



# Do More, Add More, Earn More

## Teacher Salary Redesign Lessons from 10 First-Mover Districts

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By Karen Hawley Miles, Kaitlin Pennington, and David Bloom February 2015



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The Center for American Progress joined with Education Resource Strategies, or ERS, to write this report. By marrying ERS's unique database and expertise in innovative strategies for resource allocation with CAP's understanding of policy solutions, we have created what we hope will be a valuable report for federal, state, and local policymakers.

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# Introduction and summary

William Taylor, 29, a third generation Washington, D.C. resident stands out for a number of reasons. For one, he is an African American man who taught math at an elementary school for many years. Taylor excelled in the role, so much so that he now coaches his fellow math teachers at Aiton Elementary School, which is located in a high-poverty Washington neighborhood.\* He has also been profiled in the national news—specifically in *The Atlantic*—where it was noted that, in a typical school year, 60 percent of Taylor’s students start their first day in his class doing math below grade level, but by the end of the year, 90 percent of his students are performing above grade level.<sup>1</sup> For his exemplary work Taylor earned \$131,000 in 2013—another factor that makes him stand out as a public school teacher.<sup>2</sup>

In 2013, after seven straight years of extraordinary performance reviews Taylor received a base salary of \$96,000, a \$25,000 bonus for being a highly effective teacher in a high-poverty school, and a \$10,000 award for outstanding teaching and dedication to his work.<sup>3</sup> With the money he’s saved since he started teaching, Taylor recently bought a house in Washington, a city that annually ranks as one of the most-expensive cities in America.<sup>4</sup> He also purchased his dream car: a black Chevrolet Camaro.<sup>5</sup>

Taylor’s financial success was made possible by the District of Columbia Public Schools’, or DCPS, revamped teacher compensation system known as IMPACTplus. Introduced in 2009, IMPACTplus redesigned the step-and-lane pay scale—which rewarded teachers solely for years of experience and degree attainment—to include measures of performance and school leadership.<sup>6</sup> Before the implementation of IMPACTplus, Taylor earned \$42,000 a year as a teacher and gave serious consideration to changing to a more lucrative profession.

“The [increased] compensation has made me more inclined to stay in education,” Taylor says now. “It also makes me more inclined to be a teacher in DCPS because if I go to other districts, I’m not making that type of money.”<sup>7</sup>

Through IMPACTplus, teachers like Taylor who earn highly effective ratings on IMPACT—the DCPS teacher evaluation system that evaluates teacher performance through multiple measures, including student performance and observation of practice—receive substantial raises to their base salaries in addition to annual bonuses. Early data from DCPS show this strategy of financially rewarding high-performing teachers more may be starting to pay dividends. A recent study found that DCPS has retained 92 percent of its highly effective teachers and 86 percent of its effective teachers between the 2010 and 2012 school years.<sup>8</sup> By contrast, only 59 percent of the district’s minimally effective teachers are still in DCPS during the same time period.<sup>9</sup>

In addition, another recent report found that while compensation was one of the top three reasons cited by high-performing teachers for leaving the classroom in other districts, in DCPS, high-performing teachers who left the district ranked compensation at the bottom of the list—20th out of 20 reasons—for ceasing to teach.<sup>10</sup> Furthermore, over the last several years, the number of DCPS applicants for teaching positions rose by 45 percent.<sup>11</sup>

“We have effectively eliminated compensation as a reason our top teachers leave—and we’re increasingly seeing great teachers coming to DCPS because they want to teach in a district where they can be paid what they deserve,” said Scott Thompson, DCPS’s deputy chief of human capital for teacher effectiveness.<sup>12</sup>

DCPS is not the only district that has overhauled its compensation system with the aim of paying effective educators substantially more than they earned in years prior, yet it is still an unusual practice. In nearly 90 percent of districts across the nation, teachers are not recognized for their effectiveness through increased compensation.<sup>13</sup>

This report reveals the key policy decisions undertaken by 10 districts that have made it possible to revamp their compensation systems and, at the same time, both keep their systems solvent and achieve district goals. While the specific goals of each district vary, all 10 districts used compensation to attract, retain, and leverage high-performing teachers.

The 10 districts presented in this report have been among the first in the nation to redesign their teacher compensation systems. These so-called first-mover districts include: Baltimore City, Maryland; Denver, Colorado; Douglas County, Colorado; Harrison School District 2, Colorado; Hillsborough County, Florida; Lawrence, Massachusetts; New Haven, Connecticut; Pittsburgh, Pennsylvania; Putnam County, Tennessee; and Washington, D.C. First-mover districts vary in location, size, governance structure, and student academic performance, proving that diverse districts throughout the country can find ways to reform teacher compensation systems regardless of context.

The first-mover districts considered the following key components during the teacher compensation redesign process. Not all districts altered each component of the process, but each considered the following elements as part of their comprehensive approach to redesign compensation:

- **Base salary:** The set pay teachers receive from the district, which accounts for 90 percent to 95 percent of teacher pay before benefits
- **Teacher effectiveness:** The measure from teacher evaluation systems used instead of—or in addition to—years of experience and advanced degree attainment.
- **Speed of salary growth:** The number of years it takes for teachers to reach the highest salary level in a school district.
- **Career pathway opportunities:** The avenues available to teachers to earn additional compensation by taking on increased roles and responsibility within their school buildings and/or districts.
- **Incentives for hard-to-staff schools and positions:** The additional compensation given to teachers for teaching hard-to-staff subjects and/or teaching in a high-needs school.
- **Bonuses, rewards, and recognition:** The one-time bonuses, rewards and/or recognition offered to individual teachers, groups of teachers, or school-wide for student-achievement gains.
- **Opt-in timeframe:** The amount of time teachers are given to enter the new teacher compensation system.

