rated Acceptable (i.e., just below Recognized), the school must be in the top quartile on the Comparable Improvement measure in reading and/or math (i.e., a measure of a school's academic improvement compared to 40 peer schools). Participation in the TEEG program is voluntary and incentive plans must be developed and approved by school personnel, the local education agency, and local board of trustees.

Several state-defined parameters guide the design of TEEG programs at the school level. Schools must divide state grants into two funding components called Part 1 and Part 2 funds. The former comprises at least 75 percent of a school's grant and is reserved for full-time classroom teacher bonuses based on measures of student performance and teacher collaboration. The latter, representing no more than 25 percent of the total grant, can be used as additional bonuses for other school personnel or to implement professional growth activities (e.g., professional development, new teacher induction, mentoring programs).

TEEG program guidelines specify that schools use objective and quantifiable measures of performance to award Part 1 bonuses to teachers. Student performance measures may not be solely based upon school-wide performance; that is, a school must include some measure of an individual teacher's or a team's (i.e., grade-level, subject area) performance. Performance may be measured using a number of assessments, such as state standardized tests, end-of-year exams, or local benchmark assessments. Measures of teacher collaboration may include: attendance at professional development sessions; attendance at curriculum and instructional planning meetings; participation in team teaching and peer observations; participation in mentoring, induction, or coaching programs; and/or sharing lesson plans and student data with other teachers



and school personnel. Part 1 funds may also be used to reward teachers for demonstrating ongoing commitment, initiative, and professionalism, or for teaching in a hard-to-staff area.<sup>2</sup>

Part 2 funds may be used to provide awards to school personnel who were not eligible for Part 1 awards (e.g., principal, campus support staff), for other activities to improve student achievement, or for the development of professional growth activities that are not otherwise funded by local, state, or federal funds. Professional growth activities might include: professional development; signing bonuses for teachers in hard-to-staff areas; mentoring for teachers with two or fewer years of experience; new teacher induction programs; and common planning time and curriculum development.

A total of 1,201 schools were invited to participate in the TEEG program during the 2006-07 school year. Of those, 1,148 schools accepted the state's invitation to design and implement an educator incentive program, a testament to the success of the TEEG program's scale to date. Each school's grant award was determined by the size of their student population, resulting in awards ranging between \$40,000 and \$300,000. Fifty-three schools declined the state's invitation to participate in the program; two of those are no longer in operation. Even though the declining schools represent less than five percent of all eligible campuses, these schools offer important perspectives as Texas, along with other states and districts across the nation, try to design, implement, and/or expand performance-based teacher compensation policies.

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<sup>2</sup> TEEG program guidelines further define "ongoing commitment, initiative, and professionalism" as "a teacher's demonstration of ongoing initiative, commitment, personalization, professionalism, and involvement in other activities that directly result in improved student performance, for example, working with students outside of assigned class hours, tutoring, creating programs to engage parents, and taking initiative to personalize the learning environment for every student. Guidelines describe "hard-to-staff area" as "a teacher's assignment in an area that is experiencing a critical shortage of teachers or has had high turnover, including math, science, special education, technology, bilingual/ESL, foreign language, literacy instruction, or areas of need specific to the district" (Texas Education Agency, 2006).

### III. LITERATURE REVIEW

Extant research does not sufficiently address reasons why schools turn down the opportunity to implement an educator incentive program. However, a small number of studies on educators' attitudes toward performance incentive programs and on organizational experiences implementing such programs can indirectly provide insight into schools' decision-making processes. What follows is a review of relevant themes, particularly the interaction among teacher characteristics, organizational environments, attributes of incentive programs, and educator attitudes toward performance incentive policies.

Several researchers have studied preferences of educators toward specific types of incentive programs. These studies revealed that attitudes vary by the type of incentive program; that is, for example, whether the program rewards teachers for raising student performance, taking on extra duties, or working in a hard-to-staff school or subject area. Several studies found that teachers are more favorably disposed to additional pay for additional responsibilities, teaching in a low-performing school, receiving outstanding evaluations, or putting in extra effort; teachers appear far less receptive to extra pay for teaching in hard-to-fill subjects or an incentive system based on student test scores (Ballou and Podgursky, 1993; Goldhaber, DeArmon, and Deburgomaster, 2007; Jacob and Springer, 2007). An exception to this characterization comes from Springer et al (2007) which found improvements in students' test scores as the single highest ranked preferred measure by teachers out of 17 possible indicators.<sup>3</sup>

Many of these same studies also examined whether teacher attitudes toward performance incentive policies vary by teacher characteristics. Veteran and female teachers tend to be less

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<sup>3</sup> Springer et al (2007) further found that National Board certification and subjective measures of teacher performance were perceived by teachers among the least important measures when designing an educator incentive program. It is important to note, however, the sample of teachers comes from 99 schools participating in the Texas' Governor Educator Excellence Grant program. As a consequence, findings from this study do not necessarily generalize to other teachers in Texas.

supportive of performance incentives than their respective counterparts (Ballou and Podgursky, 1993; Goldhaber, DeArmond, and DeBurgomaster, 2007; Jacob and Springer, 2007). Ballou and Podgursky (1993) further found that Black and Hispanic teachers tend to be more supportive toward performance incentive policies.

In terms of organizational contexts, Ballou and Podgursky (1993) found that teachers in urban school districts were more favorably disposed toward incentive programs. Both Goldhaber et al (2007) and Jacob and Springer (2007) reported evidence of elementary level teachers being less supportive of performance incentives, while teachers with positive view's of their principals' leadership abilities express greater support for incentive pay. Jacob and Springer (2007) also found teachers who report greater self-efficacy, are more risk-seeking, and are more impatient tend to report greater support for these policies.

