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Performance Incentives

POLICY PAPER

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Compensation Reform and  
Design Preferences of  
Teacher Incentive Fund Grantees

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# POLICY PAPER

## COMPENSATION REFORM AND DESIGN PREFERENCES OF TEACHER INCENTIVE FUND GRANTEES

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In U.S. K-12 public education, incentive pay for educators remains firmly fixed as a high-interest policy topic and has recently become a popular reform initiative in many school systems. The Teacher Incentive Fund (TIF), created in 2006 by the U.S. Department of Education, is at the forefront of this policy movement and has provided hundreds of millions of federal dollars for the implementation of incentive pay systems for teachers and principals. This paper examines the incentive pay plans implemented under the TIF program as of the 2009-10 school year, a reasonable starting point to understanding how federal dollars are being used to modify systems for compensating educators. Primarily drawing upon survey findings, researchers address the following questions: (a) What are the overall objectives of TIF plans? (b) How do sites determine bonus award eligibility? and (c) How are bonus awards distributed and to whom? Overall, TIF plans focus on rewarding educators' performance in addition to recruiting and retaining educators in hard-to-staff positions. Most plans are designed in ways that limit excessive competition between educators, but they differ considerably in the actual dollar amount of bonus awards offered to educators. As the TIF program is set to receive \$600 million this year through federal appropriations and the American Recovery and Reinvestment Act, the findings from this report are particularly relevant and will allow policymakers and practitioners alike to learn more about how school systems are modifying educator compensation and what those choices might ultimately mean for teaching and learning within the nation's public schools.

In U.S. education policy, it is quite common for reform ideas to cycle in and back out of the spotlight. One such reform is incentive pay for educators. Recently, this reform has secured itself firmly at the top of the education policy agenda and in the public eye.

At the forefront of this movement is the Teacher Incentive Fund (TIF), created in 2006 by the U.S. Department of Education as a competitive grant program for states, districts, and other entities to implement incentive pay systems for educators. These systems must include performance-related pay, but may also include market-based pay (i.e., pay focused on the recruitment and retention of educators).

Since its inception, TIF has allocated hundreds of millions in federal dollars for this purpose and federal interest in incentive pay certainly does not appear to be waning. With the \$400 million that the U.S. Department of Education received for TIF through fiscal 2010 federal appropriations, and an additional \$200 million through the American Recovery and Reinvestment

Act, TIF stands to receive a total of \$600 million in 2010. These additional funds represent the first significant expansion of the program since 2006.

In the first major education policy speech of the Obama administration, the President promoted incentive pay for teachers.<sup>1</sup> Additionally, state policymakers seeking federal funds through the Race to the Top competitive grant program can gain an edge by ensuring schools and districts are working towards alternative compensation plans for teachers and principals based in part on performance. All of this in addition to other prominent local and state incentive pay programs, such as those in Denver, Florida, and Texas, has resulted in significant momentum and dollars dedicated to developing alternatives to traditional compensation systems for educators.

The arguments for and against incentive pay have been well

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<sup>1</sup>For full text see [http://www.whitehouse.gov/the\\_press\\_office/Fact-Sheet-Expanding-the-Promise-of-Education-in-America/](http://www.whitehouse.gov/the_press_office/Fact-Sheet-Expanding-the-Promise-of-Education-in-America/).

covered in numerous venues. The theory behind performance-related incentive pay is that, in the short term, it will motivate current educators to adapt their professional practice to address performance criteria, whether tied to student achievement measures or other indicators of good practice. Market-based incentive pay, on the other hand, attempts to use additional pay to draw necessary types of educators to designated schools and/or subject areas. In the long term, incentive pay may attract to the profession a new set of talented individuals, who desire and expect recognition for quality performance and for assuming challenging professional placements. Historically, however, opponents argue that incentive pay systems may be harmful to the collaborative culture of the teaching profession or encourage undesirable instructional practices, such as teaching to the test.

Despite the proliferation of articles on the merits and drawbacks of incentive pay, it remains unclear exactly how many districts and schools are employing incentive pay or how existing

incentive pay schemes are designed. Within that context and given the current federal channels for carrying forward such programs, this paper examines incentive pay plans that are being implemented under the TIF program. While, admittedly, not capturing the full extent of incentive pay nationwide, this paper is a reasonable starting point to understand how federal dollars are being used to modify systems for compensating educators and to learn about how incentive pay can work in actual schools across the nation.

This paper starts by providing a brief overview of the policy landscape before describing the federal TIF program in greater detail. It then outlines the methodology used to survey current TIF grantees about the design of their incentive pay plans and discusses key findings. The paper concludes by drawing attention to important policy implications stemming from survey results and also suggesting next steps for consideration by those in the policy and research realms of education. ▼

## INCENTIVE PAY POLICY LANDSCAPE

This section provides a brief overview of the past and current incentive pay landscape and introduces the TIF program in greater detail. It starts by discussing the evolution of incentive pay policy over time and several prominent incentive pay initiatives, including TIF. The section closes with a summary of research and key features to be considered in the design of incentive pay systems.

### Evolution of Incentive Pay Policy

Incentive pay for teachers dates back as far as the early 1700s in Great Britain and has cycled in and out of fashion during the historical development of the U.S. K-12 public education system. In fact, discussions about the use of incentive pay for teachers have been a near constant theme in American education policy, particularly since the adoption of the first single salary schedules in Denver and Des Moines in the early 20th century.

While the single salary schedule was initially—and in many ways still is—applauded for being a system that encourages pay equality and predictability, it is not without drawbacks. Opponents continue to point out that the single salary schedule does not distinguish effective from ineffective teachers and is not responsive to modern teacher workforce demands (e.g., addressing teacher shortages in hard-to-staff subject areas and schools) (Kershaw & McKean, 1962; Odden & Kelly, 1992; Podgursky, 2008; Podgursky & Springer, 2007).

At the same time, infusing educator compensation with a performance-related and/or market-based incentive component is a challenging task, and one that has yet to consistently prove itself as an effective alternative. Although leaders of both major U.S. political parties have lent public support to the idea of incentive pay and most polls show the general public in favor, there remains disagreement regarding program design and im-

plementation. It is also a technically demanding and time-consuming reform effort, one that requires sophisticated data systems, well-trained personnel for implementation and management, and broad stakeholder buy-in (Goldhaber, 2009; Koppich, 2008; Koppich & Rigby, 2009; Slotnik, 2009; Snowden, 2007).

Nonetheless, several developments simultaneously occurring in the U.S. public education system have stimulated interest in the design and implementation of incentive pay policies for educators since the turn of the 21st century. These include, primarily, the implementation of high-stakes state accountability systems, the poor relative performance of U.S. students on international math and science tests, the disproportionate distribution of inexperienced teachers in high-needs subject areas and schools, and the advancements of more reliable and sophisticated data systems and measures for evaluating teacher performance.

Federal funding initiatives alone, such as TIF and Race to the Top, offer millions of dollars to schools for the development of alternatives to the traditional single salary schedule for compensating educators. Many public school districts, and even entire states such as Florida, Minnesota, and Texas, are also funding performance-related and/or market-based educator compensation systems. Additionally, nonprofit organizations and other foundations are involved in this policy reform, one of the best-known examples being the Teacher Advancement Pro-

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<sup>2</sup>First launched in 1999 by the Milken Foundation, TAP is a model for schools that attempts to restructure and revitalize the teaching environment in hopes of helping educators excel and ultimately raising student achievement. The TAP system, now part of NIET, focuses on four key elements: multiple career paths, ongoing applied professional growth, instructionally focused accountability, and performance-related compensation. To learn more about TAP, please visit <http://www.tapsystem.org/>.

gram (TAP) led by the National Institute for Excellence in Teaching (NIET), which includes an alternative compensation plan as one of its priorities.<sup>2</sup>

## Overview of the TIF Program

In 2006, the U.S. Department of Education specifically created the TIF program for the development and implementation of incentive pay systems for teachers and principals. While proposed changes are currently under consideration for the next round of grant recipients, primary objectives of TIF remain as follows.

- Improve student achievement by increasing teacher and principal effectiveness.
- Reform educator compensation systems so as to reward personnel for improving student achievement.
- Increase the quality of teaching in hard-to-staff schools and subject areas through sustainable reform of educator compensation systems, especially in high-need schools.

Since 2006, the TIF program has made five-year grants available to local education agencies (LEAs), state education agencies, other nonprofit organizations, or partnerships between these entities. Eligible TIF recipients also include charter schools considered LEAs in their respective states. The incentive pay systems implemented by these sites must include a performance-related component that considers gains in students' academic achievement, but not exclusively. In evaluating educator performance for awards, TIF program guidelines have also encouraged sites to consider results from classroom evaluations conducted at multiple points over the course of a school year and/or assuming additional responsibilities and leadership roles.<sup>3</sup>

Since its inception in 2006, the TIF program has delivered one round of grants allocated in a phased-in sequence. Specifically, a total of 33 recipient sites operate TIF plans with approximately half receiving their grants in 2006 and the others receiving their grants in 2007. These 33 sites span 19 states, the District of Columbia, and one multi-state charter school network.

As the U.S. Department of Education prepares for the second round of TIF grantees in 2010, it has proposed changes to the TIF competition.<sup>4</sup> Under consideration are several notable modifications to program guidelines. Some of the suggested criteria from the first round of TIF grants would become program requirements. Applicants would be required to use student achievement gains and classroom evaluations conducted at multiple points during the school year in determining performance-related pay for educators. Additionally, the guidelines more explicitly address the use of incentive systems based on individual versus group performance and the amount of incentive pay awards for educators to ensure sufficiently differentiated levels of compensation.

The newly proposed priorities include significant attention to strategies for ensuring the fiscal and programmatic sustainability of TIF plans. And notably, competitive priority is given to applicants that use value-added measures to evaluate the performance of educators, and also to those focusing on ways to increase recruitment and retention of promising educators in hard-to-staff subjects and schools.

