

Developing a Performance Pay Plan for Teachers: A Process, Not an Event

By

Douglas B. Hartman
President Colorado Federation of Teachers,
School Health and Public Employees

and

Rob Weil
President, Douglas County Federation of Teachers

Submitted to American Federation of Teachers Research Department January 30, 1997.

Table of Contents

- Forces Behind the Initial Move to Develop Performance Pay
- The Performance Pay Development Process and Committee Structure
- Fundamental Considerations in the Development Process
- An Overview of the Douglas County Performance Pay Plan
- Performance Pay Plan Implementation 1994-1997
- What We Have Learned
- Conclusion

DEVELOPING A PERFORMANCE PAY PLAN FOR TEACHERS: A PROCESS, NOT AN EVENT

In Colorado in 1993 the Douglas County Federation of Teachers and Douglas County School District Re. 1 set out on an ambitious project to redesign their traditional teacher compensation system with a pay plan that was more closely linked to teacher performance. Four years later, Douglas County's performance pay plan is ready in its third year of implementation, is recognized as one of the most comprehensive plans of its type in the country, and evolving into a plan that will eventually make a strong link between teacher performance and student academic standards.

Forces Behind the Initial Move to Develop Performance Pay

The Douglas County performance pay plan is the product of a multi-year process that began with informal discussions between the union and members of the board of education in 1991. As those talks developed, events in the state and county drove the process forward. In the 1992 general election, Coloradoans, echoing the national dissatisfaction with government and public education, voted for a tax limiting amendment to the Colorado Constitution and against an initiative that would have generated revenue for schools through a statewide sales tax. At the same time, Douglas County voters defeated a bond election by the slim margin of thirty-six votes. To make matters worse, two months later the state legislature announced a rescission in its financial support to public schools that necessitated a cut in the Douglas County Schools' budget of more than \$4 million.

In January of 1993, the Douglas County Federation of Teachers and Douglas County Schools began contract negotiations for the the coming school year. Despite the fact that the relationship existing between the two parties was, and continues to be, a positive one, the prevailing conditions made the negotiations difficult, and issues were brought to the table by both parties that were only resolved after a marathon mediation session.

The final contract settlement for 1993-1994, among other things, committed both parties to a cooperative effort to redesign the general teacher compensation plan, provide bonus incentives for responsibilities that traditionally were not compensated, and reward teachers who participated in group incentive plans that directly impact student performance. This agreement, ratified by more than 80 percent of the teachers who voted, became the starting point for a process of developing and implementing a comprehensive performance pay plan for teachers.

The Performance Pay Development Process and Committee Structure

Beginning in July of 1993 the Teacher Compensation Committee began to hold regular meetings. The committee was composed of thirty members; twenty teachers appointed by the union, with representation for the elementary, middle and high school levels and reflective of both union members and nonmembers, and ten district appointees including five members of the central administration and five individuals from the community at large. Over the next nine months, this body of individuals spent more than 6000 hours to the development of the Douglas County teacher performance pay plan. The work of the committee was made easier through the utilization of two third-party facilitators who acted to guide the committee members through their agreed upon agendas, monitor and moderate discussion of relevant issues during meetings, and act to keep records of decisions and plan agendas for future meetings.

Teacher Compensation Committee Meetings

While the task of the committee was a difficult one by any standard, the structure of committee's meetings helped tremendously to breakdown barriers that typically exist within such a diverse group. The committee met once a week from five until nine in the evening. Each meeting began with a simple dinner during which members were able to discuss issues and forge working relationships with other members. While casual conversations over a meal may not seem like a critical piece in the development of an alternative pay plan for teachers, the sharing of this common experience had a decidedly positive impact on the personal relationships that developed between committee members who otherwise would have been likely to take adversarial positions on issues voiced by other members of the committee. This is not to say that many, if not almost all, of the meetings did not have their share of frank discussion and pointed debate. Indeed, they did. However, the debate remained focused on the issues and the overall goals of the committee, not on personalities or narrow agendas. After dinner, the work of the committee moved into a general business format. Minutes from previous meetings were reviewed and approved, the agenda for that night's meeting was reviewed and set, and the first of several issues was brought up for discussion and action.

