

Program on Education Policy and Governance Working Papers
Series

**Advancing Performance Pay in the Obama
Administration: The Influence of Political Strategy and Alternative
Priorities** **Andrew Smarick** Thomas B. Fordham Institute American
Enterprise Institute

PEPG 10-04 **Prepared for the PEPG Conference Merit
Pay: Will It Work? Is It Politically Viable?** Harvard Kennedy School
Cambridge, Massachusetts June 3-4, 2010

**ADVANCING PERFORMANCE PAY IN THE OBAMA ADMINISTRATION:
THE INFLUENCE OF POLITICAL STRATEGY & ALTERNATIVE PRIORITIES**

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Harvard Program on Education Policy and Governance June 2-4, 2010

Introduction Even the most cursory look at the current administration's approach to performance pay reveals a noteworthy story. Unlike all of his Democratic predecessors—and some of his Republican ones—President Obama not only appreciates the value of differentiating the compensation of teachers based on effectiveness, he has put energy and money behind the cause. Digging a little deeper, you can find a second story worth telling. Both during his upstart presidential campaign and since his inauguration, Obama and his team have attempted to delicately navigate the channel between two important Democratic constituencies: establishment organizations—particularly teachers unions—opposed to performance pay and the increasingly prominent education reform crowd that generally supports it. The results to date demonstrate the difficulty of bridging this divide. But below these layers lies something far more fascinating and important. The administration's position on performance pay is wrapped up in two much larger issues—first, how the administration envisions the federal government driving change in states and districts, and second, how the administration sees differentiated compensation fitting into broader efforts to reform the teaching profession. These three stories are retold through an analysis of speeches made by Senator and President Obama and his education secretary Arne Duncan and the administration's handling of two prominent federal programs, the Teacher Incentive Fund and the Race to the Top. This paper ultimately reaches two major conclusions. First, though the administration's tentativeness on performance pay can be partially explained by its deference to organized labor, a larger factor is its interest in creating a new and comprehensive framework for teacher quality. Second, the administration's strategy of generating change through a combination of incentives, collaboration, and optional reforms did not initially bear much fruit for performance pay, but it may still have important long-term benefits—for this issue and beyond.

Developing a Position It is clear that Barack Obama's position on performance pay has evolved. In 2010, he and his administration are more supportive than presidential candidate Obama was in 2007 or 2008 (or at least they are more willing to publicly express support today). But a review of his speeches and those of his chief education lieutenant over this period also supports two more subtle conclusions: first, that important tensions remain within the administration's approach to performance pay, and second, that the administration is trying to construct a more nuanced, even sophisticated, position on the issue, beyond merely "support" or "opposition".

Then-Senator Obama gave his first major education speech as a presidential candidate in July 2007 to the nation's largest teachers union, the National Education Association. At this point in the campaign, demonstrating fidelity to party orthodoxy was still a virtual necessity so it was unsurprising that he provided the union delegates a heavy serving of red meat, giving an establishment-friendly interpretation of recent education reform events. He called No Child Left Behind "one of the emptiest slogans in politics" that amounted to "fill(ing) in a few bubbles on a standardized test." He said that teacher salaries should be raised across the board. And he vigorously supported an active role for unions in education. "I believe in collective bargaining, and I believe that any time you're talking about wages, workers have to be at the table." But he also gave performance pay advocates reason for optimism. He said that schools should be open to paying more to teachers in tough-to-staff subjects, those who take on additional work, and those helping students excel academically. Politically, this equivocation was certainly savvy: He buttressed his liberal bona fides while nodding toward the education reform community. But it also foreshadowed the challenges his administration would later face in trying to run the performance-pay gauntlet by staying in the middle of the road. In the speech, he attempted to reconcile his support for both sides by arguing that differentiated pay programs should move forward but that they should be made with teachers, not imposed on them, and that such programs should never be based on "some arbitrary test score." But this, of course, raises difficult questions: How do you fairly implement a meaningful differentiated pay plan without empirical measures of student performance, and what if organized labor refuses to accept performance pay at all? The first question would eventually be addressed diplomatically by his Education Secretary; the second lingers on to this day. At the following year's NEA conference, Obama offered no additional guidance on how the circle was to be squared. In fact, passages in his address specifically related to compensation were either unusually clumsy or cleverly delusive. He said superb teachers should be rewarded through "better pay across the board." Teachers who take on extra responsibilities should be given "the salaries they have earned." One spectacularly oblique sentence left muddled whether a teacher should be rewarded for learning new professional skills or raising student achievement and whether that reward should be praise or compensation. Though he maintained a practiced caginess on the specific type of compensation policy he favored, one thing remained abundantly clear. He was firm that pay systems should be developed with, not imposed on, teachers. p s ii

