EVALUATION OF TENNESSEE'S STRATEGIC COMPENSATION PROGRAMS

INTERIM FINDINGS ON DEVELOPMENT, DESIGN, AND IMPLEMENTATION

FALL 2012

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Tennessee's Consortium on Research, Evaluation, and Development, established in 2010 as part of Tennessee's Race to the Top grant, is responsible for carrying out a detailed, focused program of research around key grant initiatives.

The research described in this report summarizes findings relative to the evaluation of strategic compensation programs in Tennessee, specifically year one activities of programs funded by the Innovation Acceleration Fund (IAF), the Competitive Supplemental Fund (CSF), and the Tennessee Teacher Incentive Fund grant (TN TIF). The views expressed in this brief do not necessarily reflect those of sponsoring agencies or individuals acknowledged. Any errors remain the sole responsibility of the authors.

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Evaluation of Tennessee's
Strategic Compensation Programs:

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EXECUTIVE SUMMARY

At the turn of the 21st century, a single salary schedule based on a teacher's level of education and years of experience dictated the pay of most of the nation's K-12 public school teachers (Podgursky, 2009). Despite the near universality of the single salary schedule, recent research casts doubt on whether increased years of experience and advanced degrees have a significant positive impact on student learning (Hanushek, Rivkin, Rothstein, & Podgursky, 2004; Leigh & Mead, 2005). This research, coupled with other factors including an increased focus on accountability in education, advancements in the availability of performance data, and increasing bipartisan political support for compensation reform, has spurred the growth of alternative compensation policy programs across the country.

Compensation Reform in Tennessee

In early 2010, Tennessee became one of the first states to earn a federal Race to the Top grant, allocating over $500 million toward reforming education across the state. Developing and retaining great teachers and leaders in Tennessee's schools was a cornerstone of the state's application. As such, state leaders saw an integrated and coherent educator compensation program as a critical component, particularly one that ties compensation to performance outcomes. Starting with the 2010-11 school year, Tennessee implemented three distinct strategic compensation initiatives—the Competitive Supplemental Fund (CSF), the Innovation Acceleration Fund (IAF), and the Tennessee Teacher Incentive Fund (TN TIF)—each funded by federal dollars. Collectively, these initiatives involve 14 local education agencies (LEAs) and nearly 200 of Tennessee's schools. In total, the programs commit $49.5 million to the development and implementation of strategic compensation through the 2014-15 school year.

The Tennessee Consortium on Research, Evaluation, and Development (the Consortium) is responsible for carrying out a detailed, focused program of research for Tennessee's Race to the Top reform initiatives including conducting an evaluation of Tennessee's strategic compensation programs. In evaluating these initiatives over time, the Consortium will examine a variety of aspects including program design, program implementation, educator perceptions, financial sustainability, and program impact on student achievement gains and teacher turnover.

Overview of Methods

This report examines activities in the planning year and the first year of implementation of Tennessee's Strategic Compensation Programs and is informed by three primary sources:

- Reviews of districts' strategic compensation models and program plans

  Consortium researchers reviewed and coded applications submitted by CSF, IAF, and TN TIF grantees. The applications focus on: stakeholder engagement and buy-in, strategic planning and objectives, compensation model design features, feasibility and risk analysis, sustainability plans, data systems, communication plans, and professional development plans.

- Interviews with district officials

  Researchers conducted phone interviews with key officials in each district's central office. The interviews focused on learning about the process of developing, planning for, and implementing the new compensation programs.

- Survey of school personnel

  The Consortium conducted an online survey to understand school employees' experiences with and impressions of the strategic compensation programs. All certified school employees in participating schools received an individual survey invitation. Individuals participated voluntarily, and their responses remain confidential.

Report Findings

The process of program planning and development

The 2010 cohort of CSF, IAF, and TN TIF districts used the spring and summer months of 2011 to design strategic compensation programs and prepare for implementation in the fall of 2011. A review of each district's strategic compensation model as well as interviews with district officials provided researchers with insights into districts' rationales for initiating compensation reform, their planning and development processes, and their perceptions of the key decision points they encountered.

District officials cited several factors, such as a desire to reward and retain effective teachers, adherence to district strategic plans, and seeking ways to improve recruitment efforts as part of their rationale for adopting a strategic compensation program. Through their applications,

districts specified the objectives of their programs, which included improving student learning, enhancing educator effectiveness and professional growth, and bettering recruitment, and retention of teachers in hard-to-staff positions.

In regards to planning and development of the model, districts responded to guidance from the Tennessee Department of Education as it related to the creation and composition of design teams that were tasked with developing the compensation model. Design teams included school-level administrators, teachers from various grade levels and subject areas, local teacher association members, and central office employees as well as some business leaders and government officials. In all, design teams ranged in size from 12 to 25 individuals.

Researchers asked district officials to describe their design team's response to handling difficult decision points commonly encountered when developing a strategic compensation model such as choices about types and sizes of awards, eligibility criteria, performance measures, and accountability units. Most districts reported that the most critical issue involved determining how best to include teachers in both state-tested and non-tested grades and subjects in the compensation system, as well as how to determine payout amounts for teachers in each of those groups.

> **Through their applications, districts specified the objectives of their programs, which included improving students learning, enhancing educator effectiveness and professional growth, and bettering recruitment, and retention of teachers in hard-to-staff positions.**

Design features of districts' compensation models

Every district model involved performance-based bonuses for certified school employees. Four models also include a revised salary schedule whereby individual performance determined base salary increases. With little exception, three categories of certified employees across all of a district's grade levels are consistently eligible to try to earn bonuses: school administrators, teachers in state-tested positions, and teachers in non-tested positions. Generally, each group has a separate bonus model, but there are similarities among them such as the inclusion of multiple measures of performance (heavily focused on student performance outcomes) and multiple units of accountability.

- Bonus models for administrators focus on rewarding outcomes tied directly to student performance, with 10 of 14 bonus models relying on these measures for 100 percent of an administrator's award and all but one of them relying, at least in part, on school-level performance.

- Bonus models for teachers in state-tested grades and subjects also connect to student performance, but less exclusively when compared with those of administrators. In all but three district models, at least 50 percent of measures connect

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directly to student performance. Individual teacher performance is evaluated in 13 out of the 14 plans along with other levels of accountability, including group and school-wide performance.

- Bonus models for teachers in non-tested grades and subjects are the same as those in tested positions in regards to reliance on student performance measures. Differences in the number and types of performance measures as well as levels of accountability distinguish these models from other employee groups.

While bonus amounts often result from a mix of tiered and flat thresholds for all three groups of school employees, there are notable differences in bonus amounts. School administrators and teachers in tested grades and subjects are eligible for bonuses that amount, on average, to slightly over $4,000, while the average bonus for teachers in non-tested areas is $1,000 less.

Stakeholder perceptions about compensation design, development, implementation, and impact

In the spring of 2012, researchers asked district officials to reflect upon their district's over-all experience during its first year of implementing the strategic compensation program. Interviewees commonly stated that they felt very positively about district communications with various stakeholders, particularly school personnel, regarding what compensation would look like as part of the new program. All but a few district interviewees described concerns or anxiety about upcoming payouts, and all 14 recognized what a critical phase it would be for the life of the strategic compensation program. District interviewees also noted the challenge of implementing a strategic compensation program at a time of unprecedented education reform in Tennessee and expressed concern over the impact of the simultaneous rollout of several initiatives on employee morale. Finally, district interviewees stated concerns about how districts would financially sustain their programs over time, particularly after grant funding expires, and did not appear confident that preliminary plans would achieve the expectations for full program sustainability.

Researchers also gathered information through a survey of school personnel in an effort to understand their experiences with and impressions of the strategic compensation programs. The survey collected information about teacher awareness and understanding of the pro-grams, attitudes about program design, perceptions of program implementation, and belief about program impact. Responses in most categories were mixed. Teachers generally felt that they were well informed about the programs and what criteria they would need to meet to qualify. The majority of respondents agreed that the models had appropriate performance and eligibility criteria, but fewer than half agreed that the bonus component was fair. More

negative attitudes about the programs focused on areas related to responsiveness to feed-back, time taken away from planning and instruction, and doubts about sustainability.

Considerations Moving Forward

Based on a synthesis of the findings to date, the Consortium highlights four key consider-ations moving forward:

1. Districts would benefit from engaging a variety of stakeholders through the devel-opment and maintenance of communication plans that provide both information and frequent opportunities for feedback. While districts engaged and communicat-ed often with stakeholders, there is mixed evidence as to the effectiveness of those efforts and the level of their responsiveness to feedback.

2. Further emphasis should be placed on understanding how educators will per-ceive the compensation model in terms of fairness and motivational impact. While districts succeeded in creating compensation models that used multiple measures and levels of accountability, survey responses from teachers suggest that many doubt the fairness of their district compensation model and whether it will improve instruction and student outcomes.

3. Maintaining high quality and integrated data systems to support the collection of educator performance information is an integral component of the success of any compensation model. Districts expressed concern in this area especially in anticipa-tion of processing payouts accurately, which they recognize is key to maintaining stakeholder support.

4. Districts must make strategic compensation reform a fiscally sustainable compo-nent of larger improvement efforts and ensure that administrators and educators have the support that they need to implement it successfully.

Continuing Evaluation Efforts

Future reports from the Consortium's evaluation of strategic compensation efforts in Tennessee will advance the analysis of survey findings as well as examine the ways programs impact educators and subsequent student learning. An examination of financial payouts to educators, teacher turnover and retention over time, as well as student performance on state mandated assessments will inform these efforts.

I. INTRODUCTION

In 2010, Tennessee became one of the first states to earn a federal Race to the Top grant, allocating over $500 million toward reforming education across the state. Developing and retaining great teachers and leaders in Tennessee's schools was a cornerstone of the state's application, and state leaders saw an integrated and coherent educator compensation program as a critical component in that effort. To that end, Tennessee's Race to the Top proposal outlined two competitive compensation initiatives for local education agencies (LEAs) to reward teachers and principals for increasing student achievement: the Competitive Supplemental Fund (CSF) to support the planning of compensation models, and the Innovation Acceleration Fund (IAF) to support an LEA's adoption and implementation of alternative compensation systems.

> **Developing and retaining great teachers and leaders in Tennessee's schools was a cornerstone of the state's application, and state leaders saw an integrated and coherent educator compensation program as a critical component in that effort.**

Concurrent with Tennessee's Race to the Top award, the state earned a $36 million federal Teacher Incentive Fund (TIF) grant in the fall of 2010 from the U.S. Department of Education (ED). The federal TIF program supports projects over a five-year time period to develop and implement performance-based compensation systems for teachers and principals in high-need schools (i.e., schools with 50 percent or more of students enrolled from low-income families). The goals of the grant are to (1) improve student achievement by increasing teacher and principal effectiveness; (2) reform teacher and principal compensation systems so that teachers and principals are rewarded for increases in student achievement; (3) increase and retain the number of effective teachers teaching poor, minority, and disadvantaged students in hard-to-staff subjects, and (4) create sustainable performance-based compensation systems (ED, 2010b). As such, the federal TIF program provides funds to the Tennessee Department of Education (TDOE) to administer smaller grants to districts across the state. The funds are allocated for the development and implementation of alternative compensation models for teachers and principals, including the use of bonus awards and alternative salary schedules.

Starting with the 2010-11 school year, Tennessee implemented these three distinct strategic compensation initiatives—CSF, IAF, and TN TIF—each funded by federal dollars. Collectively, these initiatives involve 14 LEAs and nearly 200 of Tennessee's schools. In total, the programs commit $49.5 million to the development and implementation of strategic compensation through the 2014-15 school year.

As with all Race to the Top award requirements, Tennessee's Race to the Top grant includes a commitment for each of the state's initiatives to be independently evaluated. Similarly, the TIF grant also requires grantees to conduct an evaluation to ensure feedback and continuous

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improvement of the initiative. As such, the Tennessee Consortium on Research, Evaluation, and Development (the Consortium) is responsible for carrying out a detailed, focused program of research including conducting an evaluation of Tennessee's strategic compensation programs. In seeking to support common strategic compensation efforts, TDOE aligned CSF, IAF, and TN TIF implementation as much as possible, and as a result this evaluation will examine the three grants concurrently.

In evaluating these initiatives, the Consortium will examine (1) program design, (2) program implementation, (3) educator perceptions, (4) financial sustainability, and (5) program impact on student achievement gains and teacher turnover. Ultimately, these efforts seek to inform national, state, and local discussions on the topic of educator compensation reform.

In the first section of this report, readers will find preliminary information about Tennessee's strategic compensation initiatives. In section two, each initiative is described in detail, and an overview of the policy context, both in Tennessee and nationally is provided. An overview of evaluation objectives, methods, and sources of data follows in section three. Sections four and five provide information about district planning processes and program design, and section six details issues of implementation during year one. The final section contains a synthesis of findings and key considerations moving forward.

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II. TENNESSEE'S STRATEGIC COMPENSATION INITIATIVES AND POLICY CONTEXT

There is currently an aggressive push for education policy initiatives that enhance and nurture educator quality, not only in Tennessee but nationally. Compensation reform for educators is becoming a major piece of that overall effort, particularly as it focuses on moving away from sole use of a single salary schedule in which educators are paid for years of experience and degrees earned, and moving toward a pay system that ties compensation to performance outcomes. Given this reality, it is important to examine Tennessee's recent compensation policy initiatives and learn about their influence. This section illuminates the context that has led up to and currently surrounds those initiatives. It begins with a description of Tennessee's current compensation reform initiatives then provides a brief discussion of the state and national policy environments related to compensation reform for educators.

Overview of Tennessee's Compensation Reform Initiatives

In 2010, Tennessee rolled out three distinct strategic compensation initiatives in an effort to provide interested LEAs an opportunity to reform how they compensate educators. These three initiatives are CSF, IAF, and TN TIF. The CSF and IAF initiatives are funded through the state's federal Race to the Top grant, whereas TN TIF is funded by a federal TIF grant. In total, 14 districts and 192 public schools received funds from at least one of these grants. Together the three initiatives provided $49.5 million for the development and implementation of strategic compensation models beginning with 2011-12 school year.

While CSF, IAF, and TN TIF all focus districts' efforts on strategic compensation for educators by aligning their pay more closely to performance outcomes (e.g., student test score gains, educator evaluation scores), each grant also has distinct features. For example, while TN TIF focuses on performance-based bonuses for educators, IAF tasks districts with implementing alternative salary schedules as well. CSF grants focus solely on planning for compensation or turning around low-performing schools. A more complete description of each grant follows.

Competitive Supplemental Fund

According to Tennessee's Race to the Top application, CSF committed $1.5 million over a four-year period (2010-11 to 2013-14) and received funds through the state's Race to the Top grant. During its inaugural year selected districts received a collective total of $375,000 in one-time awards through a competitive application process. CSF is awarded annually and targets the

20 percent of districts that received the smallest share of federal Race to the Top dollars. As a result, 28 districts became eligible for CSF's first-year competition.

In 2010, the grant competition focused on two priorities: (1) development of strategic compensation models for teachers and principals in order to increase educator effectiveness and student achievement and (2) the use of innovative strategies or interventions to turn around low-performing schools and increase student academic proficiency. A maximum of $300,000 was allotted for districts pursuing the first of the two priorities. In September 2010, six districts earned a one-time award of $50,000 each to develop a strategic compensation model during the 2010-11 school year. These awards focused on development, not implementation over a one-year period. Once districts completed this process they submitted their strategic compensation models to the Tennessee Department of Education (TDOE) in June 2011. With one exception, these districts received additional grant funds (i.e., IAF, TN TIF) to implement their strategic compensation models starting in the 2011-12 school year.[1]

Innovation Acceleration Fund

IAF committed $12 million over a four-year period (2010-11 to 2013-14), with $3 million dedicated annually to fund grantees' strategic compensation programs. As with CSF, IAF was funded through the state's federal Race to the Top grant. Four districts received IAF grants at the end of 2010 through a competitive application process. These districts used the remainder of the 2010-11 school year for planning and development. Implementation began during the 2011-12 school year, and is expected to continue at least through 2014.

TDOE provided IAF grantees with a set of five broad parameters to guide the design of their programs. Accordingly, compensation programs funded by IAF must include:

- An alternative salary schedule that sets pay for educators on factors other than those in the state salary schedule (i.e., other than level of education or years of experience).[2]

- Differentiated performance-based pay for effective teachers and principals, with awards ranging from $1,500 to $10,000 based on individual and/or group (i.e., school or team) performance.

- Financial and working conditions recruitment and retention incentives to hire and retain teachers in hard-to-staff subjects and schools.

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1   South Carroll SSD was a 2010 CSF grant recipient but did not receive implementation funds through IAF or TN TIF. The district eventually received additional funds through a second-round CSF competition that enabled implementation of their strategic compensation model.

2   As required by law, the Commissioner of Education and State Board of Education has to approve an alternative salary schedule before a public school district implements one.

- The use of data and evaluations to inform decisions related to professional development, retention, and tenure.

- A sustainability plan evidenced by an increasing reliance on non-IAF dollars by the second year of implementation (2012-13) (Innovation Acceleration Fund application, 2010).

Tennessee Teacher Incentive Fund

The allocation of funds for the TN TIF initiative began as part of a five-year, $36 million federal TIF grant in the fall of 2010. The federal TIF program supports projects that develop and implement performance-based compensation systems for teachers and principals in high-need schools (i.e., schools with 50 percent or more of students enrolled from low-income families).[3] TN TIF includes 106 high-need schools in 12 districts, all of which developed their strategic compensation programs during the 2010-11 year. Implementation began with the 2011-12 school year and will continue through the 2014-15 school year when the grant concludes. Federal and state-specific TIF priorities are detailed below in Table 1.

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3   To learn more about the federal TIF program, see "The national context for educator compensation reform" on page 18 of this report.

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Table 1: Federal and State Priorities for TN TIF District's Strategic Compensation Programs

Performance criteria	Federal priority (Absolute)	Include differentiated levels of compensation for effective teachers and principals, placing significant weight on student growth and including observation-based assessments of teachers.
	Federal priority (Competitive)	Use value-added measures to determine performance-based bonus awards.
	State priority	Bonus awards to be determined by a combination of individual and group performance.
	State priority	Bonus awards to be determined, at least in part, by scores on state's new educator evaluation system.
Size of bonus awards	Federal priority (Absolute)	Provide bonus awards of substantial size.
	State priority	Bonus awards ranging from $1,500 to $10,000.
System alignment	Federal priority (Absolute)	Align with policies and practices related to data use, data-based decision making, educator evaluation, professional development, retention and tenure.
	Federal priority (Competitive)	Focus on increasing recruitment and retention of teachers to serve high-need schools in hard-to-staff areas.
Sustainability	Federal priority (Absolute)	Commit to fiscal sustainability, including effective estimates of costs, increasing contribution of local funds, and continuation of program after grant funds end.
	State priority	Commit to sustaining bonus awards beyond grant, starting with an increasing share of non-TIF dollars during second year of program implementation (2012-13).

