

Backing the Wrong Horse

The Story of One State's
Ambitious But Disheartening
Foray Into Performance Pay

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States

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There's no silver bullet to attract and retain effective teachers. In order to recruit and retain top talent in the classroom, schools must implement a multi-pronged strategy. An essential component of that strategy is a competitive compensation package. Pay matters. Indeed, research demonstrates that teachers who are satisfied with their pay are less likely to be interested in leaving their jobs.¹

As is true in any job sector, salaries set by a school district reflect its priorities and values, along with the priorities and values of the state. Although it is not necessarily true that the employee with the highest salary is also the most valued employee, the salary an employee earns is a partial reflection of particular attributes valued by the employer. For example, new employees typically earn relatively small salaries compared with salaries earned by long-term employees because many organizations highly value employee experience.

What do school districts value? Do those values match their compensation structures?

This paper examines these issues by reviewing the compensation structures in a subset of large districts in Florida. Specifically, we review implementation of the ambitious performance pay policy that the Florida legislature passed in 2011, which requires its most effective teachers to earn the district's highest annual salary awards.

While the road from legislation to implementation is rarely smooth, in the case of Florida it takes a u-turn. Only two out of the 18 Florida districts we analyzed are implementing performance pay systems that comply with the spirit of the law. Sixteen of the 18 districts we analyzed continue to award teachers who earn an advanced degree — one of the traditional routes to earning a higher salary in teaching

¹ See Currall, S. C., Towler, A. J., Judge, T. A., & Kohn, L. (2005). Pay satisfaction and organizational outcomes. *Personnel psychology*, 58(3), 613-640.

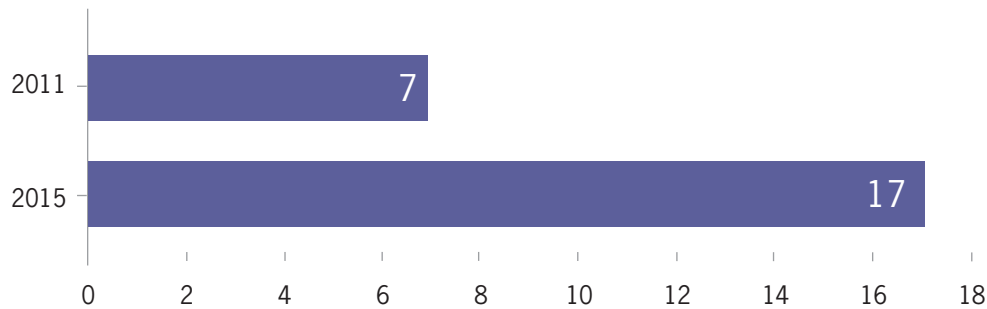
— a higher annual salary award than teachers who earn a top rating based on their classroom effectiveness, contradicting the law’s intent. These 16 districts appear wedded to a pay system based on the disproven hypothesis that an advanced degree will make a teacher more effective.²

Although the districts sampled in this paper are limited to Florida, there is nothing unique about Florida’s approach that would suggest that our findings are an anomaly. In fact, Florida’s law is more explicit than many state laws on this topic. Other states and districts with similar policies would therefore be well served to evaluate the fidelity of performance pay implementation.

Shifts in policies governing teacher pay

National trends demonstrate that in recent years more states and districts are implementing state policies that require teacher pay to be linked to performance.

Figure 1. The number of states where performance is a partial determinant of a teacher’s salary



In 2011, seven states³ either required performance to partially determine a teacher’s salary or made performance bonuses available. By 2015, 17 states⁴ did so. This trend toward performance pay brings teaching closer to the norm in many professions where pay is, at least in part, reflective of an employee’s job performance.⁵

2 See Boyd, D., Lankford, H., Loeb, S., Rockoff, J., & Wyckoff, J. (2008). The narrowing gap in New York City teacher qualifications and its implications for student achievement in high-poverty schools. *Journal of Policy Analysis and Management*, 27(4), 793-818. Henry, Gary T., Bastian, Kevin C., and Fortner, C. Kevin (2011). Stayers and Leavers early-career teacher effectiveness and attrition. *Educational Researcher*, 40(6) (2011), 271-280; and Papay, J. P., & Kraft, M. A. (2015). Productivity returns to experience in the teacher labor market: Methodological challenges and new evidence on long-term career improvement. *Journal of Public Economics*, 130, 105-119.

