

Preface

The country seems to be launching another round of efforts to change how teachers are paid. Except for changes made at the beginning of the century when the single-salary schedule was created, and some of the 1990s changes, nearly all change efforts have failed to produce lasting effects. Most previous efforts at changing how teachers are paid have focused on individual merit or incentive pay, pay strategies that work in only a few private-sector organizations and do not work in education or other organizations in which the most productive work is characterized by collegial and collaborative interaction.

But despite this record of flawed proposals, it is possible to make the current round of teacher compensation innovation a success and a contribution to education rather than another set of failed efforts. A major purpose of this book is to steer state and local efforts toward teacher compensation change into strategies that are appropriate for education, that contribute to the national goal of teaching all students to high standards, that strengthen teaching as a profession, and that contribute to higher pay for teachers. The path to teacher compensation change is not easy, but there are new ideas about how to pay educated workers, such as teachers, on bases other than years of experience, education units, and degrees. The book describes these strategies, discusses how they fit within several broader elements of change in the education system, gives examples of changes that are being implemented across the country, and suggests ways that states and districts can proceed to make progress on this important agenda.

Although teacher compensation technically includes both teacher salary and benefits, the book uses the phrases *teacher pay*, *teacher salary*, and *teacher compensation* interchangeably. Odden and Conley (1992) addressed the broader issue of teacher compensation, with suggestions

with which we generally agree for changes in teacher benefit packages. But the major difficulty over this century has been designing workable and helpful changes in the teacher salary structure, which is the subject of this book.

We also take the position that teaching should be viewed as a full-time job and that teacher salaries can appropriately be compared to the salaries of other jobs that more formally cover a 12-month period. Although teachers are in the classroom for less than 8 hours a day and teach only 180 working days a year, fully engaged professional teachers put in many more hours than that formal schedule suggests, easily working a full 8-hour day if not more and working during considerable periods of the summer as well. The job of a teacher consists not only of teaching students (and correcting their work) but also of continually developing new knowledge and skills, improving the curriculum, and increasingly helping to manage their schools. Both anecdotal and research evidence imply that high-quality teaching, as envisioned by standards-based school reform, cannot be accomplished within a 6-hour day and a 9-month school year, and that the best teachers—those whom the system needs to retain and who should be paid more—work substantially beyond these minimums.

We believe that the driving public concerns about schools are safety, academic standards, and student achievement. The public wants schools to improve—to produce higher levels of student learning. Thus our proposals for changing teacher compensation are best understood within a broader set of strategies that will improve the quality and results of America's public schools. We have the conviction that if schools get better, they will also gain stronger public support, which will be accompanied by increased funding as well. Thus we address teacher compensation within the broader context of improving schools. From experience in other organizations and, lately, from experiences within education, the teacher compensation changes suggested in this book can serve as interlinking strategies to improve America's schools. They can also serve as a means to improve the salaries of the teacher leaders who need to take the primary local leadership roles for accomplishing current education reform goals.

The first few chapters in the book reflect this education reform orientation. Chapter 1 has two sections. The first section provides an overview of changes in the levels of teacher pay over several decades. It concludes, somewhat in contradiction to public perception, that average teacher salaries have not increased that much over the past several decades and that the salary potential for an individual entering teaching is very limited. The

second section shows how teacher compensation change fits into two major initiatives within education—the standards-based reform movement and efforts to strengthen teaching as a profession. This section also summarizes the new compensation strategies that have been created in private-sector and nonprofit organizations—knowledge- and skills-based pay, contingency-based pay, and group-based performance awards—and suggests that they have potential for application in education as well.

Chapter 2 makes several major points. First, it shows that teacher compensation has changed over the years, although most of the change occurred in the 19th and early 20th centuries, before nearly all who are now in education entered teaching or some other position in the education system. Second, it argues that teacher compensation changed when the broader economy changed and the structure of worker compensation in general changed. Third, it argues that the economy today is again changing—from an industrial to an information, high-performance economy—and that many organizations outside of education have already designed and implemented different pay structures that might work in education as well. Fourth, this chapter shows how the structure of compensation should be linked to the nature of the school organization—its goals, human resources policies, management, and so forth—and shows how the changing nature of schools and the unchanging nature of teacher compensation suggest that teacher compensation change should be high on the education agenda.

Chapter 3 reviews the major elements of pay that should be considered for any system—beginning pay, membership (seniority) pay, performance pay (either for individuals, teams, or groups), and contingency pay. It describes different versions of each of these pay elements, giving possible education examples for each.

Chapter 4 reviews the linkages between pay and motivation. The chapter reviews this important topic for workers in all types of organizations as well as specifically for education. The chapter argues that individuals, including teachers, are motivated by a variety of intrinsic and extrinsic factors including pay. A rich research literature in noneducation organizations and beginning research in education show, moreover, that adding an extrinsic element, such as a performance bonus, to an intrinsic motivator, such as accomplishing goals, does not undermine the intrinsic motivator but rather enhances overall motivation. The combined set of findings on what motivates workers generally and what motivates teachers suggests that several new structures for compensation, including

knowledge- and skills-based pay and group-based performance awards, have high potential for contributing to stronger motivation of teachers.