Source: Tennessee's Teacher Incentive Fund application (2010) and Teacher Incentive Fund, Notice of Final Priorities (2010).
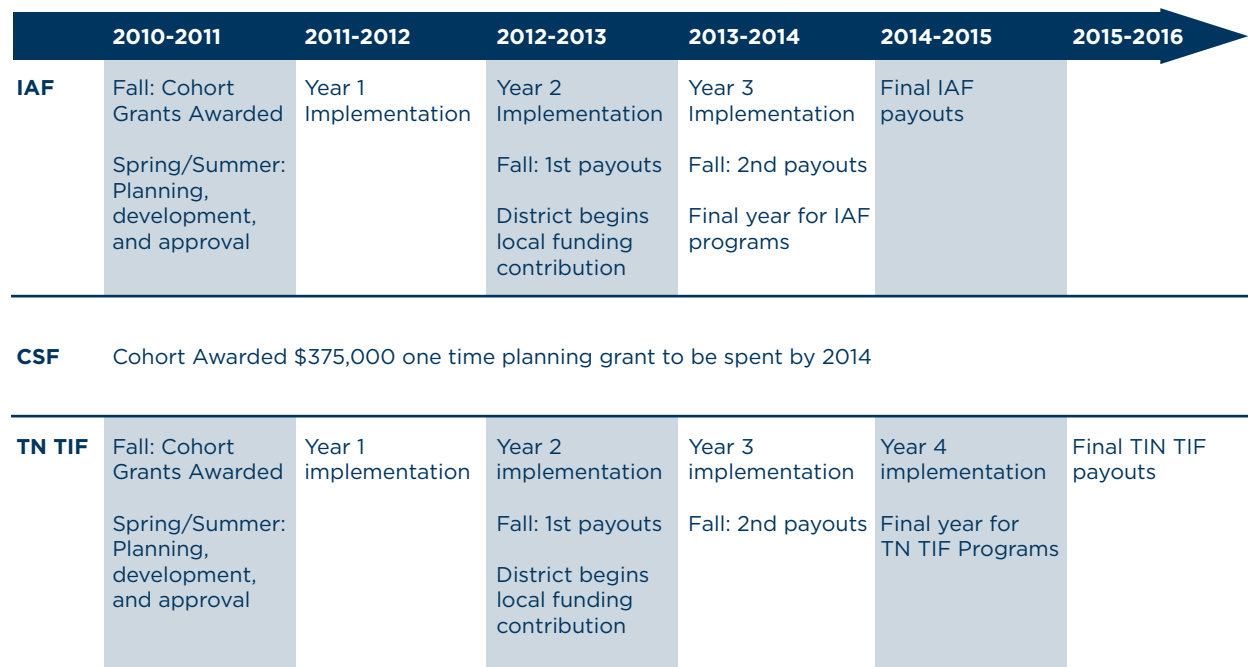
Timeline for CSF, IAF, and TN TIF grantees

As described above, 14 districts received CSF, IAF, and/or TN TIF grants in the fall of 2010 and spent the spring and summer of 2011 focused on planning and development in order to prepare for program implementation in the fall of that year. Per specifications outlined in TN TIF and IAF, being "ready" meant that districts must provide evidence of the following indicators.

- Ensure the engagement and buy-in of multiple stakeholders.

- Align the strategic compensation program with overall district priorities and the state's new educator evaluation system.

- Design a strategic compensation model taking into consideration which educators get to participate and why, performance criteria tied to pay, as well as timing and frequency of payouts.

- Develop necessary data systems to support the strategic compensation program.

- Develop a communications strategy to keep stakeholders informed and gather their feedback.

- Develop a professional development plan to enhance educators' understanding about the strategic compensation program and to equip them with the ability to improve their professional practice.

- Develop an issue resolution process to address educators' disputes and concerns regarding the strategic compensation program and their resulting payouts.

- Conduct a feasibility analysis to assess the viability of the strategic compensation program over time.

- Develop a sustainability plan to ensure the strategic compensation program can endure beyond the life of the grant funding (Tennessee First to the Top and Teacher Incentive Funds Implementation Application, 2011).

Districts submitted their strategic compensation models and readiness plans to TDOE for approval mid-June 2011. Following the TDOE's review process, districts' strategic compensation programs began with the 2011-12 school year. That is, educators' performance during the 2011-12 school year would be used to determine what they were paid (either in the form of a bonus award and/or their base salary, depending on the model used by a district); those first payouts are expected to begin in fall 2012. Figure 1 summarizes the timeline for the 2010 cohort of IAF and TN TIF grantees.

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Figure 1: Timeline for IAF and TN TIF Grantees, 2010 Cohort

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
IAF	Fall: Cohort Grants Awarded Spring/Summer: Planning, development, and approval	Year 1 Implementation	Year 2 Implementation Fall: 1st payouts District begins local funding contribution	Year 3 Implementation Fall: 2nd payouts Final year for IAF programs	Final IAF payouts	
CSF	Cohort Awarded $375,000 one time planning grant to be spent by 2014					
TN TIF	Fall: Cohort Grants Awarded Spring/Summer: Planning, development, and approval	Year 1 implementation	Year 2 implementation Fall: 1st payouts District begins local funding contribution	Year 3 implementation Fall: 2nd payouts	Year 4 implementation Final year for TN TIF Programs	Final TIN TIF payouts

Description of districts in CSF, IAF, and TN TIF 2010 Cohort

Table 2 provides an overview of the districts participating in the 2010 cohort of CSF, IAF, and TN TIF, and details several pertinent characteristics about each, including: the grant program(s) in which each district participates, the number of schools in each district, student enrollment in each district, percent of students on free or reduced-price lunch (FRL) in each district, and each district's status according to the state's accountability system over the past three years (2008-09, 2009-10, 2010-11). Notably, four of the state's five largest districts participate in one or more of these strategic compensation initiatives.

Table 2: Overview of Districts Participating in CSF, IAF, and TN TIF 2010 Cohort

District	CSF	IAF	TN TIF	No. of Schools in District	Student Enrollment	% of FRL Students	3-Year Accountability Status
Bradford Special School District (SSD)	X		X	2	543	64.5%	Good standing
Davidson County			X	137	73,117	75.0%	High need
Hamilton County			X	76	40,985	60.8%	High need
Hollow Rock-Bruceton SSD	X		X	2	653	71.9%	Good standing
Johnson County			X	7	2,141	72.8%	Good standing
Knox County		X	X	87	54,486	45.8%	High need
Lebanon SSD			X	5	3,237	61.7%	Good standing
Lexington City Schools	X	X	X	2	974	55.1%	Good standing
CSF, IAF, TN TIF							
McMinn County			X	9	5,833	68.7%	Good standing
Putnam County		X	X	20	10,111	58.8%	Good standing
Shelby County			X	51	46,249	38.3%	Good standing
South Carroll SSD	X			1	359	53.6%	Good standing
Tipton County	X		X	14	11,639	58.5%	Good standing
Trousdale County	X	X		3	1,199	55.0%	Good standing

Source: Information on number (no.) of schools, student enrollment, and % FRL comes from the state's 2011 Report Card. Each district's 3-year accountability status was calculated using information on the state's 2009, 2010, and 2011 Report Card.

[i] 3-Year Accountability Status was calculated as follows. Researchers identified whether or not a district was in good standing on the 2009, 2010, and 2011 Report Card. If a district was in good standing two of those three years, it is marked as having a "good standing" status. If a district was <u>not</u> in good standing two of those three years, it is marked as having a "high need" status.

State and National Policy Context

Tennessee's Education Policy Climate

Although, the current CSF, IAF, and TN TIF programs are part of what may be the state's most aggressive push for systemic education reform to date, these current compensation reform initiatives are not the first time the state encouraged districts to think beyond sole use of the single salary schedule. Tennessee implemented the Career Ladder program from 1984 to 1997 as part of then-Governor Lamar Alexander's Better Schools Program. The Career Ladder was a voluntary program in which teachers could earn stipends of increasing value (up to $3,000)

as they moved up the ladder. Promotion up the ladder was based on years of experience and meeting specified performance expectations, as measured by classroom observations, portfolio development, and teacher performance on a test. The state legislature ended the program in 1997. In 2007, the state legislature passed Public Chapter 376 requiring districts to establish a differentiated pay plan and submit it to TDOE prior to the 2008-09 school year. The legislature did not, however, appropriate additional funds for these plans, leading many districts to forego implementation (Cour, 2009).

In 2012, Tennessee was the first state to receive a federal Race to the Top grant, garnering over $500 million to invest in education reform. The state's efforts target five broad areas of reform, all with a focus on improving student performance and enhancing post-secondary success. These areas include: teachers and leaders; data, standards and assessment; school turnaround; and STEM education. While not inclusive of all the state's Race to the Top initiatives, Table 3 highlights some of key initiatives happening in Tennessee under each of the five areas.

Table 3: Tennessee's Race to the Top Initiatives at a Glance

Reform Area	Reform Initiatives
Teachers and leaders	Tennessee Educator Acceleration Model (TEAM) evaluation model for all certified educators, with 50 percent of the total evaluation score based on performance outcomes and the other 50 percent from observations.
	Teacher residency programs and expedited/alternative teacher licensure pathways to enhance teacher training and preparation. Initiatives like the state's Electronic Learning Center to provide expanded supports for educators.
	IAF and CSF grants to develop and implement performance-based strategic compensation for educators.
Data	Expanding current and pre-service educator access to and understanding of the Tennessee Value-Added Assessment System (TVAAS) data.
	Professional development on using balanced assessment to inform instruction.
	Enhancing data systems to improve data access (e.g., data dashboard, state longitudinal data system).
Standards and assessment	Common Core State Standards adopted.
	Participation in the Partnership for Assessment of Readiness for College and Careers (PARCC), a consortium planning for a new system of online assessments by 2014-15 aligned with the Common Core.
School turnaround	Improving chronically low-performing schools through the Achievement School District.
STEM education	Expanding STEM education opportunities through STEM Innovation Network, a public-private collaborative to enhance teaching and learning around science, technology, engineering, and math.

Source: Review of Tennessee's Race to the Top application (2010) and Tennessee's Race to the Top website at http://www.tn.gov/firsttothetop/index.html, accessed June 2012.

Tennessee's push for wide-scale education reform, including its encouragement of districts to rethink how educators are compensated, is in line with policy shifts occurring across the nation. There is growing attention to strategic human capital reform in public schools across the United States, with notable attention to how districts pay educators. The federal, state, and local initiatives discussed next embody this shift.

The National Context of Educator Compensation Reform

At the turn of the 21st century, a single salary schedule dictated the pay of most of the nation's K-12 public school teachers. Using a traditional step and lane system, a teacher's level of education and years of experience determined a teacher's pay (Podgursky, 2009). Despite the near universality of the single salary schedule, recent research casts doubt on whether the increased years of experience and advanced degrees have a significant positive impact on student learning (Hanushek, Rivkin, Rothstein, & Podgursky, 2004; Leigh & Mead, 2005). This research, coupled with other factors including an increased focus on accountability in education, the performance of U.S. students on international exams, advancements in the availability of performance data, and increasing bipartisan political support for compensation reform, has spurred the growth of alternative compensation policy programs across the country.[4]

It is difficult to determine what percentage of public school districts have modified how they pay teachers, but some evidence indicates a rise in compensation reform efforts. An examination of recent years of the Schools and Staffing Survey (SASS)[5] reveals movement away from the exclusive use of traditional teacher pay via the single salary schedule. First, the percentage of districts reporting the use of no incentive awards at all for teachers decreased by 17 percentage points between the years of 1999 and 2008. Additionally, during the 2003-04 school year, just under 8 percent of public school districts reported the use of pay incentives for teachers to reward excellence in teaching. By the 2007-08 school year, the share of districts using such pay incentives as a reward for excellence in teaching rose to over 10 percent. Finally, data from 1987 to 2004 reflects a sharp increase in incentives used by districts to recruit and retain teachers in shortage fields, especially in special education (13.9 percentage

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4   As an example, the Teacher Incentive Fund began with the Bush administration and has been continued—and expanded—under the Obama administration. Additionally, the nation's two major teacher unions—the American Federation of Teachers and the National Education Association—have increased support for differentiated pay for educators, primarily knowledge- and skills-based pay programs that reward teachers for factors such as acquiring additional certifications and professional development coursework (Koppich, 2008).

5   The Schools and Staffing Survey (SASS) is a national, comprehensive survey of approximately 8,000 public schools and 43,000 public school teachers conducted by the National Center for Education Statistics SASS includes private schools and teachers as well; however, the focus of this study is on trends in public schools. There have been six waves of SASS, associated with six school years: 1987-88, 1990-91, 1994-95, 1999-00, 2003-04, and 2007-08. SASS has formed the basis for a number of studies of teacher pay in both public and private schools (e.g., Ballou, 1996; Ballou and Podgursky, 1997; Chambers, 1996; Ingersoll, 2001; Figlio, & Kenny, 2007). Given that SASS has now spanned nearly two decades and each wave includes questions on teacher pay, it is possible to examine SASS to track trends in the incidence and character of pay systems nationwide. Unfortunately, for the most part, the more specific questions about teacher pay in earlier administrations (1999-00 and 2003-04) are not compatible with pay questions in the later survey years; thus, an examination of trends must extract the most compatible items from earlier surveys.

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ON RESEARCH, EVALUATION & DEVELOPMENT

point increase), English as a second language (12.2 percentage point increase), math (10.5 percentage point increase), physical sciences (9.8 percentage point increase), and biological sciences (8.9 percentage point increase).[6]

An examination of the national policy landscape reveals several recent and notable national, state, and district-level compensation reform initiatives. The Teacher Incentive Fund (TIF) provides funds to state education agencies, local school districts, and public charter schools for the development and implementation of performance-based compensation for teachers and principals in high-need schools. Race to the Top, funded at $4.35 billion, includes four core reform areas: standards and assessments, data systems to support instruction, great teachers and leaders, and turning around the lowest-achieving schools. The Teacher Advancement Program (TAP) provides a model for systemic teacher quality reform and includes a focus on performance-based pay. Each of these national programs, described in more detail below, continue to incite growth in alternatives to traditional pay for educators.

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6   Survey results based on National Center for Education Statistics (2010), Schools and Staffing Survey table library found at http://nces.ed.gov/surveys/sass/tables.asp.

Teacher Incentive Fund: TIF, first proposed under the George W. Bush administration, is a competitive five-year grant administered by the U.S. Department of Education. As of summer 2012, there have been three rounds of TIF grantees and another TIF grant competition is currently underway. In 2006, the first cohort was awarded representing 16 grantees in 12 states. In 2007, 18 grantees in 13 states were awarded TIF grants. The third and most recent cohort of 62 grantees, representing 27 states, was awarded in 2010 with $300 million from Congress and $137 million from the American Recovery and Reinvestment appropriation.[7] Over time, federal TIF guidelines have placed greater emphasis on the need for systemic reform at grantee sites. For example, the absolute priorities for the current 2012 TIF grant competition include that applicants must have a district-wide human capital management system with educator evaluation at the center. Educator evaluations must inform human capital decisions, such as recruitment, retention, compensation, professional development, tenure and promotion. There are also efforts underway nationally to study the impact and implementation of TIF.[8]

Race to the Top: In 2010, the Obama administration announced Race to the Top, a new competitive education reform grant for states. To date, 18 states and the District of Columbia have been awarded grants through three phases of the main Race to the Top competition. One of the largest priorities is the focus on great teachers and leaders. Grantees have proposed and implemented multiple strategies to fulfill this priority, including the use of additional pay for highly effective teachers and principals (Rose, 2010), as evidenced by Tennessee's CSF and IAF initiatives. The Race to the Top Fund also includes several other related grant competitions: the Race to the Top Assessment Program, the Race to the Top—Early Learning Challenge, and the Race to the Top District program.[9]

Teacher Advancement Program: TAP, the System for Teacher and Student Achievement, is part of the National Institute for Excellence in Teaching (NIET) and has been in operation since 1999 when the Milken Family Foundation launched it. As of the 2010-11 school year, 11 states were implementing the TAP system, impacting more than 10,000 teachers and 100,000 students. The TAP system is organized around four components: multiple career paths, ongoing applied professional growth, instructionally focused accountability, and performance-based compensation. The TAP model includes opportunities for extra pay based on teachers' performance, knowledge and skills, and for assuming additional roles and responsibilities. Mathematica Policy Research is currently conducting a five-year impact evaluation of TAP in Chicago Public Schools. This evaluation will mark the first random assignment evaluation study to assess the impact of TAP on student achievement.[10]

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7   See Lee, 2010; ED, 2009; and ED, 2010a.

8   In 2010, the U.S. Department of Education conducted a Main competition and an Evaluation competition, with grantees in the latter implementing their performance-based compensation programs as part of a national study involving random assignment. In addition to that evaluation, a partnership of Berkeley Policy Associates, the Urban Institute, and Survey Research Management is currently conducting a national evaluation of the TIF program. See http://policyweb.sri.com/cep/projects/displayProject.jsp?Nick=tif for further information about the national study of TIF.

9   Visit http://www2.ed.gov/programs/racetothetop/index.html for further information about grant competitions under the Race to the Top Fund.

10   See http://www.mathematica-mpr.com/education/tapchicago.asp for further information about Mathematica's evaluation of Chicago TAP, including evaluation reports.

TENNESSEE
CONSORTIUM
ON RESEARCH, EVALUATION & DEVELOPMENT

Beyond these national initiatives, several state and district-level educator pay reforms received notable attention over the last several years. In addition to current efforts in Tennessee, other states such as Florida and Texas, have undertaken widespread efforts as well.

- Florida's compensation reform initiatives have evolved over time, starting with the Special Teachers Rewarded (STAR) program and then moving to the Merit Award Program (MAP), both based on teacher bonus models. However, these programs are no longer in existence. In 2010, Florida passed legislation requiring school districts to adopt a performance salary schedule for certain teachers beginning in 2014-15.[11] Florida is also one of the states representing the most TIF grantees, with six districts awarded grants in 2010.

- Texas has also embarked on large scale, state-driven compensation reform. Since 2006, the state implemented three incentive pay programs: the Governor's Educator Excellence Grant (GEEG), the Texas Educator Excellence Grant (TEEG), and the District Awards for Teacher Excellence (DATE). Through 2010-11, these three programs have dedicated $865.5 million and involved over 2,200 public schools and 315 districts in Texas. Each accompanied by an external evaluation.[12] Additionally, in 2010, the Texas Education Agency along with seven other districts, received TIF grants.