Perhaps the most notable modification, however, is the creation of a TIF Evaluation competition, which would involve a rigorous, randomized experiment studying the impact of incentive pay on the recruitment and retention of teachers and principals. This competition would be separate from the Main TIF competition. Grantees participating in the experiment would be assigned at random to either a treatment or control group; the treatment group being those that implement an incentive pay plan. The parameters for these incentive pay plans are more restrictive than those for grantees in the Main TIF competition. For example, requirements for the TIF Evaluation competition would dictate several distinct design considerations including use of individual or mixed-group accountability and parameters to ensure that bonus awards constitute substantial incentive for teachers and principals.

Finally, incentive pay plans funded by TIF must include bonus awards for both teachers and principals. TIF grants can be used solely for principal incentive pay if a site already has a teacher incentive pay system. While this requirement would not change under the newly proposed priorities for 2010, second-round TIF grants could not serve schools that are currently receiving funds under first-round TIF grants.

## Research on Incentive Pay Systems and Design

The popularity of educator compensation reform—and particularly incentive pay systems such as those funded by TIF—has prompted the research community to examine the merits and drawbacks of this policy intervention over the years. Quite frequently, the focus of research has been to evaluate program outcomes, such as student achievement and teacher attitudes. Most programs, however, are evaluated within the first few years of implementation, thus the only potential benefits that might be captured in the evaluation are based on hypothesized, short-term motivational effects. As a result, we still know very little about the potential of teacher compensation reform to improve outcomes for students by altering the composition of the teaching workforce.

Furthermore, the studies that have been conducted have varied substantially in regards to methodology, quality, target

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<sup>3</sup> Information from Teacher Incentive Fund, United States Department of Education retrieved in October 2009 at <http://www.ed.gov/programs/teacherincentive/index.html>. <sup>4</sup>The 2010 proposed priorities for TIF were released in the Federal Register on February 26, 2010. For further information, visit <http://www2.ed.gov/programs/teacherincentive/applicant.html>.

populations, and the nature of programs being evaluated (Podgursky & Springer, 2007). The results provide a mixed picture of incentive pay's effects, particularly on student achievement. Therefore, it remains quite difficult to make any broad, definitive claims about program impact on teaching and learning.

More recently, the research community has turned to examining not only overall program outcomes, but also how design features and the nature of program implementation influence those outcomes. This emerging focus recognizes that the way in which a program is designed and implemented can influence outcomes such as educator attitudes, professional practice, organizational dynamics, teacher workforce trends, and student achievement.

Educator compensation reform initiatives are certainly not uniform in nature. They can typically be classified into one of several categories, including performance-related pay, knowledge- and skills-based pay, career ladders, and market-based pay for recruiting and retaining educators in hard-to-staff subjects and schools (Springer, 2009). Researchers have found that educators' attitudes about an incentive pay program may well be dependent on such design features. For example, several studies indicate that teachers view pay for assignment in a hard-to-staff field unfavorably, but do look positively upon pay for extra duties. Similarly, there is some contradictory evidence about teachers' attitudes towards the use of student achievement measures as criteria for bonus awards. Whereas research coming out of Texas indicates a preference among teachers to include measures of student achievement gains in their state-funded incentive pay plans, several other studies have found teachers unenthusiastic about using student performance as criteria for determining pay (Ballou & Podgursky, 1993; Goldhaber, DeArmond, &

DeBurgomaster, 2007; Jacob & Springer, 2007; Springer et al, 2009).

Several other significant design features have also come to the attention of researchers. One such issue is the dollar value of the incentive award. A recent evaluation of two state-funded incentive pay programs in Texas, for example, found that the dollar amount of an award had a significant influence on teacher turnover (Springer et al, 2009). Among other design decisions is whether teacher effectiveness should be determined by year-end student scores or by some measure of value-added or student growth. And, in a newly released report by the Organisation for Economic Co-operation and Development, researchers discuss the importance of several design features including the unit of accountability (e.g., whose performance determines an employee's award eligibility? individual teacher, teams of teachers, the school as a whole, a combination of these entities?) and incentive structure (e.g., are all teachers eligible for an award if they meet predetermined performance standards or are awards distributed only to the top performers in a school?) (Springer & Balch, 2009). Such design choices would reasonably influence educators' response to the incentive pay system.

There is clearly mounting interest, not to mention financial investment, in educator compensation reform throughout the United States. Coupled with the need for greater understanding of program design and its impact on teaching and learning, this paper now turns to the examination of TIF plans. The remaining sections begin to explore how federal TIF dollars are being used to shape incentive pay plans across the nation, a critical first step in understanding how TIF may ultimately influence teaching and learning within the U.S. K-12 public education system. ▼

## METHODOLOGY

To gather information about the TIF program and, specifically, the nature and design of incentive pay plans implemented by the 33 current TIF grantees (i.e., those receiving first-round grants in 2006 and 2007), we made use of two primary sources. First, we drew on existing documents—such as websites and other publicly available reports—to gather information about the purpose and general scope of TIF, program funding, and preliminary details about each grantee site. Second, we collected survey data to learn about specific design features of each TIF incentive pay plan.<sup>5</sup>

A number of pertinent websites and reports about TIF, and performance-related and market-based pay more broadly, were consulted prior to developing the TIF grantee survey.<sup>6</sup> Several publicly available sources, including the U.S. Department of Education and the Center for Educator Compensation Reform (CECR) websites, were particularly informative for learning preliminary information about each of the 33 grantee sites.

After carefully reviewing existing sources of information about performance pay, the TIF program, and the first round of TIF grantees, we crafted a survey instrument to gather more de-

tails about the design of each site's TIF plan. The design features that became the focus of this TIF survey were largely informed by the growing body of research regarding important components of incentive pay plans generally. Each TIF site was asked to report on the following characteristics of their plan.

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<sup>5</sup>Appendix A provides an overview of each TIF plan feature reported throughout this paper and the source of information for each feature. Appendix B provides a copy of the survey instrument that was administered to TIF grantees in the Fall 2009 semester.

<sup>6</sup>Sources consulted prior to survey development included the following web sites and reports: Springer, M. et al. (2009), Texas Educator Excellence Grant (TEEG) program: Year three evaluation report. Texas Education Agency; Springer, M., & Balch, R. (2009). Design components of incentive pay programmes in the education sector. Evaluating and rewarding the quality of teachers: international practices (65-102). Organisation for Economic Co-operation and Development; Teacher Incentive Fund. United States Department of Education. Retrieved October 10, 2009. at <http://www.ed.gov/programs/teacherincentive/index.html>; TIF Grantee Profiles. Center for Educator Compensation Reform. Retrieved October 10, 2009 at <http://cecr.ed.gov/initiatives/grantees/profiles.cfm>.

- Amount, sources, and duration of funding
- Objectives of plan (i.e. performance-related, market-based, or both)
  - Distribution of bonus awards (i.e. eligible recipients, award amounts, payout frequency)
  - Unit of accountability (i.e., whose performance at a site determines award eligibility)
    - Criteria for performance-related award eligibility (i.e., student performance, acquisition of knowledge/skills, etc.)
    - Criteria for market-based pay/award eligibility (i.e., type of school and/or subject area, years of service, etc.)
  - Evaluation of plan outcomes
  - Future needs/directions for plan implementation

The survey was administered to primary program coordinators identified at each TIF site. Program coordinators at each of the 33 TIF sites were contacted by email in early August 2009 to explain the nature of the project and inform them about the survey that was later administered in the Fall 2009 semester.

Once the survey had been reviewed by several practitioners and revised by researchers to improve clarity of questioning, it was administered through a secure, online site during October 2009. Follow-up emails and phone calls to program contacts fa-

cilitated a high response rate, with responses submitted for 28 (85%) of the 33 TIF sites. The five TIF sites for which survey responses were not submitted are relatively similar to the 28 responding sites. Both respondent and non-respondent grantees were typically LEAs and received TIF grants of relatively similar dollar amounts.<sup>7</sup>

Finally, we created individual reports for each TIF site responding to the survey, documenting the program coordinator's survey responses. Reports were returned to each TIF site to verify accuracy of information and to allow program coordinators the chance to clarify plan design details. Using this verified information, we compiled final results for analysis. Findings are reported in the remaining sections of this paper.<sup>8</sup> ▼

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<sup>7</sup>Of the five non-responding TIF sites, three are district grantees, one is a charter school, and the fifth is a university system. The distribution of TIF grant amounts among non-responding sites is similar to those of responding TIF sites. Three of five sites received less than \$5 million with the other two receiving between \$5 and \$10 million for the 2009-10 school year.

<sup>8</sup>Finally, it should be noted that most incentive pay plans operating at TIF sites are not funded exclusively by TIF dollars. As will be explained later in the paper, many plans are supplemented by local, state, or other funding sources. Therefore, the design features of incentive pay plans should be understood as not exclusively funded by TIF federal dollars.

## OVERVIEW OF TIF GRANTEES

This section provides a description of the 33 current TIF grantees, including where they are located, their organizational structures, and how expansive their plans are (i.e., the number of schools involved). It also discusses how TIF funds have been allocated as of the 2009-10 school year.

### Overview of TIF Grantees

The current 33 TIF sites span 19 states and the District of Columbia, with a final grantee being a multi-state network of charter schools. The organizational structures of these grantee sites vary, with most (23 of 33 sites) operating at the district level. Other grantees include three state education agencies, four charter school networks (one being the multi-state network mentioned already), two individual charter schools, and one plan operated by a university system in approximately seven school districts in a single state.

The incentive pay plans operating at these TIF sites include both locally developed approaches and those modeled after es-

tablished systems, such as the TAP system led by NIET and the Effective Practice Incentive Community (EPIC), an initiative by New Leaders for New Schools.<sup>9</sup>

Of the 28 TIF sites for which survey results were available, grantees reported a total of 1,911 schools participating in TIF plans during the 2009-10 school year (i.e., the year in which the survey was conducted). These plans vary greatly in size, ranging from a single school implementing a TIF plan to one involving 297 schools in a major urban school district. The average number of schools involved at a TIF site is 68 while the median number of schools involved is 28. Figure 1 reports the distribution of TIF sites by number of schools participating in the plan. Each point along the x-axis represents a TIF site. The figure shows that most sites include fewer than 50 schools, with only a handful implementing plans with more than 200 schools during 2009-10.

