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TEACHER COMPENSATION PACKAGE - BACKGROUND MEMORANDUM

Section 17 of 2001 House Bill No. 1344 (attached as an appendix) directs the Legislative Council to study the feasibility and desirability of implementing a teacher compensation package that recognizes four levels of teachers from beginning to advanced and which bases the compensation level for each category on the individual teacher's ability to meet or exceed district standards for content knowledge, planning and preparation for instruction, instructional delivery, study assessment, classroom management, and professional responsibility.

HISTORY OF TEACHER COMPENSATION

In the history of this country, there have been three distinct shifts in the way teachers are compensated. Each of these shifts was accompanied by changes in the needs of schools and by societal changes.

In the 1800s, local communities designed schools to provide basic academic skills and moral education for their children. Teacher compensation was rarely more than the provision of room and board by the community. This manner of compensation provided a strong incentive for a teacher to maintain positive relations with community members and to maintain the expected high degree of moral character. The provision of room and board in exchange for teaching services also reflected the barter economy of the time.

In the early 1900s, the preparation of teachers became more uniform. Higher levels of education were required, and schools began to organize themselves into structured bureaucracies. Society had progressed from a barter economy into one that was industrially focused and cash-based. The compensation of teachers consequently moved from the provision of room and board to a position-based salary system. At the time of its inception, this system paid elementary teachers less than secondary teachers, in part due to the differences in educational preparation required for these positions. It also paid women and minority teachers less than nonminority males, thereby reflecting societal biases of the time. Nevertheless, the position-based salary schedule was a salary system aligned with the strategic aspects of the economy and school systems.

As the century progressed, so did opposition to salary discrimination. Greater skills were required for the job of teaching, regardless of the grade level taught or the gender or race of the teacher. Because of this, one saw the emergence of the single-salary schedule:

The single-salary schedule did not, however, pay every teacher the same amount. Differentials were provided based on the objective measures of years of experience, educational units, and educational degrees. It paid teachers salary supplements for coaching sports, advising clubs, and coordinating activities. The bases for paying differential salary amounts were objective, measurable and not subject to administrative whim. The single-salary schedule was appropriate for the bureaucratic, hierarchically organized school of the first half of this century. Administrators were responsible for goals, objectives and school success, and teachers were responsible mainly for delivering a basic skills-focused, standardized curriculum. Teachers needed a beginning set of skills that were assessed in the process of licensure. Once in the system, they were paid more for each year of experience, a practice typical of bureaucracies and the way most workers were paid in the broader economy. (*History of Teacher Pay, Consortium for Policy Research in Education, University of Wisconsin, Madison*)

During the last decade, changes in education have again led to increased skill requirements for teachers. Public and political demands for high standards and accountability coupled with an increasingly diverse student population require teachers to develop and maintain high levels of instructional skills, management skills, and leadership skills. With respect to teacher compensation, there is an emerging recognition that while the single-salary schedule may feature fairness, equity, and ease of administration, it does not and cannot provide a focus on results. It does not and cannot provide incentives for any long-term career development that is linked to the knowledge and skills needed to teach today's students. As a result, attention is being turned to systems of compensation that "focus on accountability and professional development" either instead of or in addition to the single-salary compensation system.

SINGLE-SALARY COMPENSATION SYSTEM

Most teachers in the United States are still paid according to a single-salary compensation system that provides salary increments according to the individual's

years of experience plus college credits or degrees. Even though this type of pay scheme is referred to as a single-salary compensation system or single-salary schedule, it does not mean that all teachers receive the same salary. Teachers with more years of experience have larger salaries, as do teachers with higher levels of college credit or degrees. Teachers who take on tasks beyond the basic requirements are paid more than those who do not. Coaches, for instance, generally earn a salary supplement, as do advisors for clubs and directors of other co-curricular or extracurricular activities. The value of the single-salary compensation system is that it pays teachers based on quantifiable criteria, i.e., years of experience, educational credentials, and job titles or classifications. The criteria are objective, measurable, and not subject to administrative discretion.

MERIT PAY

Merit pay is a simple concept. Teachers who do a better job receive a higher level of pay. Initial attempts at creating merit-based systems in schools came with the articulated beliefs that "schools must be accountable" and that "teachers must be accountable." Early merit pay systems tended to be based on criteria that was either narrowly defined or subjective, e.g., students' test scores or administrators' evaluations. The amount of money actually appropriated to provide merit pay tended to be relatively small. The money was generally placed in one pot and a competitive format was established for all eligible teachers.

By the latter 1980s, merit pay had evolved into a system that increased the number of pay categories in the salary system in order to reward teachers for acquiring additional skills. In 1986, 29 states were involved in the development of these "career ladders" or similar teacher incentive programs. By 1994 only Arizona, Missouri, Tennessee, and Utah still funded such programs.

Merit pay plans, and variations of merit pay plans, tended to become caught in a morass generated out of their very simplicity. This morass ultimately led to their demise. How does one determine who is a good teacher? How does one demonstrate competence in teaching? What precisely is meant by accountability? To whom must a teacher be accountable? For what? What is the applicable criteria?