After entering the White House, President Obama felt less need to dissemble on the subject. In his first major education address as President, delivered to the Hispanic Chamber of Commerce in March 2009, he more explicitly and forcefully backed differentiated compensation, including performance pay. "Too many supporters of my party have resisted the idea of rewarding excellence in teaching with extra pay." He intimated that his administration would not only support retention bonuses and additional compensation for teaching in hard-to-staff schools and subjects but also pay increases for those able to measurably influence academic growth. "Good teachers will be rewarded with more money for improved student achievement." This was certainly an unequivocal statement, but left undecided were the role of the standardized "bubble" tests he had denounced and the implications of union opposition. Secretary Duncan further clarified and refined the administrator's position in a speech to the NEA in July 2009. It touched upon performance pay in important ways even though it was not specifically about this issue. The speech was billed as a "challenge" to the union to "think differently" about job security, tenure, evaluations, and more. Even more importantly, however, it revealed that the administration was beginning to think holistically about the policies affecting the teaching profession. First, rather than advocating for across-the-board pay increases or other policies that treat all teachers alike, Duncan began by acknowledging the wide distribution of teacher effectiveness. Current practices, the secretary argued, unfortunately treat all teachers like interchangeable widgets...Excellence matters and we should honor "it." In order to gain a better understanding of variations in teacher quality and then make use of this information, we need improved teacher evaluation systems, Duncan argued. Those currently in place are "deeply flawed." Then in a subtle but consequential shift in administration posture if not position, Duncan opened the door to the use of empirical measures of student achievement in teacher evaluations and therefore, presumably, teacher pay and other personnel decisions. While acknowledging that today's "tests are far from perfect" and that the complex, nuanced work of teaching "can't be fairly measured by "a simple " multiple choice exam," the secretary defended the use of test scores. Though they "alone should never drive evaluation, compensation, or tenure decisions...to remove student achievement entirely from evaluation is illogical and indefensible." Though it was neither billed nor covered as a new administration position, Duncan was beginning to sketch a new framework for teacher policies — one that integrated student performance data, teacher evaluations, and a range of personnel decisions, including compensation. In time, this shift would prove to be consequential. p c

In total then, just as Obama evolved from a long-shot presidential candidate to a major party nominee to a sitting president, his position on performance pay—or at least his presentation of it—went on a similar journey. During the pre-primary season of mid-2007, when he was still battling for the Democratic base, his full-throated support for across-the-board pay hikes and deprecation of standardized tests were only slightly leavened by mild references to differentiating pay. As he sought broader support across the political spectrum as the 2008 general election approached, mentions of performance pay continued but his actual views became increasingly inscrutable. As the sitting president in 2009, he professed full support for financially rewarding excellent teaching, and his education secretary went further, suggesting that performance pay was part of a larger fabric of teacher reform that included the expanded use of student performance data and changes to evaluations, tenure, and more. Despite this evolution, one factor remained constant: a healthy deference to labor. In Duncan's 2009 NEA speech, despite claiming to challenge them on pressing issues, the secretary instead echoed Obama's speeches to the same group one and two years earlier, "The president and I have both said repeatedly that we are not going to impose reform but rather work with teachers, principals, and unions to find what works." This hedge would also prove consequential. Interestingly, both the roots and implications of the Obama administration's evolving position on performance pay are revealed through a brief review of a single, largely inconspicuous federal grant program.