Collectively, these studies introduce initial insight into the complexity of factors that influence educators' attitudes toward performance incentive programs. Concomitantly, they provoke greater interest in understanding the role of organizational context and other organizational dynamics when implementing incentive pay policies. Research has found that employees in schools, and even other institutions, with organizational resources or features that support implementation of performance incentives generally hold more favorable attitudes that facilitate implementation. For example, Kelley and Finnigan (2003) concluded that organizational features, such as principal support, frequent feedback from student assessment data, and previous positive experiences with performance incentives are associated with higher teacher expectancy in a school-based performance award program. While expectancy is not synonymous to support for a performance incentive program, it is a key component in the cognitive theory of motivation underlying performance incentive programs.

Similarly, a number of studies from other sectors than education found certain organizational features associated with greater employee support and willingness to participate in performance incentive programs. Organizational features include technical assistance to train employees about the purpose and means to implement incentive pay, quality control mechanisms to check the fidelity of program implementation, and an organizational culture that empathizes with employees' well-being (Streib and Nigro, 1993; Wise, 1999). Furthermore, organizations aligning the goals of performance incentives with those of other organizational priorities and human resources practices experience less conflict when implementing incentive pay (Heneman and Milanowski, 2004; Kelley and Finnigan, 2003).

Another important factor is understanding the role of timing in an organization's efforts to implement a performance incentive program. For example, when an organization faces greater external threats to performance (e.g., economic recession in the private sector, transient student population in the field of education), it is less likely to implement incentive pay. Doing so introduces an element of uncertainty, which is less palatable if an organization already faces the uncertainty associated with other externalities. Additionally, externalities can make it difficult for an organization to reliably measure employee performance because poor performance may be due to external factors and not shortcomings related to employees' performance (Bloom and Milkovich, 1998).

Organizational dynamics not only act as an influence *upon* performance incentive implementation, but also are influenced *by* these programs as well. A number of studies have drawn attention to the belief that performance incentives are ill-suited for public education, namely for their potential to diminish values important to the operation of schools. Common arguments include that performance incentives will introduce competition and thereby diminish a

culture of collegiality or encourage opportunistic behavior among teachers that draws attention away from more comprehensive learning goals for students (Murnane and Cohen, 1986; Podgursky and Springer, 2007). Further, teacher support for a performance incentive program is often influenced by the perceived impact it has on teacher collegiality, professional recognition, and professional learning opportunities (Smylie and Smart, 1990).

## **IV. METHODOLOGY**

### **Design and Participants**

Given the contentious nature of performance incentive policies in public education, and the rapidly growing number of states, districts, and schools across the nation experimenting with educator incentive policies, Texas affords a unique opportunity to better understand why some schools decide not to participate in a performance incentive program. Moreover, there is a lack of empirical research focused on why schools decline participation despite being offered the necessary funds to implement a program. To bridge this knowledge gap, this study uses data from an ongoing, five-year evaluation of educator incentive programs in the State of Texas led by the National Center on Performance Incentives (NCPI) at Vanderbilt University under contract with the Texas Education Agency.

The sample for this study includes 51 schools that declined the Texas Education Agency's invitation to participate in the TEEG program. Of those, 78.4 percent participated in a semi-structured telephone interview between mid-summer and early-fall of 2007.<sup>4</sup> Four schools refused to participate in the study, one school no longer employed anyone who was informed

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<sup>4</sup> Interviews were completed for 40 of the 51 potential schools. We conducted a total of 37 interviews because four of the schools are part of the same charter organization and decisions were made centrally; therefore, we only conducted one interview for those four schools. Interviews occurred approximately four months after the deadline for schools to submit their application.

about the decision to decline TEEG participation, and six schools did not respond to multiple efforts by our research team to schedule an interview.

It is evident, at least according to observable characteristics of schools displayed in Table 2, that interviewees participating in this study were employed at schools similar to the entire population of schools declining TEEG. At the same time, descriptive statistics suggest that decliners were distinct from those schools that designed and implemented a TEEG program on a number of observable characteristics, including school type, grade level, state accountability rating, percent of economically disadvantaged students, and the performance indicator that made the school eligible for the TEEG program (i.e., high performing or high improving).

[INSERT TABLE 2 HERE]

Grant amounts for TEEG-eligible schools ranged between \$40,000 and \$300,000 and a school's qualifying award was determined by the size of their student enrollment. Decliners were eligible for smaller grant amounts, on average, than those eligible schools that chose to participate in the TEEG program during the 2006-07 school year. For example, nearly 70 percent of all TEEG decliners qualified for grants less than \$50,000, while only 28 percent of participating schools qualified for grants of that amount.

We decided to interview school principals in each school that declined TEEG participation under the assumption that the principal would have the best understanding of issues surrounding a school's decision-making process. We also know that the majority of schools participating in TEEG during the 2006-07 school year identified the school principal as its primary point of contact for the program.

To further ensure we interviewed those individuals who were particularly knowledgeable about the decision-making process, we asked all interviewees if they were the most appropriate

and well-informed person to discuss their school’s decision to decline participation in the TEEG program. If the school principal was not familiar with the school’s decision, or felt that another school or district official could offer better insight, we then attempted to schedule an interview with the individual identified by the principal. Of the 37 interviews completed, 27 (73%) were conducted with school principals, five with superintendents, and five with “other” school/district administrators (e.g., assistant superintendents, assistant principals, or grants director). More than 80 percent of study participants had been employed in the field of education for more than six years.<sup>5</sup>

Interestingly, 15 interviewees (40.5%) indicated that their schools used decision-making procedures that did not involve teachers and other school-level personnel.<sup>6</sup> Of these, seven explained that decisions were made among district administrators without involvement by any school-level representatives (four of these involved only the superintendent). Another seven said that decisions were made by district-level and school-level administrators, and the remaining school’s decision was made solely by the school principal. Although it was not entirely clear as to why some schools did not comply with program guidelines, several administrators explained that they became aware of the grant too late to participate and therefore viewed greater stakeholder involvement as pointless. Others felt that the opportunity was best not shared with teachers because of the potential animosity that could arise during the decision-making process.

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<sup>5</sup> Nineteen interviewees (51.4%) had been in their current position for three years or less, eight (21.6%) had been in their current position between four and six years, and six (16.2%) had served in their current position for more than six years. Four interviewees did not provide this information.