Important Aspects of the Committee Process

Several factors were critical in the success of the development of the overall plan. First, every member of the committee had the opportunity to completely air his or her views on every

aspect of the plan. From the outset of the process to its conclusion, there was not a meeting wherein difficult issues were not discussed almost to the point of exhaustion. While to an outside observer the discussions might have appeared circular, convoluted, and repetitive, as at times they were, it was necessary to allow them to flow freely so that when they were finally concluded, no point of view had been left unexpressed. Thoroughly talking through difficult issues allowed the committee to make decisions based on consensus, the second critical factor.

Of equal importance was the group's commitment to focus on the theory behind the compensation system rather than focus on more practical issues and obstacles to the plan that would impede implementation. In particular, this meant that as the plan was being developed the committee did not get bogged down in discussions about money and allocations of funds. These details, though tremendously important to the overall success of the plan, were left to negotiations between the DCFT and the District after the overall framework of the plan had been completed.

At no time during the nine months that the committee met were decisions made by majority vote. There were times when straw-polls were used to gauge the relative strength or weakness of a given position, but final decisions were made by consensus. This meant that there were frequent compromises and occasions when decisions were deferred to allow for the gathering of more information or the rethinking of positions. Though discussions and consensus building took time, the reward was in the development of a final draft of the plan that all thirty members of the committee could sign-off on and support unequivocally.

Another important aspect in the design process was the use of subgroups to hash out details of particular components of the plan. The subgroups were responsible for conducting research on particular issues, developing recommendations for action, and then reporting back to the larger committee. Over time these subgroups evolved into the boards that oversee and direct the implementation and operations of individual components of the performance pay plan and continue to make recommendations for fine-tuning the program.

Fundamental Considerations in the Development Process

When the performance pay committee began its work it set out on a course to develop a plan unique to the needs of Douglas County Schools and the teachers who work there. At the first meeting in July of 1993, therefore, the committee established a set of objectives to guide the development of the plan. The philosophy behind the development of the performance pay plan had five points: achievement of the district's mission and core values; help attract, retain, and motivate the highest qualified teachers; provide a high degree of predictability and stability in teacher income; reward professional growth, development, and acquisition of new skills; assure ongoing teacher participation in the implementation and evaluation of the plan.

An Overview of the Douglas County Performance Pay Plan

The Douglas County performance pay plan for teachers can be considered as a plan with two major divisions. The first division is comprised of the basic salary structure for all teachers in this district. The second, and completely distinct from the first, is a series of bonus incentive components that teachers may participate in voluntarily. Teachers who choose to participate in one or all of the incentive components can augment their salary but under no circumstances do they risk losing salary.

Base Salary Determination

The first division establishes a teacher's base salary by using a compound interest formula that factors in both a teacher's number of evaluation credits (what in a salary schedule is termed a longevity step) and the level of education a teacher has attained. Each factor represents a percentage value of the base salary. Multiplying these two factors against the base determines the actual salary a teacher receives.

While this might appear to be a salary schedule by another name, unlike a conventional single-cell schedule, under the performance pay plan a teacher does not automatically receive an increase based on length of service. Teachers must receive a satisfactory evaluation of their performance to be eligible for such an increase. Thus, the base salary division makes a distinction between "proficient" and "unsatisfactory" teacher performance. A teacher who receives an unsatisfactory rating is not eligible to receive an evaluation credit or a negotiated cost-of-living adjustment for the coming year. Unsatisfactory performance ratings also preclude the teacher's participation in any of the bonus incentive components of the plan

Bonus Incentive Components

The second division of the Douglas County performance pay plan is composed of a series of incentive bonus components. All of these components, there are five, are designed to encourage and reward aspects of teacher performance that were not traditionally rewarded under the single-cell salary schedule or an additional activities schedule. Bonus incentive awards are completely separate from a teacher's base salary and are made as one-time payments, though eligible teachers may participate each year.

Outstanding Teacher

The first, and perhaps most controversial, incentive bonus component is that of "Outstanding Teacher." This component of the plan rewards teachers who have demonstrated outstanding performance as measured by criterion established by the National Board for Professional Teaching Standards with a \$1000 nonannuitized bonus. To receive the bonus teachers notify their building administrator of their intent to participate; collect artifacts during the school year supporting their contention of outstanding performance; compile a portfolio that includes relevant career information, reflective writing on the teachers educational philosophy, six artifacts and reflective writings discussing each, information generated by peer and client (parents/student) surveys, and, their formal evaluation or professional growth plan. The portfolio is submitted to the building administrator at the beginning of April who then reviews the documentation and makes the decision whether or not to award the teacher the designation of "Outstanding Teacher" and the \$1000 bonus.