While each of the 10 districts examined faced different constraints and made different choices in redesigning their compensation systems, the following best practices for districts emerged from the authors' analysis:

**1. Differentiate compensation based on roles and responsibilities.**

Implementing differentiated career pathways gives districts the opportunity to increase pay for effective, expert teachers who take on both additional or different roles and responsibility. When designing differentiated compensation structures, districts should provide rewards that are commensurate with job responsibility.

**2. Set starting salaries to meet market demand.** When setting starting salaries, districts need to be aware of their competition from neighboring districts. Districts should set starting salaries that are substantial enough to attract high-potential teachers, but not so high that they compromise the district's ability to appropriately reward and retain experienced teachers who prove themselves effective.

**3. Align teacher compensation redesign with fair and proven teacher evaluation systems.** Teacher compensation systems should be aligned with fair and proven teacher evaluation systems that include multiple measures and reliably distinguish among levels of teacher effectiveness. Districts should refine their teacher evaluation systems until teachers and principals have confidence in these new systems before tying them to compensation.

**4. Shift pay away from years of experience and advanced-degree attainment.** Districts should consider moving away from primarily rewarding additional educational attainment and years of experience and toward salary raises based substantially on effectiveness, roles, and responsibilities.

**5. Use compensation incentives to attract highly effective teachers to hard-to-staff schools, districts, and subjects.** Districts should use compensation to attract highly effective teachers to hard-to-staff schools and positions. The number of teachers needed to fill the positions in each school will differ based on context.

**6. Emphasize extra pay for effectiveness and career pathways instead of small bonuses.** Districts should prioritize increases in base salaries based upon a teacher's effectiveness or for taking on increased or different roles and responsibilities. Increases in base salaries signal to teachers that the district values them and encourages them to think differently about their long-term career trajectory.

**7. Accelerate the timeline to earning the maximum salary where possible.**

To expand the effect of redesigned compensation systems, districts should minimize the number of years it takes to reach the maximum teacher salary. However, because this policy change may affect many early career teachers, districts should set a high bar for the rigorous differentiation of teachers in order for the redesigned system to remain financially sustainable.

**8. Allow teachers to opt-in to new compensation systems within a set time-**

**frame.** If the new compensation system reduces the pay of some teachers, districts should allow current teachers to opt-in to the redesigned compensation systems rather than forcing all teachers to switch to a the new system. This opt-in option should be limited to a set period of time following the transition to a new compensation system in order to make the fiscal effect more predictable and sustainable.

The purpose of teacher compensation reform is to improve school districts' ability to attract, retain, and leverage a high-performing teaching force that aligns with a district's student-performance objectives and overall priorities. Ideally, districts will be able to adjust current budgets in order to achieve this goal. The resulting compensation system should be one where the majority of teachers are earning equal or higher salaries than they were prior to the reform.

## Methodology

From January to March 2012, ERS collected data from 10 U.S. school districts—mostly large and urban—that are on the forefront of redesigning teacher compensation systems. The data were collected through interviews with district staff, examining teacher contracts, and sifting through other publically available data. The districts profiled in this report are in different stages of compensation reform. Some are still in the planning stage, some have just implemented new systems, and others have been working with new systems for a number of years. It should be noted that district policies may have evolved since the collection of these data. ERS is solely responsible for the ideas presented in this paper and for any errors.

*\*Correction, February 17, 2015: The PDF of this report incorrectly stated the school where William Taylor works. The correct school is Aiton Elementary School.*

# Why districts redesign teacher compensation

Most teacher compensation systems, in an attempt to be fair, base rewards off of years of experience and degree attainment. When first implemented in the 1920s, the uniform compensation schedule enhanced the professionalism of teaching by creating a standardized, objective way to set salary levels that protected teachers from gender discrimination and political promotions.<sup>14</sup>

Today, teacher compensation systems that focus solely on experience and degree attainment may in fact be having the opposite effect. Advanced degrees have little effect on student academic success except in the areas of math.<sup>15</sup> And while teacher experience in the early years leads to greater student achievement, there is limited evidence regarding its effect after five years.<sup>16</sup>

Still, school districts nationally spend \$14.8 billion on raises for teachers for the attainment of master's degrees alone.<sup>17</sup> Therefore, in paying teachers according to these two measures, districts are spending a significant portion of their funding in a way that has a limited impact on student achievement.

Moreover, the single salary schedule in most school districts may also be hurting districts' ability to attract high-potential teacher candidates and retain highly effective teachers. Recent research has found that both starting and maximum potential salaries and opportunities to advance were critical factors for choosing a job among high-achieving college graduates.<sup>18</sup> In a recent poll, Millennials ranked teaching as the top profession that “average” people choose—that is to say, individuals with superior skills select professions other than teaching.<sup>19</sup>

In response, some districts are thinking differently about compensation. They are using it as a key part of a comprehensive strategy to attract, retain, and deploy high-performing teachers to their highest need areas, subjects, and grades.

Successful teacher compensation systems and the specific details of how they work should not all look the same. How districts structure their compensation systems differ based on available funds, the legal context, community norms, teacher demographics, teacher quality, and districts priorities. However, districts should approach teacher compensation redesign as part of a comprehensive effort that affects the entirety of a district’s human-capital system.

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## Funding teacher compensation redesign

It is possible to design a new teacher compensation system with the same long-term cost structure as the current compensation system. Districts should rigorously examine their human-capital patterns and needs using data and consider the data in light of their priorities, goals, and budget constraints and projections. Many of the first-mover districts profiled here were able to develop systems that were cost-neutral over the long term. They achieved this outcome by differentiating their salary schedule so that only a subset of their teaching force—such as higher-performing teachers or high-performing teachers who agreed to teach in high-need schools or subjects—received dramatically more pay.