<sup>6</sup> TEEG program guidelines do state that program participation and design decisions should be made at the school level and include a diverse and broad range of school-level stakeholders, including representation from different grade-levels and subject areas (Texas Education Agency, 2006: 14).

## **Interview Procedures and Analyses**

Our research team consisted of three interviewers who shared the responsibility of scheduling and conducting one-on-one telephone interviews. A semi-structured interview protocol included a number of open-ended and some close-ended questions and, on average, took 20 minutes to complete (see Appendix A). Each interview was tape recorded and then professionally transcribed verbatim. Prior to conducting interviews, interviewers met to discuss the purpose of the study, answer questions about the interview protocol and TEEG program, and review the role of the interviewer in qualitative research. Interviewers also met on a regular basis throughout the interview process to discuss any questions or issues related to the study.

Two researchers developed a coding scheme through a collaborative and iterative process. Extant literature and the interview protocol provided a conceptual framework for developing a coding scheme to analyze transcripts. The research team then spent considerable time reviewing the independently developed coding schemes and talking through any discrepancies to reach consensus on the appropriate taxonomy. At multiple points throughout the coding process the research team convened to check inter-rater reliability and evaluate the robustness of the coding taxonomy.

## **V. FINDINGS**

The purpose of this study is to explore why 51 schools declined an invitation to participate in the TEEG program and, more specifically, if organizational contexts and attributes of the TEEG program influenced educators' decisions to decline participation during the 2006-07 school year. School leaders were asked a series of questions about their school's decision not to apply for an educator incentive grant despite being eligible to do so. The interview protocol



probed whether reservations were universally held by administrators, faculty, and staff.<sup>7</sup>

Interviewers further asked about perceptions of educator incentive policies and potential for future involvement in the TEEG program.

A number of common themes emerged concerning schools' reservations and objections to the TEEG program. The most frequent responses indicated that: (1) guidelines for distributing awards to school personnel were inequitable; (2) performance incentives might be detrimental to the school's culture; (3) the TEEG program's school selection process did not recognize other teachers' or schools' contribution to students' academic success; and (4) time demands and technical expertise needed to implement the TEEG program outweighed potential benefits. More than one-third of school leaders described these issues as being even more problematic in small districts and schools. Interestingly, a number of reservations expressed by interviewees indicated a moderate level of misunderstanding or misperception about the TEEG program.

### **Guidelines for Distributing Awards to School Personnel are Inequitable**

According to interviewees, both administrators and teachers expressed concern about award distribution guidelines required by the TEEG program. Many school leaders conveyed that not allowing schools to distribute awards evenly to all school personnel was particularly unfair to non-core subject teachers, paraprofessionals, and campus support staff (e.g., cafeteria

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<sup>7</sup> Almost half of the school leaders interviewed indicated that there was no dissention at the school level to decline participation in the TEEG program. Another 13 percent of the sample was unclear if there was any dissent, most stemming from the admission that various stakeholders (e.g., school administrators, teachers) were uninvolved with – and sometimes unaware of – the decision-making process. The most frequently cited dissenters were teachers, who argued that the school was passing up free money. As one school leader recalled, the dissenting teachers said, “Hey, it’s free money, why are we giving it up.”

workers, custodians, secretaries).<sup>8</sup> Mr. Jones, who had worked as a teacher or administrator for more than 20 years, explained,<sup>9</sup>

I think it was 75 percent that would be spent, distributed among the teachers. The other 25 percent went to the counselors, assistants and it's not even fair. I mean, that's not equal. So it did not make any sense for our campus. It honestly made it look like the teachers were more important than everybody else. And the teachers themselves said no we're all in the same boat regardless of the job description or whatever we do because we all work with kids every day.

This quote echoes a sentiment that arose often among those concerned about inequities in the award distribution guidelines required by the TEEG program. Allocating a smaller percentage of grant funds to non-teacher personnel (e.g., campus support staff, librarians, counselors) did not accurately reflect their shared belief that all personnel work as a team and play a vital role in the student learning process.

Similar views were expressed when school leaders described their general predisposition toward performance incentive policies that direct awards to schools, teams of teachers, or individual teachers. There was a noticeable preference for school-wide awards over programs that promoted team-based or individual teacher awards. For instance, more than 70 percent of school leaders responded favorably to school-wide awards, while fewer than 25 percent did so for team-based awards. Only 10 percent of principals expressed moderate support for bonuses based on individual teacher performance.

Most strikingly, less than a handful of respondents flat out opposed the idea of performance incentive policies for educators. None of the interviewees who favored individual teacher awards, as a general policy, mentioned concerns about inequitable guidelines for bonus

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<sup>8</sup> It should be noted that interviewees' expressed concern that awards could not be distributed to non-core subject area teachers is based on a misinterpretation of TEEG guidelines. In fact, Part 1 bonuses can be distributed to any full-time classroom teachers, regardless of their assignment to a core versus non-core subject area or a state-tested versus non-state tested subject area. See *Misperceptions about TEEG policy* (p. 23) for further discussion of such misinterpretations.

<sup>9</sup> Authors used pseudonyms when quoting interviewees in this report.

award distribution as their rationale for declining the TEEG program. However, more than half (58%) of those favoring school-wide awards did articulate reservations about the TEEG program guidelines earmarking a larger percentage of grant funds to reward classroom teachers over non-teacher personnel.

Of the school leaders responding favorably to the idea of school-wide performance incentives, most recognized that a school-wide incentive system reinforced the idea of teamwork and collaboration among school personnel – dynamics these schools held in high regard and attributed to promoting student learning. School leaders also described school-wide awards as an equitable way to distribute financial rewards to all school personnel, a sentiment that many expressed as a driving factor for schools' opting not to participate in the TEEG program. Furthermore, it is interesting to note that among the school leaders opposing school-wide award policies, concerns focused on the belief that student background and demographic characteristics bias techniques used to identify high-performing schools. Opponents did not necessarily believe that school-wide awards were inherently bad policy. As one interviewee stated, "it's okay as long as their student populations are equivalent and have ability levels equivalent to what other teachers have."

