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Apples or Sticks: The Promise and Pitfalls of Merit Pay Policies

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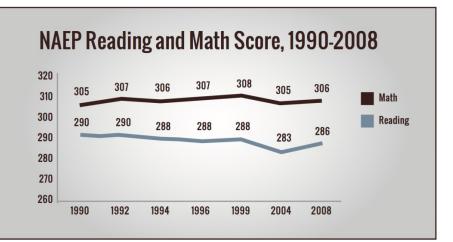Tags: Bo3R's Disrupted, Education Reform, Luna Laws, merit pay
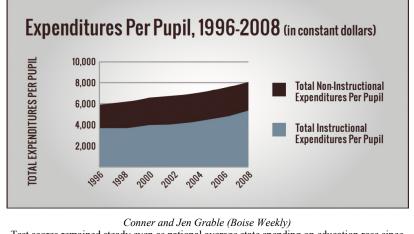
E ducation reformers often begin with the premise that American schools are failing to meet the needs of the modern era. Nationwide, average spending per pupil in K-12 education continues to grow while student performance on reading and math proficiency tests stagnates. There is also a concern for the overall competitiveness of the American education system and the ability of some school districts with greater need and fewer resources to keep pace with state expectations.

TBR Research presents insights and excerpts from peer-reviewed scholarship.

Conner and Jen Grable (Boise Weekly)
Test scores remained steady even as national average state spending on education rose since 1996. Data is from the National Center for Education Statistics. State funding adjusted to 1990 dollars.

Advocates of reform argue that schools can make better use of public funds in education through carefully constructed incentive programs and effective oversight to hold educators accountable for improving student performance in the classroom. States such as Idaho have attempted to pass major reforms supposedly designed to improve educational outcomes for students in primary and secondary education. The root for many of these reform efforts can be traced to A Nation At Risk, a 1983

government sponsored report that sparked a national debate concerning the perceived decline of the American education system. Since the release of this report, states and school districts have experimented with various types of reform with mixed results.

Pay-for-performance, or merit pay, is an idea that links teacher compensation closely to classroom results. Studies show that teachers have a profound impact on the success of students in the classroom, even when controlling for differences in socioeconomic status, race and district level factors. Most teachers are paid based on years of experience and level of education, with little specific focus on excellence or performance in the classroom. Reformers like Harvard economist Dale Jorgenson argue that by rewarding "good" teachers and providing incentives to excel, school districts can effectively improve educational outcomes in ways that a fixed compensation system or increased funding levels could never achieve.

Since 1980 a number of states and districts have considered merit pay policies that attempt to reward high performing teachers in the classroom with financial incentives. The U.S. Department of Education has even created a grant program known as the Teaching Incentive Fund to encourage more school districts and states to adopt performance-based teacher compensation systems. While controversial, most merit pay systems base teacher performance on improvements in standardized test scores. The impact of these policies, however, has been mixed at best, with some studies showing marginal gains in student achievement while others find no relationship between incentives and improved test scores.

Regardless of the rhetoric surrounding such reform, merit pay policies have struggled to gain a solid footing in states such as Idaho in light of considerable opposition from unions and other stakeholders. One of the biggest opponents to the adoption of merit pay has been strong teachers unions that oppose a shift away from traditional compensation systems. The United Federation of Teachers (UFT) vehemently opposed merit pay for teachers in New York City despite the fact that it would inject $20,000 annually in performance-based salary bonuses for teachers. The union argued that there is little evidence to suggest that paying teachers for performance has any effect on student outcomes and increases the damaging effects of teaching to the test when performance is based on improvements in standardized test scores. Furthermore, opponents argue that there are simply factors outside of a teacher's control that equally impact student achievement such as issues in the home and other life altering events that affect how students perform in the classroom.

Beth Frueh
"Merit pay for teachers won't fix out broken education system any more than merit pay for senators will fix our broken government." —Teacher/Photographer Beth Frueh, Springfield, Ohio. Self portrait.

In Idaho last year, a grassroots effort known as Vote No on Props 1, 2, 3 played a key role in influencing public opinion on several education reform initiatives including a merit pay plan for teachers. The Idaho merit pay policy, passed into law during the 2011 legislative session, effectively provided bonuses to teachers in schools that saw an increase in student test scores as well as teachers who served in difficult-to-fill positions. On November 6, 2012, Idaho voters defeated all three measures, including incentive pay for teachers, sending a strong message to lawmakers that the public was not behind such policies.

FURTHER READING
"Does merit pay reward good teachers? Evidence from a randomized experiment." Journal of Policy Analysis and Management, T. S. Dee and B.J. Keys, 2004.

"The Impact of Individual Teachers on Student Achievement: Evidence from Panel Data," The American Economic Review, J.E. Rockoff, 2004.

There is also speculation that such reform has led to a migration of teachers out of states and districts that adopt some form of pay-for-performance policy. In Idaho, a nonpartisan legislative report found, "a strong undercurrent of despair among teachers who seem to perceive a climate that disparages their efforts and belittles their contributions," and fears that many more would leave the profession in coming years. Establishing causality between the passage of laws related to merit pay and attrition of teachers in the classroom is difficult without more systematic investigations. It is also difficult to determine whether educators who leave their current positions do so in response to having a portion of their salary tied to performance incentives, or to what extent these are "good" teachers as opposed to those who would have struggled to meet such benchmarks in the first place.

Merit pay policies attempt to change the behavior of educators by incentivizing and rewarding better performance on such metrics as test scores and retention. However, this places the burden of improving our nation's schools squarely on the shoulders of school teachers while ignoring other important factors, such as better financing for school districts, improvements in existing programs and educational resources and help addressing issues in students' lives that may influence their individual contributions to achievement in the classroom. Evaluation of performance is also complicated by the fact that schools have goals beyond standardized test scores—including the promotion of citizenship, community and social development—that cannot be easily measured and are often difficult to attribute to a single teacher.

Nonetheless, more systematic work is needed to better understand the dynamic conditions under which merit pay policies are effective. We need to study the impacts of these policies across a range of student outcomes including not only performance on state standardized tests, but also other meaningful measures, such as retention, attendance, enrollment in advanced coursework, college preparedness and the percentage of students who transition directly into higher education. Future work should also explore how certain district and state level political and socioeconomic factors shape the effectiveness of performance programs. Similar studies in higher education on the impact of performance funding policies could lend some useful insight into this particular issue in K-12 education. Research has found that the impact of accountability in postsecondary education is tempered not only by the design of such policies, but more importantly by the political environment and viewpoints of those responsible for implementation.

Where these policies appear to fail is when they are essentially implemented top-down, as was seen in Idaho, with little feedback from stakeholders who are being asked to carry out these policies and improve conditions for students to succeed. Compensation systems based on merit also need to set realistic goals and establish sound plans using performance information to address areas of greatest need in the education system. Often performance targets are seen as unreachable or not worth the time and effort invested to achieve them based on minimal incentive pay or bonuses. For these policies to succeed, a meaningful conversation in a collaborative setting needs to take place among our nation's

teachers, policymakers and other stakeholders to set meaningful goals that are directly relevant to each school district's needs. The discussion of merit pay for teachers is far from over, and the lessons gleaned from the defeat of previous reform efforts should serve as a guide in moving forward.

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The views and opinions expressed here are those of the writer and do not necessarily reflect those of Boise State University or the College of Social Sciences and Public Affairs.