



Charter School Models *for* Merit Pay *for* Teachers

by Robert Holland
May 2007

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Executive Summary

Advocates for public charter schools long have urged their leaders to use their relative independence to innovate in the area of personnel policy—specifically by paying teachers for excellent performance.

This paper examines merit pay programs at high-achieving charter schools from around the United States: Liberty Common School in Fort Collins, Colorado; KIPP Delta College Preparatory School in Helena, Arkansas; Tarek ibn Ziyad Academy in Inver Grove Heights, Minnesota; the Pacific Collegiate School in Santa Cruz, California; and others.

“We want our teachers to know that we reward sustained excellent performance,” observed the Headmaster at Liberty Common. “The better they perform, the more compensation they will receive. Sounds logical, doesn’t it?”

For other schools that are contemplating implementing merit pay programs for their own employees, it is the author’s hope that these examples present useful models.

Details follow.

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Introduction

A charter school leaders' guide produced by the Charter Friends National Network and funded by the Annie E. Casey Foundation noted that because of their relative freedom of operation, these independently run public schools have a "unique opportunity" to transform American education.

In no area is that opportunity greater than in the way these schools manage staff to achieve results. The authors elaborated in their November 2000 report, as follows:

"Charter schools in many places can organize professional development programs, set compensation, and evaluate staff in ways that support their missions and meet the unique needs of their school—opportunities that are often not available to district schools. These ingredients are important for they help build a unique school culture that rallies the school's people to achieve results."

Current Charter Personnel Policies

State-by-state data available in April 2007 on the Web site of the Education Commission of the States show that charter schools generally do have more latitude with their personnel policies than do conventional public schools.

Of the 42 jurisdictions (40 states plus the District of Columbia and Puerto Rico) with laws authorizing charter schools, only 16 require that all charter teachers be officially certified. Arizona, the District of Columbia, Georgia, and Texas have no requirement that any charter teachers be certified, while the remaining states permit waivers of regulations or specify that a portion of the faculty may be non-certified (typically ranging from 25 to 50 percent).

Non-certified, of course, is by no means synonymous with unqualified. It means that well-educated, experienced persons with much to offer students (an eminent scientist, for example) can be hired without being compelled to take a multitude of methods courses in schools of education.

The Education Commission data also show that charter schools are in many cases not bound by collective bargaining agreements affecting personnel decisions. Only 7 of the 42 jurisdictions flatly require all charters to abide by the bargaining agreements. In the other 35, charter schools either have a blanket or partial exemption. North Carolina is an example of the latter: In schools chartered by a local school board, "teachers remain subject to school district work rules unless they negotiate to work independently." In charter schools authorized by other entities, teachers are not bound by the district's work rules.

In other words, many charter schools operate largely independently of personnel rules and salary schedules negotiated by teacher unions. That helps explain frequent displays of teacher-union hostility to charter schools.

The guide produced by the Charter Friends National Network (which has transitioned into the National Alliance for Public Charter Schools) argued that considering alternative pay could help charter leaders “clarify and improve” expectations of performance by new and existing staff.

A Seven-State Study

A subsequent study done for the Thomas Fordham Foundation (Podgursky and Ballou, 2001) of charter-school personnel policies in seven states found that almost one-half (46 percent) of charters used performance-based pay. In those schools, the merit pay boost typically amounted to 5 to 10 percent of base pay. The study also found that 31 percent of the charter schools used bonuses to land new teachers in such hard-to-staff subjects as mathematics and science.

The Fordham study reached the following conclusion:

“Performance-based pay was not only used by more charter schools than traditional public schools, it was given more weight in the overall compensation package. Most charter schools that took individual performance into account rewarded it in a variety of ways, including one-time bonuses, advancing a teacher an extra step on the salary schedule, and additions to base pay in some other form. In traditional public schools, by contrast, the dominant method for awarding such incentives is a one-time cash bonus. . . . Because such awards are not built into the teacher’s base pay, their long-term impact on compensation is much smaller.”

On the basis of its examination of 132 charter schools in seven states with relatively robust

chartering laws, the Fordham study found that “when given the opportunity, charter schools pursue innovative personnel policies that differ in key respects from those of traditional public schools and more closely resemble the practices of private schools.”