Compensation reform initiatives at the local level—as in districts like Denver Public Schools (CO), Metropolitan Nashville Public Schools (TN), and New York City Public Schools (NY)—have garnered attention for their innovation and lessons learned.

- Denver's Professional Compensation System for Teachers (ProComp), initiated in 1999, is arguably the most recognized district-level teacher pay program in the nation. The program's strong reputation stems from long-term multi-stakeholder buy-in and its fiscal sustainability through local tax revenue and TIF grants. As of 2011, over 80 percent of the district's teachers participated in ProComp.[13]

- The Project on Incentives in Teaching (POINT), a three-year, randomized pay for performance experiment conducted by the National Center on Performance Incentives in Metropolitan Nashville Public Schools from the 2006-09 was the na-

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11   The performance salary portions of Florida's SB736 legislation are available at http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=1000-1099/1012/Sections/1012.22.html. A lawsuit was filed by the teachers' union but there has not been a judicial disposition of the case at the time of this report.

12   See Springer, Lewis, Ehlert et al (2010); Springer, Lewis, Podgursky et al (2009a); Springer, Lewis Podgursky et al (2009b).

13   See Proctor, Walters, Reichardt, Goldhaber, & Walch (2011) for findings from a comprehensive evaluation of ProComp.

tion's first randomized experiment to test the notion that rewarding teachers for improved test scores would cause students' test scores to rise (Springer, Ballou, et al, 2010). The study focused on middle school math teachers who would be eligible for bonuses up to $15,000 per year based on their students' gains on the state standardized assessment. The POINT study found that the bonuses had no effect on student achievement gains; that is, rewarding teachers with bonus pay, in the absence of any other support, did not raise student test scores.

• Over the past decade, the New York City Public Schools received several grants to implement teacher compensation reform. In 2007-08, the city implemented the School-Based Performance Bonus Pay Program in nearly 200 high-need public schools. The three-year program provided school-level bonus awards of up to $3,000 per full-time union member working at the school. Individuals' receipt of an award depended on overall school performance. This program ended following the 2010-11 school year when findings from a program evaluation revealed the bonuses did not have a positive effect on either student performance or teacher attitudes (Marsh et al, 2011). The New York City Department of Education also received a TIF grant in 2010 to implement a new performance-based compensation program that rewards teachers in high-need schools for their results on the district's revised teacher evaluation system.

The discussion above makes clear that evaluation of educator compensation reform initiatives—such as TIF and TAP, as well as state and district level programs in Denver, Nashville, and New York City—serve to help policymakers understand program implementation and impact. As such, this report turns now to a description of how Tennessee's strategic compensation initiatives will be examined over time.

III. OVERVIEW OF EVALUATION OBJECTIVES AND METHODS

The Tennessee Consortium on Research Evaluation and Development (the Consortium) will evaluate strategic compensation in Tennessee with a focus on learning about the design, implementation, and impact of districts' new compensation programs. In seeking to support common strategic compensation efforts, TDOE aligned CSF, IAF, and TN TIF implementation as much as possible, and as a result this evaluation will examine the three grants together. As evidenced by the research questions below, this evaluation ultimately seeks to answer not simply whether the programs had a positive impact or not, but why and how.

The research questions guiding the Consortium's work are listed below.

1. What has been the process of planning for and developing the new compensation programs in districts?

2. What are the key design features of the new compensation models developed by districts?

3. What are stakeholders' perceptions about compensation design, the development and implementation process, and program impact?

4. How do the new compensation programs influence educators' professional practices?

5. What is the actual financial impact of the new compensation programs on educators' compensation?

6. What is the impact of the new compensation programs on educator turnover and retention?

7. What is the impact of the new compensation programs on student achievement gains?

8. How do the design, development and implementation experiences influence the ways in which the new compensation programs ultimately impact teaching and learning in schools?

This report examines activities in the planning year and the first year of implementation, focusing on the first three research questions listed above. Findings discussed concentrate on the following: (1) the process of program planning and development, (2) the design features

of districts' compensation models, and (3) stakeholders' perceptions about compensation design, development, implementation, and impact. Before going into a discussion of findings, the next section describes the research methods used to address each of these topics.

Overview of Methods

Three primary sources inform this report: a review of each district's strategic compensation model and plans for program implementation, findings from interviews with district officials, and a survey of school personnel.[14]

Review of districts' strategic compensation models and program plans

Consortium researchers reviewed applications submitted to TDOE in June 2011 by each of the 14 districts that applied to be in the 2010 cohort of CSF, IAF, and TN TIF grantees. The applications focus on: stakeholder engagement and buy-in, strategic planning and objectives, compensation model design features, feasibility and risk analysis, sustainability plans, data systems, communication plans, and professional development plans.

These applications proved particularly useful for identifying key design elements of districts' compensation models, including:

- Does the district have a bonus award model and/or alternative salary schedule?

- What is the district's funding level and its projected payout to educators over time?

- What types of educators are eligible to participate under the new compensation model?

- What performance criteria determine educators' receipt of a bonus award and/or base salary increase?

- How are educators held accountable for performance (i.e., is performance-based pay determined by an individual's, team's, or school's performance)?

- What is the size of bonus awards and/or base salary increases under the new compensation model?

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14   Appendices A and B provide further information pertaining to methods, including data collection instruments and other details about individuals participating in data collection. A copy of the Fall 2011-12 Strategic Compensation Survey can be found on the Consortium's website through this link www.tnconsortium.org/projects-publications/compensation-reform/index.aspx.

While the applications provided information on other topics (e.g., stakeholder engagement, strategic planning, sustainability plans, etc.), the interview process addressed them thoroughly. Therefore, the content from the applications on those topics supplemented interviewees' accounts. The subsequent discussion of district interviews provides further explanation.

Interviews with district officials

In mid-spring 2012, researchers conducted phone interviews with key officials in each district's central office; that is, with individuals who—at that time—had primary responsibility for overseeing a district's strategic compensation program. The interviews focused on learning about the process of developing, planning for, and implementing the new compensation programs. Each phone interview for the 14 districts lasted approximately 45 minutes. Researchers reviewed a transcript of each interview, along with supplemental information from each district's June 2011 application.

These sources allowed researchers to address the following questions about each district's process of developing, planning for, and implementing its program.

- What was the district's reason for participating in the strategic compensation program?

- What was the district's process for designing its new compensation program and communicating the program with its stakeholders?

- What has been the district's first-year experience implementing the strategic compensation program?

- How does the district feel about the future outlook for the strategic compensation program?

Survey of school personnel

In November and December 2011, the Consortium conducted the first of what will be an annual survey to understand school employees' experiences with and impressions of the strategic compensation programs. Schools participating in one of the district strategic compensation programs participated in the Fall 2011 Compensation Survey. Given online, all certified school employees in those schools received an individual survey invitation. Individuals participated voluntarily, and their responses remain confidential.

The Fall 2011 Compensation Survey addressed five major themes.

- Awareness and knowledge about the compensation program.

- Perceptions about program design.

- Perceptions about program implementation.

- Perceptions about program impact.

- Attitudes about compensation reform, generally.

In all, researchers invited 9,419 certified school personnel in 192 schools to take the Fall 2011 Compensation Survey. Overall 51 percent responded for a total of 4,769 survey responses.[15] Of those respondents, 86 percent (4,114) worked in schools participating in a district compensation program that included performance-based bonuses only. The other 14 percent (655) worked in schools participating in a district compensation program that included bonuses in addition to an alternative salary schedule.

Respondents identified their professional position at the time with the vast majority identifying themselves as teachers.

- 82 percent (3,926) of respondents identified as teachers.

- 5.6 percent (265) identified as principals or assistant principals.

- 4.6 percent (218) identified as certified instructional support staff.

- 7.3 percent (349) identified as other certified staff.

- 11 respondents reported themselves as either not in a certified school position or did not provide information about their current professional position.

Researchers excluded survey responses from the 11 individuals who did not hold a certified position or who did not provide information on their position. Therefore, researchers limited survey analysis to the 4,758 respondents who identified themselves in a certified school position (i.e., teachers, principals and assistant principals, certified instructional support staff, and non-instructional certified staff). Table 4 provides further characteristics about the respondents included in survey analyses.

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15   Four of those survey submissions ended up being duplicates and were removed prior to analysis.

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Table 4: Characteristics of Respondents on the Fall 2011 Compensation Survey

Respondent Characteristics	% of Respondents	No. of Respondents
Highest Degree Held by Individual		
Below Bachelor's	1.0%	45
Bachelor's	33.7%	1,512
Master's	47.1%	2,117
Master's Plus	7.5%	337
Education Specialist	9.1%	409
Doctorate	1.6%	71
Grade Tier of School		
K-5	44.1%	1,981
5-8	22.3%	1,003
9-12	26.4%	1,184
K-8	4.7%	210
K-12	1.0%	46
Other	1.5%	67
Years of Experience		
0 to 3 years	17.9%	804
4 to 6 years	14.8%	663
7 to 10 years	15.8%	711
11 to 17 years	22.4%	1,006
18 to 25 years	15.4%	692
Over 26 years	13.7%	615
TCAP Teaching Assignment (i.e., teaching in a subject/grade that is part of Tennessee Comprehensive Assessment Program)		
Yes	41.5%	1,976
No	33.9%	1,613
Not applicable to professional position	16.2%	769
Member of Teachers' Union/Association		
Yes	52.7%	2,506
No	38.7%	1,840

Note: When categories do not add up to 100%, it is due to missing values.

Source: Data on "Highest degree", "Grade tier", and "Years of experience" come from 2011-12 Education Information System (EIS). Data on "TCAP teaching assignment" and "Membership in union/association" come from individuals' responses to Fall 2011 Compensation Survey.

Researchers also examined the characteristics of survey respondents compared to all those invited to participate in the Fall 2011 Compensation Survey. Overall, characteristics of respondents are similar to the characteristics of all certified school personnel employed in schools participating in the strategic compensation programs. Appendix A provides further details about this review of respondent representativeness.

For this 2012 report, analysis of first-year survey results focuses on identifying broad findings from school personnel across the 14 districts. The Consortium recognizes local context as well as individual characteristics and experiences influence personnel feedback. Future reports will take these factors into account when reporting on survey findings, and will also look at how employees' feedback changes—if at all—over time. During summer 2012, the Consortium did prepare short reports of district-by-district survey results based on the Fall 2011 Compensation Survey. Those reports shed light on some emerging themes at the local level.[16]

In addition to advancing the analysis of survey findings, future reports from the Consortium's study of compensation reform in Tennessee will examine other ways in which the programs impact educators and student learning. This forthcoming work will be informed by an examination of financial payouts to educators, teacher turnover and retention, as well as students' gains on state standardized assessments.

The report turns now to a discussion of districts' experiences planning for and developing their new strategic compensation programs during the 2010-11 school year.

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16   District survey results reports can be found at http://www.tnconsortium.org/projects-publications/compensation-reform/study-participants/district-reports/index.aspx.

IV. PLANNING AND DEVELOPMENT PROCESS FOR DISTRICTS' COMPENSATION PROGRAMS

As described previously, the 2010 cohort of CSF, IAF, and TN TIF districts used the spring and summer months of 2011 as a development and planning phase with the grants stipulating that districts must use that time period to design strategic compensation models and become ready for program implementation in the fall of 2011. Being "ready" meant that districts provided evidence of the following requirements.

- Ensure the engagement and buy-in of multiple stakeholders.

- Align the strategic compensation program with overall district priorities and the state's new educator evaluation system.

- Design the strategic compensation model taking into consideration participation groups, eligibility rules, performance criteria, as well as payout frequency and timing.

- Develop necessary data systems to support the strategic compensation program.

- Develop a communications strategy to keep stakeholders informed and gather their feedback.

- Develop a professional development plan to enhance educators' understanding about the strategic compensation program and to equip them with the ability to improve their professional practice.

- Develop an issue-resolution process to address stakeholder disputes and concerns regarding the strategic compensation program.

- Conduct a feasibility analysis to assess the viability of the strategic compensation program over time.

- Develop a sustainability plan to ensure the strategic compensation program can endure beyond the life of the grant funding.

CSF, IAF, and TN TIF grantees received funding to support this planning and development work, as described in Table 5.

Table 5: CSF, IAF, and TN TIF Planning and Development Awards

Grant	Planning Award	Additional Award from Grant
CSF	$50,000 per district	None
TN TIF	$12,000 per participating school	To build data management and teacher/principal evaluation capacity:
		1 to 5 participating schools - $100,000
		6 to 15 participating schools - $150,000
		16 or more participating schools - $350,000
IAF	Award based on student enrollment in district:	None
	1 to 1,000 students - $25,000	
	1,001 to 5,000 students - $50,000	
	5,001 to 35,000 students - $100,000	
	35,001 to 100,000 students - $150,000	

Districts submitted strategic compensation models and readiness plans to TDOE for approval in June 2011. Interviews conducted with district officials in March 2012 provided information about districts' objectives and rationale for compensation reform, who led the planning and development process, and how key decisions were made during that time. Researchers supplemented these interview findings with information included in districts' 2011 approved applications.

Districts' Rationale and Objectives for Compensation Reform

As part of the spring 2012 interviews, researchers asked district officials what prompted their districts to consider a new way of compensating their educators. Most commonly, interviewees explained they were looking for a strategic approach to retaining and rewarding effective teachers in their districts, or that compensation reform aligned with the district's strategic plan. Specifically, they saw the grant as an opportunity to supplement or expedite reform efforts already underway, related to priorities such as human capital development, turnaround of low-performing schools, and redesign of educator evaluation. Several districts also described compensation reform as a strategy to become more competitive with neighboring districts when it comes to attracting quality teacher applicants.

In the June 2011 applications, each district delineated the specific objectives of its strategic compensation program. As researchers reviewed the application content, three themes emerged when considering the goals that districts hoped to accomplish through their new compensation programs. Districts focused on improving student learning, enhancing educator effectiveness and professional growth, and bettering recruitment and retention of teachers for hard-to-staff positions.

The Composition of Districts' Design Teams

Throughout the planning and development process, TDOE made clear to districts the imperative of selecting a quality design team to guide the work of preparing for and designing a new compensation program for educators. As evidenced in the application packets, TDOE encouraged districts to include multiple and diverse stakeholders in these design teams, establish group norms for decision-making, and set clear timelines and expectations for the work teams would accomplish (Tennessee First to the Top and Teacher Incentive Fund Implementation Application, 2011).

Reviews of district applications and findings from the spring 2012 interviews reveal that districts adhered to TDOE's guidance. Design teams, regardless of the selection process, included multiple key stakeholders with varying areas of expertise and perspectives. Each district design team involved principals, teachers, and district central office employees. Teacher members included individuals from various grade levels, subject areas, and those teaching both tested and non-tested subject areas. Individuals from district offices typically included the director of schools as well as others who represented departments that oversee human resources, federal programs, assessment, finance, and curriculum/instruction. In nearly all districts, the design teams also included a member of the local teacher association. Many districts, though not all, invited a school board member or other community representatives (e.g., individuals to represent the business community, local government, or higher education). In all, design teams ranged in size from 12 to 25 individuals.

Key Decisions During the Planning and Development Process

During the planning and development process, districts—guided by their design teams—encountered many critical decision points. A primary task included designing the actual model for how educators would be compensated under the new program. Designing a strategic compensation model involves many considerations, such as: whether to implement bonus awards or change the salary schedule altogether, which schools and employees to

include, what measures to use for evaluating educator performance and which entities to hold accountable for performance (that is, individuals and/or groups of educators), and the size of bonus awards or salary increases.

As part of the spring 2012 interviews, researchers asked about these decision points. Specifically they asked which decisions found the most agreement and which created the most tension or required the most negotiation. Officials from seven districts stated that there was wide agreement regarding the inclusion of teachers in state-tested subjects and the use of objective measures (i.e., measures derived from test scores) to determine their payout. Interviewees in those districts explained, for example, that their districts wanted to focus on teachers and criteria tied to high stakes in the state's accountability system, or to have objective data to determine payout eligibility.

Conversely, of the decisions that created the most tension or required the most negotiation, nearly half of districts cited struggles with figuring out the best way to include teachers in non-tested areas. Design teams wrestled with how to measure performance for these teachers in the absence of more objective standardized test scores. As a few districts explained, they turned to using school-level measures of student performance as an alternative.

One interviewee described how the issue played out in his small district.

> For those teachers that were non-tested, their TVAAS [value added] data was going to be based on school-level results, and they were not as pleased with that. We talked through the process and what other alternatives there might be for that. And with the limited amount of time we didn't have anything else that would be any fairer, so they agreed to it.

Another interviewee from a larger district described the issue as follows.

> There was a lot of resistance as far as the teachers without TVAAS data. They felt like some teachers, for example high school teachers who were teaching vocational or physical education, were not as valued in the school community as teachers who are getting test scores. So that was mostly the resistance and we used their feedback to make appropriate changes to our model.

TENNESSEE
CONSORTIUM
ON RESEARCH, EVALUATION & DEVELOPMENT

Some of those teachers who don't have TVAAS felt like they don't have any control over anything. Basically it is school-effect data that they will be benefiting from and that's about it and so we added components. We added the TEAM Evaluation [qualitative] component for teachers who felt like they didn't have any control over anything. Now they have something that they can look to which is an individual [observation] evaluation score. So you can control that. We also added a professional development component to it where they can go and receive awards based on how many hours they wanted to put into PD.

Determining payout amounts also prompted tension. The tension stemmed not only from determining how much should be paid out for various performance criteria but also how to differentiate payouts between educators. CSF, IAF, and TN TIF grant guidelines include that compensation models should weigh student performance heavily and that payouts should be differentiated based on educator effectiveness. Still, district interviewees described conversations that became tense between those who favored more equal payouts and those who favored greater differentiation.

As one interviewee stated,

The biggest thing they wanted to throw out, it's not fair. They wanted to, they're still on the brainwave about giving everybody the same amount. And, there's nothing about differentiated compensation that defines it that way. Differentiated compensation means we're going to differentiate the way we pay people.

According to interviewees, despite some tensions, districts generally arrived at a point of resolution. Four factors emerged as important to the resolution process, including respect for the process of open dialogue, commitment to overall program goals for district/school improvement, steadfast leadership, and being open to future revisions of compensation models based on feedback. For example, in order to be inclusive of teachers in non-tested subjects, design teams added school-wide measures of student performance and/or individual evaluation scores to serve as objective criteria for their payout determination.