PERFORMANCE-BASED PAY

In the private sector, compensation is frequently used as a management tool to achieve organizational goals. Payment for a specified performance level is a reward that may be given to individuals, to groups, or to entire organizations. When applied to an educational setting, performance-based pay, in its most simplistic setting, refers to a salary structure that ties financial

rewards to student achievement. Some performance-based pay models tie the financial rewards to an increase in an individual teacher's skills and abilities on the assumption that such assets have a direct correlation to students' learning and achievement. Others combine both skill- and performance-based incentives for teachers or for schools.

During the 2001 legislative cycle, four states actively pursued performance-based pay plans for teachers. The Nebraska Unicameral Legislature failed to pass a plan; the New Mexico Legislature passed a bill that was subsequently vetoed by the Governor; and the Ohio General Assembly considered a pilot project but failed to enact it. Only the Iowa General Assembly passed and funded a performance-based pay plan for teachers.

IOWA'S PERFORMANCE-BASED PAY PLAN FOR TEACHERS

Senate File 476, as passed by the 2001 Iowa General Assembly, included the following statement:

It is the intent of the general assembly to create a student achievement and teacher quality program that acknowledges that outstanding teachers are a key component in student success. The program's goals are to enhance student achievement and to redesign compensation strategies and teachers' professional development. Such compensation strategies are designed to attract and retain high performing teachers, to reward teachers for improving their skills and knowledge in a manner that translates into better student learning, and to reward the staff of school attendance centers for improvement in student achievement.

In order to meet the stated goals, the Iowa General Assembly created a student achievement and teacher quality program that consists of four major elements:

1. Mentoring and induction programs that provide support for beginning teachers;
2. Career paths with compensation levels designed to strengthen Iowa's ability to recruit and retain teachers;
3. Professional development designed to directly support best teaching practices; and
4. Team-based variable pay that provides additional compensation when student performance improves.

The Iowa General Assembly included specific criteria upon which the state's teachers are to be evaluated. These include:

1. The teacher's ability to enhance academic performance and support for and implementation of the school district's student achievement goals;

2. The teacher's competence in content knowledge appropriate to the teaching position;
3. The teacher's competence in planning and preparing for instruction;
4. The teacher's strategies for delivering instruction that meets the multiple learning needs of students;
5. The teacher's methods for monitoring student learning;
6. The teacher's competence in classroom management;
7. The teacher's demonstration of professional growth;
8. The teacher's fulfillment of professional responsibilities established by the school district; and
9. Any other criteria established jointly by the school board and representatives elected by the teachers.

A school district is eligible to receive additional funds if the board of the school district submits to the Iowa Department of Education a written statement declaring the district's willingness to:

1. Commit and expend local funds to improve student achievement and teacher quality;
2. Implement a beginning teacher mentoring and induction program;
3. Provide the equivalent of two or more additional contract days for teacher career development that aligns with student learning and teacher development needs, including the integration of technology into curriculum development;
4. Adopt a teacher career development program;
5. Adopt a teacher evaluation plan that requires, in addition to annual evaluations, a comprehensive evaluation of all teachers in the district at least every five years and which requires administrators to complete evaluator training;
6. Adopt teacher career paths based upon demonstrated knowledge and skills; and
7. Adopt a team-based variable pay plan that rewards individual school success.

With respect to the beginning teacher mentoring and induction program, the Iowa legislation requires that each participating school district provide for:

1. A two-year sequence of induction program content and activities that supports the state's teaching standards and beginning teachers' professional and personal needs;
2. Mentor training that includes skills of classroom demonstration and coaching and district expectations for beginning teacher competence;
3. The placement of mentors and beginning teachers;

4. A process for dissolving mentor and beginning teacher partnerships;
5. District organizational support so that mentors and beginning teachers can receive release time for planning, providing demonstration of classroom practices, observing teaching, and providing feedback;
6. A structure for mentor selection and assignment;
7. A district facilitator; and
8. Program evaluation.

Upon completion of the program, a beginning teacher must be comprehensively evaluated to determine if the individual meets expectations and is ready to move to the career level. If the individual is not deemed ready to move to the career level, the school district may offer the individual a third year of participation in the program, at the end of which the individual is again comprehensively evaluated.

Each participating district is also expected to offer teacher career development. The responsibility for coordinating a statewide network of career development for Iowa teachers is given to the Iowa Department of Education. A program offered by a school district must:

1. Provide for support that meets the career development needs of individual teachers and that is aligned with the Iowa teaching standards;
2. Provide for research-based instructional strategies that are aligned with the school district's student achievement needs and the long-range improvement goals;
3. Include instructional improvement components such as student achievement data, analysis, theory, classroom demonstration and practice, technology integration, observation, reflection, and peer coaching; and
4. Include an evaluation component that documents the improvement in instructional practice and the effect on student learning.

The Iowa legislation contains several requirements regarding teacher compensation levels. A district must pay a beginning teacher participating in the mentoring program under the Act at least \$1,500 more than the district paid for a comparable position during the previous year, unless the minimum salary for a first-year beginning teacher exceeds \$28,000.