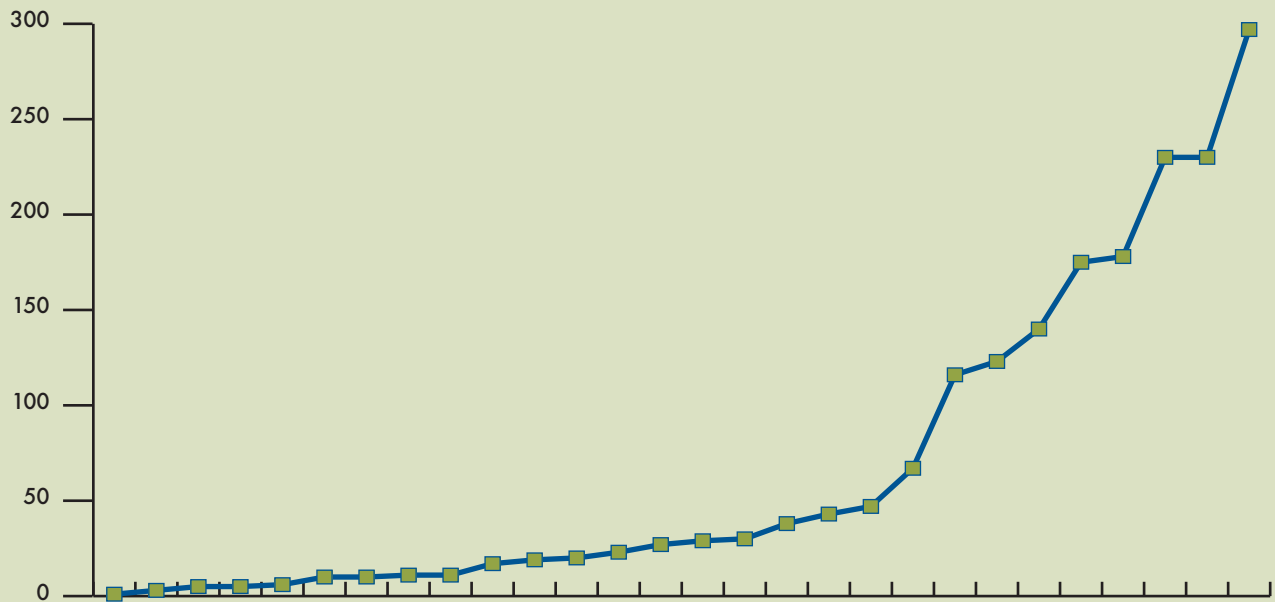
### Distribution of TIF Grants

The first round of TIF grants was distributed to participant sites along a staggered timeline. Sixteen sites received the first round of TIF grants in 2006, while the second round of 18 TIF sites received their grants in 2007. As of the 2009-10 school year, 33 sites were operating TIF plans. The 2006 grant recipients, currently in their third year of participation, received roughly \$133 million in TIF funds; the 2007 recipients, now in their second year, received approximately \$90 million. Overall, the 33 sites

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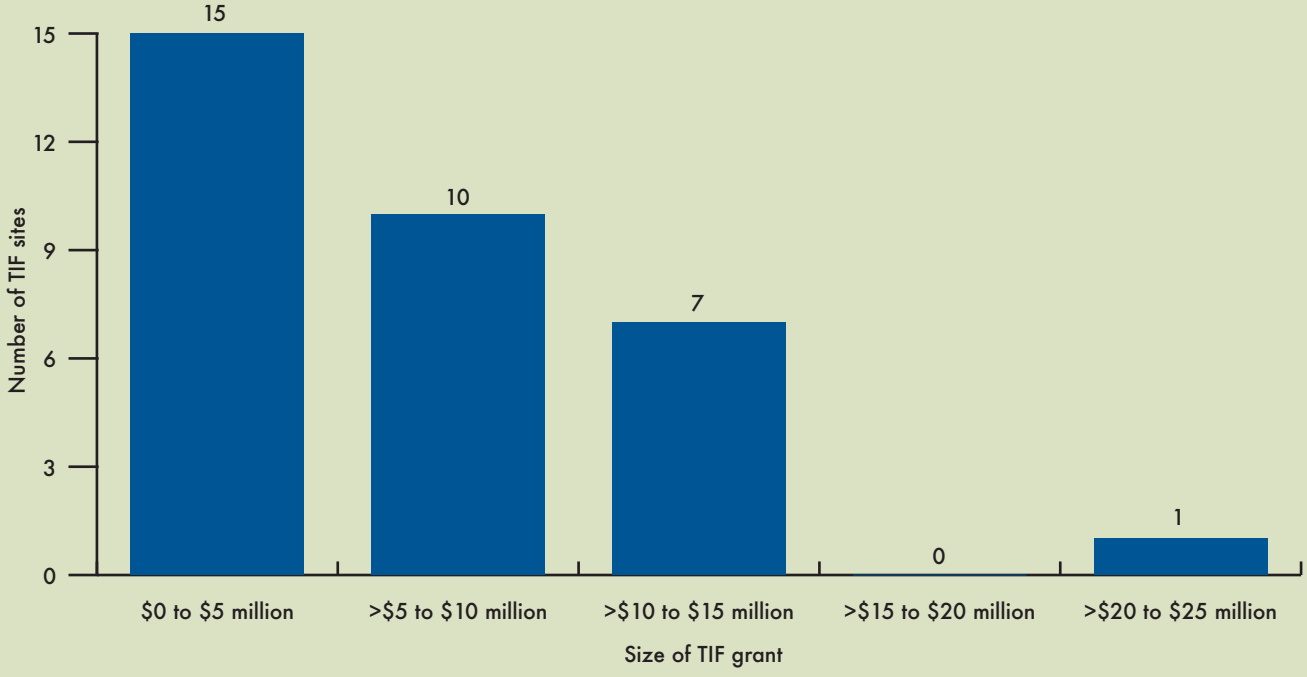
<sup>9</sup>With the help of Mathematica Policy Research, New Leaders for New Schools founded EPIC in 2006. Funded primarily by a U.S. Department of Education TIF grant, EPIC links principal and teacher incentive pay to the widespread sharing of effective educational practices by identifying schools driving student achievement gains, then awarding principals, assistant principals, and instructional staff in these schools for sharing the practices that have helped lead to the gains. To learn more about EPIC, please visit <http://www.nlms.org/epic.jsp>.

**Figure 1: Number of Schools Participating in TIF Plans, 2009-10 School Year**



Source: Survey administered to TIF sites in Fall 2009. Results are based on responses from 28 TIF sites; each data point represents one of these 28 TIF sites.

**Figure 2: Value of Grants for Incentive Pay Plans at TIF Sites, 2009-10 School Year**



Source: Center for Educator Compensation Reform, Estimated 2009-10 TIF Grant Awards. Represents 33 TIF sites.



received nearly \$222 million in grant awards during the 2009-10 school year.

These 2009-10 TIF grants range in amounts from \$523,822 to \$20,914,321 with an average grant amount of \$6,726,392. The largest share of grant awards—nearly half—has a value less than \$5 million for the 2009-10 school year, and nearly one-third fall between \$5 and \$10 million. Only one TIF site received a 2009-10 grant with a value greater than \$20 million. Figure 2 displays the distribution of grant awards to the 33 sites.

According to survey responses, many of the sites supple-

ment their TIF grant with other funding sources. In fact, only five of the 28 TIF sites represented on the Fall 2009 survey reported that their incentive pay plans were solely funded by TIF dollars. The remaining 82 percent of respondents explained that their incentive pay plans were funded in part by TIF along with other funding streams. Of those 23 sites using supplemental funds, 10 use state dollars, 21 use district dollars, eight integrate foundation/private dollars, and three supplement their TIF grants with yet other sources.<sup>11</sup> ▼

## DESIGN FEATURES OF TIF INCENTIVE PAY PLANS

The paper now turns to the key design features of TIF incentive pay plans operating during the 2009-10 school year.<sup>12</sup> To better understand how TIF dollars are being used to implement new methods for compensating educators, this section addresses each of the following questions.

- What are the overall objectives of each plan?
- How do sites determine award eligibility?
- How are awards distributed and to whom?

Overall, TIF sites implement plans that follow federal program guidelines. More specifically, they commonly implement plans with a three-pronged focus. That is, they provide performance-related awards, as well as market-based pay for teacher recruitment and retention. Over half of these sites base performance-related awards on student achievement in addition to employees' own acquisition of knowledge, skills, and additional responsibilities. Market-based recruitment and retention pay are equally geared towards hard-to-staff schools and hard-to-staff subject areas.

Furthermore, eligibility for performance-related pay is most often determined by the performance of individual educators and/or the school as a whole, with participating employees having the chance to earn an award if they meet predetermined criteria (as opposed to competing for a set number of bonus awards). All TIF sites include incentive pay for administrators and teachers, nearly all of which are in the form of

**Given TIF guidelines... it is of little surprise that so many TIF plans use funds to both provide performance-related awards and market-based pay to recruit and retain teachers.**

cash awards distributed once per school year. These award amounts vary considerably among TIF sites.

### Objectives of TIF Plans

As discussed previously, the TIF program was put in place with the intent of reforming educator compensation systems to reward personnel for improving student achievement and to increase the quality of teaching in hard-to-staff schools and subject areas. The program aims to accomplish these objectives through development of sustainable incentive pay systems in high-need schools. TIF recipients are currently required to include bonus awards based on student achievement gains in their incentive pay plans, as well as results from classroom evaluations. They can also use additional responsibilities and leadership roles, among other factors, as criteria for bonus awards.

