



Research Brief

Merit Pay for Teachers

Question: Given that *Race to the Top* grants from the US Department of Education encourage linking teacher and principal evaluation to student achievement, what do we know about merit pay for teachers? What do principals need to know about merit pay systems?

Summary of Findings:

In A Nutshell

The funds available through the *Race to the Top* program have rekindled the discussion about the benefits of merit pay for teachers and principals. During the past three decades several states and some local school districts have begun merit-pay systems with inconsistent results on student achievement and teacher morale.

Race to the Top guidelines do not mandate merit-pay systems but do suggest that growth in student achievement be one of multiple measures to evaluate teacher and principal performance. The guidelines are clear about using student growth rather than raw student proficiency data.

The debate about merit pay is as much a political as an educational debate with the proponents and opponents aligned in rather consistent philosophical camps. Including merit-pay considerations in *Race to the Top* guidelines has muddled the political debate about the appropriateness of merit-pay systems.

Merit pay is a hotly debated issue. There have been many attempts to implement merit pay systems but it has never gained widespread acceptance. The debate has been rekindled with the *Race to the Top* grants available to individual states. One of the criteria for allocating *Race to the Top* funds is whether states use growth in student achievement to assess the effectiveness of teachers and principals. The debate is often part of a larger political discussion about schools and schooling. More conservative advocacy groups tend to support a merit pay system while more liberal advocacy groups oppose merit pay.

A few key points can generally summarize the debate.

Arguments in Support	Arguments Against
• Merit pay improves teaching and student learning.	• Merit pay does not improve performance but may increase test scores for the short-term.
• Merit pay provides incentives for teachers to work harder.	• Merit pay encourages teachers to focus on test scores rather than the broader curriculum.
• Merit pay attracts and rewards quality teachers.	• Merit pay undermines cooperation and teamwork among teachers.
• Teacher performance can be measured and is appropriate to use as in determining pay.	• Teacher merit is hard to measure in a way that is fair to teachers.
• Standardized tests are a sufficient measure of student learning and can be used to measure teacher performance.	• Student performance does not measure teacher performance.
• Merit pay allows better teachers to be paid more.	• Merit pay punishes teachers who are assigned more challenging students.
• Teachers should be paid on merit, not seniority.	• Merit pay risks favoritism and cronyism.

Adapted From: http://debatepedia.org/en/index.php/Debate:_Merit_pay_for_teachers



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Research Brief

Race to The Top Criteria on Merit Pay

In a summary of the *Race to the Top* Program (<http://www2.ed.gov/programs/racetothetop/faq.pdf>) the US Department of Education stated, “The Department believes that teacher and principal evaluations and related decisions should be based on multiple measure of teacher performance. The Department also believes that student growth should be one of those measures” (p. 16). The Department of Education is clear about the importance of basing evaluations in part on student growth.

The Department was also clear that “student growth, not raw student achievement or proficiency data, is the relevant measure on which to focus teacher and principal evaluations. Further, the definition of “effective teacher,” “effective principal,” “highly effective teacher,” and “highly effective principal” should use student growth as a significant factor in determining effectiveness (p. 16).

Examples of Merit Pay Systems and Their Success

While the number of states with merit pay systems changes annually, Alaska, Arizona, Arkansas, Florida (<http://www.fldoe.org/PerformancePay/>), Georgia, Minnesota (http://education.state.mn.us/MDE/Teacher_Support/QComp/index.html), North Carolina and Texas have statewide performance-pay plans. Some individual school districts such as Denver (<http://denverprocomp.dpsk12.org/>) and Houston (<http://portal.battelleforkids.org/ASPIRE/Home.html?sflang=en>) also have merit pay systems.

Arkansas – A 2007 study of a teacher pay-for-performance system in Little Rock, AR found that the program “produces significant gains in student performance on standardized tests and a more positive work environment for teachers” (http://www.uark.edu/ua/der/Research/merit_pay.html). In the Little Rock plan teachers could earn a bonus of up to \$11,000. The bonuses reduced, in one year, the “test score gap between white and black students, on average” by one-sixth. The National Education Association challenged the credibility of results based on data from a single year and in a handful of schools.

Texas – This state piloted Governor’s Educator Excellence Grants between 2005-06 and 2008-09 in 99 school districts. Individual bonuses were \$3000 or less. The Texas plan required that districts involve teachers in designing the performance incentive plans. A study by the National Center on Performance Incentives at Vanderbilt University found that the grants did not result in significant increases in student test scores. There was some “weakly positive, negative or negligible effect on student-test score gains” reported. Opponents of the plan suggested that incentives would lead to turnover among teachers. The study did not find that to be true.