### **Threat to the Collaborative Culture of Teaching and Learning**

Another commonly articulated reservation was the belief that introducing a performance incentive program might negatively impact the culture of a school, especially in terms of interpersonal relations among administrators, teachers, and staff. Many school leaders noted that school personnel firmly believed a performance incentive program would introduce competition, create divisiveness among teachers, and lower morale to the detriment of past efforts to build a

culture of teamwork and collaboration among school personnel. For example, Dr. Adams, a principal with nearly a decade of service at her school, explained,

I too felt like people would quit working together and helping each other. Right now, we plan together. We plan by department together and the activities are much the same, not all, but there is discussion every couple of weeks over what lessons, what's going to be taught, I mean they work very well together by departments.

Contributing to these concerns was the occasional, unsolicited reference to past experiences with the Texas Teacher Career Ladder program (1984-1993). The Texas Teacher Career Ladder program offered opportunities for professional advancement along four steps that were designed to keep highly able teachers in the classroom. Teachers advancing to the highest step could earn up to \$6,000 annually for performing additional duties such as supervising student teachers, serving as team leaders or mentors, conducting academic training, or appraising candidates for career advancement in the career ladder program. However, state budget constraints and opposition from education stakeholders proved an insurmountable challenge. The program was abandoned in 1993.

Among the 10 school leaders (27%) that referenced the career ladder program, comments invariably reflected negative sentiments toward the program, noting the way that it diminished teacher morale and job satisfaction. One noted that the career ladder program “pitted teachers against one another”, while another interviewee explained that it “killed camaraderie and collegiality” in their school. Although a number of interviewees acknowledged that the TEEG program was different from the Texas Teacher Career Ladder program, the shared experiences of the career ladder program among senior faculty left lingering disfavor toward performance pay policies in general and played a pivotal role in schools’ decisions to decline participation in the TEEG program.

## **Mechanism Used to Select Schools is Incomplete**

A number of schools' decisions to decline TEEG program funding stemmed from disagreement with the state-defined mechanisms used to identify schools as eligible to participate in the program. Objections were quite varied, and were typically tied back to some unique feature of a school's organizational context. One group of school leaders observed that other schools in their district had actually out-performed their school according to the state's accountability rating system. Yet, the school with the higher performance rating was not eligible for TEEG program funding. In such instances, these school leaders indicated that personnel in their school felt that participating in the TEEG program might cause resentment among schools in the district.<sup>10</sup>

A second group of school leaders conveyed that offering a secondary school TEEG program funding was narrow-sighted because the contributions that lower grades had on those students' academic performance were ignored. This, in fact, was described as the "pipeline" effect in a number of interviews. That is, students' academic performance is associated with their cumulative experiences in the education system. Yet, from the perspective of these school leaders, the TEEG program did not acknowledge the contribution of school personnel in prior years. Dr. Gonzalez, a veteran middle school principal explained,

We just feel like, well here we qualify for another grant, but we feel like some of the things, some of the foundation that was laid, you know maybe we improved you know our, our scores improved but the foundation that was laid had a lot to do with maybe the fifth grade teachers, the fourth grade teachers, the third grade

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<sup>10</sup> Such a scenario could have occurred due to nuances of the TEEG program's school selection process. For example, the higher-performing school may have had a percent of economically disadvantaged students below the state median, thereby disqualifying them for TEEG participation. Even if the school had met all TEEG selection criteria, if it did not have a high enough percent of economically disadvantaged students or high enough accountability rating, it may have been passed over by the state's effort to distribute funds to representative percentages of elementary, middle, high, and all-grade schools in the program.

teachers. They are, we feel like they're important, you know, they do a lot of things to help us at the junior high level.

In speaking to the "pipeline" effect, another principal noted,

As long as they [the State] is looking at the whole picture, you know, the other campuses that contributed to that student being there. Because like I say, it just doesn't happen overnight. You know, you can't go in and say that ... you know like our high school, that particular year in '06 – '07 school year, did such a good job that we turned every one of those kids around. And back in the junior high campus you know where they didn't qualify [for TEEG]. You know [you can't say] that it all happened in that one year in high school, it didn't. Education is a kind of assembly line, and everybody's got to put their own little part in, and at any one given time when that falls down then you have gaps. And some of those gaps were fixed in junior high and when they went on to high school they were further fixed.

Other reasons prompting disagreement with the school selection mechanism included confusion as to how a school with non-tested grades (i.e., those serving 2<sup>nd</sup> grade or lower) could qualify for the grant. As previously explained, eligibility criteria for the TEEG program require that a school be either high performing or show marked improvement on the state accountability system, as determined largely by their students' performance on state standardized assessments which begin in 3<sup>rd</sup> grade. A school that only serves non-tested grades is assigned the performance rating of its feeder elementary school under the state accountability system. Interestingly, several school leaders at non-tested schools expressed an objection that their school be eligible for the TEEG program while their feeder school was not eligible.

Finally, two schools found fault in the time lag between the performance ratings used to select eligible schools and subsequent ratings released near the time that TEEG program funds had been distributed to eligible schools. Accountability ratings from the 2004-05 school year were used to identify schools eligible to implement a TEEG program in the 2006-07 school year. However, by the time the list of eligible campuses was released, some eligible schools had already received their performance rating for the 2005-06 school year. Some school leaders, in

schools where performance was actually lower in the 2005-06 school year than in the 2004-05 school year, expressed that accepting TEEG program funding was inappropriate. This decision was made exclusively by district and school administrators at one school, while teachers and school staff were involved in the decision-making process at the other site.

### **Administrative Burden and Lack of Expertise Required to Implement Program**

School leaders regularly noted that the time and technical expertise required to apply for, design, and implement an educator incentive plan was instrumental in their decision not to participate in the TEEG program. Interviewees explained that administrators perceived the burden as stemming from the tedious application process, particularly the amount of paperwork. School leaders were also concerned about the expertise needed to design quality performance measures to evaluate school personnel.