Current Pay Policies

A report published in February 2007 by the Center for American Progress (CAP) studied teacher pay methods in charter and private schools and confirmed many of the findings of the Fordham Foundation (Kowal, E. Hassel, and B. Hassel, 2007). Among the key points of CAP’s study:

- “Strict salary schedules play a much smaller role in charter and private schools in determining teachers’ base pay. Many charter and private schools do not use a schedule at all, and even those that do tend to use it as a starting point rather than the sole determinant of teachers’ pay.
- “Charter and private schools are more likely than district schools to tie some portion of teachers’ pay to performance, and a significant number also use higher pay to fill hard-to-staff positions.
- “Charter and private schools also make much greater use of non-financial rewards than district schools to draw and keep their best teachers.”

An intriguing finding was that the charter and private school leaders did not choose to use their policy freedom to create “a new formula-driven system to replace the traditional salary schedule.” Rather, CAP reported that its data and examples “suggest that they have thrown out the very idea of formulas, substituting instead substantial discretion for school-level leaders to use compensation in pursuit of goals.”

The school-based decision-making common to these schools enables principals and headmasters to adjust teacher pay to the particular needs of schools as well as to local market realities, according to CAP. These schools are able to be flexible and creative with their compensation policies.

Charter School Practices

Liberty Common School, Colorado

In preparing this paper, we contacted selected exemplary charter schools around the country, asking about their approaches to rewarding teachers in hopes the information might be useful to other school leaders considering new approaches to compensation. Liberty Common School had one of the most thorough and thoughtful systems that we found.

This charter school, which opened its doors in September 1997, has an enrollment of 560 in kindergarten through grade nine. "The Liberty Way" is more than a rallying cry, given that this charter school in Fort Collins, Colorado, has earned recognition as one of the most outstanding in the state and the nation.

Liberty Common uses the Core Knowledge Curriculum, a program developed by University of Virginia professor and author E.D. Hirsch, Jr., that guides students through a logical sequence in language arts, mathematics, science, history, geography, and fine arts. Furthermore, the Core Knowledge Foundation made Liberty one of its official Visitation Sites after inspecting and evaluating the school. That means the foundation regards Liberty as a model school for interested parties to visit and see Core Knowledge in action. In 2005, the U.S. Department of Education honored Liberty as a Blue Ribbon School, one of only 290 public and private schools among more than 100,000 in the nation to receive that distinction.

Under the leadership of Headmaster Russ Spicer, Liberty Common School began five years ago



developing a performance pay plan that is intended to reward excellence as leading businesses do for their employees. Unlike the pay systems used in conventional public schools, years of experience and the number of education degrees amassed are not direct factors in determining rank or salary.

“We liken our model to the free market economy system: If you perform well and have good results you will be rewarded for that no matter how long you have been employed or how many degrees you hold,” Spicer commented. “They know they will be rewarded for the positive results they produce.”

This is how Spicer and his colleagues express the philosophy and values behind the school’s employee compensation plan:

“We want to recognize and reward performance, results, and the methods used to obtain the performance and results. We do not want to recognize or reward activity or effort as an end unto itself. . . . We want to reward and recognize performance in a fiscally realistic and responsible manner.”

The merit pay process at Liberty Common, according to its headmaster, has three interdependent parts:

- Performance evaluation and ranking for the current performance period;
- Salary administration; and
- Professional development.



“Liberty pays for sustained performance. An individual’s performance leads to a target salary for that level of performance,” Spicer says.

“An individual’s target salary is reached over a period of time through sustained performance. Our goal is to avoid dramatic increases or decreases in salary due to short-term changes in performance ranking.”

As indicated above, Liberty explicitly states that neither “years of experience or service” nor “educational credits or degrees” are direct factors in determining rank or salary.

After thorough evaluation, a teacher is ranked in one of five performance bands, according to how he or she scored in:

- Content knowledge;
- Designing, planning, documentation, and assessment of work;
- Pedagogy, instruction, and delivery;
- Classroom management; and
- Supplemental responsibilities.

Spicer and his associates are working on adding a sixth factor: Student performance — that is, how much each teacher succeeds in helping their pupils raise their achievement. The headmaster said he wants to develop this carefully to be sure that the system uses “quality data,” and that it is analyzed in such a way as to be fair to all teachers. He expressed interest in using a “growth” or “

Table 1. Performance Evaluation & Ranking System

Score	Content Knowledge	Designing, Planning, Doc, & Assessment	Pedagogy, Instruction, Delivery	Classroom Mgt	Student Performance	Supplemental Responsibilities
4					Under investigation	
3						
2						
1						

Used by permission. Liberty Common School.

value-added" model that would measure accountability according to improvement in achievement from year to year.

