Re-Slicing the Teacher Compensation Pie

How to Permanently Fund Teacher Contributions to Children’s Learning

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Reforming Pay: Why Bother?

• Attract new generation of teacher talent
• Recruit teachers to hardest-to-staff schools
• Compete with STEM & other fields for talent
• Retain great teachers longer
• Extend the reach of great teachers we have
Significant Reform is Rare

- In 2003-04, 14 percent of districts offered pay incentives for “excellence in teaching” (SASS 2006)
- In 2008, seven states had performance-based pay programs (EdWeek Quality Counts)
Maximum Performance-Based Awards in Large Districts

Source: National Council on Teacher Quality, TR3 Database
Maximum Performance-Based Awards in Large Districts

Source National Council on Teacher Quality, TR3 Database
Non-Traditional Pay Remains a Trivial Part of Total Compensation

Pay for National Board Certification, incentives to teach in hard to staff schools or subjects and performance pay COMBINED make up just 1% of teacher pay.
Why Is This?

Because pay reform almost always means adding something new on top of the existing salary schedule.
Implication: Re-Slice the Pie

- Shift from low to high value add-ons
- Extend the reach of the best teachers
Shift from Low to High Value Add-ons

Core Salary of New, BA-Only Teacher 71%

Everything Else 1%
Early Ramp-Up 5%
Post 5-Yr Steps & Advanced Degrees 23%
Re-Slicing the Pie: Small Changes

If we wanted to...

• Pay the top half of teachers an average of nearly $3,000 more, with top teachers earning $6,000 more
Re-Slicing the Pie: Small Changes

<table>
<thead>
<tr>
<th>If we wanted to...</th>
<th>We could, by...</th>
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<tbody>
<tr>
<td>• Pay the top half of teachers an average of nearly $3,000 more, with top teachers earning $6,000 more</td>
<td>• Reducing post-5 year experience premiums by just 10%</td>
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<td>• Reducing advanced degree premiums by just 20%</td>
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Re-Slicing the Pie: Larger Changes

If we wanted to...

- Pay top half of teachers an average of $13,000 with the top teachers earning $20,000 more
Re-Slicing the Pie: Larger Changes

If we wanted to...

• Pay top half of teachers an average of $13,000 with the top teachers earning $20,000 more

We could, by...

• Reducing post-5 year experience premiums by 50%
• Reducing advanced degree premiums by 80%
Getting There: Transitions

1. A new deal for new teachers....
   - Higher starting pay
   - Faster ramp-up *possible* (with performance)
   - Other add-ons *possible* through forms of “pay for contribution”
     • Success in hard-to-staff assignments
     • Reaching more students (after proving effective)
     • Other advanced roles
Getting There: Transitions

2. The new deal *available* to incumbent teachers who want it
Getting There: Transitions

3. Transition models for other teachers

- **Full Grandfathering**
  - Retain old salary scale
  - No short-term re-slicing

- **Grandfathering with Phaseout**
  - Allows adjustment
  - Allows re-slicing

Use short-term funding to pay short-term transition costs
Implication: Re-Slice the Pie

- Shift from low to high value add-ons
- Extend the reach of the best teachers
Extending the Reach of the Best

Scenario One – No Funding Cut

• 100 elementary teachers
• Average salary: $50,000
• Total salary: $5 million
• 20 students / class
• $2,500 per student in salary
Extending the Reach of the Best

Scenario One – Economics of Reach Extension

• Identify 20 best teachers
• Assign 25 students each (5 more than last yr.)
• Pass $2,500 / student ($12,500) to the 20
• Fill 5 fewer positions
• Total salary: $5 million
• Average salary of other teachers: $50,000
Extending the Reach of the Best

Scenario One – The Payoff

• Pay the best teachers more...
• ...without changing the salary scale for others
• 100 more students have the best teachers
• Research suggests no loss in effectiveness going from 20 to 25 class size
• Attrition likely absorbs lost positions
• Cost neutral: total salary remains $5 million
Extending the Reach of the Best

Scenario Two – 10% Funding Cut ($4.5m salary)

- Identify 20 best teachers
- Assign 25 students each (5 more than last yr.)
- Pass $2,000 / student ($10,000) to the 20
- Fill 14 fewer positions
- Total salary: $4.5 million
- Average salary of other teachers: $50,000
Extending the Reach of the Best

Scenario Two – The Payoff

• Pay the best teachers more...
• ...without changing the salary scale for others
• 100 more students have the best teachers
• Research suggests no loss in effectiveness going from 20 to 25
• Attrition likely absorbs MOST lost positions
• Cost: total salary remains $4.5 million
Run Your Own Real Numbers

What are your state’s current “slices”? What transition plans could work? Are there transition funding sources? What are the state’s levers for change?
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