Center for American Progress

Paying Teachers for Results

A Summary of Research to Inform the Design of Pay-for-Performance Programs for High-Poverty Schools

Robin Chait and Raegen Miller   May 2009

Introduction and summary

Recent decisions and statements by the Obama administration and Congress demonstrate that federal education policies are finally recognizing the full potential of so called pay-for-performance programs to improve teaching and learning in public schools where the students live and study amid high rates of poverty. Important additional support for the two-year-old Teacher Incentive Fund, which was included in the American Recovery and Reinvestment Act of 2009, exemplifies the growing consensus among policymakers, researchers, and others that the traditional approach to compensating teachers lacks the subtlety and flexibility needed to help ensure that students in high-poverty schools have access to effective teachers.

Traditional salary schedules, in which salaries are fixed by a district or even statewide schedule, provide teachers with pay raises according to their length of service and post-baccalaureate educational attainment. But this pay system fails to account for differences in working conditions among schools; for higher demand for math, science, and special-education teaching skills; for teachers of English Language Learners; and perhaps most important, for performance in the classroom.

The Teacher Incentive Fund, or TIF, which was created in an appropriations bill in 2006, recognizes the idea that financial incentives, including pay-for-performance programs, can help make high-poverty schools more competitive in the labor market for effective teachers. TIF to date has awarded more than 30 grants, spurring growth at the state and local levels in this policy area, initially providing $99 million in competitive, five-year grants to states, school districts, and nonprofit organizations that support "efforts to develop and implement performance-based teacher and principal compensation systems in high-need schools." The American Recovery and Reinvestment Act of 2009 added an additional $200 million in funding to support these programs.

This increased funding and increasing interest in pay-for-performance programs sparked the Center for American Progress to present this short paper on pay for performance. The paper first defines pay-for-performance and outlines its logic as a strategy to improve teaching and learning in high-poverty schools. We then proceed to summarize what researchers have learned about this compensation strategy, and then offer guidance to states and districts on the design of successful pay-for-performance programs based on this research.

Admittedly, there is an insufficient research base to specify "best practices" in the domain of pay-for-performance, but a number of design principles can be gleaned from existing research.[1] But as we will demonstrate in the pages that follow, the available evidence on pay-for-performance programs does point to the efficacy of awarding teachers and school staff incentives based on a variety of measures of teacher performance, including both student growth on standardized assessments and rigorous evaluations of teacher performance. Moreover, current research indicates that teachers would probably be more supportive of these types of programs when targeted to hard-to-staff schools. Finally, the research highlights the potential of school-level measures of student achievement, both as a means of balancing the volatility of measures of effectiveness for individual teachers, and as a way of folding teachers in non-tested subjects into a pay-for-performance program.

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