Given TIF guidelines and the program's focus on rewarding performance and improving teacher quality in hard-to-staff areas, it is of little surprise that so many TIF plans use funds to both provide performance-related awards and market-based pay to recruit and retain teachers. In fact, all 28 sites represented on the survey reward employee performance, while 22 (79%) offer recruitment incentives, and 18 (64%) offer incentives for teacher retention.

The most common strategy, reported by 64 percent of sites, is using funds for a three-pronged plan; that is, providing educators with awards related to performance, as well as monetary incentives for recruitment and retention. Just over 20 percent use performance-related awards exclusively in their plans. The remaining TIF sites use performance-related awards and recruitment incentives in combination.

The following sections discuss these objectives in greater detail, highlighting the key design features of plans implemented by TIF grantees. Eligibility criteria for performance-related and

<sup>11</sup> It was difficult for respondents to accurately report the total dollars going to incentive pay plans at TIF sites because of uncertainty about sustainability of supplemental funding streams (i.e. sources other than TIF) and the overlap between TIF incentive pay plans and other interrelated initiatives. Therefore, researchers only report on TIF dollars and are unable to report the distribution of or descriptive statistics for total funds from all sources.

<sup>12</sup> See Appendix D for a table reporting descriptive statistics and frequencies, as applicable, for all plan design features gathered through the TIF Fall 2009 survey.

**Table 1: Unit(s) of Accountability for Performance-Related Awards in TIF Plans, 2009-10 School Year**

| Unit of Accountability       | Number of TIF Sites | Percent of TIF Sites |
|------------------------------|---------------------|----------------------|
| Individual and school        | 14                  | 50.0%                |
| Individual, team, and school | 9                   | 32.1%                |
| Individual only              | 2                   | 7.1%                 |
| School only                  | 2                   | 7.1%                 |
| Team and school              | 1                   | 3.6%                 |
| Individual and team          | 0                   | 0.0%                 |
| Team only                    | 0                   | 0.0%                 |

Source: Survey administered to TIF sites in Fall 2009. Results are based on responses from 28 TIF sites.

market-based pay are described first, followed by information on how incentive pay is distributed to school personnel.

## Eligibility for Performance-Related Awards

### *Criteria for performance-related awards*

As would be expected due to TIF program guidelines, all 28 survey respondents reported that employees receive awards based on student performance. Over 60 percent indicated that employees could also receive awards for acquiring knowledge and skills and roughly 70 percent for assuming additional responsibilities and duties. We found that plans most commonly integrate all three performance-related criteria. Nearly 61 percent provide awards for student performance, acquisition of knowledge and skills, and assuming additional duties. Roughly 29 percent, however, base performance-related awards only on student performance.

### *Unit of accountability*

The 2009 TIF survey inquired about other design features that impact how employees' eligibility for performance-related awards is determined. One such feature is referred to as the "unit of accountability," or the entity whose performance determines an employee's award eligibility. If an employee's eligibility is determined by his/her own performance, then the unit of accountability is at the individual level. However, if award eligibility for an employee is based on the performance of a team

of teachers or an entire school, then accountability is described as being at the team or school level, respectively.

In TIF plans, awards are often determined by the performance of individuals and the performance of the schools as a whole. Over 90 percent of TIF sites reward employees for overall school performance, while slightly less than 90 percent reported that an employee earns an award based on his/her own performance. Treating teams (for example, grade-level or subject-level teams) as a unit of accountability is less popular, a design feature currently used by only 36 percent of TIF sites.

It is very common for TIF plans to use more than one unit of accountability to determine award eligibility. In all but five TIF sites represented on the survey, employees earn awards by some combination of their own performance and group-level performance. The most popular approach is to base awards on individual and school performance in combination, followed by awards for performance of individuals, teams, and the school overall. Table 1 displays the frequency with which TIF plans integrate these various strategies.

### *Performance measures*

Another key consideration in the design and implementation of a performance-related incentive pay plan is the actual method used to measure educators' contribution to student achievement. While TIF guidelines specify that plans "must include gains in student achievement as well as classroom evaluations,"<sup>13</sup> this still permits grantees much leeway with regard to how student achievement is measured. A paper by Meyer and Christian (2008) reports on this important characteristic of TIF plans.

In their review of the performance measures used by existing TIF sites, Meyer and Christian (2008) report that TIF grantees employ a wide range of methods to evaluate student achievement. As illustrated in Table 2, a majority of existing TIF

<sup>13</sup>Teacher Incentive Fund. Unites States Department of Education. Retrieved October 10, 2009 at <http://www.ed.gov/programs/teacherincentive/index.html>.

## Table 2: Performance Measures for Performance-Related Awards in TIF Plans

| Type of Performance Measurement        | Number of TIF Sites |              |             |                  |
|--|---------------------|--------------|-------------|------------------|
|  | Small Sites         | Medium Sites | Large Sites | Total # of Sites |
| Value-added                            | 2                   | 9            | 6           | 17               |
| Gain                                   | 1                   | 0            | 1           | 2                |
| Movement across proficiency thresholds | 1                   | 1            | 1           | 3                |
| Proficiency or attainment rates        | 2                   | 1            | 1           | 4                |
| Gain/movement/attainment combined      | 1                   | 3            | 2           | 6                |
| Individual learning plans              | 1                   | 0            | 0           | 1                |
| <b>Total # of sites</b>                | <b>9</b>            | <b>14</b>    | <b>11</b>   | <b>33</b>        |

Note: “Small” sites refer to locations serving student enrollment less than 10,000; “Medium” refers to sites with student enrollment of 10,000 to 100,000; “Large” refers to sites with student enrollment greater than 100,000. Source: Adapted from information on TIF performance measures as reported by Meyer and Christian (2008). Represents 33 TIF sites, removing the 34th site that was reviewed by Meyer and Christian but no longer operates in 2009-10.

plans (17 of 33) reviewed by Meyer and Christian use value-added models of one type or another, while others use simpler approaches, including gains, proficiency gains (movement across proficiency categories), average achievement, and proficiency rates.

In recent years, value-added modeling, the approach used by over 50 percent of TIF sites, has gained popularity as a way to estimate the effect that teachers and schools have on student achievement (Harris, 2009). Essentially, a value-added model is a way of isolating the contribution of individual teachers and schools on growth in student achievement by controlling for other potential influences on student learning, such as prior student achievement and student and family characteristics. While Meyer and Christian (2008) deem value-added and other growth models preferable to methods of performance measurement based strictly on levels of student proficiency or attainment, they recognize that these more sophisticated models often require an outside research partner to help measure value-added or growth.<sup>14</sup> As reflected in their findings, smaller districts may not always be able to afford to hire this external assistance.

### *Incentive structure and performance standards*

Other design features that impact employees’ eligibility for performance-related pay are what previous research has described as the incentive structure and performance standards. Incentive structure refers to the method or mechanism that directs the allocation of awards under a performance-related incentive pay plan (Springer & Balch, 2009). The two primary types of incentive structures are rank-order tournaments and fixed performance contracts. The former are incentive structures in which a predetermined proportion of eligible staff receive awards based on their performance relative to the ranking of other individuals or groups. The latter, fixed performance con-

tracts, define performance standards which eligible employees must meet in order to earn awards. In rank-order tournaments, employees are essentially competing for a set number of performance-related awards; in fixed performance contracts, hypothetically any employee can earn an award if he or she meets performance expectations. Most importantly, in fixed performance contracts, the fact that one employee earns an award does not diminish the likelihood that another employee can also earn an award.

TIF sites have a tendency to use fixed performance contracts with predetermined performance standards (reported by 86% of respondents), rather than a rank-order system (reported by 32%). The likely rationale, as explained in the literature, for selecting a fixed performance contract is that this structure diminishes the possibility of excessive competition between teachers, and thus, is often preferable (Bryk & Schneider, 2002; Hallinger & Murphy, 1986). Only four sites indicated using a combined approach to determine the allocation of performance-related awards.

TIF sites also reported different uses of performance standards to determine award eligibility. Among survey respondents, 75 percent use a system in which multiple award levels are possible. An employee can earn more as he or she meets higher performance standards. Only four sites use an all-or-nothing approach in which employees have to meet a base performance standard, but anyone performing above that standard still receives the same award amount as others who only meet—but do

<sup>14</sup>For a full explanation and evaluation of the performance measures mentioned here, including value-added, see Meyer, R. and Christian, M. (2008). Value-added and other methods for measuring school performance.

<sup>15</sup>A combined “threshold” system is possible. For example, one site uses multiple thresholds for individual value-added measures but an all-or-nothing award based on school-level performance.

**Table 3: Incentive Award Amounts for School Personnel at TIF Sites, 2009-10 School Year**

| Design Feature | Administrators<br>(n=28 sites) | Teachers<br>(n=26 sites) | Other Instructional<br>Personnel (n=15 sites) | Non-instructional<br>Personnel (n=8 sites) |
|----------------|--------------------------------|--------------------------|---|--|
| Minimum award  |                                |                          |   |  |
| Mean (Median)  | \$1,639.17 (\$900.00)          | \$877.47 (\$500.00)      | \$420.46 (\$300.00)                           | \$303.57 (\$300.00)                        |
| Minimum        | \$50.00                        | \$50.00                  | \$50.00                                       | \$50.00                                    |
| Maximum        | \$5,000.00                     | \$4,000.00               | \$1,500.00                                    | \$500.00                                   |
| Maximum award  |                                |                          |   |  |
| Mean (Median)  | \$8,632.21 (\$7,250.00)        | \$8,016.42 (\$6,250.00)  | \$1,547.80 (\$1,000.00)                       | \$2,456.25 (\$1,250.00)                    |
| Minimum        | \$800.00                       | \$1,030.00               | \$400.00                                      | \$400.00                                   |
| Maximum        | \$34,875.00                    | \$30,350.00              | \$6,500.00                                    | \$6,500.00                                 |

Source: Survey administered to TIF sites in Fall 2009. Results are based on responses from 28 TIF sites.

not exceed—that standard. Two TIF sites use a combined approach and the last site’s approach was unclear due to an incomplete survey response.<sup>15</sup>

## Eligibility for Market-Based Incentives

TIF plans frequently include strategies to recruit and/or retain educators. Over three-quarters (79%) offer recruitment incentives and more than half (64%) offer incentive pay for teacher retention. Additionally, we found that if a TIF site uses funds for recruitment incentives, they almost always use additional pay to retain employees as well; that is, of the 22 sites incorporating recruitment incentives, 18 also use funds for retaining employees.