The perceived burden was, perhaps, exacerbated by the relatively short timeframe between a school becoming aware of their eligibility and the deadline for submitting applications to the Texas Education Agency. Schools were notified of their eligibility in late-July 2006, and applications were due in early-October 2006.<sup>11</sup> Compounding the already compressed timeframe, some school leaders added that they, or other key decision-makers, either became aware of their schools' eligibility or began reviewing application requirements some time after the notification was received. For example, Principal Smith submitted a proposal to the district for review a few days before the deadline. The district administration deemed their proposal of insufficient quality and, as a result, the deadline passed before revisions could be made. Another interviewee explained that their superintendent, rather intent on not sharing the decision-making

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<sup>11</sup> The application deadline was later extended until March 2007 for schools that received delayed notification of program eligibility.

process with other stakeholders, did not review the application requirements early enough to apply for the TEEG program.

Concerns about craft knowledge and time required to participate in the TEEG program were not isolated to administrative personnel. Many teachers also expressed reservations about program design and the demand of monitoring and tracking performance criteria during program implementation. In explaining teachers' reluctance to prepare and submit an application, Ms. Olivares, serving her first year as principal at her school, stated,

One of the things that I noticed our teachers were concerned about too is ... because our school was successful in taking steps towards the next level which is why we moved from Acceptable to Recognized ... that it seemed to be a lot, it seemed a very tedious program in that there was lots of documentation, lots of time spent away from children and instruction that would require that they you know document, document meetings and exactly step by step what they're doing. It just seemed to be lots of record-keeping outside of what their, their true love is. And that is the children and instruction and moving them forward.

During all interviews, we probed whether a school would reconsider their decision to not participate in the TEEG program if invited to do so at a later time. The great majority of school leaders indicated the decision ultimately resided with teachers, administrators, and other school personnel, and whether adequate preparation time and technical assistance were made available. For example, an assistant superintendent who served on a school's decision-making committee noted,

If TEA is going to give performance based incentives then they need to make sure that districts are aware of what's going on, [so] we let the teachers know up front. And I don't think [TEA] did a very good job with that as far as this incentive package. The program was vague at best, and then all of a sudden we get a letter saying we qualified for the money, and you know then there's the decision of whether or not we want to go through with it.

Interestingly, it appears the Texas Education Agency has recognized that schools need more time and information to plan and apply for the TEEG program (see footnote 12). Mr.



Henderson, a veteran educator and current principal at a school eligible to participate in the second year of the TEEG program, explained,

Now this year, we had a very long stretch, months, to be able to sit down and plan and you know try and come up with a way to make it work. Okay, and we had a very, very thorough planning time with the team that sat down and looked at it.

### **Bad Fit for “Small” Districts and Schools**

Nearly a third of interviewees expressed concerns related to the interplay between the size of a district or school and policy features of the TEEG program. Because small schools qualified for smaller grant amounts it could be argued that smaller grant amounts provided less of a financial incentive for program participation. However, our data revealed that small schools and districts were discouraged by issues above and beyond the dollar amount. In fact, many of the previously identified reservations were described as being exacerbated in small districts and schools. Take, for example, concern about the TEEG program not acknowledging the “pipeline effect”. One small-town principal described this situation, saying,

My elementary/junior high is in a building, and my high school is in one building. They’re all on the same block as, as you know together, the school is, I mean we’re, we’re not across town or anything. We’re just all right here. So we might as well just be one school. Our concern was, was our high school qualified for something that our junior high teachers and our elementary teachers also earned. Those students are a result of, of what those teachers did as well as what the high school teachers did. So to give one group a monetary reward for the labor and the, and the achievements and, and the hard work that the other teachers did is not right.

It was also conveyed by many school leaders that teachers would be more aware of their award status compared to peers throughout their school or district, thereby engendering jealousy and possibly compromising the collaborative culture found in their school.

School personnel wear “many hats” in small schools and districts which complicates performance evaluation and targeting those responsible for student performance. Additionally, the fact that personnel in small schools and districts serve in multiple roles further adds to the burden of actually completing the program design, application, and implementation process. As one principal explained, “in a small school here where you are the counselor, assistant principal, and principal ... it’s very difficult to find the time to do all the stuff it takes.”

### **Misperceptions about TEEG Policy**

More refined analysis of interview data revealed a number of misunderstandings or misperceptions about the TEEG program. First, interviewees had concerns about a program that places restrictions on the award amounts that can be distributed to different classifications of school personnel. Some of these concerns were founded on the program specification that no more than 25 percent of funds be used for non-classroom teachers. However, others objected that they could not give any award *at all* to non-classroom teachers (e.g., paraprofessionals, administrators, campus support staff) which is not an accurate interpretation of the TEEG program guidelines.

Other school leaders were concerned that their program could not include teachers of non-core and non-state tested grades and subjects as award recipients. This, again, is not an accurate interpretation. TEEG program guidelines invite schools to use locally-devised measures of student performance beyond state standardized assessments. In fact, among schools operating a TEEG program during the 2006-07 school year, 41 percent used local benchmark assessments to evaluate teacher performance (Springer et al, 2008).

Finally, a number of school leaders suggested that the TEEG program did not allow schools to use grant funds for purposes other than cash awards directly to teachers. For instance, one school wanted to use funds for campus-wide activities and professional development, and to purchase additional resources. Although TEEG program guidelines do not permit schools to use all of their grant funds for such purposes, it permits schools to use Part 2 funds for the implementation of staff development, mentoring, induction, and other professional advancement activities.

## **VI. DISCUSSION AND CONCLUSION**

Several important findings emerged from our interviews of school leaders affiliated with schools that declined the Texas Education Agency's invitation to participate in the TEEG program. Findings confirmed that certain features of an organization can cripple successful program implementation and can dampen employee support for designing and implementing an incentive program. Other findings bring new insight to bear on performance incentive policies in education. Indeed, it appears that schools' reservations about participating in the TEEG program were less about outright opposition to performance incentives and more about the interplay between unique organizational contexts and policy features of the TEEG program.