3 Florida, Georgia, Idaho, Indiana, Michigan, Nebraska, and South Carolina.

4 Arkansas, Delaware, Florida, Georgia, Hawaii, Idaho, Indiana, Louisiana, Michigan, Minnesota, Mississippi, Nevada, Ohio, Oklahoma, South Carolina, Tennessee, and Utah.

5 Podgursky, M. J., & Springer, M. G. (2007). Teacher performance pay: A review. *Journal of Policy Analysis and Management*, 26(4), 909-949.

The promise of performance pay is both to encourage talented individuals to consider a teaching career and entice high-achieving teachers to stay in the classroom. The research that would cement these advantages is still quite thin. Although there is little evidence that performance pay systems cause teachers to become more effective, there is some early research, albeit limited, demonstrating that school districts that adopt performance pay systems experience significantly greater success attracting teachers with higher academic aptitude.⁶

Although more research is needed, there is no question that performance pay provides districts with an opportunity to reward teachers who get results. Unlike a traditional salary schedule that bases pay on two factors – degree status and experience level – performance pay offers high-performing individuals an opportunity to receive a financial reward.

Many states have encouraged their districts to experiment with performance pay; however, as this study of approximately 25 percent of Florida’s districts demonstrates, state policy, even when well articulated, is not sufficient to ensure successful implementation in school districts.

Details of Florida’s Performance Pay Policy

In NCTQ’s most recent (2015) biannual *State Teacher Policy Yearbook*, Florida was highlighted as a “best practice” state for the strength of its performance pay policy.⁷ Specifically, we celebrated Florida’s policy for allowing “local districts to develop their own salary schedules while preventing districts from prioritizing elements not associated with teacher effectiveness.”

Florida’s law, codified under *Florida Statutes* section 1012.22, is thoughtfully drafted and seems to anticipate and address implementation challenges. The law’s parameters require that teachers hired on or after July 1, 2014, are automatically placed on a performance pay schedule. Adjustments – defined as additions to the base salary schedule that become part of an employee’s permanent base salary – for earning a Highly Effective rating under Florida’s teacher evaluation system⁸ are required to be the highest available salary adjustment. Adjustments for Effective teachers are required to be 50 to 75 percent that of Highly Effective teachers. Teachers who receive a rating lower than Highly Effective or Effective are ineligible to receive a salary adjustment. Importantly, Florida’s performance pay schedule does not allow for any salary adjustments for additional years of experience; that is, a Florida teacher earning a salary under the performance pay schedule cannot receive a salary increase for additional years of teaching, alone.

6 Hartney, M., & Jones, M. (in press). Show who the money? Teacher sorting patterns and performance pay across U.S. school districts. *Public Administration Review*.

7 See NCTQ 2015 *State Policy Yearbook: Performance Pay* at: <http://www.nctq.org/statePolicy/2015/nationalFindings.do?policyIssueId=2&masterGoalId=20&yearId=9&x=18&y=11>

8 Florida is implementing a multimeasure teacher evaluation system under which teachers may earn one of four performance levels – Highly Effective, Effective, Needs Improvement (or Needs Improvement, Developing for teachers in their first three years of teaching), and Unsatisfactory – and that includes objective measures of student learning and growth. For more on NCTQ’s analysis of student growth in Florida’s teacher evaluation system, see <http://www.nctq.org/dmsView/Florida-snapshot>

The law also specifies that a teacher may not qualify for a salary supplement on the basis of earning an advanced degree, unless the degree is in that teacher's area of certification. If an advanced degree is in a teacher's certification area, only then may it contribute to a salary supplement. A supplement is defined as an annual addition to the base salary — in effect, a bonus — that does not become part of the employee's continuing base salary.

In addition, the new law aims to ensure that no universal source of teacher pay would supersede performance pay as the largest salary award available to teachers. Many districts nationwide provide teachers with an annual adjustment in pay through a cost-of-living adjustment, or COLA, which helps to ensure that a teacher's purchasing power is not diminished by inflation. Florida's performance pay policy does not rule out a COLA, but it specifies that districts may not use such an adjustment to exceed 50 percent of the annual adjustment provided to a teacher rated as Effective.

Implementation of Florida's State Performance Pay Policy

In the clear majority of Florida school districts in this study during the 2016-2017 school year, the dollar amount of performance pay awards falls well behind the award amounts associated with a teacher's degree status.