The survey inquired about the criteria used by TIF sites to determine distribution of market-based incentives. There is a relatively equal focus on high poverty schools, low-performing schools, and hard-to-staff subject areas when it comes to their recruitment and retention pay. We also asked how long an educator had to be employed before becoming eligible for a retention incentive. Among the 18 sites using such incentives, all reported criteria of three or fewer years of service. In fact, most (14 of the 18 sites) said an employee only need be in a position for one school year to receive the retention pay.

## Distribution of Incentive Awards

In an effort to discover how incentive pay is being distributed at TIF sites and to whom, respondents were asked to report if incentive pay goes to administrators, teachers, or other instructional and non-instructional personnel. The survey also inquired about

how frequently incentive pay awards are distributed (or paid out) to employees, in addition to the types of awards and their value.

### Awards for administrators

In their plans for using federal TIF dollars, grantees are required to include principals in the incentive pay system. Therefore, it is of no surprise that all survey respondents indicated that administrators (i.e., school principals, assistant principals, or other executive-level staff such as directors or assistant directors) are eligible for awards.

Among the 28 TIF sites represented on the survey, a total of 4,512 administrators are reported as participating in incentive pay plans during the 2009-10 school year. On average, TIF sites include two administrators per school in their incentive pay plans; this ratio ranges from a minimum of 0.1 to a maximum of 6.9.

The survey also inquired about the types of incentive awards, the frequency of payout, and the value of awards for administrators. All sites provide cash awards to administrators, with two also offering awards in the form of tuition reimbursements. Over 70 percent pay out awards once per year with seven TIF sites distributing awards multiple times during a school year and one using a combined approach (e.g., performance-related awards distributed once per year; tuition reimbursements made twice per year).

Finally, the survey asked about the minimum possible value of an award (other than \$0) and the maximum possible value of an incentive award for administrators. The value of awards ranges considerably among TIF sites, as seen in Table 3. Minimum awards for administrators range from \$50 to \$5,000 while maximum award values range from \$800 to \$34,875 (an amount attributable to a plan in which the compensation structure is largely performance-related); the sec-

ond highest maximum award was \$22,000. TIF sites reported an average minimum value of \$1,639.17 and an average maximum value of \$8,632.21. Table 3 also reports the median values of awards, given the considerable variation in award values used by TIF sites.

### *Awards for teachers*

Grantees are also required to include teachers in their incentive pay plans, unless they have a separate plan already in place for teachers. Thus, it follows logically that all but two survey respondents report classroom teachers (i.e., those with full-time or part-time teaching responsibilities, or long-term substitutes who fill the role of a full-time or part-time teacher) as eligible for incentive awards. At the 26 TIF sites using awards for teachers, a total of 110,181 teachers participate in the incentive pay plans during the 2009-10 school year.

All 26 sites provide cash awards to teachers, while six also offer awards in the form of tuition reimbursement, and two offer some other form of award (e.g., professional development compensation, leadership stipends, National Boards fee reimbursement) in addition to cash. Approximately 61 percent pay out awards once per year with nine TIF sites (32%) distributing awards multiple times during a school year.

As with the value of administrator awards, the value of incentive awards for teachers varies considerably among TIF sites. Minimum awards for teachers range from \$50 to \$4,000 while maximum award values range from \$1,030 to \$30,350 (this maximum award amount is attributable in part to a tuition reimbursement; the maximum teacher award, excluding those that incorporate tuition reimbursement, is \$12,000).<sup>16</sup>

TIF sites reported an average minimum value of \$877.47 and an average maximum value of \$8,016.14.

### *Awards for other instructional personnel*

In many cases, grantees also include other instructional personnel (e.g., paraprofessionals, teacher aides) in their incentive pay plans. Just over half (54%) of survey respondents indicated that other instructional personnel are eligible for incentive awards. In fact, these 15 TIF sites operate plans that include a total of 6,147 such staff members during the 2009-10 school year. All offer cash awards only. And, all but two pay out awards once per year; the others distribute awards multiple times during a school year.

Minimum awards for these non-teacher instructional personnel range from \$50 to \$1,500 while maximum award values range from \$400 to \$6,500. TIF sites reported an average minimum value of \$420.46 and an average maximum value of \$1,547.80.

### *Awards for non-instructional personnel*

In a smaller number of sites (8), grantees also include non-instructional personnel (e.g., nurses, custodians, secretaries). A total of 7,728 non-instructional staff participates at these eight TIF sites during the 2009-10 school year. All offer cash awards only, and all but one of these sites pay out awards once per year to non-instructional staff.

Minimum awards for non-instructional staff range from \$50 to \$500 while maximum award values range from \$400 to \$6,500. The average minimum value is \$303.57 and the average maximum value is \$2,456.25. ▼

## CONCLUSIONS AND NEXT STEPS FOR POLICY AND PRACTICE

In closing, this paper describes the variety of incentive pay plans stemming from the first years of TIF implementation and plan design, and suggests next steps for policy and practice. This is particularly relevant given the current political climate and the fast-approaching next round of TIF grants, which will be distributed later in 2010. Reflecting on grantee experiences during the first round of TIF is of utmost importance given the often contentious nature of compensation reform and since those participating in the program—whether as policymakers or practitioners—can capitalize on lessons learned.

### Learning from TIF Plans and Design Preferences

Though not entirely surprising, the design of incentive pay plans operating at TIF sites adheres to the TIF program guidelines outlined by the U.S. Department of Education. Each plan

provides principal and teacher awards that are based, at least in part, on student performance, while also focusing to some extent on issues of teacher recruitment and retention. Furthermore, all plans examined in this paper use multiple measures to evaluate educator performance for determination of award eligibility. While all use measures of student performance, they do not necessarily use those measures exclusively.

Other design features, while not required or even suggested by TIF guidelines, are also prevalent among the incentive pay plans operating at TIF sites. For example, TIF sites have a strong tendency to use fixed performance contracts rather than rank-order tournaments, perhaps creating less competition between school personnel. They also typically provide tiered performance standards rather than an all-or-nothing incentive system. Incentive awards are almost entirely in the form of cash paid out once every school year. These design choices may shed further

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<sup>16</sup>See Appendix D for a list of all maximum teacher award amounts.

light on the preferences educators have for incentive pay systems since the features stem not from the requirements of policy, but the local design process.

However, these findings also beg the question of how sustainable these design choices will be over time, especially the preference for fixed-performance contracts over rank-order tournaments. This approach places less certainty—and potentially greater demand—on funding sources, as all participants have the potential to earn performance-related awards. This clearly creates more challenges for the budgeting process than does a rank-order tournament in which a fixed sum of money is allocated to a pre-determined number of eligible recipients.

Related to this matter, and in response to an open-ended survey question, respondents resoundingly discussed their desire to secure more funds for their incentive pay systems. Specifically, there is a noticeable interest in not only sustaining, but in many cases, expanding the scope of the existing incentive pay plan. In fact, 75 percent specifically mentioned wanting to secure additional funds—such as state, district, foundation, or other sources—to continue their plan beyond the fifth and final year of the initial TIF grant period. Interestingly, the proposed requirements for the next round of TIF competitions in 2010 include making sustainability of incentive pay programs an absolute priority, indicating that this is a concern held by policymakers and practitioners alike.

What is less consistent among TIF sites is the dollar amount associated with incentive awards designated for school personnel. The minimum and maximum awards that teachers, administrators, and other personnel can receive vary greatly from plan to plan. For example, the minimum awards that administrators can receive at TIF sites range from a low of \$50 to a high of \$5,000. For teachers, the possible minimum awards range from \$50 to \$4,000.

Recent evaluation findings coming out of Texas indicate that the amount of an award has a significant impact on teacher turnover decisions. For example, teachers in one of the state-funded performance pay programs who received no award or an award less than \$860 had a higher likelihood of turning over, whereas teachers receiving \$1,280 or more had a decreased probability of turning over (Springer et al, 2009).

While this specific finding may not translate to all TIF sites, it does suggest that sites may experience varying effects on teacher turnover given the considerable variation in possible award amounts. This variation also provides a ripe environment for further study of how the amount of incentive awards influences the teacher labor market and perhaps other outcomes, including student achievement gains.

The proposed TIF priorities for 2010 also address this design feature, as proposed stipulations set more definitive parameters to make award amounts of significant value to educators. Furthermore, the TIF Evaluation competition proposes even more restrictive award amount requirements so eval-

uators can rigorously examine the impact of award values on the recruitment and retention of teachers and principals.

## Planning for Next Steps and Ongoing Improvement

In the age of high-stakes and data-driven education reform, it is perhaps of little wonder that TIF guidelines require grantees to evaluate their incentive pay plans. Nonetheless, it is still encouraging that all TIF sites surveyed for this paper reported the use of some kind of program evaluation. Additionally, a full 75 percent use an external party to conduct the evaluation. While the quality of these evaluations is not the focus of this paper, it is certain that without any evaluation in place it would prove difficult for TIF sites to systematically identify and address future needs for program viability and success.

These evaluations are even more pertinent due to the fact that there is considerable variation in key design choices, particularly around the distribution of awards to educators. The different experiences of educators at these sites may result in varying needs for technical assistance related to the implementation of incentive pay plans. There is some body of work on the key principles of technical assistance (see, for example, Lewis and Springer, 2009). Those implementing incentive pay systems should (1) align program goals with those of the particular education system; (2) address workplace barriers early on that might interfere with sustained change; (3) establish feedback mechanisms to know and predict program participants' needs; and (4) provide meaningful training to participants through opportunities to apply learning. Fortunately, many of these principles are addressed by the proposed 2010 TIF priorities.