Previous research suggests that educators' attitudes toward performance incentive programs vary by teacher and school characteristics (Ballou and Podgursky, 1993; Goldhaber et al, 2007; Jacob and Springer, 2007). It is, therefore, not too surprising that a number of schools, with distinct characteristics, turned down state funds when given the opportunity to design and implement a performance incentive system as part of the TEEG program. This is particularly

evident in that a disproportionate number of schools serving elementary grades, providing alternative instruction, and serving smaller student bodies declined participation.

School leaders frequently alluded to the desire that the TEEG program allow broader involvement of schools and school personnel as award recipients. Most noted that inequitable distribution of awards did not reflect the collaborative culture of a school and/or district and could potentially diminish collegiality, thus influencing their decision not to participate in the TEEG program. This resonates with previous research concluding that the potential negative impact of an incentive program on teacher collegiality is at the forefront of teachers' rationale for either supporting or opposing performance incentive policy (Murnane and Cohen, 1986; Smylie and Smart, 1990). It also reiterates the pivotal role that perceptions of program fairness play in educators' motivation and, logically, their desire to participate (Kelley and Finnigan, 2003).

School leaders further held reservations about the time, effort, and technical expertise required to participate in the TEEG program. Many expressed concern that the time spent designing and implementing a TEEG program would distract personnel from the primary "business" of the school – teaching and learning. Previous research clearly documents that conflict between performance incentive programs and other organizational goals diminishes employee support (Heneman and Milanowski, 2004; Kelly and Finnigan, 2003). Schools that declined the Texas Education Agency's invitation to participate in the TEEG program concluded that the opportunity cost of lost time working directly with students outweighed the perceived benefits of an educator incentive program.

Finally, a number of reservations stemmed from misunderstanding the TEEG program guidelines. Some school leaders were unclear as to the reason for which their school was eligible for participation in TEEG, while even more held inaccurate assumptions about which

employees could be award recipients. Still other school personnel misinterpreted the guidelines specifying how grant dollars could be used to fund activities at their schools. This lack of program clarity impeded program participation. However, it is very possible that if employees were better informed about the programs' purposes, goals, and processes they would have displayed greater support and willingness to participate in the TEEG program.

Conversely, it might be more interesting to some that such a small percentage of the nearly 1,200 eligible schools throughout the State of Texas – slightly less than five percent – declined participation in the TEEG program during the 2006-07 school year. The conclusion cannot immediately be made that all participants are content with the program, but it does suggest that the majority of schools found the TEEG program to be in some way suitable for them and were willing to test the waters. As the TEEG program continues to operate, and schools become more aware of its presence in state education policy, it will be of interest to monitor how schools' willingness to participate changes, if at all.

Several important policy recommendations stem from our findings and provide guidance for policymakers as they continue their efforts to scale up statewide performance incentive programs in Texas. First, it is important that policymakers regularly revisit policy features of the TEEG program, in particular the proper balance between program guidelines and allowances for local flexibility in the development and implementation of educator incentive programs. The majority of eligible schools found the TEEG program appealing enough to participate. Evaluation of participants will further inform policymakers of educators' attitudes and behaviors in response to the TEEG program, and bear light on potential priorities for program adaptation.

At the heart of this balancing act needs to be state goals for teaching and learning; that is, goals that guide other features of state education policy (e.g., accountability system, teacher

licensure and evaluation). It is important TEEG program guidelines reinforce the purpose of schooling in Texas thereby reducing the potential for conflict between competing initiatives. As Texas policy evolves over time, the appropriateness of these state guidelines for TEEG need to be revisited.

Second, future cycles of TEEG should be accompanied by more technical assistance for eligible schools. School leaders expressed confusion about state guidelines and the logistics for developing and implementing a performance incentive program. Schools could profit from more training in how to develop high-quality performance measures used to evaluate teacher performance, or the provision of “prototype” educator incentive programs for those unfamiliar with performance incentive program components. Interestingly, such efforts are already underway as the Texas Education Agency has partnered with national compensation reform, data, and communication experts to provide a statewide technical assistance support system for local school districts and schools implementing educator performance incentive systems. Policymakers and technical assistance teams need to continue to stay informed about research on performance incentives and provide practitioners with up-to-date research-based best practices. This is particularly germane given considerable growth in the number of districts and states across the country experimenting with performance incentive policies.

Finally, future cycles of the TEEG program should include longer periods of time for schools to consider program participation and to develop and implement programs. The time period between notification of eligibility and the application deadline was very compressed in the first year of the TEEG program (i.e., less than three full months). Furthermore, schools were given a little more than one calendar year to learn of their eligibility, apply for the grant, and then distribute incentive awards to qualifying teachers.

The State of Texas has made efforts to expand both the time for submitting applications and for implementing and distributing monetary awards to teachers.<sup>12</sup> These policy changes appear to be critical for TEEG-eligible schools to develop and implement meaningful incentive programs that are aligned with existing organizational priorities. Concern about insufficient time was a salient issue to schools declining to participate, and extant literature acknowledges the complexity of developing high-quality performance measures and the demand on educators' ability to implement performance incentive programs (Hatry, Greiner, and Ashford, 1994; Murnane and Cohen, 1986; Streib and Nigro, 1993; Wise, 1999). Although current research does not specify the optimal time for schools to design and implement high quality programs, policymakers should continually revisit schools' ability to do so given the existing time parameters.

Understanding educators' attitudes toward performance incentives, as well as the complex interplay between organizational contexts and policy design features of the program, is relatively new terrain in education policy and research. Even less addressed by extant literature is an understanding of schools' rationale for not participating in performance incentives altogether, even when offered the funds to do so. This study advances this knowledge gap by offering important insight about the need for technical assistance and training to clarify program goals and to facilitate program implementation. Other salient findings, such as balancing the state's program guidelines with local flexibility or determining the appropriate amount of time for schools to develop and implement performance incentive programs, may be without clear research-based advice. Nonetheless, these are sufficiently important to the success of the TEEG

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<sup>12</sup> The Texas Education Agency has built in longer time periods between notification and application deadlines for future cycles of TEEG. TEEG Cycle 2 schools were notified of grant eligibility in April 2007 and final incentive payments to teachers and campus staff must be completed by October 15, 2008. TEEG Cycle 3 schools were notified of grant eligibility in September 2007 and final incentive payments to teachers and campus staff must be completed by October 15, 2009.

program that policymakers should continually revisit, and possibly adapt these program design features, as they learn more about the experiences of schools both participating and choosing not to participate in the TEEG program.