Even before Liberty incorporates student performance data into its merit-pay system, the thoroughness of the evaluation system is apparent. Data collection includes not just administrative reviews, but professional goals the teachers set for themselves, critiques by fellow teachers, self-evaluations, and extra accomplishments that teachers can document.

On the score sheet (Table 1), teachers earn scores of 1 to 4 points on the each of the five categories of accomplishment. To win placement in Performance Band 5 (meriting the highest level of compensation), a teacher must have scored 4 in at least three categories and no lower than 3 on any category.

These are examples of points of evaluation within each category:

Content Knowledge:

- Grasp of the Core Knowledge sequence.
- Application of the Thinking Framework in the classroom.

- Collaboration with other faculty across subjects to improve student understanding.
- Critiques lessons of other teachers.
- Relates knowledge to prior student knowledge.
- Answers in-depth and tangential student questions.
- Integrates the Thinking Framework and character education in lessons.
- Stays abreast of current developments in content area.
- Communicates improvements and changes to curriculum to parents.
- Uses proper grammar and pronunciation of terms.

Designing, Planning, Documentation, and Assessment of Work:

- Completeness and effectiveness of curriculum maps (e.g., timelines for content, skills, and character education).
- Demonstrates a variety of teaching methods appropriate to different situations.

- Completeness and details of lesson plans (e.g., questions used in class).
- Lesson plans are user friendly and transportable, with identified resources.
- Student tests and assessments effectively completed.
- Demonstrated effective use of data from standardized tests (e.g., Core Knowledge, CSAP, PSD Levels, NAEP) and teacher-developed assessments to improve lessons and future student performance.
- Degree and effectiveness of coverage of material prescribed by Core Knowledge.
- Appropriate level of homework, review in class, with timely feedback and corrections.
- Communicates effectively with parents regarding classroom activities, student expectations, and student performance in order to improve student results.

Pedagogy, Instruction, and Delivery:

- Effectively identifies and uses different styles of teaching for different types of situations and students.
- Makes effective use of introductions, transitions, questions, handouts, and conclusions.
- Assesses effectiveness of instruction and delivery methods, use of class time, and pace of delivery.
- Effectively stimulates the natural curiosity of students.
- Effectively encourages and manages student questions.
- Students demonstrate excitement for the subject matter in class.
- Effectively sets expectations with students and parents regarding academic achievement.
- Effectively delivers the curriculum in an academically sound manner that is integrated with the instruction provided by other faculty.

- Assigns homework that effectively reinforces classroom learning and class work.
- Effectively uses an appropriate balance of review materials and new material.
- Grading and return of papers done in a timely and effective fashion.
- Effectively mentors other teachers in areas of instruction and delivery.
- Oversees effective delivery of educational programs by teachers' aides.

Classroom Management:

- Effectively establishes his or her authority in the classroom.
- Uses respect rather than fear in classroom management.
- Demonstrates appropriate management of the classroom and student discipline.
- Balances direct instruction with sensible practice and group activities.
- Values mistakes and uses them appropriately to improve student learning.
- Assesses effective use of class time, and assesses climate of own classroom for potential improvements.
- Creates an environment conducive to learning with appropriate pace.
- Assesses other teachers' classroom management.





Supplemental Responsibilities:

- Demonstrates ability to effectively communicate verbally and in writing, and to model good writing and verbal skills to students.
- Demonstrates effective teamwork with other Liberty staff.
- Shares innovations that improve teaching methods and classroom materials.
- Successfully completes assigned weekly duties around school.
- Effectively enforces school-wide rules with own students and with other students.
- Demonstrates professional, modest deportment.
- Demonstrates professional, positive attitude.

- Demonstrates effective leadership within the school community to improve the school's instruction, student experience, or environment.
- Communicates the philosophy of the school to prospective parents and students, and to influencers of opinion and education policy in the external community.
- Enhances student life through attendance at after-school activities.
- Contributes to in-depth review and evaluation of textbooks and purchased materials.
- Appropriately utilizes innovations of other teachers from Liberty and outside of the school.