The establishment of group norms to guide the design team—such as respect for open dialogue and commitment to system goals over personal opinions—aided the negotiation process, as did dedicated leaders on the team. Over half of interviewees stated the importance of open dialogue and making sure key stakeholders did not feel forgotten in the conversation. And, nearly half of interviewees explained that commitment to program goals for system improvement aided the negotiation process.

An interviewee recalled a conversation, during which she told the design team,

> *I don't want you to identify any teacher or any principal that you feel needs to get a bonus. We want to talk about strategies and putting things into place that will help our students and our system grow.*

Less often stated in the interviews, yet a critical factor in the development of a major reform initiative, is the role of leaders in shepherding a successful negotiation process. Several interviewees alluded to the importance of a dedicated director of schools or a "critical mass" of enthusiastic teacher leaders to guide districts through the rockier decision points. As one individual stated, "Teachers are your best advocates."

V. DESIGN OF DISTRICTS' STRATEGIC COMPENSATION MODELS

The 2010 cohort of CSF, IAF and TN TIF grantees developed strategic compensation models for implementation during the 2011-12 school year. Every model involved performance-based bonuses for certified school employees; four models also included a revised salary schedule whereby individual performance determines base salary increases. A review of district compensation models—as described in applications submitted to TDOE in June 2011—goes further to identify key design features of each district's compensation model. Understanding these features not only provides a better sense of how employees are paid but will also inform future analyses of program outcomes.

The "Glossary of Design Features" provides greater clarity about the design topics that will be discussed throughout this section.[17]

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17   The definitions provided in the "Glossary of Design Features" are informed primarily by Springer and Balch (2009) and directions provided to districts in the Implementation Application (2011).

Glossary of Design Features

Bonus refers to a performance-based award paid over and above what an employee earns from annual base salary and extra duty pay.

Alternative salary schedules revise the way in which districts determine annual base salary. Traditionally, level of education and years of teaching experience establish a teacher's base salary. However, in an alternative salary schedule, factors more closely tied to performance outcomes play a prominent role in specifying how much a teacher earns.

Participation groups result from the categorization of employees into groups treated distinctly for the purpose of calculating bonuses or salary increases. Job type and degree of responsibility for student learning often determine these groups. Within a group, similar types of data measure performance of individuals. In practice, districts draw distinctions between teachers in state-tested versus non-tested areas, those who are part-time versus full-time employees, or classroom teachers versus those in school leadership positions (e.g., principals, department chairs).

Eligibility rules outline the prerequisites that an individual must meet in order to try and earn a bonus or salary increase. Often, eligibility rules relate to factors such as employee attendance and continuous employment throughout a school year, an employment/hire date, or even whether or not an employee is credentialed in his/her position. An individual must meet all established eligibility rules in order to be considered for a bonus or salary increase, which reflects more performance-oriented outcome measures.

Performance measures are the criteria used to determine whether or not an individual qualifies for a performance-based bonus or salary increase. Performance measures typically represent inputs (e.g., acquisition of new knowledge or skills), processes (e.g., instructional practice), or outputs (e.g., student test score gains).

Unit of accountability is typically an individual, team, school, or a combination of those entities whose performance on a measurable dimension determines qualification for a bonus or salary increase. An individual unit of accountability means that an individual's performance determines the receipt of a performance-based payment, whereas a team unit of accountability means that performance of a group of individuals (e.g., grade level, subject area) determines an individual's payment. Some compensation models use school-wide or district-wide performance to determine payment to individuals.

Award size, weighting and structure refer to dimensions of award payouts. The size is the amount of payout from a bonus or a salary increase. Weighting refers to the impact of certain performance measures and elements on payout amounts. For example, an award model in which student outcomes are heavily weighted means that a significant portion of the award amount is tied to those student outcomes. Award structure refers to how performance standards or thresholds impact the way in which awards are paid out. Thresholds are typically structured as tiered or flat. A tiered threshold is when a performance measure is set up on a scale or continuum; the higher an individual's performance on that measure, the greater the payout. A flat threshold means that an individual must meet that standard of performance to get a payout; there is no higher payout for higher levels of performance above and beyond that single threshold.

Districts' Overall Approach to Strategic Compensation

Compensation models used by the 2010 cohort of CSF, IAF, and TN TIF grantees are primarily focused on implementing performance-based bonuses as opposed to changing the salary schedule altogether. There are, however, four districts that remodeled their salary schedule in addition to using bonuses, as indicated in Table 6 below.

Table 6: Scope and Funding of Districts' Compensation Models CSF, IAF, and TN TIF 2010 Cohort

District	CSF Grantee	IAF Grantee	TN TIF Grantee	Model Type	% (No.) of Program Schools in District	Funding for 2011-12 Compensation Model
Bradford Special School District (SSD)	X		X	Bonus	100% (2)	$55,649
Davidson County			X	Bonus	16% (22)	$1,748,038
Hamilton County			X	Bonus	17% (13)	$523,298
Hollow Rock-Bruceton SSD	X		X	Bonus	100% (2)	$66,804
Johnson County			X	Salary & Bonus	100% (7)	$189,530
Knox County		X	X	Bonus	100% (87)	$4,516,618
Lebanon SSD			X	Bonus	40% (2)	$70,144
Lexington City Schools	X	X	X	Salary & Bonus	100% (2)	$267,703†
McMinn County			X	Bonus	100% (9)	$418,500
Putnam County		X	X	Salary & Bonus	100% (20)	$1,721,158
Shelby County			X	Bonus	27% (14)	$862,885
South Carroll SSD	X			Bonus	100% (1)	$50,000†
Tipton County			X	Bonus	64% (9)	$469,992
Trousdale County	X	X		Salary & Bonus	100% (3)	$240,116

† South Carroll SSD received a 2010 CSF grant of $50,000 for planning and later received an additional $50,000 through a second-round CSF competition that enabled implementation of their strategic compensation model.
Source: Review of districts' applications submitted to TDOE in June 2011.

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Table 6 also provides information about scope and funding of district compensation models during the 2011-12 school year. In nine of the 14 districts, including all of the districts implementing alternative salary schedules, the new compensation models are being implemented districtwide (i.e., in 100 percent of schools). Grant funding for implementation of the new compensation models in 2011-12 was determined on a per teacher basis. For TN TIF, grant dollars for implementation in 2011-12 were allocated at a rate of $1,113 per teacher in participating schools.[18] For IAF, grant dollars for 2011-12 implementation were allocated on the basis of district enrollment: $100,000 for districts with up to 1,000 students; $350,000 for districts with up to 5,000 students; $1,000,000 for districts with up to 35,000 students; and, $1,500,000 for districts with 100,000 or more students (Innovation Acceleration Fund Application, 2010).

Design of Performance-Based Bonus Award Models

All 14 districts developed strategic compensation models that include performance-based bonuses determined on the basis of the previous year's performance. Therefore, payouts and bonus disbursements began in the fall of 2012 based on educator performance in the 2011-12 school year. Future program years will continue on a similar timeline, consisting of a year of performance appraisal followed by payout of bonuses.

With little exception, three categories of certified employees across all of a district's grade levels are consistently eligible to try to earn the bonuses.[19] In all but one district, school administrators (i.e., principals, assistant principals), teachers in state-tested positions, and teachers in non-tested positions can earn bonuses. These three categories of employees are almost always treated as distinct participation groups in district bonus models; that is, a unique set of design elements (i.e., performance measures, units of accountability, award size and structure) drives bonuses for each group.

Bonus models for school administrators[20]

Bonus models for school administrators focus on rewarding outcomes tied directly to student academic performance. On average, district bonus models include 2.4 performance measures to determine whether or not administrators receive a bonus and how large it is. The models range from using one to eight performance measures to gauge administrator qualification for a bonus. In most cases, student performance measures such as graduation rates and

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18   According to TDOE's document "TIF Allocations_5-11-11", the TN TIF 2011-12 allocation of grant dollars was based on teacher count in participating schools as of April 2011.

19   In one district, teachers in non-state tested positions are not eligible to try and earn a performance-based bonus. Those teachers are, however, eligible for the district's new performance-based salary schedule. In another district, the bonus model only operates in middle school grades.

20   While the main features of school administrators' bonus models are discussed here, Tables C-1 and C-2 in Appendix C provide a more detailed overview of the key design features.

standardized test scores play a major role in determining bonus amounts for administrators. For example, in nine out of 14 districts, it is clear that the entire bonus derives from student performance.

Administrators' receipt of a bonus is often determined by the performance of multiple entities. However, more than with any other certified employees, schoolwide performance determines administrator bonus payouts. All but one district uses at least a school unit of accountability. Seven districts use individual administrator performance but never exclusively. In six of the districts, an administrator's individual performance has no bearing at all.

On average, the maximum bonus amount for school administrators across district models is $4,267. The maximum bonus amount ranges from $750 to $15,000. In half of the districts, these bonus amounts derive from a hybrid structure using both flat and tiered performance thresholds.

Bonus models for teachers in state-tested positions[21]

Bonus models for teachers in state-tested grades and subjects connect primarily to measures of their impact on student performance. On average, district bonus models include at least 3.7 performance measures to determine whether or not these teachers receive a bonus and how large it is. The models range from using one to eight performance measures to gauge teacher qualifications for a bonus. In all but three district models, at least 50 percent of measures connect directly to student performance.

As with the other participation groups, multiple units of accountability often determine whether a teacher in a tested grade level or subject receives a bonus. Nine districts use an individual unit of accountability to determine at least half of a teacher's bonus amount, and four do so exclusively. Bonuses for teachers in tested grades and subjects often connect to school-wide performance as well.

On average, the maximum bonus amount for these teachers is $4,181. The maximum bonus amount ranges from $500 to $15,000. In 11 of the districts, these bonus amounts derive from a hybrid structure using both flat and tiered performance thresholds.

Bonus model for teachers in non-tested positions[22]

All but one district includes teachers of non-tested grades and subjects in their bonus models. On average, these 13 district bonus models include at least 3.4 performance measures to determine whether or not teachers in this category receive a bonus and how large it is. The

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21   While the main features of state-tested teacher bonus models are discussed here, Tables C-3 and C-4 in Appendix C provide a more detailed overview of the key design features.

22   While the main features of bonus models for teacher in non-state tested grades and subjects are discussed here, Tables C-5 and C-6 in Appendix C provide a more detailed overview of the key design features.

models range from using one to eight performance measures. In all but three district models, at least 50 percent of measures connect directly to student performance.

As with others, whether teachers in non-tested grades and subjects receive a bonus depends on the performance of multiple units of accountability. While 11 districts use an individual unit of accountability, it plays a less prominent role in determining bonus amounts when compared with teachers in state-tested grades and subjects. Nine districts use additional entities' performance, most commonly schoolwide performance, to determine payout.

Bonus models for teachers in non-tested positions have smaller payouts than the models for teachers in tested grades and subjects. On average, the maximum bonus amount for teachers in non-tested grades and subjects is $3,148; approximately $1,000 less than the average maximum bonus amount for teachers in tested areas. The maximum bonus amount for these teachers ranges from $500 to $12,000. In nine of the districts, these bonus amounts derive from a hybrid structure using both flat and tiered performance thresholds.

Table 7 summarizes information about model design elements and allows for comparison of the models across districts and participation groups.

Table 7: Design Features of Performance-Based Bonus Award Models

District	Percent of Performance Criteria Driven by Student Achievement Measures			Percent of Performance Criteria Based on Individual Accountability Unit			Maximum Projected Bonus Amounts		
	Admins.	Teachers in State-Tested Subjects/ Grades	Teachers in Non-Tested Subjects/ Grades	Admins.	Teachers in State-Tested Subjects/ Grades	Teachers in Non-Tested Subjects/ Grades	Admin.	Teachers in State-Tested Subjects/ Grades	Teachers in Non-Tested Subjects/ Grades
Bradford SSD *Bonus*	100%	100%	100%	0%	52-56%	47%	$1,575	$1,650-1,800	$1,500
Davidson County *Bonus*	100%	83%	71-100%	36-50%	44%	53-76%	$4,000-5,500	$3,600	$1,500-$2,100
Hamilton County *Bonus*	100%	100%	100%	0%	82-91%	0%	$5,000-10,000	$5,500-6,100	$500-600
Hollow Rock-Bruceton SSD *Bonus*	92%	61%	48%	31%	95%	45%	$2,450	$4,100	$3,100
Johnson County *Salary & Bonus*	100%	100%	---	0%	100%	---	$1,500-2,000	$1,000	---
Knox County *Bonus*	n/a	n/a	n/a	n/a	n/a	n/a	$2,000	$2,000	$2,000
Lebanon SSD *Bonus*	100%	94%	89%	0%	100%	36%	$3,000	$3,850	$2,350
Lexington City *Salary & Bonus*	100%	100%	100%	0%	0%	0%	$750-1,000	$500	$500
McMinn County *Bonus*	n/a	n/a	n/a	n/a	n/a	n/a	Up to $15,000	Up to $15,000	Up to $12,000
Putnam County *Salary & Bonus*	n/a	18-27%	18%	n/a	82-94%	82%	n/a	$6,380-7,130	$6,380
Shelby County *Bonus*	100%	67%	51%	50%	82%	49%	$2,000	$2,850	$1,950
South Carroll SSD *Bonus*	62%	62%	62%	57%	57%	57%	$3,150	$3,150	$3,150
Tipton County *Bonus*	100%	93%	86-91%	0%	71%	9-14%	$2,000-2,800	$3,450	$1,750-2,800
Trousdale County *Salary & Bonus*	100%	100%	10%	100%	63-100%	100%	$5,000	$3,250-4,000	$2,500

Source: Review of districts' applications submitted to TDOE in June 2011.

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Overall, bonus models for school administrators, teachers in tested grades and subjects, and teachers in non-tested positions have several similarities. Most notably, the bonus models include multiple measures of performance with a heavy focus on gauging outcomes for student performance. Additionally, multiple units of accountability frequently determine bonuses for these certified school employees. More often than not, no single entity is responsible for whether or not an individual receives a bonus, although individual performance weighs more heavily for teachers than administrators.

While bonus amounts often result from a mix of tiered and flat thresholds for all three groups of school employees, there are notable differences in bonus amounts and how they are determined. On average, school administrators and teachers in tested grades and subjects are eligible for bonuses that amount to slightly over $4,000; the average bonus for teachers in non-tested areas is $1,000 less.

While all districts include bonuses in their new compensation models, only four have also implemented an alternative salary schedule beginning with the 2011-12 school year. A discussion follows on the main design features of those alternative models.

Design of Performance-Based Salary Schedule Models

Among the 2010 cohort of CSF, IAF, and TN TIF grantees, there are four districts that have committed to revamping their entire salary schedule. These new district-wide salary models are open to certified school employees at all grade levels.[23] Additionally, there is little distinction between how types of school employees are appraised on the salary schedule. The same rules apply to teachers in tested grades and subjects, those in non-tested areas, and often to school administrators as well.

These new salary schedules are mandatory for school employees new to a district, but optional for those who were employed prior to implementation of the new compensation model. That is, existing certified school personnel could choose to stay on the traditional salary schedule or participate in the new one. New certified school employees automatically join the new salary schedule, and increases to their base salary are based primarily on performance outcomes.

These four district performance-based salary schedules are strikingly similar in terms of how they measure employee performance. All of the models use an individual's summative evaluation score to determine increases on the new salary schedules. New state-mandated educator evaluation systems produced summative scores for teachers in districts across Tennessee for the 2011-12 school year. Therefore, base salary increases derive from an individual's perfor-

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23   In one of the districts using an alternative salary schedule, it is unclear whether or not—and how—school administrators are included in the new model.

mance, the exception being teachers in non-tested assignments where a school-wide TVAAS score (as one component) determines a final summative score.

The district salary schedules do differ along three key dimensions: the starting base salary that participating employees (i.e., those taking part in the new salary schedule) assume going into the 2011-12 school year; the incremental increases to base salary that can be earned based on performance; and the salary schedule that applies to employees who have opted out of the districts' new salary schedules.

Starting base salary in new salary schedules

In two of the districts, participating employees' level of education (i.e., degree) and years of experience on the traditional salary schedule determines their base salary going into the 2011-12 school year. The other two districts regrouped employees into different salary tiers, as shown in Table 8 below.

Table 8: Starting Base Salary for Participating Employees, 2011-12

District	Starting Base Salary for Participating Employees
Johnson County	State salary schedule (2011-12) based on degree and years of experience
Lexington City Schools	State salary schedule (2011-12) based on degree and years of experience
Putnam County*	0-5 years prior experience - $35,800
	6-10 years prior experience - $38,400
	11+ years prior experience - $41,200
Trousdale County*	Bachelor's + 0-5 years - $30,201
	Bachelor's + 6-10 years - $33,711
	Bachelor's + 11+ years - $37,240
	Master's or above + 0-5 years - $33,580
	Master's or above + 6-10 years - $37,601
	Master's or above + 11+ years - $41,611

* Applies only to new employees.

Source: Review of districts' applications submitted to TDOE in June 2011.

Increases to base salary on new salary schedules

During the 2011-12 school year, in all four districts, employee performance on the state-required annual evaluation systems determined base salary increases going into the 2012-13 school year. For example, the summative evaluation score that an individual received for their 2011-12 performance dictates their base salary for the 2012-13 school year. The differences between models surface when looking at the exact salary increases afforded by districts

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based on individual employees' levels of performance. No districts award base salary increases for a summative evaluation score lower than 3 on a scale of 1 to 5; one district requires a score of 3.5 to receive a base salary increase. Minimum salary increases in districts range from 1.0 percent to 1.45 percent. Maximum salary increases range from 2.0 percent to 3.0 percent. The complete schedule of base salary increases used in each of the four districts is depicted in Table 9.

Table 9: Increases to Base Salary Based on Summative Evaluation Scores

District	Base Salary Increases
Johnson County*	Summative score of 3 = 1.1% increase
	Summative score of 4 = 1.55% increase
	Summative score of 5 = 2.0% increase
Lexington City Schools*	Summative score of 3 = 1.0% increase
	Base salary increases by .02 percentage points per .02 point increase to score (e.g., Summative score of 3.0–3.01 = 1.0% increase; Summative score of 3.02–3.03 = 1.02% increase).
	Schedule allows for a maximum salary increase of 3.0%.
Putnam County	*Schedule for teachers:*
	Summative score of 3 = 1.0% increase
	Summative score of 3.5 = 1.5% increase
	Summative score of 4 = 2.0% increase
	Summative score of 4.5 = 2.5% increase
	Summative score of 5 = 3.0% increase
	Schedule for administrators:
	Summative score of "At expectation" = 1.0% increase
	Summative score of "Above expectation" = 1.5% increase
	Summative score of "Significantly above expectation" = 2.0% increase
Trousdale County*	Summative score of 3.5 = 1.45% increase
	Summative score of 4 = 1.70% increase
	Summative score of 4.5 = 1.95% increase
	Summative score of 5 = 2.20% increase

* Administrators only receive bonus pay in these districts.