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## **APPENDIX A: Interview Protocol**

Hello,

We are contacting you from the National Center on Performance Incentives at Vanderbilt University's Peabody College. We are working under contract with the Texas Education Agency to evaluate the Texas Educator Excellence Grant (otherwise referred to as TEEG).

As part of this evaluation, we are interested in talking to principals at schools that decided not to apply for this state program grant even though they met eligibility criteria to do so. We believe these interviews will be informative to state policymakers and provide them with a better understanding as to why schools decided not to apply and their perspectives on performance pay policy.

Participation in this interview is voluntary. You may refuse to answer any question you do not wish to answer. Additionally, you may also choose to end the interview at any time if you do not wish to continue.

Please note that your responses will remain confidential, as outlined in the Memo on Confidentiality that was previously sent to you, and we will not identify any individuals by name in our study reports. Your responses will be combined with others and reported in the aggregate. If quotations are used in any written reports, they will be included only for illustrative purposes and will not be attributed to any identifiable individual. At the end of the study, we will destroy any information that identifies you.

To keep your responses anonymous, we will refer to you during the interview as **PRINCIPAL [PSEUDONYM]** and your campus as **[GENERIC SCHOOL CODE]**. Is that okay with you?

With your permission, we would like to audio-record this conversation. At the end of the study we will destroy the tapes. Is it all right if we audiotape this interview?

This interview will take at least 20 minutes of your time.

Do you have any questions about the interview before we begin?

## **PART ONE: PRINCIPAL AND SCHOOL BACKGROUND INFORMATION**

### **I want to begin by learning more about you and your school.**

1. Your school was eligible for the Texas Educator Excellence Grant program during the 2006-07 school year, and declined to apply. Are you familiar with the school's rationale for that decision?
  - a. [If yes]: Continue with question 2 below.
  - b. [If no]: Might you recommend another administrative official at your school who was involved in that decision?
    - i. Thank you for your time and cooperation today.
2. For how many years have you served as the principal at [**GENERIC SCHOOL CODE**]?
  - a. For how many school years have you served as a principal at any school (excluding the years at your current school)?
3. Have you served in any other professional positions in the field of education?
  - a. [If yes]: What types of positions and for how long?
4. How would you describe your school's overall performance in teaching and learning?
  - a. In your opinion, what are its primary strengths?
  - b. In your opinion, upon which areas could the school improve?

## **PART TWO: UNDERSTANDING SCHOOL DECISION-MAKING**

### **I would now like to move on to some questions regarding your school's decision not to apply for a state grant under the Texas Educator Excellence Grant program. Throughout the following questions, we will refer to that program by its acronym – "TEEG".**

5. Who was involved in the school's decision not to apply for the TEEG grant? Please do not identify anyone by name.
6. When did the school decide not to apply for the TEEG grant?
  - a. How long did it take the school to come to that decision?
7. Tell me about the school's decision not to apply.

- a. What were the primary reservations, if any, held by the school administration?
  - b. What were the primary reservations, if any, held by the school's teachers?
  - c. What were the primary reservations, if any, held by the school's staff?
8. Did anyone at your school disagree with the decision to decline the TEEG grant application?
- a. Did school administration disagree and if so, what was their reasoning?
  - b. Did the school's teachers disagree and if so, what was their reasoning?
  - c. Did the school's staff disagree and if so, what was their reasoning?
9. If you were designing an incentive pay program for teachers in your school, what three behaviors or measures of performance would you consider most important to include in the incentive pay program?
- a. [If clarification is needed:]
    - i. A behavior might be a practice like taking on certain types of assignments, duties, roles, or engaging in desirable activities related to the job.
    - ii. A measure might be an outcome related to performance.
10. Has the school used (or is it currently using) any type of performance incentive or differentiated pay programs for its teachers within the last five school years (beginning with the 2002-03 school year)?

[If yes]: Ask the following:

- a. How does that program operate?
- b. What has been the school's experience with that program?
- c. Do you have any additional information about any of these programs that you could email to us or that we might get via the Internet?

[If clarification is needed]: Ask the following:

- a. Does your school use merit pay for teachers?
  - i. [If yes]: What is/was the school's experience with that program?
- b. Does your school use stipends for teachers certified in critical shortage areas?
  - i. [If yes]: For which shortage areas?

- ii. [If yes]: What is/was the school's experience with that program?
- c. Does your school use stipends for mentor teachers?
  - i. [If yes]: What is/was the school's experience with that program?

[If no]: Go to PART THREE

### **PART THREE: PERCEPTION OF EDUCATOR INCENTIVES AND TEEG**

**I would now like to ask some questions regarding your thoughts on educator incentives and the TEEG program.**

11. How do you feel about a policy that provides awards to schools whose students show above-average achievement or above-average achievement gains?
  - a. Do you think this type of policy will lead to improvements in education?
12. How do you feel about a policy that provides bonuses to teachers whose students show above-average achievement or above-average achievement gains?
  - a. Do you think this will lead to improvements in education?
13. How do you feel about a policy that provides bonuses to groups of teachers (e.g, grade-level teams or departments) whose students show above-average achievement or above-average achievement gains?
  - a. Do you think this will lead to improvements in education?
14. Are there any non-monetary incentives that teachers would find equally or more motivating than cash awards?
  - a. [If yes]: What kinds of non-monetary incentives would motivate teachers?
15. How do you believe TEEG guidelines shape the implementation of incentive pay programs in schools?
16. What is your understanding of the selection criteria used to identify schools as eligible to apply for a TEEG grant?