Many first-mover districts did seek and receive time-limited funding to cover the cost of transitioning to a new system. These costs include grandfathering existing teachers so that no one in the system has to experience a decrease in their salary and updating human resources processes and technology to support the new compensation structures. Some districts even agreed to allow all existing teachers who wanted to remain on the previous step-and-lane salary schedule.

The federal Teacher Incentive Fund, or TIF, may be a good source of funding for transition costs. TIF has provided more than \$2 billion to states and districts for incentive pay programs since 2006.<sup>20</sup> In addition, some of the first-mover districts have received support from private foundations.<sup>21</sup>

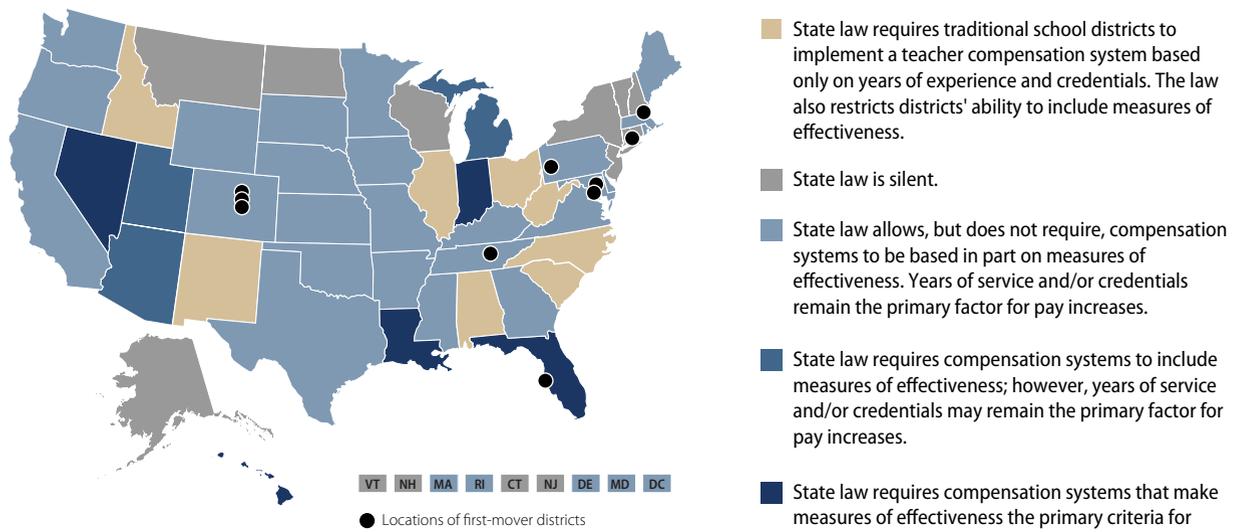
# Meet the first-mover districts

This report reveals how 10 districts at the forefront of the teacher compensation reform effort have revamped their pay systems in order to meet their overall education goals. These first-mover districts vary in location, size, governance structure, and performance, yet all of them have found innovative ways to rethink teacher pay. No one plan is the answer for all districts nor is any plan perfect in its own right. But by providing insight into the ways leading districts are reforming teacher compensation, this report can help other school leaders to consider how to refine and reform their own compensation systems.

Importantly, the first-mover districts are in states where state law does not impede them from reforming the single-schedule salary. Across the nation, eight states require work experience and academic credentials to determine teacher pay and prohibit districts from taking performance into account when determining pay.<sup>22</sup> Conversely, five states require districts to use effectiveness as the primary criteria for determining teacher pay.<sup>23</sup> All other state law is either silent on the issue or allows districts to include measures of effectiveness when determining compensation while years of service and/or credentials remain the primary factor for pay increases.<sup>24</sup>

**FIGURE 1**  
**First-mover districts**

School districts in states where state law does not impede the district from reforming the single-schedule salary model



Source: Students First, "Scoring Rubric," available at [http://reportcard.studentsfirst.org/policy/elevate\\_the\\_teaching\\_profession/value\\_effective\\_teachers/reward\\_performance\\_with\\_pay/state\\_by\\_state](http://reportcard.studentsfirst.org/policy/elevate_the_teaching_profession/value_effective_teachers/reward_performance_with_pay/state_by_state) (last accessed December 2014).

