



Social Science Theory and Performance-Based Teacher Pay

Matthew G. Springer

Department of Leadership, Policy and Organizations
Peabody College of Vanderbilt University

NATIONAL CENTER ON
Performance Incentives



Why Performance-Based Pay?

- Public concern over student performance on state accountability tests and international comparisons
- Improve teacher and administrator productivity
- Recruit and retain more highly qualified teachers
- Many local school districts and states are presently considering new performance pay initiatives



Historical Background

- After the release of *A Nation at Risk* (1983), local school districts viewed performance-related pay as a means to improve student outcomes and reform the single salary schedule
- These programs faced several challenges:
 - Identifying effective teachers
 - Measuring a teacher's contribution to student learning
 - Eliminating preferential treatment in evaluations
 - Standardizing assessment systems



Historical Background

- Many performance pay programs failed to:
 - Devise strong financial incentives for good teachers
 - Receive the support of teacher unions
 - Create a valid and reliable evaluation process
 - Recalibrate program components and bring the policy initiative to scale
- Criticisms of the nation's first policy experiments in compensation reform have stigmatized the recent movement for performance pay



Performance Monitoring

- Teacher performance is difficult to monitor because output is not readily measured in a valid, reliable, and fair manner (Murnane and Cohen, 1986)
- This concern may be less relevant as states and local school districts begin to develop longitudinal student-level data systems with the support of federal grants
- Policy analysts must carefully think about statistical reliability and robustness of value-added estimates



Team Production

- Performance pay for individual teachers might reduce the motivation for professional cooperation and thus reduce, rather than increase, school performance
- The professional relationship between teachers and administrators might be destroyed if administrators are put in a position of rewarding individual teacher performance



Team Production

- A performance bonus given to an entire team of teachers would not undermine team morale
- Rewards to an entire team, rather than to teachers on the basis of individual performance, may promote the conditions for a free-rider problem
- The performance incentive shrinks rapidly as the number of teachers in the team increases



Team Production

- A different approach is rewarding teachers who satisfy an absolute standard, rather than on the basis of relative performance
- The National Center on Performance Incentives is conducting a randomized field experiment where teachers are judged against a standard based on the past performance of teachers in the district
- All teachers could be eligible for a bonus



The Multi-Tasking Problem

- If worker performance has several dimensions, but only some are measured and rewarded, teachers may shift their work toward the measured activities
- A solution is diversifying the range of measures used to assess teacher performance
- Policies must be designed with a monitoring component to reduce the possibility of cheating or opportunistic behavior



Payment for Input and Payment for Output

- Payment for output, rather than payment for input, is more likely to raise overall productivity
- District and school administrators are restricted by informational deficiencies when hiring new teachers and cannot align pay and performance over time
- A performance pay program will attract employees who are good at the primary activity to which incentives are attached and repel those who are not



Payment for Input and Payment for Output

- Selection effects are a major factor in teacher labor markets with regard to teaching ability and wages
- Hoxby and Leigh (2003) find the migration of high-ability women out of the teaching profession was the result of wage compression and not the pull of non-teaching opportunities
- The selection argument may undermine Murnane and Cohen's (1986) critique of merit pay in the context of teacher recruitment and retention patterns



Conclusion

- Theory can introduce a helpful set of arguments for consideration, but it provides only a limited base of knowledge about teacher performance-pay programs
- Educational researchers and policymakers must turn to field experimentation and independent appraisal to determine whether performance-based pay policies constitute an effective policy innovation for local schools in the United States



Acknowledgements

- A more comprehensive version of this presentation, as well as a review of previous empirical research, is forthcoming in the *Journal of Policy Analysis and Management* (Volume 26, Issue 4) in the fall.
- This presentation was developed at the National Center on Performance Incentives with financial support from the U.S. Department of Education's Institute of Education Sciences (R305A060034). Opinions reflect those of the presenter and do not necessarily reflect those of the funding agency.