The Teacher Incentive Fund Since 2006 the federal government has had a small program designed to support differentiated compensation, the Teacher Incentive Fund (TIF). A good deal can be learned about the Obama administration's current views (especially its take on the intersection of performance pay, organized labor, and other teacher policies) by studying Arne Duncan's experience with the program while CEO of Chicago Public Schools (CPS) and the administration's efforts to fund and reform the program two years later. Since the last TIF in Chicago

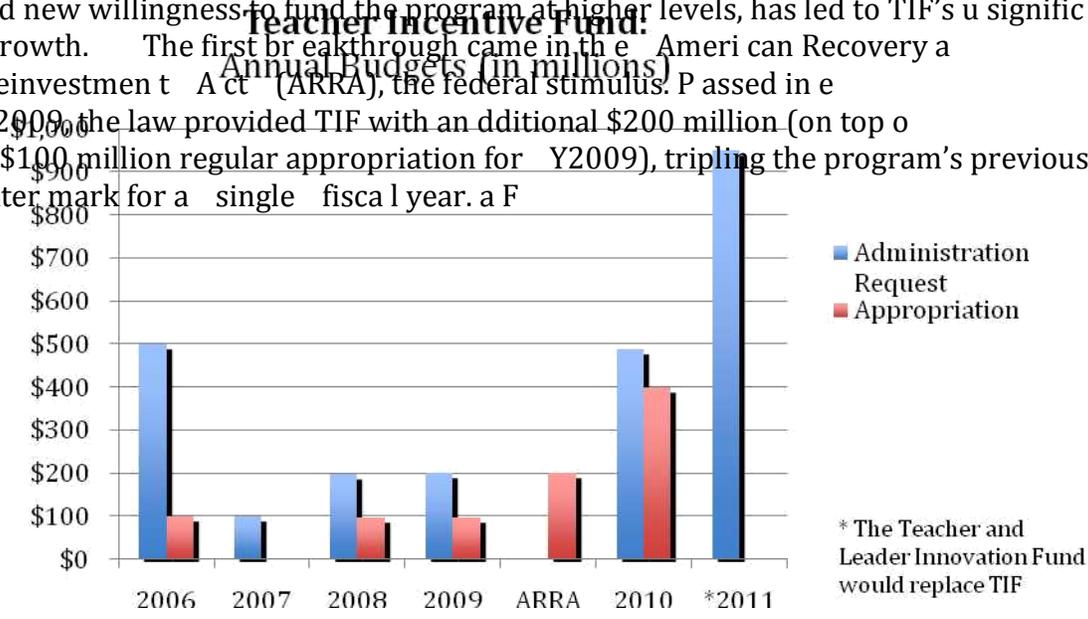
Historically, Illinois has not been fertile ground for performance pay. In a 2002 report, the National Center on Teacher Quality gave Illinois a "D+" for its policies on teachers, noting that it had no program in place for performance pay and that more generally the "state's policies regarding teacher compensation are sorely lacking." Chicago specifically fared no better in similar analyses. A 2008 Thomas B. Fordham Institute study of district collective bargaining agreements gave the union contract that covered the bulk of Arne Duncan's tenure an "F" for performance pay.