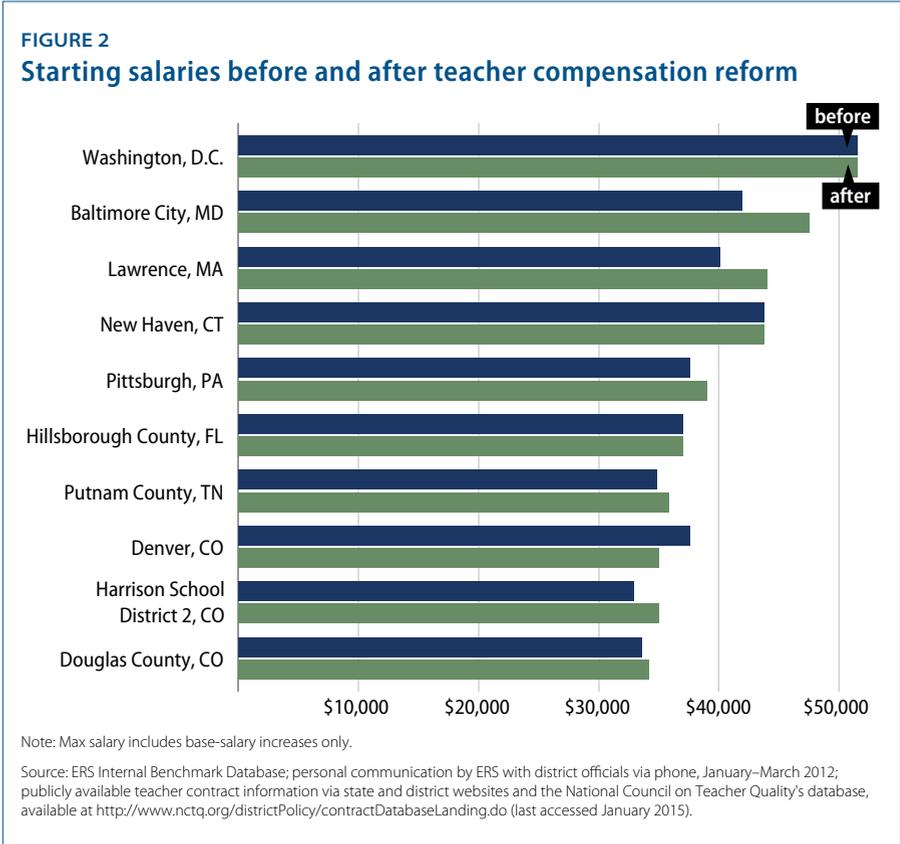
## Key compensation systems components

### Base salary

In most districts, base salary—or the set pay that teachers receive—constitutes 90 to 95 percent of teacher compensation before benefits.<sup>25</sup> Base salary consists of starting salary—the pay a teacher receives with either no experience teaching or teaching in the particular district—and the permanent raises a teacher receives throughout his or her career.

One way to reform teacher pay in order to attract excellent new teachers is to raise the starting base salary for teachers. Most first-mover districts, however, did not raise starting salaries. In fact, aside from Baltimore City, Maryland; Pittsburgh, Pennsylvania; Harrison School District 2, Colorado,\*\* and Putnam County, Tennessee—who each raised starting salaries between 5 percent and 20 percent—the first-mover districts left starting salaries roughly constant. They made this decision because raising starting salaries is expensive and the investment goes to teachers before their effectiveness is known. Research suggests it is challenging to

identify which prospective teachers are going to be successful and many first-time teachers struggle.<sup>26</sup> Therefore, districts that raise their starting salary will be giving some of their investments to ineffective teachers. However, if districts' starting salaries are so low that they are not able to attract a strong candidate pool, they may need to raise them.



Teacher effectiveness

Most school districts use the traditional salary schedule, which relies solely on two measures: years on the job and attainment of an advanced degree.<sup>27</sup> In most compensation systems, these elements constitute 70 to 100 percent of teacher raises.<sup>28</sup> Most of the first-mover districts have eliminated or supplemented experience and education with criteria that are based on objective measures of performance.

All of the first-mover districts strongly considered the quality of their evaluation system when considering a compensation overhaul, and many chose to revamp their teacher evaluation systems prior to undertaking compensation system redesign. A typical approach of first-mover districts was to only provide an annual pay increase to teachers who achieved a minimum effectiveness rating on their annual evaluation. As districts transition to new teacher compensation systems, only rewarding teachers who received a minimum effectiveness rating, allows districts to increase payments to high-performing teachers. Of the districts that still pay teachers for continuing their education, Denver and Pittsburgh provide tuition reimbursement for pre-approved programs.<sup>29</sup> This approach ensures that education credits directly affect student achievement in the district.

**TABLE 1**  
**The main components of first-mover districts' teacher compensation systems**

	Baltimore City, MD	Denver, CO	Douglas County, CO	Harrison School District 2, CO	Hillsborough County, FL	Lawrence, MA	New Haven, CT	Pittsburgh, PA	Putnam County, TN	Washington, D.C.	Typical district
Annual raise for years of experience outright											✓
Annual raise for exceeding minimum effectiveness rating on annual evaluation	✓	✓	✓			✓	✓	✓	✓		
Annual raise differentiated for high performers	✓							✓	✓		
Annual raise for tiers connected to effectiveness and/or roles or additional responsibilities*	✓			✓	✓	✓	✓		✓		
Market-based salary			✓								
Professional development: National Board Certification		✓	✓		✓						
Professional development: other	✓	✓							✓		
Advanced degree and course credit		✓	✓			✓			✓	✓	✓
Tuition reimbursement		✓					✓				

Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality's database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

\***Correction, March 10, 2015:** This table has been corrected to more accurately reflect the criteria for raises based on effectiveness, roles, or responsibilities.

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## Speed of salary growth

Many districts increased the speed of salary growth for high-performing teachers in order to attract and retain these teachers. This strategy reduces the number of years it takes effective teachers to reach the highest salary levels in a school district. Many first-mover districts increased the speed of salary growth for effective teachers based on teacher evaluation ratings and/or career pathway roles. In Pittsburgh, Pennsylvania; Washington, D.C.; Harrison School District 2, Colorado; Baltimore, Maryland; and Lawrence, Massachusetts, an effective teacher can reach the maximum district salary in 10 years or fewer.

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## Career pathway opportunities

In several of the first-mover districts, teachers can earn additional compensation for taking on new roles and increased responsibility. In many cases, these roles are structured in such a way that teachers can remain in the classroom while assuming more responsibility. Some systems, such as Lawrence, Massachusetts and Baltimore, Maryland, created strong incentives for teachers to take on a school or district-wide responsibility that spreads their knowledge and skill to other teachers by rewarding those roles with the highest-available base salary. Other districts offered supplemental stipends instead of increasing base pay to teachers who formally support other teachers. Alternatively, some of the first-mover districts have chosen not to reward teacher leadership roles in their salary schedules at this time.

**TABLE 2**  
**Minimum years of teaching experience required to reach maximum salary**

	Before teacher compensation reform	After teacher compensation reform
Baltimore City, MD	21	10
Denver, CO*	40	40
Douglas County, CO*	14	14
Harrison School District 2, CO	27	9
Hillsborough County, FL	26	21
Lawrence, MA	13	8
New Haven, CT	30	16
Pittsburgh, PA	22	10
Putnam County, TN	20	18
Washington, D.C.	21	8

\*High-performing teachers are eligible for larger raises throughout their entire career than they were previously.

Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality's database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

**TABLE 3**  
**Career pathway opportunities, by type**

	Instructional leadership	Content and curriculum	Pedagogy and coaching	Administration and leadership
Baltimore City, MD			✓	✓
Denver, CO				
Douglas County, CO				
Harrison School District 2, CO				
Hillsborough County, FL			✓	
Lawrence, MA	✓		✓	
New Haven, CT	✓		✓	
Pittsburgh, PA			✓	
Putnam County, TN			✓	
Washington, D.C.	✓	✓	✓	✓

Note: The roles reflected here are official district initiatives. Roles and responsibilities defined by individual schools are not reflected.

Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality’s database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

## Another way to increase pay for top performers is to create and reward roles and career pathway



### Instructional leaders:

- Extended reach teachers
- Multiclassroom leaders\*



### Content and curriculum:

- Curriculum writers
- Literacy and math facilitators



### Pedagogy and coaching:

- Peer evaluators
- Model classroom teachers
- Instructional coaches
- Team leaders



### Administration and leadership:

- Assistant principals
- Principal interns

\*For more information on this term, see Public Impact, “Teacher Pay and Career Paths in an Opportunity Culture: A Practical Policy Guide” (2014), available at [http://opportunityculture.org/wp-content/uploads/2014/10/Teacher\\_Pay\\_and\\_Career\\_Paths\\_in\\_an\\_Opportunity\\_Culture\\_A\\_Practical\\_Policy\\_Guide-Public\\_Impact.pdf](http://opportunityculture.org/wp-content/uploads/2014/10/Teacher_Pay_and_Career_Paths_in_an_Opportunity_Culture_A_Practical_Policy_Guide-Public_Impact.pdf).

## Incentives for hard-to-staff schools and positions

Some first-mover districts used compensation to attract teachers to teach in priority areas—such as hard-to-staff or high-need schools—in their redesigned compensation systems. The first-mover districts were split on whether to offer incentives to all teachers in these positions. When districts have more stringent criteria for incentives, they are able to offer higher incentive amounts, which research shows is more likely to recruit and retain the highest-performing teachers.<sup>30</sup> In a recent study implemented in 10 school districts in 7 states, a transfer incentive of \$20,000 for teachers who roughly ranked in the top 20 percent of the school district successfully attracted high-performing teachers to fill targeted vacancies and had a positive effect on teacher retention rates during the payout period.<sup>31</sup>

Hillsborough, Florida; Pittsburgh, Pennsylvania; Denver, Colorado; Washington, D.C.; and Putnam County, Tennessee all offer incentives for hard-to-staff subjects and/or high-need schools. There is a significant variation in the amount districts offer for the priority incentive. Districts that have more stringent criteria for incentives tend to offer higher incentive amounts. Washington, D.C. and Pittsburgh, for example, offer significantly higher incentives because the incentives are limited to teachers who are highly effective. In these districts, the incentive amount is greater than 10 percent of highly effective teachers' salaries. In Washington, D.C. the incentive amount can be as much as \$22,000 for teachers in the district's neediest schools, and in Pittsburgh, the incentive amount is \$10,000.<sup>32</sup>

## Bonuses, rewards, and recognition

Research suggests that bonuses need to be large in order to influence teacher behavior; however, larger teacher bonuses leave less money in the system for other investments.<sup>33</sup> While some districts are starting to move away from bonuses as more research emerges questioning the effect of small bonuses based on teacher performance, many districts—first-mover districts included—are still offering both individual and school-wide bonuses.

**TABLE 4**  
**District priority incentives**

	Working in high-needs schools	Working in hard-to-staff jobs
New Haven, CT	✓	
Baltimore City, MD		
Denver, CO	✓	✓
Douglas County, CO		
Harrison School District 2, CO		
Hillsborough County, FL	✓	
Lawrence, MA		
Pittsburgh, PA	✓	
Putnam County, TN		✓
Washington, D.C.	✓	✓

Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality's database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

Several of the first-mover districts offer bonuses, rewards, and/or recognition. These types of incentives have varying definitions in the districts, but all amount to extra pay for teachers. The criteria for these payments varies significantly between districts. Hillsborough, Florida; Pittsburgh, Pennsylvania; Denver and Douglas County, Colorado; and Putnam County, Tennessee offer both individual and school-wide bonuses for student performance, which is frequently based on student growth on statewide assessments, though the exact mechanism varies by district. Washington, D.C. only offers individual bonuses. Lawrence, Massachusetts only offers school-wide bonuses.

**TABLE 5**  
**Rewards, by type**

	Performance-based individual rewards	Performance-based group rewards	Recognition only
Baltimore City, MD			✓
Denver, CO	✓	✓	
Douglas County, CO	✓	✓	
Harrison School District 2, CO			✓
Hillsborough County, FL	✓	✓	
Lawrence, MA			✓
New Haven, CT			✓
Pittsburgh, PA	✓	✓	
Putnam County, TN	✓	✓	
Washington, D.C.	✓		

Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality’s database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

## Opt-in timeframe

As districts move to new compensation systems, leaders must determine what will happen to the teachers who have been working under the old system. Many districts have policies that allow teachers to opt-in to the new system as opposed to forcing all teachers to switch. These opt-in policies have the potential to be expensive because higher-performing teachers may choose to opt-in, while lower-performing teachers who do not opt-in will still get significant increases by remaining in the old compensation system.

Despite the expense of opt-in policies, many first-mover districts allow teachers to opt-in to the new system. However, several districts have either given teachers an opt-in timeframe or required that all teachers switch to the new system. In some of the districts that require teachers to opt-in, teachers will not see a decrease in salary after switching over. In other districts, teachers may see a salary decrease if they receive multiple low-evaluation scores. In Washington, D.C.; Harrison School District 2 and Douglas County, Colorado; Baltimore, Maryland; and Lawrence, Massachusetts, all teachers are automatically switched into the new compensation system either immediately or soon after implementation. In Baltimore and Lawrence, teachers cannot see their salary decrease due to the transition.