Chapters 5 and 6 discuss the two major promising new elements that could be included in a revised teacher compensation structure—knowledge- and skills-based pay as well as collective, generally school-based, performance awards. Knowledge- and skills-based pay would provide salary increments for teachers who developed new knowledge, skills, and professional expertise that are needed by schools. These would include increasingly sophisticated curriculum and instructional skills, professional and curriculum development expertise, or competencies to engage wisely in school-based management. In a full-fledged, knowledge- and skills-based pay plan, expertise would replace experience and education units as the basis for salary increases above beginning pay. Chapter 5 discusses the cutting-edge, new pay plans in Douglas County, Colorado; Menomonee Falls, Wisconsin; Cincinnati, Ohio; and the Vaughn Next Century Learning Center. Interestingly, each of the plans provides a permanent salary increase for certification from the National Board for Professional Teaching Standards (which is discussed in Chapter 1). The latter two make substantial use of new teaching standards and a performance assessment system. Chapter 5 also discusses various strategies for developing the infrastructure for administering a knowledge- and skills-based pay plan—particularly, descriptions of teaching practice to professional standards and of assessment systems that can gauge each individual teacher’s practice to those standards.

We have used the term *knowledge- and skills-based pay* in the second edition of the book rather than the *competency label*, which was used in the first edition. Although the terms mean the same thing, the private sector uses competency pay for professional workers and managers and uses skills-based pay for manufacturing workers. In education, however, competency pay connotes merit pay to many, so we have decided to use the more generic and descriptive term *knowledge- and skills-based pay*.

Chapter 6 provides a lengthy, analytic discussion of group- or school-based performance awards. The chapter distinguishes the idea of a collective award from the individual incentive and merit pay programs of the past, which have not worked in education. In contrast, a group performance award would provide a bonus to all workers in a school—all professional staff and all classified staff as well. This chapter discusses all the major elements that need to be addressed in designing a school-based performance award, including financing. The chapter recommends that

such awards should have student achievement as the primary factor in the performance measure; that performance awards should be provided only for value-added, that is, for improving performance; and that the awards should be provided to everyone in the school, including dollars for the student body fund if possible. The chapter includes descriptions of several promising but not perfect performance awards that were implemented already during the 1990s. Interlaced throughout this chapter are research findings about the operation and effects of several of the programs.

Chapter 7 discusses a series of design and implementation issues that are key to effective teacher compensation change. This chapter makes several key points. First, involving all major parties in the development and change process should create teacher compensation change; involvement generates trust, and trust is the key ingredient in making new approaches to pay work. Second, the chapter suggests three major activities to help prepare districts and schools for designing and implementing pay changes: setting the foundation for the need for change and gathering information from the local context that will help in designing certain portions of any specific new compensation element, learning from other organizations and schools about why and how they changed pay structures, and piloting new ideas when possible. The tone of this chapter is that process is as important as technical issues for an activity as complicated as changing how individuals—teachers—are paid.

Chapter 8 is a new chapter and describes the wide-ranging teacher compensation initiatives and proposals that are emerging around the country. The fact is that teacher quality is a top issue on many state and district policy agendas, and new and better ways of paying teachers—and paying teachers more—are critical elements of those agendas. Numerous states and districts are seeking to pay teachers more; to provide recruiting incentives, including signing bonuses; to pay more for teachers in shortage areas and for teachers willing to work in struggling, high-poverty schools; and to pay the top salaries to teachers with the most expertise. The topic of teacher pensions and how to make them more attractive is also creeping onto the teacher compensation agenda. The chapter suggests that efforts to change the structure of teacher salaries could be even more comprehensive than the topics outlined in more depth in the book.

Finally, we must make a few comments on the financing of teacher compensation change. Many would argue that teacher compensation can only change if more money is added to the education system. Until the education system follows private-sector practice and uses technology

to replace workers and uses funds saved to raise teacher salaries, higher salaries will probably only happen if more money is put into the education system. Although that seemed a far reach in the middle of the 1990s, it seems more possible today. Nearly half the states have either teacher quality or teacher compensation task forces; nearly all recommendations suggest more money is needed. Furthermore, we find that the new salary structures proposed in this book meet most policymakers' demands for a new system for paying teachers. Although many policymakers are reluctant to increase salaries through the current teacher salary structure, most are less reluctant and even enthusiastic about doing so for the proposed new structures. Only time will tell if funding follows rhetoric, but in the short to medium term, teacher salary levels can rise only if more money is budgeted to the education system.

We do make a specific set of suggestions for how to finance school-based, value-added performance awards. These programs need separate and protected funding sources because they work in the medium to long run only if they remain an enduring feature of the education system. These programs should not be started if policy leaders are not prepared to maintain their funding.

We are optimistic about the ideas we put forth in this book. We know compensation change is never easy. We know the history of change in education compensation is dismal and is basically a history of failed efforts—until recently. We also know that poorly designed and implemented compensation change can have a detrimental impact on system productivity and employee morale. But done appropriately, compensation change potentially can create a positive, motivating, and rewarding work environment; contribute to enhanced education system productivity; and produce higher salaries for teachers. This book is written, in part, to encourage state, district, and union policymakers to adopt approaches to change in compensation that can enhance rather than deplete educational productivity.

We also believe that the imperative of education improvement today is as important as it has ever been, and we believe that teacher compensation change can be part of the numerous strategies that, combined, will help make reform work. We hope the ideas put forth in this book will become a feature of the teacher compensation landscape across the country over the next decades.