In the United States, Merit Pay Plans for Teachers are Few and Far Between

Even when implemented, the plans are more likely to be symbolic than substantive

CAMBRIDGE, MA – A new report finds that merit pay plans for teachers have been implemented in no more than 500 school districts out of some 14,000 districts nationwide, only 3.5 percent of the total. According to the study, even in those districts that have adopted an aspect of merit pay as part of their teacher compensation practices, these merit pay plans are not as rigorous as they tend to be in the private sector.

The number of school districts identified as having some form of merit pay is based upon information provided by the National Center on Performance Incentives (NCPI), which is located at Vanderbilt University’s Peabody College and funded by a 5-year, $10 million grant from the U.S. Department of Education’s Institute of Education Sciences. The Center systematically gathers data from school districts on their use of performance evaluations for compensation purposes. The authors identified districts listed on the NCPI website that reported having performance pay programs, and divided the number of such districts by the total number of districts in the United States. Using this methodology, the researchers estimated that only 3.5% of districts report having merit pay plans.

In the study, to be published in the Spring 2011 issue of Education Next and available at www.educationnext.org, authors Stuart Buck and Jay P. Greene examined the key characteristics of performance pay plans currently in place in school districts, in light of increased attention given to merit pay in national debate and in the Obama Administration’s Race to the Top (RttT) competitive grant program.

The authors found that even in districts that were identified by NCPI as having merit pay plans, “most were so weak that they represented no meaningful change from traditional compensation systems,” which typically are based on the number of years on the job and academic credentials. They note, for example, that Denver’s Professional Compensation for Teachers (ProComp) plan, widely praised as a national model for merit pay, “awards more money for earning another degree than for demonstrated performance in the classroom.” The authors further discovered that in some districts, merit pay plans that were about to be implemented were sidelined as the launch date drew near. For example, Philadelphia was poised to put a pilot merit pay initiative in place in 2000, but the pilot was dropped late in the planning process. In 2006, Philadelphia received a $20.5 million grant from the U.S. government to develop a merit pay program, but the local union -- which had initially supported the program -- abandoned it, and the district gave the money to charter schools instead. Cincinnati’s merit pay plan, proposed in 2002, was overwhelmingly voted down by teachers (1892 to 73), even though the program did not base bonuses on student test scores, but rather on a multifaceted evaluation system that included classroom observations by professional peers and administrators and portfolios of lesson plans and student work.
If performance pay is to be truly effective, the authors suggest, it “must mean in education what it does in other industries – salary increases for the successful, and salary reductions, even dismissals, for poor performers.” Given state laws governing teacher tenure in most states and salary schedules based on inputs (such as professional development, graduate degrees, national certification) rather than on outputs (such as test scores and graduation rates) merit pay of this kind is unlikely, in the authors’ view, to expand across the U.S.

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