**TABLE 6**  
**Ability to opt-in to new teacher compensation systems, by district**

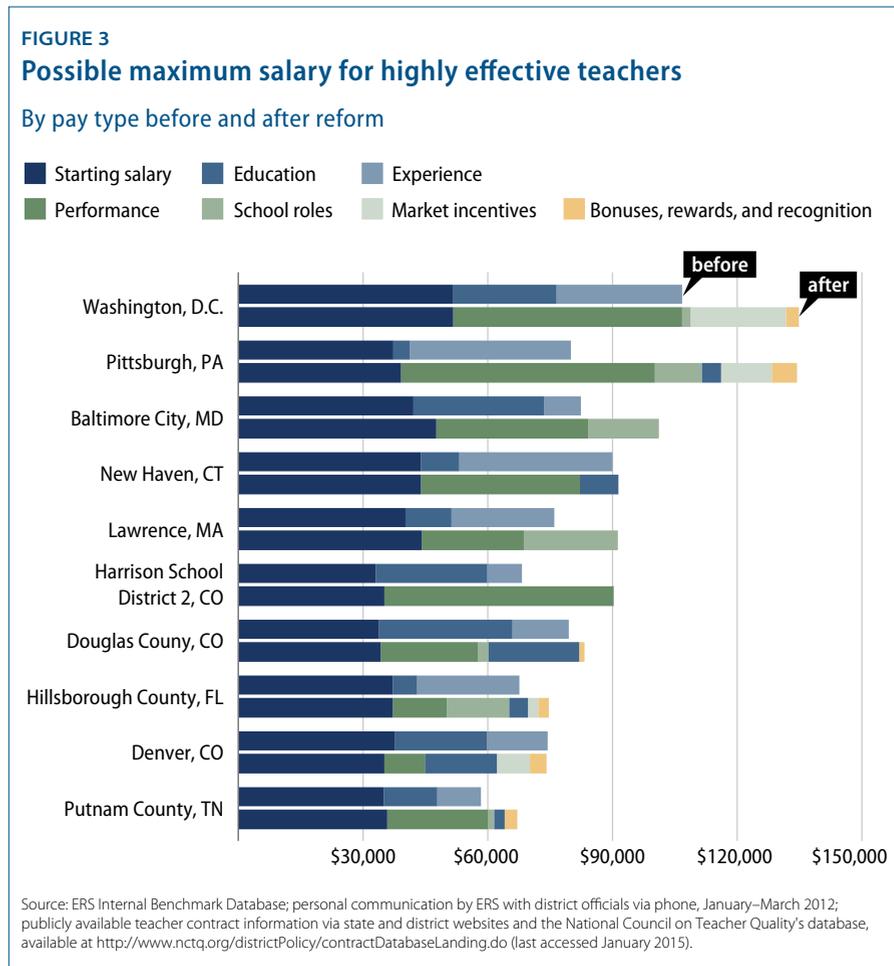
	Are veteran teachers allowed to opt in to new compensation system?	Can salary decline or freeze due to poor performance?
Baltimore City, MD	No	Can freeze but not decline
Denver, CO	Yes	Can freeze but not decline
Douglas County, CO	No	Can freeze but not decline
Harrison School District 2, CO	All teachers are on new system but can keep old salary for two years before switching	Can freeze; can decline after multiple low evaluations
Hillsborough County, FL*	Yes	Can freeze and decline
Lawrence, MA	No	Can freeze but not decline
New Haven, CT	No	Can freeze but not decline
Pittsburgh, PA	All returning teachers still on old system	Can freeze and decline
Putnam County, TN	Yes	Can freeze but not decline
Washington, D.C.	No	Can freeze but not decline

\*Hillsborough County, FL is still negotiating on this policy.

Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality’s database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

First-mover districts' teacher compensation redesign efforts combined

Together, the policies described above enable first-mover districts to provide significantly higher salaries to highly effective teachers. The chart below shows the maximum salary by pay type that a highly effective teacher can obtain in each of the first-mover districts, both before and after teacher compensation reform.

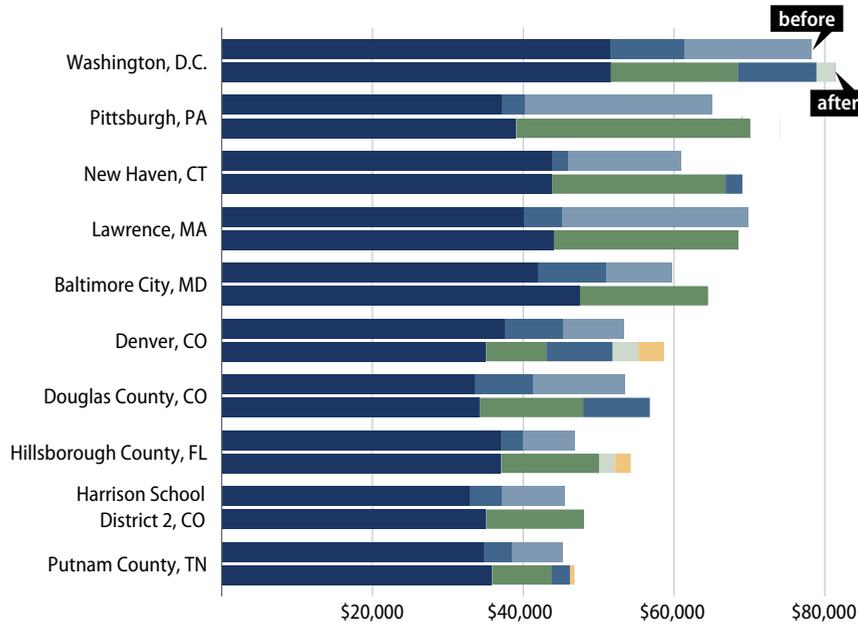


In addition to the potential effects on top performers, it is important for districts to consider a new compensation system’s effect on a district’s typical proficient teacher. These individuals represent the majority of teachers in every district. In order for a district to be successful in transforming student outcomes, it has to attract and retain a strong core of proficient teachers. In order to accomplish this goal, it is important that the district offers a salary that allows the typical teacher to support a family, buy a car, a house, and other middle-class material attainments—aspects of the American Dream that are out of reach for many of today’s teaching workforce without additional income from a partner or additional employment. The first-mover districts all increased compensation for typical proficient teachers, as shown in the first chart below.