Despite this unfavorable environment, Duncan, as head of CPS, launched a small performance pay plan with the help of the federal Teacher Incentive Fund. Developed by the Bush administration and authorized in federal appropriations legislation in 2006, TIF provides funding on a competitive basis to states and districts that implement performance pay programs for teachers and/or principals in high-need schools. Via a multi-year grant, the federal government will cover all or most of the initiative's first-year costs and then decreasing shares in each subsequent year. In TIF's first year, Chicago Public Schools (CPS), along with the Joyce Foundation and the Chicago Public Education Fund, applied and won a five-year, \$27.5 million grant. When fully implemented, the city's initiative was designed to cover 40 schools serving approximately 24,000 students (about 6 percent of the district's schools and 6 percent of its students). CPS based its plan, called "Recognizing Excellence in Academic Leadership (REAL)," on the Teacher Advancement Program (TAP), a national model for performance pay in public schools. Chicago's plan had a number of noteworthy features. For example, rather than providing bonuses to only those teachers who measurably improved the achievement of students in their classrooms, awards were given to all adults in successful schools, including custodians and cafeteria workers. Said Duncan, "We want the whole school working together as a team to make improvements in classroom instruction and student achievement." But a number of other characteristics of the plan foreshadowed the Obama administration's later approach to performance pay. First, like TAP, it made performance pay just one of a suite of reforms pursued concurrently. Participating schools also developed new career paths and improved classroom observations, student evaluations, and professional development. Second, though each teacher's performance was assessed through multiple measures, including classroom observations, part of the equation was the academic growth of students in his/her classroom and the achievement of the entire school.^{ix} Third, no school was forced to take part. Moreover, broad school-level buy-in was the price of admission: eligible schools (those with FRPL rates above 75 percent) had to have at least 75 percent of their faculty register their support for the program. ^x Fourth, the entire program was negotiated with the local teachers union. As Duncan would later describe it, "We sat down with the union and bargained it out." Mirroring his future tack as U.S. Secretary of Education, particularly with regard to the Race to the Top, Duncan, rather than pushing for legislation making performance pay mandatory, used the enticement of additional funding through a federal competitive grant program to line up willing partners and encourage labor

to embrace the expanded use of student performance data, new evaluations and other practices and policies. compensation systems, Bush, Obama, and TIF. In its first years, TIF had several strikes against it. It was a new program during a period of domestic budget austerity. It sought to advance what was still a politically contentious public policy. And it was advocated by an unpopular administration facing a Congress controlled by the opposition party. Accordingly, Congress never fully embraced TIF during the Bush years. That administration's annual budget requests (ranging from \$100 to \$500 million) were never fully funded (Figure 1). Appropriations were generally just under \$100 million each year, a relatively small amount for a federal education program.

Figure 1

Although the Obama administration has sought to roll back a number of Bush-era programs, including NCLB and the D.C. Opportunity Scholarship Program, TIF has enjoyed continued administration support. This, combined with Congress's newfound willingness to fund the program at higher levels, has led to TIF's significant growth. The first breakthrough came in the American Recovery and Reinvestment Act (ARRA), the federal stimulus. Passed in early 2009, the law provided TIF with an additional \$200 million (on top of the \$100 million regular appropriation for FY2009), tripling the program's previous high-water mark for a single fiscal year.



At the time, some interpreted this increase as evidence of the administration's enthusiastic support for the program, in fact it was more a reflection of the ARRA's funding approach. The stimulus included approximately \$100 billion for education and, in order to speed and simplify the delivery of funds to states and districts, sent much of that funding through existing programs. For example, Title I received an additional \$10 billion, IDEA \$12 billion, and the School Improvement Fund \$3 billion. In this case, TIF was simply in the right place at the right time. But the 2010 budget was a different story. Submitted just after the administration's January 2009 installation, the request sought nearly \$487 million for TIF, more than the Bush administration had requested since the program's inaugural year in 2006.^{2xixxiii} Congress proved receptive, providing \$400 million, by far the program's largest regular annual appropriation. But in its FY2011 request, the first real opportunity for the administration to put its full mark on the federal budget (since the 2010 request went to Congress mere weeks after Obama was sworn into office), the U.S. Department of Education sought to significantly change the program, effectively defunding TIF and embedding its priorities in a new, broader program. Though initially alarming to performance pay advocates, this tactic was a recurring theme in the department's budget proposal and ESEA (NCLB) reauthorization blueprint. Like many previous administrations, the Obama team was seeking to consolidate a number of small existing programs into larger, more flexible ones. In its ESEA plan, 38 programs—including a number previously favored by Obama and Duncan, like the Charter School Grant Program—would be consolidated into 11. The TIF replacement program favored by the administration was tentatively called the "Teacher and Leader Innovation Fund" (TLIF). The \$950 million request, which was approximately double the previous year's TIF request, suggested the administration was becoming increasingly bullish on differentiated pay. But the final print indicated that there was more to the story. According to administration documents, the new program would support the expansive category of state and district efforts to develop "innovative approaches to human capital systems." Though differentiated pay would be a core component of the program, TLIF would also support numerous other efforts to increase the number of effective teachers, more fairly distribute high-quality teachers among differently resourced schools, improve educator preparation programs, develop additional professional opportunities for effective teachers, strengthen evaluation systems, remove ineffective teachers from the classroom, improve professional development, and support school turnaround efforts. So what is to be made of the Obama administration's initial embrace of TIF and subsequent desire to substantially alter it? And more importantly, what does this tell us more broadly about the administration's views on and intentions for performance pay?