Considering how much is left to learn about optimal incentive pay systems, the forthcoming national evaluation of TIF plans—if conducted in a quality manner—can shed light on how design choices influence outcomes for teaching and learning. That is, how do different award amounts influence teacher recruitment and retention? How does the choice of incentive structure influence teachers' professional practice and ultimately student achievement?

In summary, this paper provides a glimpse into the design features of incentive pay plans operating at TIF sites, including a review of overall plan objectives, criteria for awards, and the nature of award distribution. Taken in the broader context of U.S. K-12 public education, these findings allow policymakers and practitioners alike to continue learning about the preferences educators hold for compensation reform, and ultimately, to consider the implications those preferences have for teaching and learning. ▼

**There is a noticeable interest in not only sustaining, but in many cases, expanding the scope of the existing incentive pay plan.**

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## **Appendix A**

### **Definition of TIF Plan Design Features**

This appendix provides a description of all the TIF plan features discussed throughout the paper. More specifically, it defines each plan feature and identifies the source of the information. Complete citations for all sources listed in this appendix appear in the References section of this paper.

| <b>TIF Plan Feature</b>                           | <b>Definition</b>  | <b>Source</b>   |
|---|--|---|
| <b>TIF start-up</b>                               | Did the site receive its TIF grant as part of the first or second cohort of Round 1 grantees (i.e., in 2006 or 2007)?  | 1. CECR website<br>2. USDOE website (TIF program information)                   |
| <b>Location</b>                                   | In what state(s) does the TIF grantee operate?   | 1. CECR website<br>2. 2009 Survey<br>3. USDOE website (TIF program information) |
| <b>Organizational structure</b>                   | Is the grantee a local education agency, state agency, charter school, not-for-profit institution, or other entity?  | 1. CECR website<br>2. 2009 Survey<br>3. USDOE website (TIF program information) |
| <b>Origin of plan</b>                             | Is it a locally-developed plan or based on an existing system?   | 1. CECR website<br>2. 2009 Survey   |
| <b>Scope (i.e., number of schools)</b>            | How many schools participate in the TIF plan during the 2009-10 school year?   | 1. 2009 Survey  |
| <b>Funding</b>                                    |  |   |
| 2009-10 TIF grant amount                          | What is the projected amount of the TIF grant for each site during the 2009-10 school year?  | 1. CECR website   |
| Funding sources                                   | Is the TIF grant the only source of each site's funding? Are there any other sources of funds, if so, what are they?   | 1. 2009 Survey  |
| <b>TIF plan objectives</b>                        | Does the TIF plan focus on performance-related awards, recruitment awards, and/or retention awards?  | 1. 2009 Survey  |
| <b>Eligibility for performance-related awards</b> |  |   |
| Criteria  | What is the basis for educator awards? Are they based on student performance, acquiring additional knowledge and skills, assuming additional responsibilities and duties, or some combination of these criteria? | 1. 2009 Survey  |
| Unit of accountability                            | Whose performance determines an employee's award eligibility? (i.e. individual teacher, team, school as a whole, or combination of these entities)   | 1. 2009 Survey  |
| Performance Measures                              | When measuring student performance, do plans look at attainment/performance levels, change in performance over time, or some combination?  | 1. Meyer and Christian (2008)   |

|  |   |                |
|--|---|----------------|
|  |   |                |
| Incentive structure                        | What is the method or mechanism that directs the allocation of awards under a performance-related pay system (i.e. fixed performance contract or rank-order tournament)?                    | 1. 2009 Survey |
| Performance thresholds                     | What level of performance is required for an employee to receive an award? Does the program adhere to an all-or-nothing approach, or use a system where multiple award levels are possible? | 1. 2009 Survey |
| <b>Eligibility for market-based awards</b> | Are recruitment and/or retention awards geared towards teachers in hard-to-staff schools and/or hard-to-staff subjects?   | 1. 2009 Survey |
| <b>Distribution of awards</b>              |   |                |
| Recipients                                 | Which employee groups are eligible to receive awards as part of the TIF plan?   | 1. 2009 Survey |
| Amount                                     | What are the minimum and maximum award amounts that an employee could earn?   | 1. 2009 Survey |
| Type of award                              | Is the award in the form of cash, tuition reimbursement, or some other form?  | 1. 2009 Survey |
| Payout frequency                           | How frequently does the plan confer awards to eligible employees (i.e. one time during a school year, multiple times during a school year)?   | 1. 2009 Survey |
| <b>Evaluation of plan</b>                  | Does the site evaluate (or plan to evaluate) the TIF plan? Is the evaluation conducted internally or externally?  | 1. 2009 Survey |
| <b>Future needs and directions</b>         | What do program coordinators envision for the future of the TIF incentive pay plan? Do they expect it to continue beyond the terms of the initial 5-year TIF grant?                         | 1. 2009 Survey |

## **Appendix B**

### **TIF Design Feature Survey Instrument**

This appendix provides the survey instrument that was administered to the TIF sites. The survey was designed to gather information about each site's specific TIF plan.

**INCENTIVE PAY PLANS 2009:  
STATE BY STATE TIF SURVEY**

Dear Teacher Incentive Fund Personnel,

The National Center on Performance Incentives (NCPI), at Vanderbilt University's Peabody College, is conducting a survey of incentive pay programs in K-12 education throughout the United States. This project will help us learn more about the current landscape of incentive pay and the key design features of programs. You have been identified as a primary contact for a currently operating Teacher Incentive Fund (TIF) grant program.

This brief survey regarding your TIF program is voluntary, but your feedback will be most meaningful and appreciated as incentive pay grows in prominence in the education reform debate. We remind you that all responses will remain entirely confidential and no identifying information will be included in published reports on this project. All responses will be reported in the aggregate. The survey will take approximately 30 minutes to complete. The link in the upper-right hand corner of this page will allow you to print a blank copy of the survey and/or a copy of your answers once submitted. If you are unable to complete the survey in one sitting, you will be able to save your responses, exit the survey, and continue at another time. Furthermore, we will be sending a follow-up email in mid-November to all survey respondents to verify your responses and to confirm our understanding of your incentive pay program's characteristics.

While we are targeting TIF-funded programs, we understand that some grant recipients may use TIF funds in combination with other funding sources to operate incentive pay programs. Therefore, questions in this survey, unless otherwise specified, apply to the incentive program as a whole, not just the portion funded by TIF.

To learn more about NCPI and our work, please visit [www.performanceincentives.org](http://www.performanceincentives.org).

Finally, if you have any questions about this information please feel free to contact us. Similarly, if you feel that you are not the most qualified person to take part in this project, please provide us with the name and contact information of a more appropriate person.

Please contact:  
Dr. Jessica Lewis  
(615) 322-5622  
[jessica.l.lewis@vanderbilt.edu](mailto:jessica.l.lewis@vanderbilt.edu)

or

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**1. In what state does your program operate?**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Alabama              | <input type="checkbox"/> Kentucky       | <input type="checkbox"/> North Dakota   |
| <input type="checkbox"/> Alaska               | <input type="checkbox"/> Louisiana      | <input type="checkbox"/> Ohio           |
| <input type="checkbox"/> Arizona              | <input type="checkbox"/> Maine          | <input type="checkbox"/> Oklahoma       |
| <input type="checkbox"/> Arkansas             | <input type="checkbox"/> Maryland       | <input type="checkbox"/> Oregon         |
| <input type="checkbox"/> California           | <input type="checkbox"/> Massachusetts  | <input type="checkbox"/> Pennsylvania   |
| <input type="checkbox"/> Colorado             | <input type="checkbox"/> Michigan       | <input type="checkbox"/> Rhode Island   |
| <input type="checkbox"/> Connecticut          | <input type="checkbox"/> Minnesota      | <input type="checkbox"/> South Carolina |
| <input type="checkbox"/> Delaware             | <input type="checkbox"/> Mississippi    | <input type="checkbox"/> South Dakota   |
| <input type="checkbox"/> District of Columbia | <input type="checkbox"/> Missouri       | <input type="checkbox"/> Tennessee      |
| <input type="checkbox"/> Florida              | <input type="checkbox"/> Montana        | <input type="checkbox"/> Texas          |
| <input type="checkbox"/> Georgia              | <input type="checkbox"/> Nebraska       | <input type="checkbox"/> Utah           |
| <input type="checkbox"/> Hawaii               | <input type="checkbox"/> Nevada         | <input type="checkbox"/> Vermont        |
| <input type="checkbox"/> Idaho                | <input type="checkbox"/> New Hampshire  | <input type="checkbox"/> Virginia       |
| <input type="checkbox"/> Illinois             | <input type="checkbox"/> New Jersey     | <input type="checkbox"/> Washington     |
| <input type="checkbox"/> Indiana              | <input type="checkbox"/> New Mexico     | <input type="checkbox"/> West Virginia  |
| <input type="checkbox"/> Iowa                 | <input type="checkbox"/> New York       | <input type="checkbox"/> Wisconsin      |
| <input type="checkbox"/> Kansas               | <input type="checkbox"/> North Carolina | <input type="checkbox"/> Wyoming        |

**2. What is the name of the incentive pay program that you oversee in your state or district?**

\_\_\_\_\_

**3. Please select the category that best describes your current role or involvement with the incentive pay program. (Select one option)**

- a. Primary program coordinator
- b. Assist with program coordination
- c. Other state-level official
- d. Other district-level official
- e. Other (please specify):

**4. We want to learn about the scale of this incentive program. Please select the answer choice that best describes the program. (Select one option)**

- a. It operates statewide.
- b. It operates in a select district or group of districts within the state.
- c. It operates in a select school or group of schools within the state.
- d. Other (please specify):

**5. How many schools participate this 2009-2010 year?**

\_\_\_\_\_

## PROGRAM FUNDING

6. For how many school years is the incentive pay program intended to operate? [NOTE: While funding may always be in question, we want to know the length of time that the program is intended to operate.]