Once all the data are collected from formal and informal observations, peer observations (each teacher reviews what goes on in the classrooms of four or five colleagues each year), self-evaluations, and each teacher's accomplishment sheet, the scores are added and teachers are ranked in Performance Bands 1 through 5. Band 5, the highest, is the master level. Teachers earning advancement to a higher band become eligible for higher salary increases.

Table 2. Teacher Salary Increase Table (2007-2008)

Salary-Year Initial Salary	Band 1		Band 2		Band 3		Band 4		Band 5	
	Min	Max								
\$63,000									3.00%	4.00%
\$52,605							3.00%	4.00%	4.00%	5.00%
\$44,100					3.00%	4.00%	4.00%	5.00%	5.00%	6.00%
\$34,650			3.00%	4.00%	4.00%	5.00%	5.00%	6.00%	6.00%	7.00%
\$33,075	3.00%	4.00%	4.00%	5.00%	5.00%	6.00%	6.00%	7.00%	7.00%	8.00%
\$31,500										
Base	Band 1		Band 2		Band 3		Band 4		Band 5	

The Headmaster offered the following examples of how the data shown in Table 2 work:

“A teacher receiving a salary of \$34,800 is in the Band 3 pay scale range of \$34,650 to \$44,100. If that teacher were to be ranked as a Band 4 teacher after the evaluations, this teacher would be significantly underpaid according to our pay range for Band 4 teachers. Therefore, that teacher will receive a higher salary increase than other teachers who are making the appropriate amount for money for the band level they are in.

“The goal is to give the teacher who is below the desired pay range more money to move that teacher closer to the desired pay range more expeditiously. Once the teacher is in the appropriate salary range for the band ranking, that teacher will receive the ‘standard’ salary increase for that year.

“Each year the percentage of raise varies according to the Per Pupil Revenue (PPR) Liberty Common School receives. . . . But the beauty of this system is that no matter what the PPR is, the higher performing teachers will receive a higher percentage raise if they are not in the appropriate salary range.”

A new evaluation occurs each year, Spicer noted, so the rankings are not set in stone as some sort of



de facto tenure. In addition, by the end of year 3, a teacher needs to have advanced out of Bands 1 and 2. If that hasn't happened, there is probably a problem with the quality of teaching.

In summary, Spicer stressed that “any performance evaluation and salary system must be based on a high level of trust that the employer is acting in a consistent, fair, non-random, non-arbitrary manner.”

Ultimately, he added, “we want our teachers to know that we reward sustained excellent performance. The better they perform, the more compensation they will receive. Sounds logical, doesn't it?”

KIPP and TAP

The KIPP **Delta College Preparatory School** (DCPS) in Helena, Arkansas, has achieved impressive results since its founding in 2002. It is one of 52 KIPP (Knowledge Is Power Program) schools in 16 states and the District of Columbia that relentlessly pursue the philosophy that education can profoundly change the lives of underserved children for the better. (Of the 52 KIPP academies, 49 are charter schools.)

In 1994, two teachers, Mike Feinberg and Dave Levin, started the original KIPP school in the inner-city of Houston after completing their stints with Teach for America. A year later, Levin returned home to establish a KIPP Academy in the South Bronx while Feinberg remained in Houston to continue with the KIPP Academy Middle School. Since then, 80 percent of the students who have completed the eighth grade at these two original KIPP academies have wound up going to college. Nationally, only about 20 percent of students from low-income homes go to college.

The KIPP Delta College Preparatory School was founded on the hope that it could use the KIPP formula of high expectations and hard work to help children from an Arkansas Delta county that is one of the lowest-income in the country achieve the same high level of success realized in urban



KIPP schools. The early indications are quite promising: From the fifth grade to the eighth grade, the first class of DCPS students rose from the 22nd to the 76th percentile in language and from the 20th to the 82nd percentile in mathematics on the nationally norm-referenced Stanford tests.

DCPS' School Director Scott Shirey, another alumnus of Teach for America, was present at the creation of the school and wrote the school's charter and recruited a board of directors that helped him win the charter's approval. DCPS opened in an old railroad depot converted to classroom use, and then gained support and financing to build a \$2.3 million facility. In the school's home county, which is the lowest income in Arkansas and the 12th poorest in the nation, only 12 percent of adults have graduated from college.