Tennessee – Tennessee implemented the Tennessee Career Ladder Evaluation System in 1984. This merit-pay system was a form of differentiated staffing that combined professional development with financial and other career rewards. The plan was voluntary for veteran teachers but required for new teachers. A 2004 study of the effects of the Tennessee system found that career-ladder teachers increased mathematics scores by roughly 3 percentile points but had generally smaller or insignificant gains on reading (Dee & Keys, 2004). (<http://www3.interscience.wiley.com/journal/109072269/abstract?CRETRY=1&SRETRY=0>)

Other Research

A study conducted by two University of Florida economics professors (Figlio & Kenny, 2007) found that merit pay for teachers resulted in better test scores (<http://news.ufl.edu/2007/01/04/teacher-merit-pay/>). The researchers found that “students at schools with teacher pay-for-performance programs scored an average of one to two percentage points higher on standardized tests than their peers at schools where no bonuses were offered.”

A study of the relationship between merit-pay and teacher motivation (McBride & Kritsonis, 2008) found that if merit-pay systems are implemented fairly, these programs are successful in positively impacting productivity (student scores) and teacher morale. For example, the study reported that after Houston Independent School District launched its ASPIRE program in 2005 that the number of teachers voluntarily leaving the district decreased by 19% with a 25% reduction in the turnover of teachers with less than 4 years experience. Teacher absenteeism also declined and the achievement gap for minorities was narrowing.



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Caution From the Private Sector

A research report from the Economic Policy Initiative (www.epi.org) cautions policymakers about applying principles from the private sector in schools. In *Teachers, Performance Pay, and Accountability: What Education Should Learn from Other Sectors* (Adams, Heywood & Rothstein, 2007), the authors suggest that quantitative measures are incomplete in education and are particularly incomplete among professionals with complex roles such as teachers. They also reported that most governmental functions involve substantial team activity and require a multi-dimensional measure of success. Creating a system that promotes individual success often leads to unintended outcomes such as failure to share successful practices. Finally, the authors say that test-based accountability fails to take into account the wide variation in student characteristics (poverty, mobility, family stress, lack of literacy support at home), factors that are often highly related to student success.

Summary

Several states and some local school districts have implemented merit-pay plans with inconsistent effects on student achievement and teacher morale. The data indicate that the most successful plans are those that are collaboratively developed, implemented and monitored.

Online Resources:

Race to the Top Program: Guidance and Frequently Asked Questions

From US Department of Education, January 2010

<http://www2.ed.gov/programs/racetothetop/faq.pdf>

The Merit Pay Debate

A discussion of the advantages and disadvantages of merit pay systems is included in this article.

http://educationalissues.suite101.com/article.cfm/the_merit_pay_debate

Texas Merit-Pay Pilot Failed to Boost Student Scores

http://blogs.edweek.org/edweek/inside-school-research/2009/11/texas_merit-pay_pilot_failed_t.html

Florida Study of Merit Pay.

<http://news.ufl.edu/2007/01/04/teacher-merit-pay/>

The M&M Effect- Assessing the Impact of Merit Pay on Teacher Motivation

[http://www.nationalforum.com/Electronic%20Journal%20Volumes/Coates-](http://www.nationalforum.com/Electronic%20Journal%20Volumes/Coates-McBride.%20Alison%20The%20M&M%20Effect%20-%20Assessing%20the%20Impact%20of%20Merit%20pay%20on%20Teacher%20Motivation.pdf)

[McBride.%20Alison%20The%20M&M%20Effect%20-](http://www.nationalforum.com/Electronic%20Journal%20Volumes/Coates-McBride.%20Alison%20The%20M&M%20Effect%20-%20Assessing%20the%20Impact%20of%20Merit%20pay%20on%20Teacher%20Motivation.pdf)

[%20Assessing%20the%20Impact%20of%20Merit%20pay%20on%20Teacher%20Motivation.pdf](http://www.nationalforum.com/Electronic%20Journal%20Volumes/Coates-McBride.%20Alison%20The%20M&M%20Effect%20-%20Assessing%20the%20Impact%20of%20Merit%20pay%20on%20Teacher%20Motivation.pdf)

Economic Policy Institute Report on Merit Pay

http://www.epi.org/page/-/pdf/20090514_merit_pay_pr.pdf

Submitted: Apr 23, 2010 By: Ronald Williamson, Eastern Michigan University

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