---

7. Is this incentive pay program funded exclusively by Teacher Incentive Funds (TIF)?  
(Select one option)

- a. Yes
- b. No

If yes, go to question 9

If no, go to question 8

If did not answer, go to question 8

8. You indicated that TIF is not the only source of funds for this incentive pay program. Please select all of the following funding sources that contribute to the program's operation.

- a. State funds
- b. District funds
- c. Private/Foundation funds
- d. Other (please specify):

9. Including all funding sources, what is the total amount of program funding for the 2009-10 school year?

---

10. Including all funding sources, what is the total amount of program funding for the entire intended duration of the program? [NOTE: Please keep in mind the intended duration of school years indicated in your earlier response.]

---

## OBJECTIVES OF THE PROGRAM

11. Under this incentive pay program, is one of the objectives to reward employee performance? [NOTE: This can include performance as measured by several indicators, such as students' performance, acquisition of knowledge/skills, assuming additional responsibilities, etc.] (Select one option)

- a. Yes
- b. No

If yes, go to question 12

If no, go to question 16

## PERFORMANCE PAY PROGRAMS

**12. Which of the following categories best describe(s) the type of performance rewarded as part of the incentive pay program? Select all that apply.**

- a. Awards for student performance.
- b. Awards for acquisition of knowledge and skills.
- c. Awards for assuming additional responsibilities or duties.
- d. Other (please specify):

**13. Which of the following categories best describe(s) the incentive pay program? Please select all that apply.**

- a. Awards are based on individual employee performance.
- b. Awards are based on team performance (i.e. grade level, department, etc.)
- c. Awards are based on performance by the school as a whole.
- d. Other (please specify):

**14. Which of the following categories best describe(s) the incentive pay program? Please select all that apply.**

- a. Awards are based on employees' performance relative to one another (i.e., rank-order or fixed-proportion payout system).
- b. Awards are based on performance standards (i.e., any employee who meets predetermined standards).
- c. Other (please specify):

**15. Which of the following categories best describes the incentive pay program? (Select one option)**

- a. Awards are based on a system where multiple award levels are possible (i.e., an employee can earn more as he/she meets higher performance expectations).
- b. Awards are based on an 'all-or-nothing' basis (i.e., an employee earns the same amount no matter if he/she meets or exceeds baseline performance expectations).
- c. Other (please specify):

## MARKET-BASED PROGRAMS

**16. Under this incentive pay program, are awards designed to recruit employees for particular positions? (Select one option)**

- a. Yes
- b. No

If yes, go to question 17

If no, go to question 18

If did not answer, go to question 17

**17. Please choose all of the following that describe the nature of this recruitment effort. Awards are available for employees who take positions in:**

- a. High poverty schools



- b. Low-performing schools
- c. Hard-to-staff subjects or areas (i.e., ELL, Special Ed, math, etc.)
- d. Other (please specify):

**18. Under this program, are awards designed to retain employees in particular areas?** (Select one option)

- a. Yes
- b. No

If yes, go to question. 19

If no, go to question 21

**19. Please choose all of the following that describe the nature of this retention effort.**

**Awards are available for employees who remain in the following:**

- a. High poverty schools
- b. Low-performing schools
- c. Hard-to-staff subjects or areas (i.e., ELL, Special Ed, math, etc.)
- d. Other (please specify):

**20. For how many years must an employee work in the designated position(s) above to receive the retention award?**

---

## **AWARD DISTRIBUTION**

We are interested in knowing how awards are distributed as part of the incentive pay program. Particularly we would like to gather information about four different employee groups that may be eligible for awards: administrators, classroom teachers, other instructional personnel, and other non-instructional personnel. Please answer each question below as applicable to your incentive pay program.

**21. Under this program, are school administrators eligible for an award? [NOTE: "Administrators" include School Principal, Assistant Principals, and/or other executive-level staff (e.g. Director, Assistant Directors). It also includes instructional specialists (e.g., subject-area "coach" or department head) if they DO NOT take part in classroom instruction activities.]** (Select one option)

- a. Yes
- b. No

If yes, go to question 22

If no, go to question 27

If did not answer, go to question 27

**22. Please estimate how many administrators participate in the incentive pay program during this 2009-10 school year. Essentially, we are interested in the number of administrators who are working with the potential prospect of earning an award under the**

incentive pay program. [NOTE: Please provide a whole-number count and NOT the full-time equivalent value.]

**23. Please select the form of the award that an administrator would receive. Select all applicable categories.**

- a. Cash awards
- b. Tuition reimbursement
- c. Living expense supplement
- d. Other (please specify):

**24. Minimum award amount (other than \$0) for an administrator per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**25. Maximum award amount for an administrator per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**26. How often could an administrator potentially receive an award under this program?**

(Select one option)

- a. Potentially once every year
- b. Potentially more than once every year
- c. One time only over the entire duration of the incentive pay program (e.g., if the program is only 5 years in duration, a recipient would receive the award only once during that time frame)
- d. Other (please specify):

**27. Under this program, are classroom teachers eligible for an award? [NOTE: "Classroom teachers" include full-time and part-time teachers, as well as long-term substitutes who fill the roll of a full-time or part-time teacher. It also includes instructional specialists (e.g., subject area "coach" or department head) if they DO take part in classroom instructional activities.] (Select one option)**

- a. Yes
- b. No

If yes, go to question 28

If no, go to question 33

**28. Please estimate how many classroom teachers participate in the incentive pay program during this 2009-10 school year. Essentially, we are interested in the number of classroom teachers who are working with the potential prospect of earning an award under the incentive pay program. [NOTE: Please provide a whole-number count and NOT the full-time equivalent value**

**29. Please select the form of the award that a classroom teacher would receive. Select all applicable categories.**

- a. Cash awards
- b. Tuition reimbursement

- c. Living expense supplement
- d. Other (please specify):

**30. Minimum award amount (other than \$0) for a classroom teacher per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**31. Maximum award amount for a classroom teacher per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**32. How often could a classroom teacher potentially receive an award under this program?**

(Select one option)

- a. Potentially once every year
- b. Potentially more than once every year
- c. One time only over the entire duration of the incentive pay program (e.g., if the program is only 5 years in duration, a recipient would receive the award only once during that time frame)
- d. Other (please specify):

**33. Under this program, are other instructional personnel eligible for a bonus award?**

**[NOTE: "Other instructional personnel" includes paraprofessionals and/or teacher aides.]**

(Select one option)

- a. Yes
- b. No

If yes, go to question 34

If no, go to question 39

**34. Please estimate how many other instructional personnel participate in the incentive pay program during this 2009-10 year. Essentially, we are interested in the number of other instructional personnel who are working with the potential of earning an award under the incentive pay program. [NOTE: Please provide a whole-number count and NOT a full-time equivalent value.]**

---

**35. Please select the form of the award that other instructional personnel would receive.**

**Select all applicable categories.**

- a. Cash awards
- b. Tuition reimbursement
- c. Living expense supplement
- d. Other (please specify):

**36. Minimum award amount (other than \$0) for other instructional personnel per year.**

**[NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**37. Maximum award amount for other instructional personnel per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**38. How often could other instructional personnel potentially receive an award under this program?** (Select one option)

- a. Potentially once every year
- b. Potentially more than once every year
- c. One time only over the entire duration of the incentive pay program (e.g., if the program is only 5 years in duration, a recipient would receive the award only once during that time frame)
- d. Other (please specify):

**39. Under this program, are other non-instructional personnel eligible for a bonus award?** [NOTE: "Other non-instructional personnel" includes nurses, custodians, secretaries, etc.] (Select one option)

- a. Yes
- b. No

If yes, go to question 40

If no, go to question 45

**40. Please estimate how many other non-instructional personnel participate in the incentive pay program during this 2009-10 year. Essentially, we are interested in the number of other non-instructional personnel who are working with the potential of earning an award under the incentive pay program. [NOTE: Please provide a whole-number count and NOT a full-time equivalent value.]**

---

**41. Please select the form of the award that other non-instructional personnel would receive. Select all applicable categories.**

- a. Cash award
- b. Tuition reimbursement
- c. Living expense supplement
- d. Other (please specify):

**42. Minimum award amount (other than \$0) for other non-instructional personnel per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**43. Maximum award amount for other non-instructional personnel per year. [NOTE: If the award is not "cash" per se, please estimate its value in dollars as closely as possible.]**

---

**44. How often could other non-instructional personnel potentially receive an award under this program?** (Select one option)

- a. Potentially once every year

- b. Potentially more than once every year
- c. One time only over the entire duration of the incentive pay program (e.g., if the program is only 5 years in duration, a recipient would receive the award only once during that time frame)
- d. Other (please specify):

**PROGRAM EVALUATION**

**45. Does this incentive pay program currently include some kind of program evaluation component?** (Select one option)

- a. Yes
- b. No

If yes, go to page no. 46

If no, go to page no. 48

If did not answer, go to question 46

**46. Is this program evaluation performed externally and/or internally?**

- a. External evaluation (i.e., conducted by third party)
- b. Internal evaluation (i.e., conducted "in house")

**47. Which of the following program "outcomes" are the focus of the evaluation efforts?**

**Check all that apply.**

- a. Student performance
- b. Teacher turnover
- c. Teacher behavior
- d. Other (please specify):

Go to question 49.