DCPS began with a fifth grade, and has added a new fifth grade each year. It now has 270 students in grades 5-9 and Shirey says plans are to continue expanding until it is a K-12 school. As do other KIPP schools, DCPS sets high and measurable standards for conduct and achievement and accepts no excuses based on students' backgrounds for falling short. Among other early signs of academic excellence: In 2004, Mrs. Betty Sanders, a 37-year veteran of teaching, was honored with the prestigious Kinde Award for Excellence in Teaching. Moreover, School Director Shirey, who "teaches whatever needs teaching," recently received the National Educator Award from the Milken Family Foundation.

With regard to pay for performance, this KIPP school has formed a powerful partnership within

the past year with the Teacher Advancement Program (TAP), which arguably is the most comprehensive merit-pay system in the country. Initiated by the Milken Family Foundation and now run by the National Institute for Excellence in Teaching, TAP evaluates teachers and rewards them on the basis of how well they teach and how much they help their students. But it does so within the context of rich opportunities for career advancement and professional development, and every effort is made to make the accountability system fair to all teachers. DCPS is one of 10 charter schools participating in TAP, along with public school districts in a dozen states.

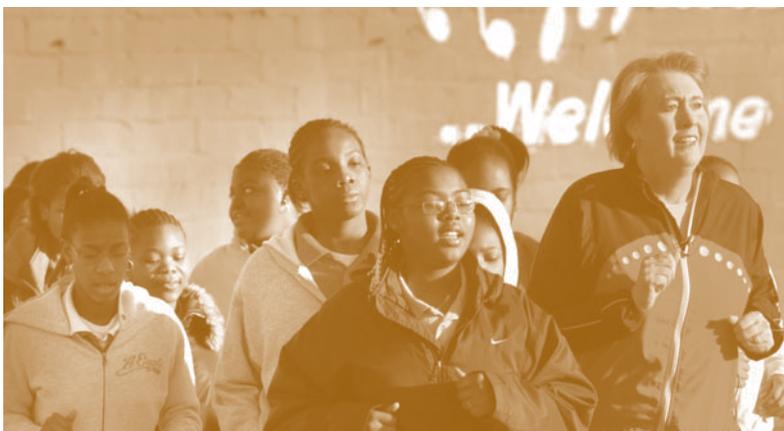
“Pay for performance is a tricky proposition,” Shirey recently observed. “If you just look at raw test results, they will tend to favor the teacher with high-performing students who may or may not be high-performing because of that teacher.”

It is fairer to examine historical data and trends and to see what a child’s “expected next step” in achievement is. That is the essence of the value-added approach used by TAP. On the basis of pre- and post-test outcomes, it determines the improvement gains in student achievement that are made each year. “You find where a child is and then consider the difference between what his achievement is expected to be and where it actually is,” Shirey noted.



As teachers earn their way up TAP’s career ladder (depending on their interests, abilities, and achievements), their roles and responsibilities increase—along with their compensation. Shirey said a master teacher earns a pay boost of \$8,000 or more, and a mentor teacher one of \$4,000 or more. In addition, consistent with the TAP system, individual teachers are eligible for \$2,000 performance bonuses.

A key factor is that teachers at DCPS (like teachers at many other charter schools) are employed on an “at will” basis rather than according to a contract. “They are here because they choose to be here,” noted Shirey, “and they can be let go if not performing, or they can be rewarded if they are performing. This is closer to the way the business world operates. We are bringing that principle to the education world.”



“ We are bringing business principles to the education world. ”

Informal Approaches in Indiana

Flexibility is an element common to many charter schools' approaches to compensation. Lindsey L. Brown, who directs the Indiana-based Charter School Service Center, said this of the **21st Century Charter Schools** run by the GEO Foundation in that state:

"Currently the schools use a very informal performance pay plan in which there are loose pay classes dependent upon educational levels and performance standards. Teachers also have the opportunity to earn bonuses for things like coaching and other extracurricular activities."

One school stipulates that a principal may award bonuses if a school makes AYP (Adequate Yearly Progress) for the year of an employee's service. In addition, if the school reaches 95 percent of

projected enrollment, and the employee has performed the full 20-hour recruitment requirement, the employee can receive an additional bonus.

Another 21st Century school provides a cash bonus to any teacher whose students all advance 1.5 years in grade-equivalency in each of the core subjects of language arts/reading, social studies, science, and math. A small cash bonus can be awarded to any teacher who had 75 percent of students achieving at that level. The school's handbook states that it has three classes of teacher base pay (apart from the bonuses) that are based on level of education and successful observations. It leaves the specifics of implementation to the discretion of the principal.