Two different interpretations seem plausible. The first, and slightly more cynical of the two, is a political explanation. Though both Obama and Duncan have indicated that they support the concept of differentiated pay, as Democrats this stance places them in treacherous waters. Unions and other education establishment organizations that are part of the left's base are generally far from enamored with this policy, and both the president and the secretary have consistently promised to listen to such groups. Support for TIF, both the Bush-era version and even more so the Obama-proposed version, enables the administration to keep one foot in the reform camp and another in the establishment camp. For instance, TIF allows grantees to adopt a wide array of approaches to differentiated pay—a number of which opponents find easier to swallow, such as programs that reward all adults in a school, not just those measurably increasing student performance in their individual classrooms. TIF also permits grantees to apply program funds to a range of more traditional activities (i.e., less objectionable to those opposed to differentiated compensation) such as professional development and data collection. This list of less controversial activities would grow under TLIF. TIF is also a competitive grant program, not a mandatory component of a formula-based program like Title I; therefore, participation is wholly voluntary. No district or state is required by the administration to differentiate pay. Finally, since the program is directed toward high-need districts and schools, most of which have collective bargaining agreements, a state or district's participation in the program means that organized labor was involved in crafting the new arrangements. Accordingly, the administration can claim the mantle of reform while standing by its A

pledge that reform will be done with, not forced upon, teachers and their unions. A second interpretation is that the administration is attempting to develop a new, comprehensive federal approach to improving the teaching profession. Secretary Duncan's 2009 NEA speech was the first verbalization of this tack, but its origins can be found in the Chicago TIF experience. Though Duncan's explanation before the NEA was neither thorough nor precise, he insinuated his preference for the development of a reform framework that would combine student performance data, teacher evaluations, preparation programs, and a range of personnel decisions. This interpretation was reinforced by new TIF draft regulations released by the Department in early 2010. Among other things, the Department sought to require grantees to measure student growth and use these data in robust teacher evaluations, which would then be aligned with professional development. Moreover, language in the administration's 2011 budget description of the new TLIF implied that TIF was too myopic, treating performance pay as a discrete activity when instead policy should reflect the "intercon-

ectedness” of compensation reform and other teacher issues. The new program, according to the budget document, recognized that it is “important to think of (these issues) in a coherent, integrated way.”

So which interpretation better explains the Obama administration's approach? Are they following the safest political path that still brings about some degree of progress? Or are they carefully designing a bold new architecture for the teaching profession? Support for both interpretations can be found in the administration's signature program, the Race to the Top. **Race to the Top** Included within the American Recovery and Reinvestment Act's (ARRA) nearly \$800 billion in spending was the largest competitive grant program in U.S. Department of Education history, the \$4.35 billion Race to the Top (RTT). The administration's handling of performance pay within the program reflects the Obama team's efforts to both mollify unions while pushing reform and build a larger teacher quality framework. But the states' responses raise questions about the administration's strategy for generating change. The Race to the Top was designed to reward states willing to advance serious education reforms. The legislative language authorizing the program, however, was remarkably sparse, largely leaving up in the air what would constitute reform. But the language in other education portions of the ARRA suggested that the Department would need to write the RTT application in a way that would primarily support four areas: data use; standards and assessments; failing schools; and teacher quality. The lack of explicit congressional direction, though, provided Secretary Duncan with great flexibility to fill in those skeletal subjects and to favor other elements, such as charter schools. Perhaps unsurprisingly, the official application released by the Department in late 2009 was a blend of reform and deference to the establishment. The seeds of compromise planted in Obama's earliest speeches and cultivated during Duncan's early tenure bloomed in this novel program. Without question, the application was strongly reform-oriented in a number of areas. As expected, the four ARRA reforms served as its backbone. But the administration added a good bit of muscle. States would earn points for having in place each of the 12 data elements required by the federal America COMPETES Act. They'd be rewarded for having policies authorizing aggressive interventions for failing schools. They'd be significantly penalized for lacking a charter school law. And most notably, states would be barred from even applying if they had "data fire walls" preventing student performance information from being tied to individual teachers. It