## **PART FOUR: FUTURE INVOLVEMENT WITH EDUCATOR INCENTIVES**

*If respondent's school is eligible for TEEG Cycle 2:*

17. Your school is eligible to apply for TEEG for the 2007-08 school year.
  - a. Does your school plan on participating this time?
  - b. [If yes] tell me about the decision to participate this time around.

*If respondent's school is NOT eligible for TEEG Cycle 2:*

18. If offered the opportunity to apply for TEEG in the future, would you respond in the same way?
  - a. Why or why not?
  - b. Do you think your staff would respond in the same way? Why or why not?
19. Is there anything else you would like to add about your experience with the TEEG program or other performance-based pay policies?

**We appreciate your time and cooperation!**

**TABLE 1: Overview of GEEG, TEEG, and DATE Performance Incentive Programs**

<b>Governor’s Educator Excellence Grant (GEEG)</b>	<b>Texas Educator Excellence Grant (TEEG)</b>	<b>District Awards for Teacher Excellence (DATE)</b>
<p><b>Background</b>            1. Established by Executive Order RP51.            2. Three year, non-competitive grant targeted to 99 high-poverty, high-performing campuses.</p> <p><b>Campus Eligibility</b>            1. Fell in the top third of economically disadvantaged campuses.            2. Received either recognized or exemplary ratings, or fell in top quartile performance in comparable improvement during 2004-05.</p> <p><b>Funding</b>            1. Titles II and V funded Year 1 of the grant at \$10 million. Year 2 and Year 3 are funded at approximately \$10 million with both federal funds and state appropriations.            2. 75 percent of the grant must be used for teacher awards and 25 percent may be used for bonuses to other school personnel, teacher recruitment and retention activities, or other professional growth activities.</p>	<p><b>Background</b>            1. Established by 79th State Legislature in House Bill 1 (T.E.C. Ch 21, Subchapter N, § 21.651).            2. Five planned cycles, non-competitive grant targeted to approximately 1,200 high-poverty, high-performing campuses annually.</p> <p><b>Campus Eligibility</b>            1. Fell in the top half of economically disadvantaged campuses.            2. Received either recognized or exemplary ratings, or fell in the top quartile performance in comparable improvement during 2004-05 (Cycle 1) or 2005-06 (Cycle 2).</p> <p><b>Funding</b>            1. State funds, annually at \$97.5 million.            2. 75 percent of the grant must be used for teacher awards based on future performance and 25 percent may be used for bonuses to other school personnel, teacher recruitment and retention activities, or other professional growth activities.</p>	<p><b>Background</b>            1. Established by 79th State Legislature in House Bill 1 (T.E.C. Ch 21, Subchapter O, § 21.701).            2. Implementation scheduled for 2008-09; required planning year (2007-08).</p> <p><b>District Eligibility</b>            1. All districts are eligible to opt in.            2. Districts determine which campuses participate and identify target campuses.</p> <p><b>Funding</b>            1. Approximately \$150 million, in state funds, for FY 2009.            2. At least 60 percent of the grant must be used to award classroom teachers who positively impact student academic improvement and/or growth.            3. Up to 40 percent of grant may be used on teacher stipends, staff and principal incentives, mentoring, and elements of the Teacher Advancement Program.</p>

*Source: Texas Education Agency, 2007*



**TABLE 2: Overview of TEEG Cycle 1 Decliners v. Participants**

	<b>Participating TEEG Schools (n=1,148)</b>	<b>Declining TEEG Schools (n=51)<sup>a</sup></b>	<b>Declining TEEG Interviewees (n=40)</b>
<b>School Type</b>			
Regular instructional	94.3% (1,082)	82.4% (42)	80.0% (32)
Alternative instructional	5.8% (66)	17.7% (9)	20.0% (8)
<b>Grade Type</b>			
Elementary	57.7% (662)	33.3% (17)	35.0% (14)
Middle	18.4% (211)	17.7% (9)	17.5% (7)
High	18.6% (213)	33.3% (17)	27.5% (11)
All grade	5.4% (62)	15.7% (8)	20.0% (8)
<b>2004-05 State Accountability Rating<sup>b</sup></b>			
Exemplary	1.6% (18)	0.0% (0)	0.0% (0)
Recognized	35.0% (402)	15.7% (8)	12.5% (5)
Acceptable	56.5% (649)	70.6% (36)	72.5% (29)
AEA: Acceptable	5.7% (65)	13.7% (7)	15.0% (6)
N/A	1.2% (14)	0.0% (0)	0.0% (0)
<b>2004-05 Percent Economically Disadvantaged Students</b>			
< 50% of students	3.6% (41)	2.0% (1)	0.0% (0)
≥ 50% of students	17.2% (197)	29.4% (15)	25.0% (10)
≥ 70% of students	47.0% (539)	45.1% (23)	50.0% (20)
≥ 90% of students	32.1% (369)	23.5% (12)	25.0% (10)
<b>Cycle 1 TEEG Eligibility Criteria</b>			
High performing	36.5% (419)	15.7% (8)	12.5% (5)
High improving	56.4% (647)	70.6% (36)	72.5% (29)
N/A	7.1% (82)	13.7% (7)	15.0% (6)
<b>Eligible for TEEG Cycle 2</b>	19.6% (225) <sup>c</sup>	39.2% (20)	42.5% (17)

<sup>a</sup>The n=51 for schools that declined TEEG Cycle 1 excludes two schools that are no longer operational.

<sup>b</sup>Data from the 2004-05 school year is reported because that was the performance year that the state used to determine schools' eligibility for the TEEG program in the 2006-07 school year. More recent performance data was not yet validated by the state at the time that schools were to be notified of their TEEG eligibility. The same reasoning applies to the reporting of 2004-05 percent economically disadvantaged students.

<sup>c</sup>The estimate of 225 TEEG Cycle 1 schools that are again eligible for TEEG Cycle 2 is based upon an out-dated eligibility list for Cycle 1 provided to researchers by TEA; it includes 1,163 campuses as opposed to the final 1,148. This number can be updated when revised data is available.

Source: TEEG Cycle 1 eligibility list and decliner list provided by the Texas Education Agency, 2007

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