Recently, the 21st Century Charter Schools applied for a Teacher Incentive Fund (TIF) grant through the U.S. Department of Education to help implement a





more comprehensive merit-pay plan. It proposes to use any funds awarded to adopt the Teacher Advancement Program described earlier in this paper. The Teacher Incentive Fund is a program with bipartisan congressional support that was originally proposed by the Bush Administration to assist states and localities (charter schools included) with adopting innovative pay-for-performance systems. Ms. Brown said that even if the grant does not come through, the group of Indiana charters would like to adopt TAP on a smaller scale because it is “an excellent and proven program.”

Teacher Incentive Fund: Federal Grants Charters Can Use

As the Indiana application suggests, the Teacher Incentive Fund provides one way for charter schools or school districts to secure the backing to become a part of performance-based programs, with the Teacher Advancement Program (TAP) being one possibility. Charter and other school leaders would do well to learn more about both programs, given the support opportunities that are available.

TIF, which was originally a Bush Administrative initiative launched in 2005, is administered through the U.S. Department of Education. Here is the contact information:

Name: April Lee
 E-mail address: tif@ed.gov
 Mailing Address:
 U.S. Department of Education, OESE
 Academic Improvement and Teacher Quality Programs
 400 Maryland Ave., S.W., Rm 3W229, FB-6
 Washington, DC 20202
 Tel: (202) 205-5224
 Fax: (202) 205-4921

The lineup of TIF grants in 2006 suggests the abundant possibilities:

- A coalition among **New Leaders for New Schools, Mathematica**, and some of the nation’s highest-performing charter schools and charter networks (e.g., **KIPP, Achievement First, Uncommon Schools, Aspire Public Schools**, and **YES College Prep Schools**) received a first-year grant of \$4.9 million for setting up performance plans. Over five years, the coalition is slated to receive \$20 million for a project that will encompass 47 schools and more than 1,100 teachers in charter schools across the nation.
- The **Northern New Mexico Network for Rural Education**, a non-profit organization, has formed a partnership with four New Mexico school districts to use TIF funding to implement performance-based compensation in regions that have high levels of poverty, significant concentrations of Native American and Hispanic students, and rugged rural conditions posing unusual challenges for public education. The first-year grant was \$571,074, and the five-year total is expected to be \$7.6 million.

Teacher Advancement Program: Four Critical Elements

(1) Multiple Career Paths:

This simply means giving teachers ways to advance up a career ladder without having to leave the classroom. Too often, teachers find they must go into school administration or non-educator careers to find rewarding work.

Under TAP, teachers can aspire to be Career, Mentor, or Master Teachers, depending on their interests, abilities, and professional accomplishments. As they move up, they gain more prestige along with increased responsibilities, and, correspondingly, greater compensation. Master and Mentor Teachers have proven that they have knowledge, powerful teaching skills, and ability to help colleagues. In addition to being paid more, they become part of a school's Leadership Team, working with the principal on setting learning goals for students. They also help evaluate teachers for annual performance awards. (The range in Master Teachers' pay supplements in TAP schools nationwide is \$5,000 to \$11,000. The range for Mentor Teachers is \$2,000 to \$5,000.)

(2) Applied Professional Growth:

In a TAP school, the school schedule provides time during a regular school day for teachers to meet, plan, study, and share with each other what is working in the classrooms. Each teacher is to have an Individual Growth Plan for learning new skills or knowledge that meet identified student needs. Teachers come together in grade- or subject-specific clusters weekly, led by Master or Mentor Teachers.

(3) Instructionally Focused Accountability:

TAP holds teachers accountable for meeting its Teaching Skills, Knowledge, and Responsibility Standards, as well as for the academic improvement of their students. Multiple trained and certified evaluators assess teachers four to six times a year to determine if they are meeting the standards. In addition to taking into account the learning growth of all students in the school, the system evaluates each teacher individually on how much his or her students have gained in achievement through the school year.

(4) Performance-Based Compensation:

In contrast to the conventional salary schedule based on years of experience and degrees earned, TAP pays teachers according to their varied roles and responsibilities, their classroom performance, and the value-added growth of their students. TAP also encourages participating schools to pay competitive salaries to those who teach "hard-to-staff" subjects or in schools with high concentrations of at-risk students. Thus, teacher pay depends on multiple factors, including the increasing work demands as they go up the career ladder, how well they do in those positions, the quality of their instruction based upon thorough and fair standards-based evaluations, and how much their students' achievement grows.