But the administration also took great pains to ensure that establishment organizations had a large say in state proposals. States earned significant points for crafting plans that earned the blessing of their school districts and unions. In a number of cases, the Department's peer reviewers, those who scored state applications, gave extra weight to key stakeholder "buy-in" by subtracting additional points from proposals that lacked the support of these groups. Though Duncan would later downplay the importance of statewide consensus, when Delaware and Tennessee were announced as the only first-round winners, the secretary emphasized in his official statement that these two states stood apart in their ability to develop strong proposals that also had broad support. In fact, the most hotly debated RTT question in the spring of 2010 was how states would address the tension between reform and buy-in in their second-round applications. RTT and Performance Pay at first glance it is striking, even startling, how small a role performance pay plays in *A Race to the Top*. The application has six main sections: one for each of the four ARRA reforms (data use, standards/assessments, teacher/principal quality, and failing schools); an introductory section largely dedicated to buy-in issues and previous reform successes; and a final catchall section. The fourth section (D), "Great Teachers and Leaders," contains the most points (138 out of 500, or 28 percent). It is broken into five subsections, one of which is titled "Improving teacher and principal effectiveness based on performance." This includes four sub-subsections, including "Using evaluations to inform key decisions." That is broken into four sub-sub-subsections, one of which includes performance pay. However, performance pay is only one of the three key elements in this area; it is combined with promotion and retention (Figure 2).

(D)(2)(iv)(b): Compensating, promoting, and retaining teachers and principals, including by providing opportunities for highly effective teachers and principals both as defined in this notice) to obtain additional compensation and benefits given (additional responsibilities.

On. In other words, in the Race to the Top, performance pay is a sub-sub-sub-sub-section. Were a peer reviewer to score according to Hoyle, a state without a performance-pay plan would lose just over two points out of 500, or less than one half of one percent of the program's total.^{xvi} By comparison, a state without a charter law would lose 32 points.

Figure 2.
The Minor Role of Performance Pay in Race to the Top

Total	Points	Percentage	Section	Scoring	Points	Percentage
500	100	10.0%	(D)	Great	138	28%
58	12	12%	(2) Improving teacher and principal effectiveness...	(iv) Using evaluations to inform decisions...	28	6%
7	1	1%	(b) Compensating/promoting/retaining...			

Had the administration sought to rapidly advance performance pay, it could have made it a required element of all state proposals as it had done with the removal of state data firewalls. Or, the administration could have significantly increased its prominence and point value. The most straightforward interpretation of the small, optional nature of performance pay in the RTT is that the administration mildly supports this policy and that its unwillingness to go farther is a consequence of its deference to labor and other performance pay opponents. But, although its place in RTT is unquestionably miniscule, it is worth underscoring that performance pay is a part of the application. Just as Chicago schools CEO Duncan willingly launched a local performance pay program, Secretary Duncan willingly included it in the RTT. Needless to say, this is more than most urban school superintendents and all previous Democratic education secretaries have been willing to do on this front. So a strictly political interpretation seems incomplete, even unfair. Had politics alone been weighing on the administration's mind, it might have simply kept performance pay out of the application altogether. But as discussed in previous sections, there is reason to believe that the administration is attempting to advance a broader teacher reform strategy of which differentiated pay is but a single component. The RTT application not only confirms this interpretation, it also offers a clear and compelling framework for this work. As mentioned above, Section D is related to teacher and principal quality. It addresses a wide array of topics, including the creation of alternative pathways into the profession, the improvement of traditional preparation programs, and the equitable distribution of effective educators. But subsection (D)(2), "Improving teacher and principal effectiveness based on performance," is potentially the most game-changing. Reflecting Duncan's experience with TAP in Chicago and bringing order to his somewhat inchoate vision in the 2009 NEA speech, subsection (D)(2) incorporates a number of reforms into a comprehensive framework for understanding teacher effectiveness and making proper use of the resulting information. ne