Source: Review of districts' applications submitted to TDOE in June 2011.

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Base salary for employees opting out of the new salary schedule

Districts took one of two approaches when determining base salary for employees opting out of the new salary schedule. Three districts allow those employees to remain on the state's salary schedule, receiving base salary increases not only according to additional years of experience or advanced degrees (i.e., the steps and lanes of the current schedule) but also benefiting from any state-level salary schedule raises. The other district has a more restrictive plan. Employees opting out of the new salary schedule revert to the state's 2011-12 salary schedule and remain on that 2011-12 schedule indefinitely. That is, they can receive base salary increases only for additional years of experience or advanced degree, according to the steps and lanes of the 2011-12 schedule.

Projected Payout for Districts' Performance-Based Compensation Models

A review of district applications submitted to TDOE in June 2011 provided information about how much districts projected to spend in the form of performance-based compensation under their new models for compensating employees. Specifically, in those applications, districts detailed how much they planned to pay out for employee performance during the 2011-12 school year. Figure 2 presents how much districts projected to pay out for 2011-12 performance compared with the total funding that districts had for those payouts. Each bar represents a district and the percentages indicate the ratio of projected payouts to total funding for performance-based compensation in 2011-12.

Figure 2: Projected Payout for Performance During the 2011-12 School Year, Percent of Funds Projected for Payout

Percent of Funds Projected for Payout (2011-2012) by District
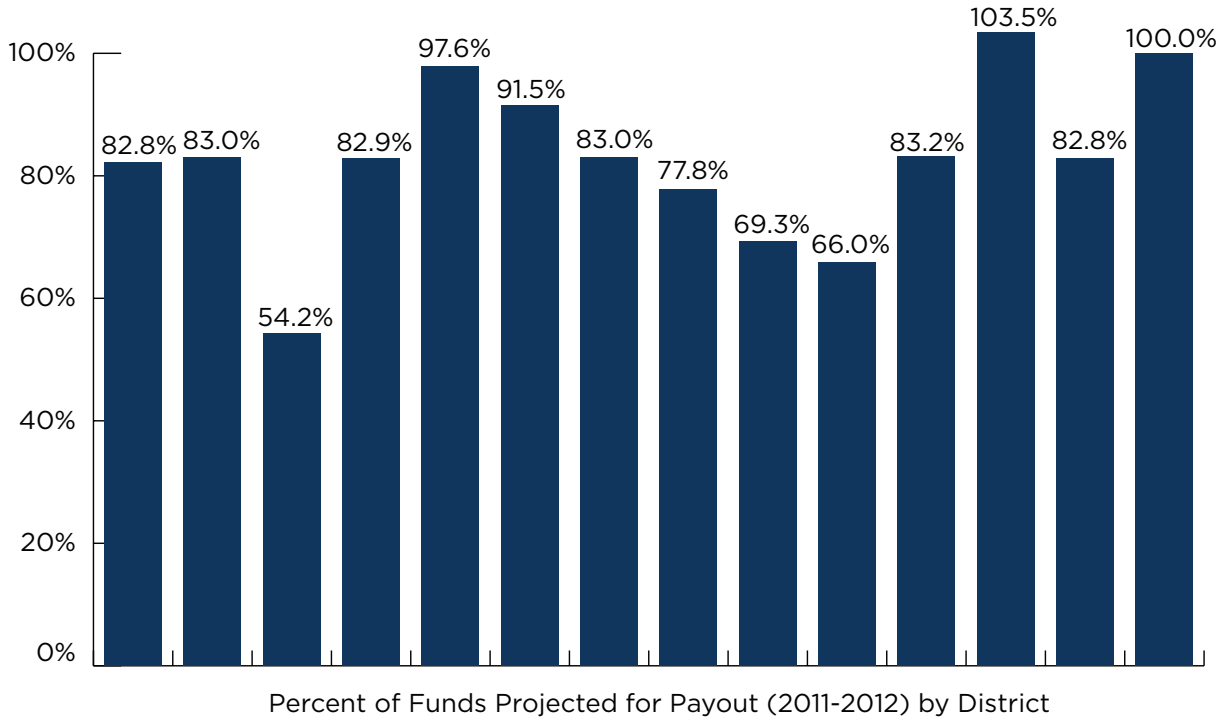
Source: Review of districts' applications submitted to TDOE in June 2011.

As seen above, 10 of 14 districts projected that nearly 80 percent or more of their first year funds for performance-based compensation would be used to pay employees for their performance during the 2011-12 school year. For all districts, any unspent funds can be rolled into the pot of funds available for future year payouts.

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VI. IMPLEMENTATION, CHALLENGES, AND IMPACT OF DISTRICT COMPENSATION PROGRAMS

At the time of this report, the 2010 cohort of CSF, IAF, and TN TIF grantees completed the first year of program implementation. Each district completed a planning and development phase during the spring and summer of 2011, and enacted their strategic compensation models during the 2011-12 school year. During that school year, not only were employees being appraised for performance-based compensation, but districts initiated processes to communicate about, monitor, and roll out systems—such as professional development, human resource and payroll enhancements—to support program implementation.

This section of the report goes further to describe district and employee experiences with the first year of program implementation and their perceptions about program impact. It draws primarily on findings from the Fall 2011 Compensation Survey for school personnel and the spring 2012 interviews with district officials.

District Officials' Reports from First Year Implementation

Part of the spring 2012 interviews with district officials asked interviewees to reflect upon the district's overall experience during its first year of implementing the strategic compensation program in 2011-12. The survey asked about what had gone well and, conversely, what had not gone well during that time period. Interviewees also explained what they saw as the main challenges and threats to the program.

Benefits of purposeful communication plans

Almost uniformly, interviewees described the process of communicating with stakeholders about the compensation program as going very well. They felt very positively about how the district informed various stakeholders, particularly school personnel, about what compensation would look like as part of the new program. They also described many strategies used to gather feedback from school personnel to learn about their reactions to the program.

The development and implementation of these communications plans was a major area of focus stressed not only in the applications submitted by districts to TDOE in June 2011, but also emphasized by TDOE in their own support of the districts since the grants were awarded. A shared recognition emerged that poor communication could derail a program's long-term

success—a lesson learned from previous compensation reform efforts across the nation (Springer & Balch, 2009).

According to districts' 2011 applications, officials delivered several key and consistent messages about the new compensation programs, often stating a commitment to a collaborative design process that would result in a compensation model that would be inclusive of school personnel, aligned with district goals, and a lever for improved student learning. Essentially, districts delivered messages early and often in an effort to alleviate fears and minimize the spread of inaccurate information. As one interviewee explained it, the district "designed a communication strategy around the teacher called 'Freddy Fearful.'"

In another interview, a district official said,

> *Anytime you have a new or a different program there's bound to be some misunderstanding or information that gets circulated among the grapevine out there. But our visits out to the schools helped lace up the fears and the concerns and once they, the teachers, had better understanding of it there were no issues. So again, that communication is key.*

Mechanisms used to deliver those messages to the broader school community were key, as was district ability to gauge reactions of key stakeholders. The points below reveal common communication strategies described during the spring 2012 interviews with district officials.

- The most frequently used communication mechanism—employed by all 14 districts—was the use of presentations and meetings conducted by districts officials (or other members of the lead design team) on-site at schools. These in-person meetings were seen as critical for conveying an accurate description of the new compensation programs and allowed for open discussion among school personnel.

- 11 districts conducted surveys to gather feedback from school personnel during the development phase, which informed the design teams' work throughout the development and first-year implementation. While researchers could not ascertain exactly what was learned from these surveys, district applications and interviewees consistently identified the surveys as a tool for gathering feedback.

- According to interviews, 10 of 14 districts used email to communicate with school personnel about the compensation program. Less common was the development of more interactive Web-based mediums. By the end of the 2011-12 school year, six districts had website content on their compensation programs, with some including features such as videos, podcasts, and even a Twitter feed in one district.

- Another common strategy, mentioned by over half of district interviewees, was the

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assignment of lead design team members as liaisons between each participating school and the design team. Districts used these liaisons not only as messengers of design team updates to schools, but also as conduits for gathering feedback from school personnel.

Concerns about payout of performance-based compensation

At the time of the spring 2012 interviews, district officials reported that implementation had gone smoothly but they knew that the biggest challenge still remained—the first payout of performance-based compensation to school personnel. All but a few district interviewees described concerns or anxiety about the upcoming payouts, and all 14 recognized what a critical phase it would be for the life of the strategic compensation program. As one individual said, "With the payouts will come the majority of the work," and another noted, "I've got my battle helmet ready [for the payout phase]."

Interviewees note that preparing for and grappling with the reaction of school personnel to the payouts they receive will be a challenge. As one interviewee aptly explained,

> *That's gonna be a strategic time for us to be sure that we present all of that in a very positive vein and not in a vein where, 'you didn't make it, so you didn't get the bonus' but presenting in a way that they know, 'you didn't [get a bonus] but here's some things we're going to put in place for you so it'll be available to you next year.'"*

Concerns also revolved around the many steps district officials have to take to prepare for the payout process. As seen in previous performance-based compensation programs, getting a district ready for payouts is a critical step (Stevens & Hilber, 2010). Data management systems must be implemented. District officials across various departments must collaborate. Multiple sets of teacher and student information must be aligned. Administrative data on school personnel must align with performance data, which must align with payroll data; data management systems are needed to process the payouts timely and accurately; and central office staff need to be trained to oversee the process and respond to questions and complaints by school personnel.

One interview from a moderately sized district explained his frustration with getting data systems up and ready for the payout process.

> *You know when you have systems the size of ours—we have 14, 15 schools here, it's a pretty good size system—but a lot of our teacher attendance is still paper/pencil. We don't have a database with teacher attendance in it. We just have files. So all of that is going to have to be hand-entered.*

The complexity of this process is compounded by concerns about the time frame in which pay-outs can realistically be made. Several interviewees feared that TDOE would not return critical student performance data (e.g., TCAP results, TVAAS effect scores) in a timely manner, and a few districts reported that they might not have all performance data for payout calculations until spring 2013.[24] The time gap creates "a huge disconnect when you talk about recognition and rewards." The prospect of untimely payouts becomes even more problematic when con-sidering how it limits a district's ability to budget for the compensation program's second year of implementation.

One interviewee's direct address of this topic exemplified the concern that many held.

> *It gives me a headache thinking about it. Here's the problem we're going to have. We've got to set our budgets and payroll for next year. And we're going to do that in May and June, which means we're going to have to have our teachers declare if they're opting in or out for next year, and they haven't seen their test scores or their first payout … That is a mess."*

The challenge of multiple, interrelated policy initiatives

District interviewees also expressed the challenge of implementing a strategic compensation program at a time of unprecedented education reform in Tennessee. Most common was the struggle of simultaneously rolling out compensation reform in 2011-12 and the new state-required educator evaluation system in 2011-12; the former was a timeline dictated by the state and federal grants, the latter dictated by state law. Ten of the 14 interviewees clearly described the policy environment as challenging with primarily two ramifications. First, they stated that school personnel felt overwhelmed by facing a new system of evaluation and compensation in the same year. Second, they were concerned by the financial and human resource implications of the state's timeline for rolling out the evaluation system.

Interviewees acknowledged that the simultaneous rollout of new evaluation and compensation had been "very daunting" for school personnel, "disconcerting to teachers and overburdens

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24   TDOE officials have stated in interviews that they are committed to an early payout timeline prior to the start of the school year, and that no payouts beginning in year three (the 2012-13 school year) should occur after November of the following school year. Moreover, beginning in summer 2013, all performance data will be available in July after the most recent school year for districts to use when calculating payouts.

principals," and created a "huge amount of change" for teachers. Districts spent a good deal of effort communicating with school personnel to ease their stress levels and help them understand the highly connected yet separate reform initiatives. A few district interviewees went on to describe the challenge of communicating to school personnel about the evaluation system because of the ongoing changes at the state-level.

> *Some of our biggest hurdles are the state's putting this all together as we're going along too, in some cases we've been ahead of the state in data collection and what we're trying to do and then it, it gets to a frustrating point where we are trying to streamline a process that hasn't been defined yet at the state level … for example with some of the 15 percent and the 35 percent options [for calculating the summative evaluation scores], it was late in the game before we knew how that was actually going to be collected. We had already started the process of collecting it one way and then had to change mid-stream because the state suddenly couldn't support it with the software options that it had.*

District interviewees also expressed concerns over the financial and human resource implications stemming from a simultaneous rollout of evaluation and compensation. Most commonly, they were anxious about when the state would return summative evaluation scores and how that would impact when payouts could be made to school personnel. While the state promised a summer 2012 return of the summative scores, districts expressed doubts. As mentioned previously, a few districts reported that some achievement data—albeit, a limited set—would not be returned from the state until spring 2013. Others lacked a sense of trust in the state's promise. As one interviewee shared, "I think in the past, it's been very unpredictable as to when we receive data [from the state]." The recognition that late receipt of summative evaluation scores and payouts create difficulties budgeting for future years of the program, making human resource decisions (e.g., hiring teachers or letting them go for the coming year), establishing a sustainability plan, or making revisions to the compensation models over time only heightened their concerns.

While the educator evaluation system was most prominent on the minds of district interviewees, other policy forces were certainly on their radars, too. During six of the 14 interviews, the topic of Tennessee's 2012 Elementary and Secondary Education Act (ESEA) waiver arose as a policy consideration.[25] The state's ESEA waiver resulted in a revised state accountability system, which moved away from the Adequate Yearly Progress (AYP) expectations established previously under the No Child Left Behind Act of 2001 and set new Annual Measurable Objectives (AMOs) for the state, districts, and schools to incrementally raise performance and

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25   President Obama announced in September 2011 that his administration would waive some of the key components of NCLB in response to the stalled reauthorization process for the Elementary and Secondary Education Act (ESEA), the current version of which is NCLB. These waivers include relief from the 2014 deadline that mandated all students be proficient in math and reading/language arts. States with waivers also have the freedom to craft their own student achievement goals and create their own interventions for struggling schools. In return for this flexibility, the administration requires states to "focus improvement efforts on 15 percent of the most troubled schools and create guidelines for teacher evaluations based in part on student performance" (McNeil & Klein, 2011).

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decrease achievement gaps. For the most part, these interviewees acknowledged that their strategic compensation program will ultimately need to align with the AMOs established by the state's new accountability system, which would require some reworking of performance criteria tied to pay.

Another state policy matter was mentioned only during four interviews but has notable implications for districts implementing strategic compensation programs currently and in the future. During the 2012 state legislative session, the Tennessee General Assembly enacted an across-the-board raise for public school teachers (Tenn. Pub. Acts, 2012). A handful of interviewees recognized this state-level move as counterproductive to their local strategic compensation efforts for two primary reasons. First, they perceived the state's move as ultimately placing obligations on district discretionary funds, which could otherwise be used to fund strategic compensation payouts over time. Second, they worried that the across-the-board state raise might undermine district ability to make an alternative salary schedule appealing to current and prospective educators. That is, if educators saw an automatic raise available in a neighboring district, they might find that more appealing than having to "jump through hoops" of performance criteria to obtain a raise as part of a strategic compensation program.

Concerns about sustaining compensation programs over time

District interviewees recognized another major challenge—financial sustainability of the compensation programs. Recall that the grants stipulate that districts begin a local contribution to fund an increasing portion of the performance-based payouts for educators, starting in the second year of program implementation (i.e., in 2012-13)[26] and throughout the remaining years of the grant. Assuming the programs have positive outcomes, districts are then expected to sustain the compensation programs after their grants end.

Researchers asked interviewees if they believed there were any threats to the future success of their compensation programs. In response, 10 of the 14 districts expressed concerns about how districts would financially sustain their programs over time and particularly after grant funding expires. Some described intentions to redistribute Title I or Title II funds, to carry over undistributed grant funds from year to year, or to hopefully create efficiencies through energy-saving initiatives or improved teacher attendance. But, generally, interviewees did not appear confident that such plans would achieve the expectations for full program sustainability.

District applications submitted to TDOE in June 2011 provide additional insight. Upon reviewing those applications, researchers found the sustainability plans rather vague for all but one district. The applications usually focused on the amount of local contribution and how it would increase incrementally over the life of the grant, but rarely established the source of that funding. In their applications districts often mentioned possible alternatives, such as tapping into Title I and Title II funds or seeking out additional grants, but rarely did they outline a specific plan.

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26   At the time of this report the Consortium could find no evidence to suggest that a local contribution would be needed in the second year of the program.

School Personnel's Reports from First Year Implementation

While district interviews provided insight into the process and challenges of program implementation, including issues such as communication plans, payouts, and challenges related to the policy context and other factors, to learn more about the experiences and reactions of employees in schools participating in the strategic compensation programs, researchers gathered feedback directly from school personnel.

In November and December 2011, the Consortium conducted the first of an annual survey to understand school personnel's experiences with and impressions of the strategic compensation programs. The Consortium administered this initial survey near the end of the first full semester of implementation.[27] Feedback from the Fall 2011 Compensation Survey reveals school personnel's early reactions to program implementation as well as their thoughts about potential program impacts. The feedback also serves as a baseline, allowing researchers to learn how attitudes of school personnel change over time as programs mature. It is important to remember that findings presented in this section represent the responses of school personnel broadly across the 14 districts.[28]

As described previously, the Fall 2011 Compensation Survey addressed five major themes.

- School personnel's awareness and knowledge about the compensation programs.

- Their attitudes about program design.

- Their perceptions of program implementation.

- Their beliefs about program impact.

- Their attitudes about compensation reform, generally.

Findings related to each of those five themes are discussed, in turn, below.[29]

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27   The same survey instrument was sent out to all certified school personnel employed in schools that were participating in districts' strategic compensation programs, as part of the CSF, IAF, TN TIF 2010 cohort. There was one exception, however. An abbreviated survey was administered to school personnel in South Carroll SSD. That district's strategic compensation program rolled out on a different timeline, with program implementation beginning in January 2012. Therefore, that district's survey included only questions about personnel's general awareness of the district planning for a strategic compensation program, their attitudes about compensation reform generally, and demographics of respondents. Respondents in South Carroll SSD are therefore not included in any of the findings below except for the topics included on their survey.

28   For more information on district-by-district results on the Fall 2011 Compensation Survey, visit http://www.tnconsortium.org/projects-publications/compensation-reform/study-participants/district-reports/index.aspx.