A district must ensure there is at least a \$2,000 difference between the average beginning teacher salary and the minimum salary paid to a Career I teacher, unless the school district has a minimum Career I teacher salary that exceeds \$30,000. A Career I teacher is someone who has successfully completed the beginning teacher mentoring program, who participates in the career development program, and who shows continuous improvement in teaching.

A district must ensure there is at least a \$5,000 difference between the salary paid to a Career I teacher and the salary paid to a Career II teacher. A Career II teacher is someone who meets the requirements of a Career I teacher, who has been evaluated by the school district, and who is deemed to have successfully demonstrated the competencies required by the school district in order to be a Career II teacher.

A district must ensure there is at least a \$13,500 difference between the salary paid to a Career I teacher and the salary paid to an advanced teacher. An advanced teacher is someone who has been evaluated by a review panel and deemed to have successfully demonstrated the competencies required in order to be an advanced teacher. The individual must also possess the skills and qualifications necessary to assume leadership roles.

A teacher may be promoted only one level at a time and must remain at that level for at least one year before requesting promotion to the next level.

A teacher must be reviewed annually for purposes of assisting the teacher in making continuous improvement. The annual review is to be conducted by a certified evaluator who is selected by an administrator after consultation with the teacher. The annual review need not be conducted if the teacher has been comprehensively reviewed during the same school year. The review must include classroom observation of the teacher and should include supporting documentation from other supervisors, parents, and students.

The comprehensive evaluations must be conducted by an administrator or the administrator's certified evaluator. This evaluation must include classroom observation of the teacher, a review of the teacher's progress, and implementation of the teacher's individual career development plan. It should also include supporting documentation from other supervisors, teachers, parents, and students. It may include video portfolios as evidence of teaching practices.

If any teacher is denied advancement based upon a comprehensive evaluation, the teacher may appeal the decision to an adjudicator. A decision of the adjudicator is final.

In order for a Career II teacher to receive an advanced designation, the teacher must submit a portfolio of work evidence aligned with the Iowa teaching standards to a review panel established by the Iowa Department of Education. The review panel must evaluate the Career II teacher's portfolio to determine whether the teacher demonstrates superior teaching skills and make a recommendation to the Board of Educational Examiners regarding whether or not the teacher is to receive an advanced designation.

The Iowa Department of Education is to establish up to five regional review panels consisting of five members per panel. Each panel must include at least one nationally board-certified teacher and one school

district administrator. Panel members must be appointed by the director of the Department of Education and must possess the knowledge necessary to determine the quality of the evidence submitted in an applicant's portfolio. Panel members must serve a staggered three-year term and may be reappointed to a second term. Review panels are also charged with conducting random audits of the comprehensive evaluations conducted by evaluators throughout the state and may randomly review performance-based evaluation models developed by school districts.

A Career II teacher who does not receive a recommendation of advancement from a review panel may appeal that denial to an administrative law judge. Expenses associated with the appeal are borne by the teacher, and the state may not be held liable for a teacher's attorney fees, costs, or damages resulting from the appeal.

The Iowa Department of Education is also directed to establish an evaluator training program for the purpose of improving the skills of school district evaluators in making employment decisions, making recommendations for licensure, and moving teachers through a career path. The department is to consult with persons representing teachers, national board-certified teachers, administrators, school boards, institutions of higher education having approved teacher and administrator preparation programs, and with persons from the private sector who are knowledgeable in employment evaluation and evaluator training in order to develop standards and requirements for the program. The evaluator training programs may be provided by a public or private entity.

An administrator who conducts evaluations of teachers must have completed the evaluator training program. Upon successful completion of the program, the administrator becomes "certified" to conduct evaluations.

The bill also includes a pilot program for team-based variable pay. The stated intent of the Iowa General Assembly was to "create a statewide team-based variable pay program to reward individual attendance centers for improvement in student achievement."

Each participating school is to administer valid and reliable standardized assessments at the beginning and end of a school year to demonstrate growth in student achievement. If a particular attendance site has demonstrated improvement in student achievement, all the teachers employed at the site share in a cash award.

The principal of each school is to annually submit to the board of the school district the student performance goals that the principal and the teachers at the site have established. The goals must be aligned with the school improvement goals for the district. For purposes of this payment, student achievement may be

demonstrated through the use of multiple measures that are valid and reliable.

Each participating school district is to create its own design for a team-based pay plan. The plan must be linked to the district's comprehensive school improvement plan and must include student performance goals, student performance levels, multiple indicators to determine progress toward the goals, and a system for providing the financial rewards. The team-based pay plan must be approved by the board of the school district and the Department of Education.

The final component of the Iowa performance-based pay plan for teachers involves an annual progress report by the Department of Education. The report is to include student achievement scores in mathematics and reading at grade 4 and grade 8 levels on a district-by-district basis; information regarding the evaluator training program; information regarding the team-based variable pay for student achievement; and changes and improvements in the evaluation of teachers.

ATTACH:1