**48. Are there plans to include a program evaluation in the near future?** (Select one option)

- a. Yes
- b. No

**49. Finally, we are interested in learning about future plans for this incentive program, including the projected duration and sustainability beyond the term of your TIF grant.**

---

**Thank you very much for your time and responses! We will be sending a response verification email soon to be sure that the information we have collected for this report is accurate. In the meantime, please do not hesitate to contact us with any questions you may have regarding this project.**

## **Appendix C**

### **List of TIF Program Sites**

The appendix provides a list of the 33 currently operating Teacher Incentive Fund (TIF) program sites, as of Fall 2009, and identifies when each site became a TIF grantee.

| <b>State</b>   | <b>TIF Round 1 Program Name</b>  | <b>Round 1 Cohort</b> |
|----------------|--|-----------------------|
| Alaska         | Alaska Teacher and Principal Incentive Project   | June 2006             |
| Arizona        | Amphitheater Unified School District Project EXCELL!   | June 2007             |
| California     | Lynwood Unified School District Qwest for Success  | June 2007             |
| Colorado       | Denver Public Schools Professional Compensation System for Teachers and Principals   | June 2006             |
| Colorado       | Eagle County School District Performance-Based Compensation Program  | June 2006             |
| Colorado       | Fort Lupton Teacher Incentive Fund   | June 2006             |
| Colorado       | Harrison School District Two Recognizing Engagement in the Advancement of Learning (REAL)  | June 2007             |
| Florida        | Hillsborough County Public Schools Performance Outcomes with Effective Rewards (POWER)   | June 2007             |
| Florida        | Miami-Dade County Public Schools Project Rewards and Incentives for School Educators (RISE)  | June 2007             |
| Florida        | Orange County Public Schools Recognizing Excellence in Achievement and Professionalism (REAP)  | June 2007             |
| Illinois       | Chicago Public Schools Teacher Advancement Program (TAP)   | June 2006             |
| Louisiana      | National Institute for Excellence in Teaching/Algiers Consortium of Charter Schools Teacher Advancement Program (TAP)                | June 2007             |
| Maryland       | Prince Georges County Public Schools Financial Incentive Rewards for Supervisors and Teachers (FIRST)                                | June 2007             |
| Massachusetts  | Edward W. Brooke Charter School Teacher Excellence Incentive Project   | June 2007             |
| New Mexico     | Northern New Mexico Network Performance-Based Compensation Program   | June 2006             |
| New York       | Partnership for Innovation in Compensation for Charters Schools (PICCS)  | June 2007             |
| North Carolina | Community Training and Assistance Center and the Charlotte-Mecklenburg Schools Leadership for Educators' Advanced Performance (LEAP) | June 2007             |
| North Carolina | Cumberland County Schools Teacher Incentive Fund Program   | June 2007             |
| North Carolina | Guilford County Schools Mission Possible   | June 2006             |
| Ohio           | Ohio Teacher Incentive Fund  | June 2006             |
| Oklahoma       | Beggs Independent School District System to Motivate and Reward Teachers (SMART)   | June 2007             |
| Pennsylvania   | Promoting Excellence in Philadelphia Schools   | June 2006             |
| Pennsylvania   | Pittsburgh School District Principal Incentive Program   | June 2007             |
| South Carolina | Florence County School District 3 South Carolina Teacher Advancement Program (SCTAP+)  | June 2007             |
| South Carolina | South Carolina Teacher Incentive Fund  | June 2006             |

| <b>State<br/>(cont'd)</b> | <b>TIF Round 1 Program Name<br/>(cont'd)</b>  | <b>Round 1 Cohort<br/>(cont'd)</b> |
|---------------------------|---|------------------------------------|
| South Dakota              | South Dakota Incentive Fund   | June 2007                          |
| Tennessee                 | New Leaders, Inc./Memphis City Schools Effective Practice Incentive Community (EPIC)                | June 2006                          |
| Texas                     | Dallas Principal and Teacher Incentive Pay Program  | June 2006                          |
| Texas                     | Houston Independent School District ASPIRE  | June 2006                          |
| Texas                     | School of Excellence in Education Teachers and Principals Awarded for Student Achievement           | June 2007                          |
| Texas                     | University of Texas System Teacher incentive Fund Program   | June 2007                          |
| Washington, DC            | New Leaders, Inc./D.C. Public Schools Effective Practice Incentive Community (EPIC)                 | June 2006                          |
| Multi-state               | New Leaders, Inc./National Network of Charter Schools Effective Practice Incentive Community (EPIC) | June 2006                          |



**Appendix D**  
**TIF Plan Design Features, Frequencies, and Descriptive Statistics**

This appendix provides the frequencies and descriptive statistics, where appropriate, for design features of TIF plans as reported by respondents on the Fall 2009 TIF survey.

**Table D.1: Design Features of Incentive Pay Plans at TIF Sites,  
2009-10 School Year**

| <b>Design Feature</b>  | <b>Percent of TIF Sites</b> | <b>Number of TIF Sites</b> |
|--|-----------------------------|----------------------------|
| <b>Objectives of TIF plan</b>  |                             |                            |
| Performance-related focus  | 100.0%                      | 28                         |
| Recruitment focus  | 78.6%                       | 22                         |
| Retention focus  | 64.3%                       | 18                         |
| <b>Eligibility for performance-related awards</b>  |                             |                            |
| Student performance  | 100.0%                      | 28                         |
| Acquisition of knowledge/skills  | 64.3%                       | 18                         |
| Additional responsibilities/duties   | 71.4%                       | 20                         |
| <b>Unit of accountability for performance-related awards</b>   |                             |                            |
| Individual   | 89.3%                       | 25                         |
| Team   | 35.7%                       | 10                         |
| School   | 92.8%                       | 26                         |
| <b>Incentive structure for performance-related awards</b>  |                             |                            |
| Rank-order tournament  | 32.1%                       | 9                          |
| Performance contract   | 85.7%                       | 24                         |
| <b>Incentive thresholds for performance-related awards</b>   |                             |                            |
| All-or-nothing threshold   | 25.0%                       | 7                          |
| Tiered thresholds  | 85.7%                       | 24                         |
| <b>Criteria for recruitment pay/awards</b><br>(22 TIF sites use recruitment pay/awards; %'s based on denominator of n=22.) |                             |                            |
| High-poverty schools   | 68.2%                       | 15                         |
| Low-performing schools   | 63.6%                       | 14                         |
| Hard-to-staff subjects areas   | 63.6%                       | 14                         |
| Other  | 9.1%                        | 2                          |
| <b>Criteria for retention pay/awards</b><br>(18 TIF sites use retention pay/awards; %'s based on denominator of n=18.)     |                             |                            |
| High-poverty schools   | 66.7%                       | 12                         |
| Low-performing schools   | 55.6%                       | 10                         |
| Hard-to-staff subjects areas   | 55.6%                       | 10                         |
| Other  | 22.2%                       | 4                          |
| 1 year of service required   | 77.8%                       | 14                         |
| 2 years of service required  | 11.1%                       | 2                          |
| 3 years of service required  | 11.1%                       | 2                          |

*Note:* Unless otherwise noted, %'s are based on denominator of n=28.

*Source:* Survey administered to TIF sites in Fall 2009.

**Table D.2: Distribution of Incentive Pay for School Personnel at TIF Sites,  
2009-10 School Year**

| <b>Design Feature</b>             | <b>Administrators<br/>(n=28 sites)</b> | <b>Teachers<br/>(n=26 sites)</b> | <b>Instructional<br/>Personnel<br/>(n=15 sites)</b> | <b>Non-instructional<br/>Personnel<br/>(n=8 sites)</b> |
|-----------------------------------|--|----------------------------------|---|--|
| <b>Eligible recipient</b>         | 100%<br>(28)                           | 92.9%<br>(26)                    | 53.6%<br>(15)                                       | 28.6%<br>(8)   |
| <b>Type of award</b>              |  |                                  |   |  |
| Cash                              | 100%<br>(28)                           | 100%<br>(26)                     | 100%<br>(15)  | 100%<br>(8)  |
| Tuition                           | 7.1%<br>(2)                            | 23.1%<br>(6)                     | 0%<br>(0)   | 0%<br>(0)  |
| Living expenses                   | 0%<br>(0)                              | 0%<br>(0)                        | 0%<br>(0)   | 0%<br>(0)  |
| Other                             | 0%<br>(0)                              | 7.7%<br>(2)                      | 0%<br>(0)   | 0%<br>(0)  |
| <b>Payout frequency</b>           |  |                                  |   |  |
| Once every year                   | 71.4%<br>(20)                          | 65.4%<br>(17)                    | 86.7%<br>(13)                                       | 87.5%<br>(7)   |
| More than once<br>every year      | 25.0%<br>(7)                           | 34.6%<br>(9)                     | 13.3%<br>(2)  | 12.5%<br>(1)   |
| Other                             | 3.6%<br>(1)                            | 0%<br>(0)                        | 0%<br>(0)   | 0%<br>(0)  |
| <b>Number participating</b>       |  |                                  |   |  |
| Total<br>(i.e., sum of all sites) | 4,512.0                                | 110,181.0                        | 6,147.0   | 7,728.0  |
| Mean<br>(Median)                  | 167.0<br>(40)                          | 4237.7<br>(605)                  | 410.0<br>(100)                                      | 966.0<br>(425)   |
| Minimum                           | 2.0                                    | 45.0                             | 30.0  | 10.0   |
| Maximum                           | 2,055.0                                | 61,000.0                         | 1,750.0   | 3,000.0  |
| <b>Minimum award</b>              |  |                                  |   |  |
| Mean<br>(Median)                  | \$1,639.17<br>(\$900.00)               | \$877.47<br>(\$500.00)           | \$420.46<br>(\$300.00)                              | \$303.57<br>(\$300.00)                                 |
| Minimum                           | \$50.00                                | \$50.00                          | \$50.00   | \$50.00  |
| Maximum                           | \$5,000.00                             | \$4,000.00                       | \$1,500.00  | \$500.00   |
| <b>Maximum award</b>              |  |                                  |   |  |
| Mean<br>(Median)                  | \$8,632.21<br>(\$7,250.00)             | \$8,016.42<br>(\$6,250.00)       | \$1,547.80<br>(\$1,000.00)                          | \$2,456.25<br>(\$1,250.00)                             |
| Minimum                           | \$800.00                               | \$1,030.00                       | \$400.00  | \$400.00   |
| Maximum                           | \$34,875.00                            | \$30,350.00                      | \$6,500.00  | \$6,500.00   |

*Note:* The first row reports %'s using the denominator of all 28 TIF sites. Subsequent statistics/%'s are based on the "N" count for each respective column.

*Source:* Survey administered to TIF sites in Fall 2009.

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