Nearly all districts continue to offer salary supplements that are higher than their adjustments for Highly Effective teachers, functionally ensuring that attainment of a graduate degree is the most significant factor in salary award determinations. This distinction between salary *supplements* and salary *adjustments* is critical. It appears, in effect, to function as a loophole that enables many of Florida's districts to continue to place a higher value on an advanced degree than performance.

In **Brevard County Public Schools**, a Highly Effective teacher in the 2016-2017 school year was awarded an additional \$445 for that school year (after adjustments for cost of living were taken into consideration⁹) above the teacher's baseline salary. Whereas, in the same school district, a teacher with a Master's degree was awarded \$2,868 above the teacher's baseline salary, or *more than six times the amount the teacher would be awarded for earning a Highly Effective evaluation rating*.

In **Orange County Public Schools**, a Highly Effective teacher was awarded \$1,380 above their base salary, after adjusting for cost of living. A teacher with a Master's degree was awarded more than twice that amount, or \$2,843.

Among the districts we reviewed, there are two noteworthy outliers: **Hillsborough County Public Schools** and **Duval County Public Schools**. These districts compensate effectiveness at a higher rate than advanced degree attainment. Hillsborough does not distinguish between its Effective and Highly Effective teachers, as a teacher earning either an Effective or a Highly Effective designation in Hillsborough qualifies for the same salary award.

9 To adjust for cost of living, NCTQ used the 2014 Regional Price Parity for the Metropolitan Statistical Area where each district is located. This measure is developed by the Bureau of Economic Analysis at the U.S. Department of Commerce. For more information, visit the BEA website at: www.bea.gov



Duval County Public Schools awards an equal amount to its Effective teachers and its teachers who have earned a Master’s degree; however, it awards its Highly Effective teachers more than its teachers who earn any type of an advanced degree.

Figure 2. Who earned the largest salary award in the 2016-2017 school year?*

DISTRICT	Teacher performance rating		Teacher advanced degree status
	Highly Effective	Effective	MA
Brevard County Public Schools	\$445	\$333	\$2,868
Broward County Public Schools**	\$2,642	\$1,554	\$3,447
Collier County Public Schools	\$1,767	\$1,325	\$2,711
Duval County Public Schools	\$2,084	\$1,042	\$1,042
Escambia County Public Schools	\$214	\$214	\$2,674
Hillsborough County Public Schools***	\$1,216	\$1,216	\$0
Lake County Public Schools	\$2,078	\$1,547	\$2,940
Lee County Public Schools	\$1,052	\$526	\$2,629
Marion County Public Schools	\$552	\$275	\$2,753
Miami Dade County Public Schools**	\$1,901	\$1,426	\$2,927
Okaloosa County Public Schools**	\$1,633	\$1,220	\$2,350
Orange County Public Schools	\$1,380	\$1,022	\$2,843
Palm Beach County Public Schools	\$1,275	\$944	\$2,833
Pinellas County Public Schools	\$1,649	\$1,237	\$2,178
Sarasota County Public Schools**	\$1,523	\$1,523	\$5,066
St John’s County Public Schools	\$1,349	\$1,000	\$2,604
St Lucie County Public Schools	\$167	\$125	\$3,132
Volusia County Public Schools	\$887	\$665	\$3,417

Notes:

- * These numbers have been adjusted for cost of living, consistent with the methodology provided in footnote 9.
- ** District reported salary increases as percentages. In order to create a dollar-to-dollar comparison, NCTQ converted percent salary increases to dollars by applying the percent increase to the midpoint of the salary schedule.
- *** Hillsborough has a one-lane performance pay schedule. To determine a dollar amount, NCTQ calculated the change in salary for each step and used the average step increase. Not included in this calculation are annual bonuses for Highly Effective teachers.