academic growth Measure student First, (D)(2) asks states to measure student growth and tie the results to individual teachers. Second, states are asked to develop annual teacher evaluations and include student growth as a component of each teacher's official assessment. Third, they are asked to use these evaluations to inform a number of personnel decisions, such as additional professional opportunities, tenure, removal, and compensation. **Figure 3. Creating new work: a New Teacher Quality Framework**

Race to the Top Section (D)(2) Use student growth in annual teacher evaluations Use evaluations to inform a range of personnel decisions Politically and policy-wise, this approach has many advantages. By seeking to replace end-of-year snapshots of student learning with measures of individual student growth, it addresses one of NCLB's most significant shortcomings. It also seeks to fix the nation's "deeply flawed" (Duncan's words) teacher evaluation system by ensuring that educators are assessed regularly and that empirical measures of student learning are reflected in teacher performance evaluation. It also has the potential to reduce the contentiousness of efforts to improve personnel policies such as tenure decisions, differentiated pay systems, and terminations by grounding them in agreed-upon evaluations. In total, then, the Obama administration appears to be offering a new—not to mention tight and rational—logic for improving the teaching profession. Though the substantive merits of this new framework are significant, the process by which the administration hopes to have it taken up is equally noteworthy. Consistent with the administration's non-confrontational method for advancing reform, the new framework is optional. The extent of its ultimate adoption is contingent on a mix of state and local preferences, negotiations between policymakers and stakeholders, and the allure of federal funds. Since RTT is a competitive grant program, no state is forced to participate, meaning that states uncomfortable with this framework are free to disregard it. Moreover, since each component is scored separately, states are able to treat the system as a smorgasbord; for example, one might choose to include student growth in teacher evaluations but not use those evaluations in meaningful ways, while another would use evaluations for professional development and tenure purposes but not compensation and termination decisions. Finally, since the application penalizes

proposals with insufficient stakeholder buy-in, state leaders have a powerful incentive to ensure that the pieces of the framework adopted have the support of unions and districts. It is too soon to tell whether the administration's new framework will lead to better student outcomes. But it is not too soon to test the administration's theory of action for bringing about change. So, did the Race to the Top's use of financial incentives, encouraged collaboration, and optional reforms lead to changes in performance pay and other policies affecting the teaching profession?