**FIGURE 4**  
**Potential salary plus bonus for a typical teacher with 10 years of experience**

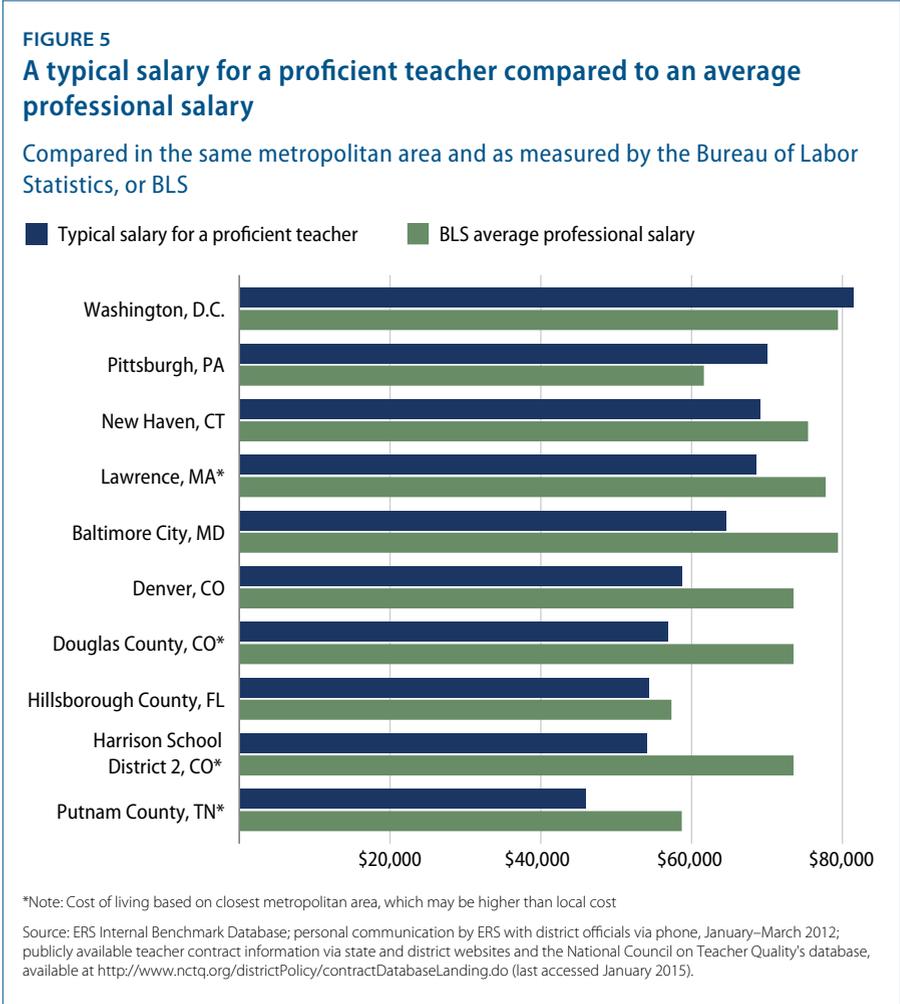
Before and after reform

- Starting salary
- Education
- Experience
- Performance
- School roles
- Market incentives
- Bonuses, rewards, and recognition



Source: ERS Internal Benchmark Database; personal communication by ERS with district officials via phone, January–March 2012; publicly available teacher contract information via state and district websites and the National Council on Teacher Quality’s database, available at <http://www.nctq.org/districtPolicy/contractDatabaseLanding.do> (last accessed January 2015).

As a result of their reforms, districts are now paying typical proficient teachers salaries that are in close proximity to the average salary of professionals in their metropolitan area, as measured by the Bureau of Labor Statistics.<sup>34</sup> Absolute parity is a difficult goal to achieve within current budget constraints, but first-mover districts are closing the gap.



# Recommendations

The following recommendations are directed to districts in states that allow compensation to be determined in part by performance. They are based on insights garnered from first-mover district trends and research into teacher compensation reform initiatives.

- 1. Differentiate compensation based on roles and responsibilities.** Career pathways that allow high-performing teachers to take on different roles and responsibilities are the foundation upon which differentiated compensation structures are built. Once districts have implemented career pathways, they have an opportunity to increase pay for effective, expert teachers who take on additional or different roles and responsibilities. When designing differentiated compensation structures, districts should provide rewards that are commensurate with job responsibility. Certain roles may require greater expertise or more experience on the job. Compensation should be differentiated accordingly.
- 2. Set starting salaries to meet market demand.** Districts should set starting salaries that are competitive with neighboring districts and substantial enough to attract talented teachers while balancing the high cost of starting salary changes, which go to teachers before their effectiveness is known. Districts must consider starting salaries within these confines so that they do not compromise their ability to appropriately reward and retain experienced teachers who prove themselves effective.
- 3. Align teacher compensation redesign with fair, proven teacher evaluation systems.** Teacher compensation systems should be aligned with fair, proven teacher evaluation systems that include multiple measures of—and reliably distinguish between levels of—teacher effectiveness. Elements of redesigned teacher compensation structures rely on strong teacher evaluation systems to create rigorous criteria for advancement. Currently the rigor of, and confidence in, teacher evaluation systems among key stakeholders varies significantly from state to state and sometimes even district to district. In order to retain highly

effective teachers, districts must work to refine their teacher evaluation systems so that teachers and principals have confidence in them and they accurately differentiate among high and low performers before tying them to compensation.