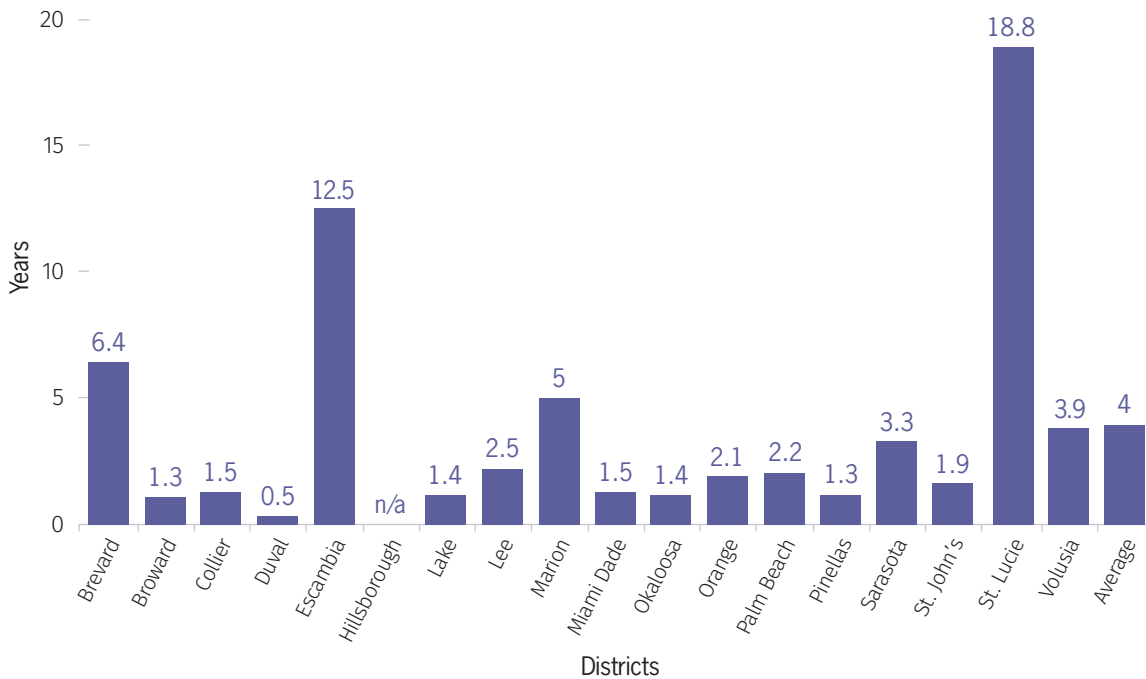
These salary adjustment and supplement amounts are clearly disparate when placed side by side; however, the magnitude of difference becomes increasingly clear when one considers how many years it would take for a teacher who is deemed Effective to earn a salary award equal to the salary supplement earned by a teacher with an advanced degree.

Across the sampled districts, it would take a teacher an average of *four* years of being consistently rated Highly Effective and more than *five* years of Effective performance to earn the same salary award that can be earned in one year of teaching with a Master’s degree. See Appendix B.

For example, in **Escambia County Public Schools**, it would take a teacher more than 12 years of consistently Highly Effective performance to earn the same amount of additional salary award earned in one year of teaching with a Master’s degree.

In **Marion County Public Schools**, it would take a teacher 10 years of consistently Effective performance to earn the same salary award that could be earned in one year of teaching with a Master’s degree. See Appendix B.

Figure 3. Years of Highly Effective teaching needed to earn a salary award equal to the salary award for earning a Master’s degree.



Failure to Meaningfully Distinguish Star Talent

It is also important to consider that performance pay systems are implemented in the context of, and indeed dependent on, other reforms and initiatives. Most importantly, Florida’s performance pay system is implemented in conjunction with its teacher evaluation system. Florida is currently implementing a multimeasure teacher evaluation system that includes objective measures of student growth and enables teachers to earn one of four performance levels: Highly Effective, Effective, Needs Improvement (or Needs Improvement, Developing for teachers who are in their first three years of teaching), or Unsatisfactory.

Data demonstrate that nearly 98 percent of Florida’s teachers earned a rating of Highly Effective or Effective in the 2015-2016 school year. This skewed distribution of teacher effectiveness holds true for the 18 districts in this report.¹⁰ Accordingly, because Florida’s performance pay system relies on its teacher evaluation system, and because Florida’s teacher evaluation system fails to adequately differentiate between teachers who are making the greatest contributions to student growth and those who are not, Florida’s performance pay system does not necessarily provide the highest awards to the teachers who are genuinely making the greatest contributions to student growth.

Figure 4. Percentage of teachers rated Effective or Highly Effective in the 2015-2016 school year

District	Percentage of teachers rated Highly Effective	Percentage of teachers rated Effective	TOTAL percentage of teachers rated Highly Effective or Effective
Brevard	83.1	16.5	99.6
Broward	18.3	80.3	98.6
Collier	22.3	77.1	99.4
Duval	23.4	71.1	94.5
Escambia	38.5	54.8	93.3
Hillsborough	54.8	42.7	97.5
Lake	21.0	73.8	94.8
Lee	32.7	65.9	98.6
Marion	20.4	79.3	99.7
Miami Dade	32.6	65.4	98.0
Okaloosa	97.6	2.3	99.9
Orange	75.2	23.1	98.3
Palm Beach	50.4	49.1	99.5
Pinellas	10.3	81.8	92.1
Sarasota	58.4	40.6	99.0
St John’s	60.2	39.7	99.9
St Lucie	73.5	25.9	99.4
Volusia	27.5	69.7	97.2
Average	44.5	53.3	97.7