29   This section of the report discusses broad statewide survey findings. The Consortium recognizes that school personnel feedback is likely influenced by local context as well as individual characteristics and experiences. Future reports will take these factors into account when reporting on survey findings, and will also look at how employees' feedback changes—if at all—over time. During summer 2012, the Consortium did prepare short reports of district-by-district survey results based on the Fall 2011 Compensation Survey. Those reports, which shed light on some emerging themes at the local level, can be found at http://www.tnconsortium.org/projects-publications/compensation-reform/study-participants/district-reports/index.aspx.

Awareness and knowledge about compensation programs

As mentioned earlier in the report, one priority for the district planning phase was the development and implementation of a communications plan to ensure that school community members understand and stay informed about the strategic compensation programs. As evidenced through district interviews, district officials felt positively about the quality of their communications efforts throughout the planning phase and first year of program implementation. The Fall 2011 Compensation Survey specifically addressed these issues of awareness and understanding with school personnel.

An initial survey question asked: "Before receiving our invitation to complete this survey, were you aware that your school is participating in the district's strategic compensation program this 2011-12 school year?" In response, 92 percent of participants indicated their awareness of the program.

Figure 3: Aware of District Strategic Compensation Program, Fall 2011
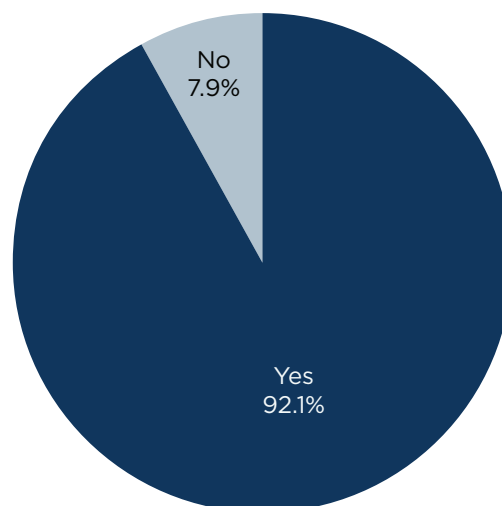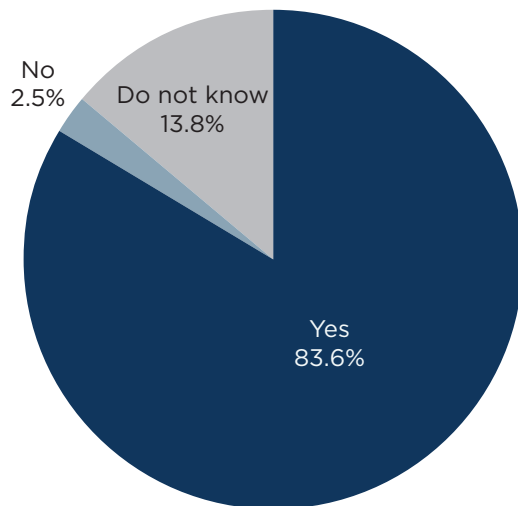

Source: Responses on Fall 2011 Compensation Survey. Question open to 4,758 certified school personnel, but 12 missing responses. Percentages based on 4,746 respondents.[30]

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30   All survey participants—except those in South Carroll SSD—answered the question worded as follows: "Before receiving our invitation to complete this survey, were you aware that your school is participating in the district's strategic compensation program this 2011-12 school year?" Survey participants in South Carroll SSD answered a question worded differently given the later timeline of their program's rollout: "Were you aware that your district received a Competitive Supplemental Fund grant in 2010-11 to explore ideas around strategic compensation for educators?" Eight-nine (89.3) percent of South Carroll respondents were aware, whereas 92.1 percent of respondents in all other districts were aware of their districts' programs.

The survey went on to inquire more about employee understanding of program components. Respondents who indicated being aware of the program generally were then asked if the compensation program in which the school was participating included performance-based bonus awards and, separately, if it included an alternative salary schedule. It is important to remember that, at the time of the survey, all respondents were employed in schools that were part of a compensation program that did, in fact, include bonuses. That was not the case for alternative salary schedules; only four of 14 districts were using alternative salary schedules as part of the strategic compensation reform. Therefore, if respondents had full understanding of the compensation program components, 100 percent *should have* reported that there is a bonus component, and only those in schools with alternative salary schedules *should have* reported that component as a part of the compensation program.

Figures 4a and 4b show respondents' understanding of program components at the time of the survey (i.e., November-December 2011). Nearly 84 percent knew that bonuses were part of the program, while most others (14 percent) were uncertain. Surprisingly, nearly half of respondents did not know whether or not their school was taking part in an alternative salary schedule.

Figure 4a: Belief that There is a Bonus Component in Program, Fall 2011

No 2.5%
Do not know 13.8%
Yes 83.6%

Figure 4b: Belief that There is an Alternative Salary Schedule in Program, Fall 2011

Yes 16.8%
Do not know 48.7%
No 34.5%
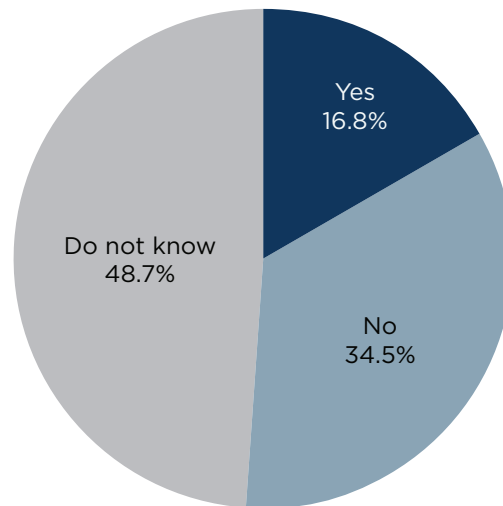
Source: Responses on Fall 2011 Compensation Survey. Questions about "bonus component" and "alternative salary schedule component" open to 4,346 certified school personnel who reported being aware of the district program generally. For the former question, there were 16 missing responses; percentages in Figure 4a based on 4,330 respondents. For the latter question, there were 62 missing responses; percentages in Figure 4b based on 4,284 respondents.

Researchers went further to examine respondent understanding of program components by looking separately at responses from those in two types of districts: districts that only have a performance-based bonus component versus districts that have a bonus component in addition to an alternative salary schedule. Table 10 details the findings.

Table 10: Understanding of Compensation Program Components by District Group, Fall 2011

District Group	Belief that Program Includes Bonuses			Belief that Program Includes Alternative Salary Schedule		
	Yes	No	Do not know	Yes	No	Do not know
Districts with bonuses only	81.7%	2.8%	15.5%	10.4%	37.2%	52.4%
(*N=3,704*)	(3,014)	(103)	(572)	(381)	(1,357)	(1,910)
Districts with bonuses and alternative salary schedule	94.9%	0.9%	4.2%	53.3%	18.7%	28.0%
(*N=642*)	(608)	(6)	(27)	(339)	(119)	(178)

Source: Responses on Fall 2011 Compensation Survey. Cell values reported in Table 12 do not include missing responses to each question about understanding of program components (i.e., numbers in "yes", "no", "do not know" cells do not add all the way up to 3,704 and 642 for each respective district group).

Across both district groups, respondents held a much more accurate understanding about the bonus component than the alternative salary schedule component. Nearly 82 percent of respondents in "bonus only" districts accurately reported that a bonus component existed, whereas 95 percent of respondents in "bonus and alternative salary schedule" districts answered correctly about the bonus component. Respondents in both district groups did not know or appeared misinformed about whether or not an alternative salary schedule existed. In "bonus only" districts, 52 percent did not know whether the alternative salary schedule was part of the program; only 37 percent accurately reported "no." Among those in programs that did in fact include an alternative salary schedule, almost half did not have an accurate understanding of that component.

Attitudes about program design

Through the Fall 2011 Compensation Survey, researchers also asked school personnel for their attitudes about the design of the compensation models, including features of the bonus and alternative salary schedule components. Only respondents who reported "yes" to the existence of each program component had access to attitudinal questions. As seen in Figure 4 (and Table 12) a strong majority of respondents accurately understood the existence of bonuses but there was great misunderstanding about the alternative salary schedule component and whether or not it existed as part of the compensation programs. Therefore, this section does not focus on respondents' attitudes about the design of alternative salary

schedules because so many respondents lacked adequate or accurate knowledge about that component.[31]

Respondents who accurately reported the existence of the bonus component were asked how much they agreed with each of 10 statements about the design of those performance-based bonuses. Those statements, listed in Figure 5, speak to three dimensions of design.

- How well are respondents informed about design features?

- What are their perceptions about the fairness of design?

- What are their perceptions about the motivational qualities of the bonuses?

Figure 5 below suggests that a strong majority felt confident in their understanding of the design. Over 80 percent of respondents (strongly) agreed that the main elements had been clearly communicated and nearly three-quarters believed that they had a clear understanding of performance criteria tied to bonuses.

In examining the question of fairness, researchers asked participants to respond to four statements: (1) I believe the bonus component is fair, (2) I believe the performance criteria are worthy of extra pay, (3) I believe the performance criteria are worthy of non-monetary recognition, and (4) I believe the correct school personnel are eligible to try and earn a bonus. Approximately 70 percent of respondents (strongly) agreed with each of the final three statements. However, only 41 percent reported that the bonus component is fair. While respondents appeared to feel positively about the fairness of performance criteria and personnel eligibility, they seemed less sure about other qualities of the bonuses (e.g., differentiated bonus amounts for personnel or units of accountability tied to receipt of a bonus).

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31   Researchers could not justify reporting respondents' attitudes about the design of the alternative salary schedule component. Those responses largely came from misinformed respondents. See Table 10 for details about how respondents from each district group inaccurately reported the existence of an alternative salary schedule operating in their district.

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Figure 5: Attitudes about Design of Programs' Bonus Component, Fall 2011
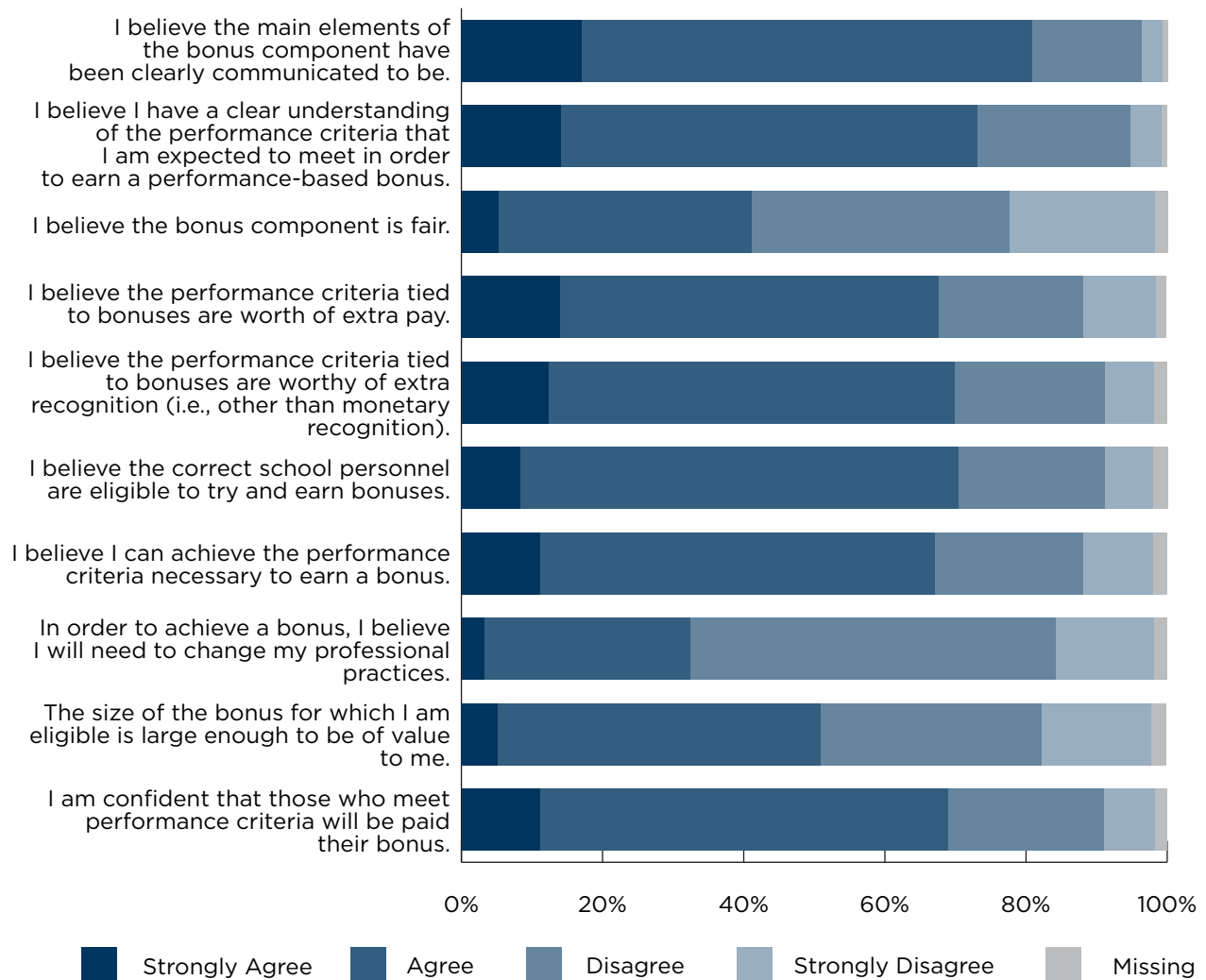
Source: Responses on Fall 2011 Compensation Survey. Percentages based on 3,036 certified school personnel who were asked these questions. They were individuals who reported that their districts had a bonus component and that they were personally eligible to try and earn a bonus.

Motivational qualities of the bonuses are addressed in four of the statements in Figure 5: (1) I believe I can achieve the performance criteria to earn a bonus, (2) I will need to change my professional practice to achieve a bonus, (3) The size of the bonus for which I am eligible is large enough to be of value, and (4) I am confident that those who meet performance criteria will be paid their bonus. Responses are somewhat mixed. Nearly 70 percent (strongly) agreed that they could achieve the performance criteria and that bonuses would be paid out to those who met the criteria. However, only 32 percent and 56 percent, respectively, believed that they would need to change their professional practice to achieve a bonus or that the size of the bonus was large enough to be of value.

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Perceptions of program implementation

The Fall 2011 Compensation Survey gave school personnel an opportunity to respond to statements about the way in which strategic compensation programs were being implemented during the 2011-12 school year. These statements treated the programs holistically, rather than asking separately about each program's specific components (i.e., by bonus component or alternative salary schedule component). The 11 statements on program implementation are listed below in Figure 6.

It is also important to note that school personnel took this survey at a time when districts had nearly completed the first semester of implementing a multiyear strategic compensation program. Therefore, respondents' attitudes represent how they felt very early in the life of the programs and will serve as a useful baseline to see how attitudes change over time. Nonetheless, it is of interest to learn how school personnel perceived program implementation during the fall of 2011.

Figure 6: Perceptions about Implementation of Strategic Compensation Programs, Fall 2011
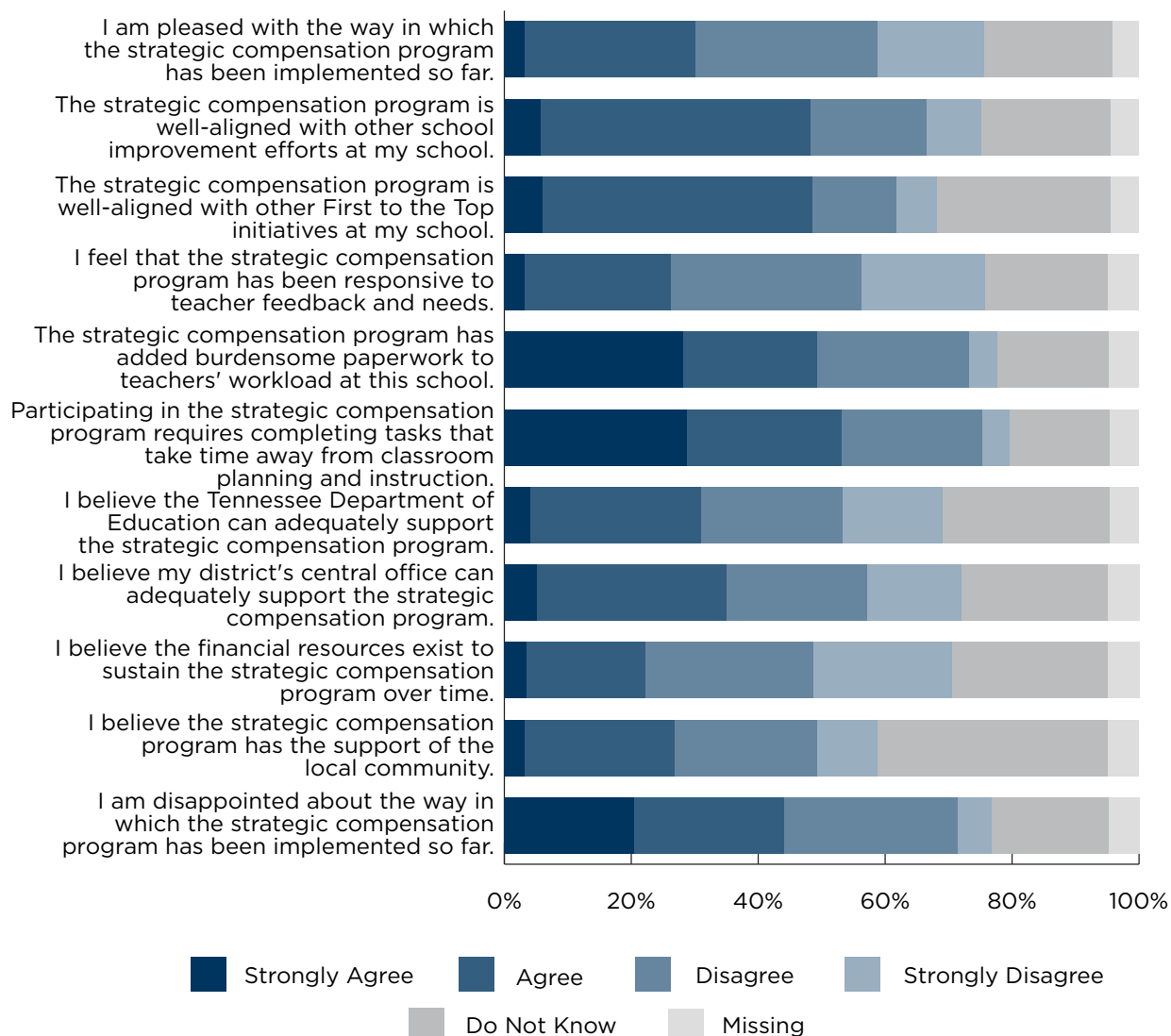
Source: Responses on Fall 2011 Compensation Survey. Percentages based on 4,346 certified school personnel who were asked these questions. They were individuals who reported being aware of their districts' strategic compensation program.