An appeals process was also developed for teachers who are denied the designation of "Outstanding Teacher." The appeals board is composed of nine members, five teachers appointed by the DCFT and four administrators appointed by the district, and has the authority to review the appeal and recommend to the superintendent of schools that the decision by the building administrator be upheld or overturned. The final decision rests with the superintendent.

Skills Blocks

The performance pay plan also includes a "Skill Block" component designed to provide incentives for teachers to obtain skills identified by the district as central to fulfillment of its mission. Skill blocks are offered at after school sessions and carry graduated values ranging from \$250 to \$500. To receive the skill block bonus teachers must not only attend training sessions but must also demonstrate mastery of the skill through an authentic assessment administered at the conclusion of the training program.

In the first year of implementation one skill block was offered for proficiency in the desk-top publishing system, ClarisWorks, used by the district. During the second year another block was added for authentic assessment. It is anticipated that each year a skill block will be added until the total number available is four or five. Over time, skill blocks will be phased out and others added.

Master Teacher

One bonus incentive component that was incorporated into the plan but has yet to be developed and implemented is that of "Master Teacher." This component was intended to address the Colorado "Master Teacher" License as mandated by the 1991 Educator Licensing Act. However, those requirements will not be available until sometime in the spring of 1997. After the requirements for licensure have been established, representatives of the district and Douglas County Federation of Teachers will determine if they fit the needs of the district or whether additional qualification to meet Douglas County expectations for master teacher performance must be added.

Group Incentive Plan

Another bonus incentive component of the Douglas County plan is the group incentive bonus. This component is designed to encourage cooperative efforts within schools to work on common goals that will directly impact student performance. Plans are developed within schools by planning committees that work with the entire staff, draft a plan, collect signatures of support from faculty members, the building administrator and the building Accountability Committee, prior to submitting the school's proposal to the Group Incentive Board (GIB), the governing body of the Group Incentive Plan component. This body reviews the proposed plan, can recommend revisions, and grants final approval for the school to move ahead. At the end of the school year, a participating school compiles a final report detailing the execution of the plan, evidence of impact on students, and reflections on the overall plan and submits it to GIB, which then makes the determination whether the plan's goals were met and a bonus should be awarded.

Responsibility Pay

The final bonus incentive component addresses the issue of additional responsibilities undertaken by teachers for which they historically have received no additional compensation. Responsibility pay is broken into two divisions: district and site based responsibility pay. District responsibility, funded at a level of approximately \$25000 per year, is awarded to teachers who take on responsibilities at the district level. This includes such things as membership on the district's Teacher Evaluation Committee, the Twenty-first Century Partnership, a committee that considers and approves waivers to board policy and contract

provisions to allow greater flexibility and innovation at specific school sites, and a number of the committees that direct and modify the performance pay plan. Site based responsibility pay, funded by multiplying the number of students in a school by a factor of \$5.50, is distributed at the individual school level to teachers based on criteria and in award amounts determined by the school staff.

Performance Pay Plan Implementation 1994-1997

The Douglas County teacher performance pay plan is currently in the third year of what is expected to be a five-year implementation period. While tremendous time and energy were put into its initial development, the work to maintain and modify the plan has demanded equal amounts of effort.

Overall implementation is directed by an "implementation team" that consists of twelve members. Members of the team include teachers, administrators and community members. The "Implementation Team" oversees all aspects of implementation including monitoring overall operation of the plan, approving any proposed modifications to any of the plan's components, and regular communication about the plan with the teachers, community, and other interested parties.

In addition there are committees established to oversee the operation of many of the plans components. In particular, the Outstanding Teacher committee and Group Incentive Board have been essential in making sure that those components run efficiently, information about them are communicated to teachers and schools in an effective and timely manner, and that needed modifications in the components are developed and then passed on to the Implementation Team for consideration.

On the whole, three years into implementation, the Douglas County performance pay plan appears to be working very well. Participation in each of the past three years in all of the plans bonus incentive components has been high. Furthermore, a study conducted by Gene Hall, Ph.D of the University of Northern Colorado in the fall of 1995, only one year after the initial implementation of the plan, found a high level of awareness and confidence in the plan as a whole, and its various component parts. As if the study's findings about the plan were not enough, the fact that the last four contracts that have included the performance pay plan have passed by margins of greater than 95 percent of the teachers is a clear indication of the level of support this plan currently enjoys among the teachers of Douglas County.