Each TAP school has a Performance Award Pool that contains the funds available for annual teacher performance awards. The TAP Foundation suggests that at least \$2,500 per teacher be placed into the pool. That does not mean \$2,500 is the largest bonus a teacher can earn. Some will earn more, and some less, based on how well they meet the standards and how much their students improve.

■ South Carolina has been an innovative leader in combining TIF and TAP. Its \$7.5 million TIF grant for 2006 modified its existing TAP to address problems with teacher recruitment and retention in 23 high-need schools in six districts. Over a five-year grant period (for which the state is slated to receive \$33.9 million), the state reports that modifications will include “higher and varied teacher bonuses, the introduction of principal and assistant principal bonuses, more competitive Master and Mentor Teacher addendums, a new focus on marketing and recruiting, raising the value-added percentage in the performance pay from 50 percent to 60 percent, using MAP [*Measures of Academic Progress*] tests to give K-3 teachers an individual value-added score, and inclusion of related arts in the individual value-added gains calculations.”

As noted in the October 20, 2005 Lexington Institute study on merit pay, the Teacher Advancement Program is noteworthy for its comprehensive approach to improving instruction, raising professional opportunities for teachers, and focusing in on improved student achievement via value-added assessment.

Currently, TAP is at work in 10 charter schools — the KIPP school in Arkansas profiled above, and also in Phoenix, Colorado Springs, Washington, D.C., Bonita Springs (Florida), Miami, Palm Bay (Florida), New Orleans, Minneapolis, and Las Vegas. In all, TAP operates to one degree or another in 32 school districts in 13 states, affecting some 60,000 students and 4,000 teachers.

Charter Leadership in Minnesota: Tarek ibn Ziyad Academy

In some states, charter schools are playing prominent roles in state-devised merit-pay plans. In Minnesota, Tarek ibn Ziyad Academy became the 12th charter school to begin implementing the state’s heralded Q Comp performance and professional pay program. (Nine public-school districts began implementing Q Comp in 2005-2006 and others have followed.) The K-7 charter, which serves 320 students with 40 staff members, will concentrate on improved achievement in reading and math.

Q Comp is similar to TAP in combining career advancement, professional development, and compensation linked to academic achievement. Teachers can earn their way to becoming a mentor teacher, which along with the responsibility to help colleagues improve carries a salary augmentation of \$2,000 plus some release time.

The Minnesota Department of Education noted that in addition to the evaluations used to determine permanent salary increases, the Academy’s teachers will be eligible for one-time performance awards of the following amounts:

- \$100 if the school reaches the Adequate Yearly Progress goal of achieving a proficiency index target of 75 percent in reading.
- \$100 if the school reaches the AYP goal of achieving a proficiency index target of 70 percent in math.

“*TAP holds teachers accountable for meeting its Teaching Skills, Knowledge, and Responsibility Standards, as well as for the academic improvement of their students.*”

“*When given the opportunity, charter schools pursue innovative personnel policies that differ in key respects from those of traditional public schools and more closely resemble the practices of private schools.*”

- \$800 if 80 percent of the students in each class achieve their individualized target growth in math and language arts as measured by the NWEA (Northwest Evaluation Association) assessment.
- If 60 percent to 79 percent of the students in each class achieve their individualized target growth in math and language arts as measured by the NWEA assessment, awards will range from \$600 to \$790 calculated by the percent of the class achieving the targeted growth goals multiplied by ten.

Tarek ibn Ziyad Academy offers an Arabic language program and study of the civilizations of Africa, Asia, and the Middle East; however, it also features a core curriculum of English, math, science, and social studies, and uses such traditional curricula as Saxon Math and Scott Foresman reading. Its objective is to provide a “diverse and balanced” curriculum. The Academy’s mission statement asserts that it “seeks to nurture the innate human values of brotherhood, equality, justice, compassion, and peace.”

Extra Incentive in California: Pacific Collegiate School

In California, one of the most outstanding charter schools in the nation, Pacific Collegiate School, could be forgiven if it simply rested on its laurels, given that those laurels are considerable. Instead, PCS (which serves public school students in grades 7-12 in Santa Cruz County) recently began implementing its own performance-based pay plan in order to motivate and retain good teachers. (Among the school's laurels: California's top academically performing high school except for those with selective admissions; recognized by the College Board as the top AP World History program in the United States for 2006; and named by Newsweek as one of America's top high schools in 2005 and 2006.)