10 Florida Department of Education. (2016). *2015-2016 Annual Legislative Report on Teacher Evaluations*. Retrieved from: <http://www.fldoe.org/core/fileparse.php/7503/urlt/1516AnnualLegisReportTeacherEval.pdf>

Importantly, the limited differentiation among teachers in Florida’s teacher evaluation system is not invariably the case in all systems. Although many teacher evaluation systems have teacher distributions similar to Florida’s, New Mexico’s teacher evaluation system provides a clear example of the power of such systems to distinguish between teachers that make different contributions to student growth. In the 2015-2016 school year, approximately the same percentage of New Mexico’s teachers earned ratings of Exemplary – its highest rating category – as earned ratings of Ineffective – its lowest rating category. Similarly, in the same school year, approximately as many teachers earned ratings of Highly Effective – its second highest rating category – as earned ratings of Minimally Effective – its second lowest rating category.¹¹ New Mexico stands as a strong, positive example that such differentiation is possible so that, ultimately, all teachers can access the resources and supports necessary to improve their practice.

Conclusion

Florida’s performance pay law emphasizes that adjustments for Highly Effective teachers must be the highest available through any salary schedule, and yet, in most districts we reviewed, our findings demonstrate a clear disconnect between the spirit of the law and its implementation. This means that the majority of the districts we reviewed are continuing to invest significant sums of money each year in a compensation system that is not reflective of what they no doubt value most: student learning and growth.

11 New Mexico Public Education Department. (2016). *2016 Teacher Evaluation Release*. Retrieved from http://ped.state.nm.us/ped/NMTeachDocs/Toolbox/2015-2016_NMTEACH_Briefing.pdf



Appendix A

Methodology

To develop this paper, NCTQ analyzed the 18 Florida districts meeting the cross section of the following criteria: 1) enrolling a large number of students, 2) implementing an articulated performance pay policy and 3) publishing data for the 2016-2017 school year. In total, there are 76 districts in Florida; therefore, our sample represents approximately 25 percent of the state's districts.

The data we analyzed were derived from the most recent collective bargaining agreements for each of these districts, as well as from the districts' salary schedules.

We sent each district a summary of its compensation policy, inviting them to confirm the accuracy of our summary and to provide any additional information or updated data, as applicable. Fifty-six percent of the sampled districts — Broward County Public Schools, Collier County Public Schools, Hillsborough County Public Schools, Lake County Public Schools, Lee County Public Schools, Miami Dade County Public Schools, Orange County Public Schools, Palm Beach County Public Schools, Pinellas County Public Schools, and St. John's County Public Schools — replied to our request to review, indicating that our analyses were accurate and/or providing additional data that are included in this report.

NCTQ also sent Florida Department of Education (FLDOE) our summary of its performance pay policy and appreciates the additional information that it provided to enhance the accuracy of this analysis.

Appendix B

How many years does it take to earn a salary award equal to one year of the award for an advanced degree?

	Years of Highly Effective performance on performance pay scale	Years of Effective performance on performance pay scale
DISTRICT	MA	MA
Brevard County Public Schools	6.4	8.6
Broward County Public Schools	1.3	2.2
Collier County Public Schools	1.5	2.0
Duval County Public Schools	0.5	1.0
Escambia County Public Schools	12.5	12.5
Hillsborough County Public Schools	N/A	N/A
Lake County Public Schools	1.4	1.9
Lee County Public Schools	2.5	5.0
Marion County Public Schools	5.0	10.0
Miami Dade County Public Schools	1.5	2.1
Okaloosa County Public Schools	1.4	1.9
Orange County Public Schools	2.1	2.8
Palm Beach County Public Schools	2.2	3.0
Pinellas County Public Schools	1.3	1.8
Sarasota County Public Schools	3.3	3.3
St John’s County Public Schools	1.9	2.6
St Lucie County Public Schools	18.8	25.0
Volusia County Public Schools	3.9	5.1
Average	4.0	5.3

- 0-1 year of highly effective or effective performance
- 1-5 years of highly effective or effective performance
- 5-10 years of highly effective or effective performance
- 10 or more years of highly effective or effective performance



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