Given the stage of program implementation, it is not surprising that a notable portion of respondents were uncertain when asked their views on implementation. Anywhere from 16 percent to 36 percent of respondents answered "do not know" to the statements listed in Figure 6.

Among the other respondents, attitudes about implementation were unenthusiastic.[32] More respondents (strongly) agreed than (strongly) disagreed that they were disappointed with implementation (44 percent compared with 33 percent). Conversely, more (strongly) dis-

32   It is important to point out that responses from two districts, representing a substantial share of respondents, had particularly unfavorable views of program implementation, which influence the overall findings presented in Figure 6.

agreed than (strongly) agreed that they were pleased with implementation (46 percent compared to 30 percent). Other examples from Figure 6 include:

- Half of respondents did not feel like the program had been responsive to teacher feedback and needs, compared with only 26 percent who believed the program had been responsive.

- More respondents (strongly) agreed than (strongly) disagreed that the program was burdensome and took time away from classroom planning and instruction.

- Respondents did not believe that the financial resources existed to sustain the program over time.

It was somewhat promising that more respondents (strongly) agreed than (strongly) disagreed that the compensation program was well-aligned with other school improvement efforts and First to the Top initiatives in their schools.

Beliefs about program impact

Finally, researchers examined how school personnel felt about the likely impacts of compensation reform. Again, these questions were asked of school personnel very early in the life of the districts' strategic compensation programs. Still, it is useful to learn their thoughts about the programs early on. Questions in the Fall 2011 Compensation Survey approached perceptions about program impact from three different angles.

- What did they believe about the direct financial impact of performance-based compensation?

- What were their perceptions about the likely impacts of the strategic compensation programs operating in their schools, *specifically*?

- What were their perceptions about the likely impacts of performance-based compensation reform, *generally*?

Table 11 details responses to the question, "Based on your likely performance over the course of the 2011-12 school year, how much do you believe you will personally be compensated in the form of a performance-based bonus?" First, nearly equal shares of respondents reported that they either "did not know" (21%) or that they believed they would receive no bonus at all (19%). Among those who thought they would receive some kind of bonus, most (47%) pre-

dicted their bonus payout would be less than $3,000 for their performance during the 2011-12 school year.[33]

Table 11: Bonus Payout Amounts Predicted by School Personnel, Fall 2011

Predicted Bonus Payout	% of Respondents	No. of Respondents
$0	19.2%	575
$1 to $999	21.3%	638
$1,000 to $1,999	25.4%	761
$2,000 to $2,999	7.8%	233
$3,000 to $3,999	2.3%	69
$4,000 to $4,999	1.1%	32
$5,000 to $5,999	1.2%	35
$6,000 to $6,999	0.1%	4
$7,000 to $7,999	0.2%	6
$8,000 to $8,999	0.2%	5
$9,000 to $9,999	0.0%	0
$10,000 or more	0.4%	12
Do not know	20.9%	627

Source: Responses on Fall 2011 Compensation Survey. Question open to 3,036 certified school personnel who reported that their districts had a bonus component and that they were personally eligible to try and earn a bonus. There were 39 missing responses, so percentages based on 2,997 respondents.

The Fall 2011 Compensation Survey also provided school personnel with a list of 14 statements regarding possible impacts of their districts' strategic compensation programs. Again, respondents' attitudes represent how they felt very early in the life of the programs and will serve as a useful baseline to see how attitudes change over time. Nonetheless, it is of interest to learn how school personnel perceived the impacts of the strategic compensation programs.

As seen in Figure 7, school personnel expressed doubt about program impact, while a notable share expressed uncertainty at the time of the survey (i.e., 15 percent to 25 percent answered "do not know" across the 14 statements).[34] For nearly all of the statements, responses reflect more unfavorable than favorable opinions about areas of impact. When asked broadly if the program was having negative effects, 46 percent (strongly) agreed while 33 percent (strongly) disagreed. When then asked if the program was having positive effects, only 23 percent responded affirmatively compared with 51 percent who did not agree. Other findings in Figure 7 indicative of this general sentiment include:

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33   As seen in Figure 4 (and Table 10) a strong majority of respondents accurately understood the existence of bonuses but there was great misunderstanding about the alternative salary schedule component and whether or not it existed as part of the compensation programs. Therefore, this section does not focus on respondents' predictions of payout from the alternative salary schedules because so many answering those questions were misinformed about that component altogether.

34   Respondents in a single district, which represents a large share of all survey responses, were particularly negative. Those responses influence the overall picture of school personnel's attitudes, as seen in Figure 7. But, even when excluding that single district from survey analysis, the remaining responses are still rather unenthusiastic about program impact.

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- 51 percent of respondents (strongly) agreed that the program caused resentment among teachers at the school, compared with only 27 percent who disagreed with that statement.

- Roughly 62 percent did not agree with statements that the program helped teachers feel more satisfied with their jobs or valued as professionals; less than 20 percent (strongly) agreed with each of those statements.

While still skeptical, fewer drastic gaps existed between positive and negative viewpoints held by school personnel when it came to several other important impact areas: teaching practices, student learning, and professional development for teachers. For example, when asked if the program was helping to increase student learning at the school, 42 percent (strongly) disagreed and 33 percent (strongly) agreed. In response to whether the program was helping to improve teaching practices, respondents were nearly split (41 percent answered affirmatively and 39 percent disagreed).

Overall, school personnel held favorable views about program impact on teacher willingness to help one another or the use of data to inform teaching and student learning. In response to the statement that the program was having a negative impact on teacher willingness to help one another, 27 percent (strongly) agreed while 53 percent did not agree with that statement. Additionally, 42 percent (strongly) agreed that the program was contributing to improvements in how the school was using data to inform teaching and learning; 32 percent did not agree.

Figure 7: Beliefs about Impacts of Strategic Compensation Programs, Fall 2011
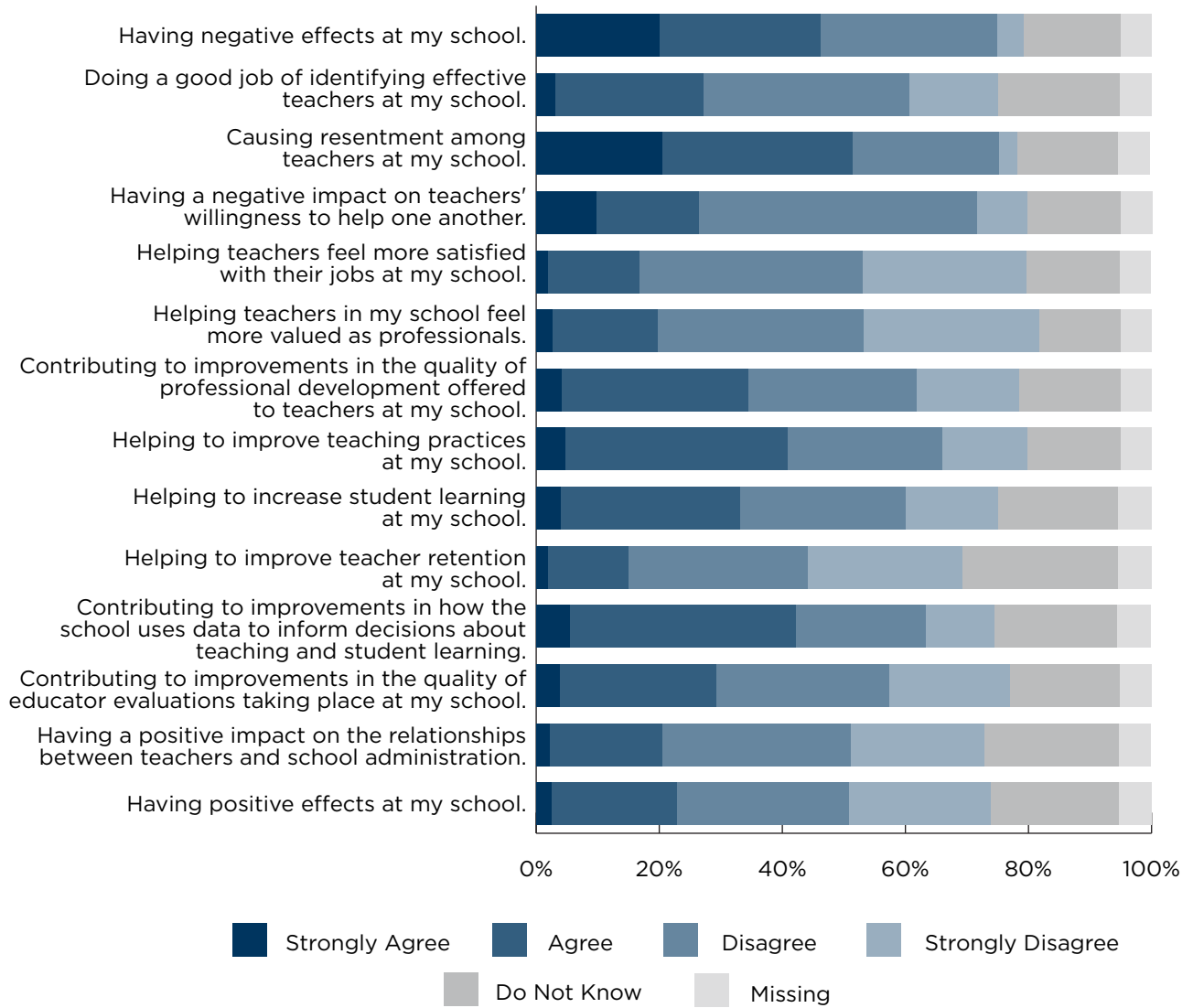
Source: Responses on Fall 2011 Compensation Survey. Percentages based on 4,346 certified school personnel who were asked these questions. They were individuals who reported being aware of their districts' strategic compensation program.

The Fall 2011 Compensation Survey closed with several questions to gauge school personnel's attitudes about compensation reform generally. That is, the questions did not ask for their opinions about the specific programs operating in their districts and schools, but focused on general ideas related to compensation of educators.

A series of eight questions asked school personnel to compare the possible influence of traditional teacher pay (i.e., without any pay tied to performance) with the influence of a compensation model in which pay would be determined—at least in part—on performance. The eight questions, listed in Table 14, address topics related to student learning, teacher collaboration, recruitment and retention of the teacher workforce, and teachers' professional satisfaction.

In all areas, the majority of respondents believed that desired outcomes would be at least as likely to occur (if not more likely to occur) if teacher pay were to be tied to performance rather than based on the traditional salary schedule. For example, only 7 percent of respondents believed that teacher success helping students learn would be *less likely* to occur if pay was tied to performance. Only 14 percent thought that retention of effective teachers would be *less likely* if pay were tied to performance. In a few cases respondent views were split almost evenly across the three answer categories. See, for example, responses to the likelihood that teachers will feel valued as professionals or feel satisfied with their jobs.

One exception does stand out in Table 14—respondents' responses to the likelihood that teachers will resent the way in which they are compensated. The most common opinion was that resentment would be more likely if teacher pay was tied to performance.

Table 12: Attitudes about Compensation Reform Generally, Fall 2011

Compared with teachers being paid on the traditional salary schedule without any pay tied to performance:	Less likely to occur if teachers are paid - at least in part - based on performance.	Equally likely to occur if teachers are paid - at least in part - based on performance.	More likely to occur if teachers are paid - at least in part - based on performance.
Teachers will be successful at helping their students learn. (*Missing N=402, 8.4%*)	7.0% (335)	56.1% (2,669)	28.4% (1,352)
Teachers will work together to identify and share successful teaching strategies and materials. (*Missing N=408, 8.6%*)	23.2% (1,104)	42.5% (2,024)	25.7% (1,222)
Individuals with the abilities to help students learn will be attracted to the teaching profession. (*Missing N=408, 8.6%*)	22.7% (1,082)	33.4% (1,590)	35.3% (1,678)
Teachers who are successful at helping their students learn will be more likely to remain in the teaching profession. (*Missing N=416, 8.7%*)	14.1% (673)	34.6% (1,647)	42.5% (2,022)
Teachers will resent the way in which they are compensated. (*Missing N=423, 8.9%*)	21.0% (1,000)	24.0% (1,143)	46.1% (2,192)
Teachers will feel satisfied with their jobs. (*Missing N=434, 9.1%*)	28.4% (1,353)	35.4% (1,685)	27.0% (1,286)
Teachers will feel valued as professionals. (*Missing N=436, 9.2%*)	28.1% (1,339)	29.2% (1,391)	33.5% (1,592)
Student learning will improve. (*Missing N=435, 9.1%*)	10.8% (512)	56.3% (2,679)	23.8% (1,132)

Source: Responses on Fall 2011 Compensation Survey. Percentages based on 4,758 certified school personnel who were asked these questions.

Before turning to the report's conclusion, it is important to again emphasize two things from the Fall 2011 Compensation Survey. First, the discussion focuses on broad findings across all 14 districts. It gives a sense of the main sentiments held by school personnel who are taking part in these new compensation programs, but it does not provide detailed analysis as to how local context and individual characteristics influence those attitudes. Second, the Fall 2011 survey findings represent the opinion of school personnel very early in the life of district strategic compensation programs. That certainly does not make the findings irrelevant, but it does mean that they provide a baseline that allows researchers to see how attitudes change over time as each district's program matures.

VII. CONCLUSIONS

While major changes continue to unfold in the state's public education system, Tennessee's strategic compensation programs are at the forefront of an aggressive push for systemic education reform. Using evidence from district strategic compensation models and plans for implementation, interviews with district officials, and a survey of school personnel, this report focused on the process of program planning and development, stakeholder perceptions about these plans, and the impact of program implementation during the first year. As such, this report aims to provide valuable information as stakeholders continue to improve compensation programs in subsequent years.

This final section of the report synthesizes the findings discussed previously and focuses on four key takeaways.

1. First, districts need to engage stakeholders and communicate often. While districts engaged and communicated often with stakeholders, there is mixed evidence from school personnel that they do not have a solid understanding of specific program components.

2. Second, while using multiple measures and shared accountability is important, districts need to place an emphasis on understanding how educators will perceive the compensation model.

3. Third, it is imperative that district programs are supported by a high quality and integrated data system.

4. Fourth, strategic compensation should be considered as a part of a system-wide, sustainable improvement effort.

Engage Stakeholders and Communicate Often

Broad stakeholder engagement is critical to the success of any compensation reform program (Koppich, Prince, Guthrie, & Schuermann, 2009). While most evidence in Tennessee points to the fact that districts made it a priority to engage and communicate with multiple stakeholders in both the design and implementation processes, there is mixed evidence from school personnel about the level of effectiveness. The overwhelming majority (92 percent) of school personnel indicated that they were aware that their school was participating in the district's strategic compensation plan and knew that bonuses were part of the program structure (84 percent). Moreover, a strong majority felt confident in their understanding of the design with over 80 percent of respondents agreeing that the main elements had been clearly communicated and that they understood that the performance criteria was tied to bonuses. However, on the same survey nearly half did not know whether their school was taking part in an alter-

native salary schedule—a crucial element of a district's strategic compensation program that has a great impact on school personnel.

Additionally, although district leaders recognized that poor communication could derail the program's long-term success and created strategies to gather feedback, half of school personnel did not feel like the program had been responsive to teacher feedback and needs. Though district leaders acknowledge that engaging and communicating with stakeholders is vital to the success of any strategic compensation program, they need to maintain communication efforts so that they are frequent, transparent, and include opportunities to gather feedback and to gauge stakeholder experiences and understanding (Springer & Balch, 2009).

Using Multiple Measures and Shared Accountability

There is a common belief that decisions about performance-based pay should be guided by multiple measures of educator effectiveness, while also including student achievement (Kane & Cantrell, 2010). Based on a review of applications, districts are using multiple measures and shared accountability in their award models. For school administrators, bonus models are heavily focused on rewarding outcomes tied directly to student achievement with at least two or more indicators used to measure performance. On average, for districts that included both teachers in tested grades and subjects and teachers who worked in non-tested areas (13 out of 14 districts), the receipt of bonuses is dependent on performance measures of multiple units of accountability.

Districts need to place an emphasis on understanding how educators perceive the compensation model, however, including the perception of fairness and motivational qualities. Based on survey responses, approximately 70 percent agreed that the performance criteria set by districts is worthy of extra pay, recognition, and that the correct school personnel are eligible to earn bonuses. Yet, only 41 percent of respondents reported that the bonus component is fair. Moreover, responses were mixed to questions about whether bonuses are motivating. While most respondents (nearly 70 percent) agreed that they could achieve the performance criteria and that bonuses would be paid out to those who met the criteria, only a third believed that they would need to change their professional practice and a little over half felt that the bonus was large enough to be of value. Using multiple measures and shared accountability is important, but understanding how educators perceive a compensation model, including its fairness and motivational qualities, are essential for districts to consider when moving forward.

High Quality and Integrated Data Systems

Improving data systems is an important first step for school communities trying to implement strategic compensation programs. Data systems capable of supporting these programs should

have accurate and up-to-date student-teacher linkages, and a clear connection between performance data and payroll systems. They should also be transparent and accessible, allowing educators to use performance data to drive their professional decisions (Watson, Kraemer, & Thorn, 2009). As learned from previous performance-based compensation programs, getting a district ready for payout is a critical step that, when not done well, can damage the viability of a compensation program (Stevens & Hilber, 2010).

Interviews with district coordinators revealed that program implementation has gone smoothly; however, interviewees acknowledged that a vital phase of the program will be the first payout of performance-based compensation to school personnel. Several district coordinators expressed concern about getting data systems ready for payout and the timeline by which payouts will occur. In relation to this last concern, many feared that TDOE would not return necessary student performance data (e.g., TCAP results, TVAAS effect scores) in a timely manner. It is important to consider the implications of data systems and the quality for the accuracy of payouts to educators.

With the pressure to get payouts processed accurately and transparently, it is imperative that strategic compensation programs utilize highly integrated and reliable data systems. These systems must be implemented carefully to ensure that collaboration across various departments occurs, and that multiple sets of information about teachers and students are aligned. Moreover, administrative data on school personnel must align with performance data, which also must align with payroll data. In addition to this alignment, payouts must be delivered in a timely fashion and accurately. This requires appropriate training for central office staff if they are to effectively oversee the process and respond to questions and feedback from school personnel. Experiences with the first payouts scheduled to occur in fall 2012 will provide more insight into how districts are faring on this issue.