Pacific Collegiate's plan gives teachers a choice: They can stay on the traditional public-school

scale that provides small increases (usually a few percentage points) with each additional year of experience, or they can opt into the performance-based plan that offers them the possibility of as much as a 10 percent bonus on top of the fixed base salary.

PCS' plan entails extensive performance reviews not only by the administration but by fellow teachers. Parents and students also weigh in, and each teacher does a self-evaluation. The evaluation process is based on finding evidence of six characteristics of good teaching:

- Engaging and supporting all students in learning;
- Creating and maintaining effective environments for student learning;
- Understanding and organizing subject matter for student learning;





- Planning instruction and designing learning experiences for all students;
- Assessing student learning; and
- Developing as a professional educator.

Following the performance reviews and peer observations, teachers achieving at a 90 percent metric (or "A") get 10 percent bonuses, while teachers at 80 percent (or "B") earn 5 percent bonuses, and those at 70 percent (or "C") get 2 percent bonuses. It also is possible for a teacher to receive no bonus in any given year. As of last fall, three-quarters of the school's faculty signed up for the performance plan, reported Matt King in the August 18, 2006 edition of the *Santa Cruz Sentinel*.

"This form of merit pay has not been supported by most unions that represent the country's public school teachers, but has gained traction at public charters that have non-union teachers, such as PCS," wrote King. "The PCS plan is modeled after a plan at the Vaughn Next Century Learning Center in San Fernando and Leadership Public Schools in San Francisco."

A spokesman for the California Charter School Association added this thought: "That's one of the benefits of being a charter school. They can exercise some power as to where they're going to allocate funding to recruit and support good teachers."



“ *Three-quarters of the faculty signed up for the performance plan.* ”

Summary

In the first 15 years of America's charter-school movement, more than 4,000 of these privately managed public schools have sprung into existence across the nation. Many of them have long waiting lists, particularly in urban areas where parents desperately seek better educational alternatives for their children.

Not all charter schools are bastions of innovation. Not all states have laws that grant charters independence of action. Nor are all charter schools citadels of excellence. Some have had weak management and poorly conceived financial/operational plans, and have closed. However, while generalizations are risky, this one seems fair: When charter schools have leeway in state laws to innovate, and when they have enlightened leadership, they are proving that pay for performance can work to the benefit of teachers and excellent education, just as it works in the rest of the American economy.

The Center for American Progress noted in its February 2007 report that since the 1980s approximately 10 percent of U.S. public school districts have used one form of merit pay or another. However, many of them have dropped those plans in the face of concerns about judging individual contributions to learning. By contrast, performance pay in charter and private schools is "quite common," although performance "is defined and compensated in many different ways."

Surely one of the reasons for the demise of so many merit-pay plans in public schools is the relentless opposition of the National Education Association, the largest and most powerful teachers union, and its state affiliates. On its Web site, the NEA criticizes merit pay with statements such as the following:

"Merit pay begs the question of fairness and objectivity in teacher assessments and the kind of teacher performance that gets 'captured' — is it a full picture, or just a snapshot in time? Is teacher performance based on multiple measures of student achievement or simply standardized test scores? Are there teachers who are ineligible to participate in a merit plan because their field of expertise (art, music, etc.) is not subject to standardized tests?"

But the performance pay systems utilized by the exemplary charter schools described in this paper defy such criticisms.

Far from using raw test scores or simplistic "snapshots" of teacher performance, these charter schools were working hard to define the knowledge, skills, and instructional delivery that constitute great teaching, and they were doing so on a collegial basis, with the full involvement of the teachers. Those that factor test scores into evaluations use them as just one objective measure of teacher effectiveness. Some schools that would like to use test trends as a criterion have delayed in doing so because they want to be certain that use of such data would be fair to all teachers.

The NEA also argues that performance pay "forces teachers to compete, rather than to cooperate." However, the carefully crafted merit plans in the nation's best charter schools take into account improvement and professional growth. They call on teachers to collaborate in defining and identifying good teaching and to evaluate themselves as well as their colleagues. Any competition tends to be an introspective process, as each teacher strives for self-improvement.

In short, there are charter schools showing that excellence in teaching can be rewarded. They offer models for others to consider.

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