**4. Shift pay structures away from years of experience and advanced degrees.**

Districts should eliminate or supplement experience and education with criteria that are based on objective measures of performance. An important first step in transitioning to such a system is ensuring that new teacher evaluation systems are finalized and that they are fair, proven, and rigorous. When teacher compensation systems are connected to teacher effectiveness and to roles that leverage effectiveness and expertise, shifting pay away from years of experience and advanced degrees is a natural next step.

**5. Use compensation incentives to attract highly effective teachers to hard-to-staff schools, districts, and subjects.**

Districts should use compensation to attract highly effective teachers to hard-to-staff schools and positions. Importantly, the key is that the teachers must be highly effective. The incentive amount a district is able to offer is important as research shows that higher pay incentives are more likely to influence a district's ability to recruit and retain teachers.<sup>35</sup> Districts must think strategically about their budgets when setting these incentive amounts.

**6. Emphasize extra pay for effectiveness and career pathways instead of small bonuses.**

Districts should repurpose bonus funds toward rewarding effectiveness and highly important roles in order to have a larger, longer-term, and sustainable influence on student learning, except in very specific instances where bonuses are used to reward participation in programs that are strictly aligned with district priorities.

**7. Accelerate the timeline to maximum salary where possible.**

When teacher compensation is based in part on effectiveness and additional responsibility at the school level, many early-career teachers may achieve higher salaries earlier in their careers, resulting in greater costs over time if the teachers stay, which is the goal of the initiative. In order to remain financially sustainable, districts must be clear about how they will fund their systems and save the largest increases for roles that link to effectiveness, thus allowing teachers to serve in roles such as coaching other teachers, which allows them to have a broader effect on their schools. In order to create cost estimates for their plans, districts need to project the distribution of teacher performance to see who will meet

the criteria. Limits on advancement can be a tool to create a significantly differentiated compensation system. The limits allow districts to offer significantly higher salaries to a select group of teachers. In districts without these limits, maximum salary has not been significantly increased.

- 8. Allow teachers to opt-in to new compensation systems within a set time-frame.** Opt-in policies can lead to increased costs and difficulty predicting the costs of transition. However, when the compensation redesign means that the current salaries of existing teachers might decrease, districts may need to consider reprioritizing funds to allow for opt-in policies in order to ensure a smooth transition to redesigned compensation systems. It is also important for districts to consider the amount of time to give teachers to opt-in. Teachers need enough time to gain comfort with the new system in order to make their decision, but too long of a timeframe creates too much instability in the teacher compensation system.

# Conclusion

Effective teachers are considered the biggest in-school factor related to student success. Yet, in most school districts, teachers are not compensated adequately, strategically, or sustainably. However, successful school systems depend on attracting, retaining, and rewarding excellent teachers. This report shows how some leading districts are making bold moves to do things differently as it pertains to teacher compensation. While all districts have faced challenges, given financial constraints and the commitments made to teachers hired under the current salary structure, successful districts have found ways to move forward.

Most first-mover districts are still early in their journey, and they will need to continue to evaluate the effect of their changes on recruitment, retention, and—most importantly—student performance and adjust accordingly. As illustrated by the districts in this report, first and foremost, districts need to use teacher compensation reform as a way to attract and keep the most effective teachers and reward those who leverage their expertise to do more. Doing so will require shifting the distribution of current compensation spending away from a single salary schedule and undifferentiated benefit plans. Paying effective teachers and teacher leaders more will often require districts to cut spending in other less-productive areas, and in some cases it will require raising funding levels altogether. Making these trade-offs and building stakeholder understanding will require leadership skill and political will.

The diversity of the districts studied in this report show that teacher compensation redesign is possible under any circumstance, though the sequence and speed with which they approach the task will differ. The key is for districts to lay out a vision and begin the work.

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## About the authors

**Karen Hawley Miles** is the founder and executive director of Education Resource Strategies Inc., or ERS. Under her leadership, ERS has pioneered a process for quantifying, comparing, and realigning district and school resources for more strategic use. This includes deep work to revise school funding systems, create strategic school designs, and improve districts' professional growth and human capital strategies. Since 2004, ERS has partnered with more than 20 school systems, grown from 3 to more than 40 employees, and now regularly publishes research and practical tools to help education leaders across the country redesign urban systems.

Hawley Miles co-authored *The Strategic School: Making the Most of People, Time, and Money* with Stephen Frank, and has authored numerous articles. Prior to ERS, Hawley Miles worked at Bain & Company as a strategy and management consultant. She has a bachelor's degree in economics and political science from Yale University and a doctorate in education from Harvard University, where her dissertation focused on the drivers of increased education spending over the past two decades.

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## About ERS

Education Resource Strategies, or ERS, is a nonprofit organization dedicated to transforming how urban school systems organize resources—people, time, technology, and money—so that every school succeeds for every student. For more than 10 years, ERS has worked hand-in-hand with more than 20 school systems nationwide, on topics such as teacher compensation and career path, funding equity, school design, central office support, and budget development. ERS shares research and practical tools, and collaborates with others to create the conditions for change in education. Every project is guided by ERS’s School System 20/20 framework—which comes from its experience and research on best practices. In all of the work of ERS, the focus is on how resources work together to create high-performing systems. ERS’s nonprofit status enables long-term partnership: one where ERS participates in the transformation struggle, creates insights together, and shares lessons with others.

**\*\*Correction, February 24, 2015:** *The school district name has been updated throughout the report and figures to match the correct name in the introduction. The correct name is Harrison School District 2.*

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