This is not to say that everything has gone perfectly with this plan. In fact, and as mentioned above, the various committees responsible for its implementation have been kept incredibly busy, and have at times found themselves having to make decisions about the scope and operation of the plan, as well as address issues brought to the committees by individual participants or schools, that had not been anticipated. Thus, while the framework of the plan is complete, the details of its operation continue to evolve and are expected to continue to do so for the foreseeable future.

What We Have Learned

It is far too early to determine whether or not the Douglas County performance pay plan for teachers is a success; if for no other reason than the fact that such a determination begs a more complete consideration of what exactly the term success means in this context.

Certainly, the ultimate goal of everything we undertake in our schools is to improve student achievement, but without solid baseline data to help understand how such a compensation system influences teachers in their practice, much less accurate high stakes assessments that are truly reflective of student learning and achievement, it may never be possible to rate this plan, or any other for that matter, as an unqualified success. Yet, we have learned much from our efforts and experience in Douglas County to design an alternative system of compensation for teachers.

Our experience leads us to believe that, in fact, compensation systems can be designed and implemented as alternatives to the traditional single-cell salary schedule that more effectively reward teachers for various aspects of their performance. What is more, the design of these systems need not create competitive environments that discourage teachers from positive interaction, professional collaboration and cooperation, that benefits both teachers and students.

It is very clear to those of us who have worked long and hard on this plan that the process through which the plan is developed is as important as the plan itself, and a giant factor in the plan's viability and credibility with teachers, administrators, board members, and members of the community. We believe we were able to garner broad-based support for the performance pay plan we developed for several reasons.

First, from the outset we had a clear set of goals that were established at the outset of the project that acted to guide the design process; foremost among them being the mission and vision statements that guide the district's instructional program. Secondly, and of equal importance, we utilized an inclusive, consensus-based process that had a balanced representation of all of the district's constituencies. Through the use of consensus building we were able to move beyond or work around significant challenges and obstacles that could have derailed our efforts. Even though consensus-building takes longer to achieve when dealing with contentious issues, the final decision reached enjoys support that a decision arrived at through a majority vote could never hope to generate. Finally, we believe our process was successful because of the commitment by all participants to look at the issues objectively, setting other agendas aside, and approach them in a manner that allowed for tremendous flexibility within the design process.

Another key to the success of our design process can be found in the fact that we recognized and sought to avoid three false premises that often drive the development of performance based compensation plans for teachers. We were convinced then, as we are now, that you cannot successfully develop a performance pay plan on the basis of punishing teachers. If the primary focus of the pay plan is to create a whipping-post for poor teacher performance, the plan will have little or no teacher support and will have minimal impact on teacher performance; although it will surely have considerable negative impact on teacher morale. In Douglas County, we set out to design a system that would do just the opposite: encourage teachers to aspire to higher levels of performance in their schools and classrooms and reward them for their success.

We also know from experience, though we were confident that this would be the case right from the start, that a district cannot look to performance pay as a means of saving money. A performance pay plan, like the one we designed, will cost more money than the old single-cell salary schedule if for no other reason than it expands the basis on which teachers will be compensated. Beyond that, if the plan is intended to be a money-saver, it can only do so by redistributing existing resources from some teachers to others or by reducing the overall

compensation to all teachers. In either case, there is really no correlation between teacher performance and compensation nor is there anything to encourage teachers to strive for higher levels of performance so the plan will fail.

Finally, performance pay plans are not a quick fix to the ills that afflict particular school districts or public education as a whole. Developing and implementing a performance pay plan for teachers is not an event, it is a process. To expect that such a plan will right any problems other than those directly related to the issue of compensation creates a false expectation and will assure the plans failure by any and all measures.

Conclusion

The Douglas County performance pay plan is not perfect, but it is unique. It is a plan that reflects the unique circumstances of Douglas County, the fastest growing school district in the nation, that blends stable, predictable salaries with a variety of bonus incentive components, and that incorporates some of the latest thinking about teacher compensation. The pay plan is not a magic bullet for increasing student performance; it does not link the disparate issues of teacher compensation with student test scores on standardized tests; it does not allow for arbitrary assignment of incentive bonuses or general salary increases. The Douglas County performance pay plan is designed to reform the way teachers are compensated and to encourage higher levels of teacher performance while avoiding the pitfalls of the old concepts of merit pay.