Making Reform Systemic and Sustainable

In order to be effective, a strategic compensation program needs to be part of an aligned human capital strategy that is fiscally sustainable, as well as designed to support the school community generally, and educators in particular (Guthrie & Prince, 2008). Evidence in Tennessee suggests that the state and districts are trying to do this, however, given the newness of these programs as well as educator evaluation initiatives, indications are that school personnel feel overwhelmed by multiple new systems.

Additionally, evidence from survey responses suggests that educators lack enthusiasm for program implementation and that many expressed doubt about program impact. More respondents agreed than disagreed that the program was burdensome and took time away from classroom planning and instruction. While survey respondents agreed that the compensation programs aligned with school improvement and First to the Top efforts, respondents doubted that financial resources existed to sustain the program over time. During interviews

with Consortium researchers, district officials also expressed concern about the fiscal sustainability of the compensation programs. Although districts did provide a sustainability plan in their applications, the majority of these plans lacked specificity. District interviewees recognized that fiscal sustainability is a challenge and did not appear confident that current plans would actually achieve sustainability. Coupled with early attitudes of school personnel concerning implementation, state and district leaders need to ensure that educators feel confident about the compensation programs. Without school support, program sustainability will not be possible.

Next Steps for the Consortium's Evaluation

Future reports from the Consortium's evaluation of strategic compensation efforts in Tennessee will advance the analysis of survey findings as well as examine the ways programs impact educators and subsequent student learning. An examination of financial payouts to educators, teacher turnover and retention over time, as well as student performance on state mandated assessments will inform these efforts in addition to the administration and analysis of annual surveys of school personnel and interviews with district officials.

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Evaluation of Tennessee's
Strategic Compensation Programs:

Interim Findings on Development,
Design, and Implementation

APPENDIX

Fall 2012

Tennessee Consortium
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Appendix A – Survey Respondent Representativeness

Fall 2011 Survey of School Personnel

In November and December 2011, the Consortium conducted the first of an annual survey to understand school employees' experiences with and impressions of the strategic compensation programs. The Fall 2011 Compensation Survey was administered in schools that are participating in districts' strategic compensation programs. The survey was given online and all certified school employees in those schools received an individual survey invitation. Participation in the survey was voluntary and all responses were, and remain, strictly confidential.

The Fall 2011 Compensation Survey addressed five major themes.

- Awareness and knowledge about the compensation program.
- Perceptions about program design.
- Perceptions about program implementation.
- Perceptions about program impact.
- Attitudes about compensation reform, generally.

In all, 9,419 certified school personnel in 192 schools were invited to take the Fall 2011 Compensation Survey. The overall response rate was 51% with 4,769 survey responses submitted.[1] Of those 86 percent (4,114) were employed in schools participating in a district compensation program that includes performance-based bonuses only. The other 14 percent (655) were employed in schools participating in a district compensation program that includes bonuses in addition to an alternative salary schedule driven by performance.

Respondents were asked to identify their professional position at the time of taking the survey. Of those responding to the survey, the vast majority categorized themselves as teachers.

- 82 percent (3,926) of respondents identified as teachers.
- 5.6 percent (265) identified as principals or assistant principals.
- 4.6 percent (218) identified as certified instructional support staff.
- 7.3 percent (349) identified as other certified staff.
- 11 respondents reported themselves as either not in a certified school position or did not provide information about their current professional position.

Survey responses from the 11 individuals that were not in a certified position or did not provide information on their professional position were excluded from survey analyses. Therefore, survey analysis was limited to the 4,758 respondents who identified themselves in a certified school position (i.e., teachers, principals and assistant principals, certified instructional support staff, and non-instructional certified staff).

Researchers examined the characteristics of survey respondents compared to all those invited to participate in the Fall 2011 Compensation Survey, with a focus on the highest degree obtained by individuals, grade tier of schools in which they were employed, and individuals' years of experience as of the 2011-12 school year. Overall, characteristics of respondents are quite similar to the

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[1] Four of those survey submissions ended up being duplicates, so they were removed for analysis.

characteristics of all certified school personnel employed in schools participating in the strategic compensation programs. Table A-1 provides further details about respondent representativeness.

Table A-1: Representativeness of Respondents on the Fall 2011 Compensation Survey

Employee Characteristics	% of Respondents	% of Employees	# of Respondents	# of Employees
Highest Educational Level				
Below Bachelor's	1.0%	1.5%	45	144
Bachelor's	33.7%	36.0%	1,512	3,454
Master's	47.1%	45.9%	2,117	4,405
Master's Plus	7.5%	7.3%	337	701
Education Specialist	9.1%	8.0%	409	767
Doctorate	1.6%	1.4%	71	134
Tier				
K-5	44.1%	40.8%	1,981	3,916
5 – 8	22.3%	23.2%	1,003	2,232
9 – 12	26.4%	29.5%	1,184	2,832
K-8	4.7%	4.6%	210	444
K-12	1.0%	0.8%	46	75
Other	1.5%	1.1%	67	106
Years of Experience				
0 to 3 years	17.9%	22.1%	804	2,121
4 to 6 years	14.8%	15.6%	663	1,501
7 to 10 years	15.8%	15.7%	711	1,511
11 to 17 years	22.4%	19.9%	1,006	1,916
18 to 25 years	15.4%	13.6%	692	1,307
Over 26 years	13.7%	13.0%	615	1,249

Note: Table based on 4,491 "respondents" and 74,543 "employees". Data on "respondents" represents all individuals responding to the Fall 2011 Compensation Survey, except six respondents not from any "program" schools according to 2011-12 Education Information System (EIS), 40 respondents with missing license numbers, and 228 respondents with no EIS data at all. Data on "employees" represents certified employees from ONLY those schools participating in the district strategic compensation programs.
Source: 2011-12 Education Information System (EIS).

Appendix B - Data Collection Instruments

Spring 2012 Interviews with District Officials

In mid-spring 2012, researchers conducted phone interviews with key officials in each district's central office; that is, with individuals who have primary responsibility for overseeing the district strategic compensation programs. The focus of the interviews was on learning about the process of developing, planning for, and implementing the new compensation programs. A phone interview was conducted with each of the 14 districts, and each interview lasted approximately 45 minutes. A transcript of each interview, along with applicable information from the June 2011 applications, was reviewed.

These sources allowed researchers to address the following questions about each district's process of developing, planning for, and implementing its program.

- What was the district's reason for participating in the strategic compensation program?
- What was the district's process for designing its new compensation program and communicating the program with its stakeholders?
- What has been the district's first year experience implementing the strategic compensation program?
- How does the district feel about the future outlook for the strategic compensation program, including the payout process, challenges and useful resources, and plans for sustainability?

The Spring 2012 Interview with District Officials questions used to inform this report are provided next.

Questions from the Interview with District Officials, Spring 2012

PART ONE: PROFESSIONAL BACKGROUND INFORMATION

1. What is your official position in your district during this 2011-12 school year?

    a. Including this 2011-12 school year, for how many years have you served in that position?

We would like to learn about your other professional experiences and roles.

2. Prior to your current position, did you serve in any other position(s) **in this district**?

    a. *[If yes]* What kind of position(s) and for how long?

3. Do you have any experience in the field of education **outside of this district**?

    a. *[If yes]* What kind of position(s) and for how long?

4. Do you have any professional experience **outside the field of education**?

a.   *[If yes]* What field(s), types of positions held, and for how long?

PART TWO: DEVELOPMENT OF STRATEGIC COMPENSATION PROGRAM

We will now turn to several questions about your district's experience developing the strategic compensation program.

5. What do you think prompted your district to consider a new way of compensating its educators?

    In order to participate in the state strategic compensation program, your district had to involve a broad set of stakeholders – such as teachers, school leaders, teacher association representatives, and board members – in the process of designing a new compensation program. The district was also expected to secure the support and buy-in of these multiple stakeholders.

6. Which stakeholders led the process of designing a new compensation program for your district? How were those individuals chosen for that responsibility?

7. What strategies were used by the district to secure multiple stakeholders' support and buy-in for the new compensation program?

    a.   Was it a difficult task or not? Please explain.

    Designing a strategic compensation program involves many important decisions about how a compensation model will be structured. These decisions include – but certainly are not limited to – (1) whether to implement bonus awards or change the salary schedule altogether, (2) which schools and employees to include, (3) what measures to use for evaluating educator performance and which entities to hold accountable for performance (that is, individuals and/or groups of educators), and (4) the size of bonus awards or salary increases.

8. When your district was designing the model for its current strategic compensation program,
    a.   Which decisions were met with the most agreement?
    b.   Which decisions created the most tension?
        i.   What process was used to negotiate these contentious points? That is, how did the district arrive at a resolution?

9. If your district could go back through the design process again, do you believe the district would arrive at the same compensation model? Why or why not?

PART THREE: IMPLEMENTATION OF STRATEGIC COMPENSATION PROGRAM

We now ask you to reflect upon your district's overall experience during its first year of implementing the strategic compensation program in 2011-12.

10. In your opinion, what has gone well and what has **not** gone well?
    a. Why do you think that is the case?

11. Has the district made any mid-year revisions to its strategic compensation program?
    a. *[If yes]* What were the revisions? Why were they made?

We would now like to ask a few questions about your district's future plans for its strategic compensation program.

12. What do you believe will be the major areas of focus or major next steps for the district as the strategic compensation program continues and moves into the 2012-13 school year?
    a. What kind of assistance or resources would benefit the district as it embarks on those next steps?

13. Do you believe the district will make any significant revisions to the strategic compensation program in the near future?
    a. [*If yes*] What would those revisions likely be? Why would those revisions be made?

14. Do you believe there are any threats to the future success of the strategic compensation program?
    a. *[If yes]* What are they? How do you think the district will deal with those threats?

Finally, we are interested in knowing how – if at all – state policy more broadly has influenced your district's strategic compensation program.

15. Do you believe that state policy has influenced your district's strategic compensation program so far or that it will influence the program in the future? Please explain
    a. What about other district factors that are influencing the program or might influence it in the future?

Appendix C – Design of Districts' Performance-based Bonus Models

Researchers with the Consortium reviewed the applications first submitted to TDOE mid-June 2011 by each of the 14 districts in the 2010 cohort of CSF, IAF, and TN TIF grantees. The content in these applications is organized around multiple topics, including: stakeholder engagement and buy-in, strategic planning and objectives, compensation model design features, feasibility and risk analysis, sustainability plans, data systems, communication plan, and professional development plan.

While broad in scope, the content in these applications was most useful for identifying the key design elements of districts' compensation models. The design elements captured through researchers' review include the following.

- Does the district have a bonus award model and/or alternative salary schedule?
- What is the district's funding level and its projected payout to educators over time?
- What types of educators are eligible to participate under the new compensation model?
- What performance criteria are used to determine educators' receipt of a bonus award and/or base salary increase?
- How are educators held accountable for performance (i.e., is performance-based payout determined by an individual's, team's, or school's performance)?
- What is the size of bonus awards and/or base salary increases under the new compensation model?

Many of the design elements are discussed within the main body of the report, with some primary supporting tables. Tables C-1 to C-6 below provide additional evidence for that discussion.

Table C-1: Bonus Models for School Administrators, Performance Measures and Accountability

District & Model Type	No. & Types of Measures		Unit of Accountability			
	No.	% of Measures Tied to Student Performance	Individual	Team	School	District
Bradford SSD *Bonus*	4	100%		X	X	
Davidson County *Bonus*	3	100%	X	X	X	
Hamilton County *Bonus*	1	100%			X	
Hollow Rock-Bruceton SSD *Bonus*	3	67%	X		X	X
Johnson County *Salary & Bonus*	1	100%			X	
Knox County *Bonus*	3	67%	X		X	
Lebanon SSD *Bonus*	1	100%			X	
Lexington City *Salary & Bonus*	1	100%			X	
McMinn County *Bonus*	2-4	100%	X		X	
Putnam County *Salary & Bonus*	3	67%			X	X
Shelby County *Bonus*	2-3	100%	X		X	
South Carroll SSD *Bonus*	8	50%	X			X
Tipton County *Bonus*	1-3	100%			X	X
Trousdale County *Salary & Bonus*	1	100%	X		X	

Source: Review of districts' applications submitted to TDOE in June 2011.

**Table C-2: Bonus Models for School Administrators,
Award Structure, Size, and Weighting**

District & Model Type	Award Structure		Award Size		
	Flat	Tiered	Max Award	% of Award Tied to Student Performance	% of Award Tied to Individual Performance
Bradford SSD *Bonus*	X	X	$1,575	100%	0%
Davidson County *Bonus*	X	X	$4,000-5,500	100%	36-50%
Hamilton County *Bonus*	X		$5,000-10,000	100%	0%
Hollow Rock-Bruceton SSD *Bonus*	X	X	$2,450	92%	31%
Johnson County *Salary & Bonus*		X	$1,500-2,000	100%	0%
Knox County *Bonus*	X	X	$2,000	n/a	n/a
Lebanon SSD *Bonus*		X	$3,000	100%	0%
Lexington City *Salary & Bonus*	X		$750-1,000	100%	0%
McMinn County *Bonus*	X		Up to $15,000	n/a	n/a
Putnam County *Salary & Bonus*	n/a	X	n/a	n/a	n/a
Shelby County *Bonus*	X	X	$2,000	100%	50%
South Carroll SSD *Bonus*	X	X	$3,150	62%	57%
Tipton County *Bonus*	X	X	$2,000-2,800	100%	0%
Trousdale County *Salary & Bonus*		X	$5,000	100%	100%

Source: Review of districts' applications submitted to TDOE in June 2011.

Table C-3: Bonus Models for Teachers in Tested Grades and Subjects, Performance Measures and Accountability

District & Model Type	No. & Types of Measures		Unit of Accountability			
	No.	% of Measures Tied to Student Performance	Individual	Team	School	District
Bradford SSD *Bonus*	3-4	100%	X		X	
Davidson County *Bonus*	4-5	75-80%	X	X	X	
Hamilton County *Bonus*	2-4	100%	X	X	X	
Hollow Rock-Bruceton SSD *Bonus*	4	25%	X			X
Johnson County *Salary & Bonus*	1	100%	X			
Knox County *Bonus*	3	33%	X			
Lebanon SSD *Bonus*	3	67%	X			
Lexington City *Salary & Bonus*	1	100%			X	
McMinn County *Bonus*	6	100%	X			
Putnam County *Salary & Bonus*	8	38%	X		X	X
Shelby County *Bonus*	4	50%	X		X	
South Carroll SSD *Bonus*	8	50%	X			X
Tipton County *Bonus*	3-4	67-75%	X		X	
Trousdale County *Salary & Bonus*	2	100%	X	X	X	

Source: Review of districts' applications submitted to TDOE in June 2011.

Table C-4: Bonus Models for Teachers in Tested Grades and Subjects, Award Structure, Size, and Weighting

District & Model Type	Award Structure		Award Size		
	Flat	Tiered	Max Award	% of Award Tied to Student Performance	% of Award Tied to Individual Performance
Bradford SSD *Bonus*	X	X	$1,650-1,800	100%	52-56%
Davidson County *Bonus*	X	X	$3,600	83%	44%
Hamilton County *Bonus*	X	X	$5,500-6,100	100%	82-91%
Hollow Rock-Bruceton SSD *Bonus*	X	X	$4,100	61%	95%
Johnson County *Salary & Bonus*		X	$1,000	100%	100%
Knox County *Bonus*		X	$2,000	n/a	n/a
Lebanon SSD *Bonus*	X	X	$3,850	94%	100%
Lexington City *Salary & Bonus*	X		$500	100%	0%
McMinn County *Bonus*	X	X	Up to $15,000	n/a	n/a
Putnam County *Salary & Bonus*	X	X	$6,380-7,130	18-27%	82-94%
Shelby County *Bonus*	X	X	$2,850	67%	82%
South Carroll SSD *Bonus*	X	X	$3,150	62%	57%
Tipton County *Bonus*	X	X	$3,450	93%	71%
Trousdale County *Salary & Bonus*	X	X	$3,250-4,000	100%	63-100%

Source: Review of districts' applications submitted to TDOE in June 2011.

Table C-5: Bonus Models for Teachers in Non-Tested Grades and Subjects, Performance Measures and Accountability

District & Model Type	No. & Types of Measures		Unit of Accountability			
	No.	% of Measures Tied to Student Performance	Individual	Team	School	District
Bradford SSD *Bonus*	3-4	100%	X	X	X	
Davidson County *Bonus*	2-4	67-100%	X	X	X	
Hamilton County *Bonus*	1-2	100%			X	
Hollow Rock-Bruceton SSD *Bonus*	4	25%	X		X	X
Johnson County *Salary & Bonus*	---	---	---	---	---	---
Knox County *Bonus*	3	33%	X			
Lebanon SSD *Bonus*	3	67%	X		X	
Lexington City *Salary & Bonus*	1	100%			X	
McMinn County *Bonus*	4	100%	X			
Putnam County *Salary & Bonus*	8	38%	X		X	X
Shelby County *Bonus*	4	50%	X		X	
South Carroll SSD *Bonus*	8	50%	X			X
Tipton County *Bonus*	2-4	50-75%	X		X	X
Trousdale County *Salary & Bonus*	1	100%	X		X	

Source: Review of districts' applications submitted to TDOE in June 2011.

Table C-6: Bonus Models for Teachers in Non-Tested Grades and Subjects, Award Structure, Size, and Weighting

District & Model Type	Award Structure		Award Size		
	Flat	Tiered	Max Award	% of Award Tied to Student Performance	% of Award Tied to Individual Performance
Bradford SSD *Bonus*	X	X	$1,500	100%	47%
Davidson County *Bonus*	X	X	$1,500-$2,100	71-100%	53-76%
Hamilton County *Bonus*	X		$500-600	100%	0%
Hollow Rock-Bruceton SSD *Bonus*	X	X	$3,100	48%	45%
Johnson County *Salary & Bonus*	---	---	---	---	---
Knox County *Bonus*		X	$2,000	n/a	n/a
Lebanon SSD *Bonus*	X	X	$2,350	89%	36%
Lexington City *Salary & Bonus*	X		$500	100%	0%
McMinn County *Bonus*	X	X	Up to $12,000	n/a	n/a
Putnam County *Salary & Bonus*	X	X	$6,380	18%	82%
Shelby County *Bonus*	X	X	$1,950	51%	49%
South Carroll SSD *Bonus*	X	X	$3,150	62%	57%
Tipton County *Bonus*	X	X	$1,750-2,800	86-91%	9-14%
Trousdale County *Salary & Bonus*		X	$2,500	10%	100%

Source: Review of districts' applications submitted to TDOE in June 2011.