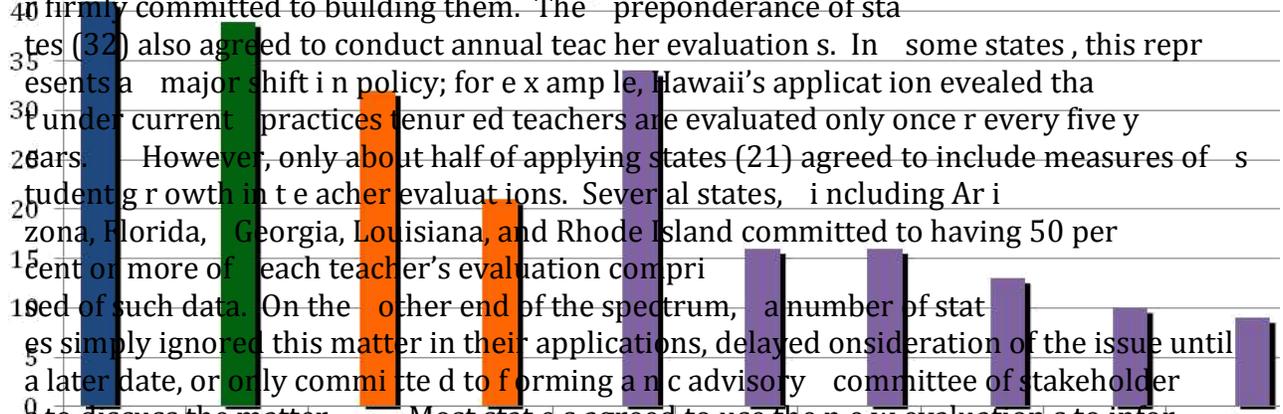
State Race to the Top Applications It is one thing to identify the administration's level of support for performance pay, the explanation for its position, and its strategy for advancing this policy. It is another to determine whether that strategy successfully brings about change. So to test the effectiveness of the Obama administration's approach, each first round Race to the Top application's D(2) section was reviewed to determine how each state addressed the new, optional teacher-quality framework. In the first round, 41 applications (from 40 states and the District of Columbia) were submitted to the U.S. Department of Education. The following analysis investigated how each proposal responded to nine related issues: 1. Did the state agree to measure student academic growth? 2. Will the state conduct annual teacher evaluations? 3. Will student growth be a component of teacher evaluations? 4. Will the state use evaluations to inform professional development? 5. Will the state use evaluations to offer additional professional opportunities? 6. Will the state use evaluations to inform compensation decisions (performance pay)? 7. Will the state use evaluations to inform tenure decisions? 8. Will the state use evaluations when considering promotion decisions? 9. Will the state use evaluations to inform termination decisions? The results of the analysis are presented in Figure 4.

Figure 4.

Of the 41 applying states, 39 have systems in place to measure student growth, are currently building such systems, or are firmly committed to building them. The preponderance of states (32) also agreed to conduct annual teacher evaluations. In some states, this represents a major shift in policy; for example, Hawaii's application revealed that under current practices tenured teachers are evaluated only once every five years. However, only about half of applying states (21) agreed to include measures of student growth in the teacher evaluations. Several states, including Arizona, Florida, Georgia, Louisiana, and Rhode Island committed to having 50 percent or more of each teacher's evaluation comprised of such data. On the other end of the spectrum, a number of states simply ignored this matter in their applications, delayed consideration of the issue until a later date, or only committed to forming a non-advisory committee of stakeholders to discuss the matter. Most states agreed to use the new evaluations to inform at least one of the personnel decisions identified, but very few agreed to apply evaluations to all of them. Almost all states (34) committed to using evaluations to determine which teachers need which types of professional development. However, states were far less likely to commit to using evaluations to make tougher decisions. Only 16 states agreed to give teachers additional professional opportunities based on these evaluations. Even fewer states were willing to use evaluations to inform tenure, promotion, and removal decisions. In fact, only 9 states were willing to link teacher evaluations to processes for terminating the lowest performing teachers.

States RTT Applications:

Responses to D(2)



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Data Evaluations Evaluation consequences

Only 16 states committed to performance pay plans. In the majority of cases, applying states either ignored the subject of differentiating pay or merely agreed to discuss the matter with stakeholders. Furthermore, a closer look at the 16 applications that included performance pay reveals wide differences in the commitments made by these states (Figure 4). **Figure 3**

Only five states proposed what could be considered strong performance pay plans. For example, Florida is requiring all LEAs participating in the state's RTT application to make student achievement growth the most significant component of compensation, ahead of years of experience and academic degrees. Arizona will have four performance pay programs (two existing and two new), all of which will be aligned with the new teacher evaluation system. Two plans could be considered of moderate strength. Minnesota plans to expand its existing "Q Comp" performance pay program, but nearly all details will be negotiated at the local level between unions and districts, raising questions about the ultimate impact of the plan. Similarly, in Georgia, participating districts agreed to adopt ill-defined step increases for high-performing teachers; a more expansive statewide performance pay system was discussed but it was contingent on authorizing legislation that has yet to pass. Nine of the performance pay plans were of dubious seriousness. In several states, including New Jersey, Oklahoma, and West Virginia the state promised to create a bonus pool but made district participation wholly optional, so it is possible that no teacher would receive extra pay based on merit. In Massachusetts, one percent of

State RTT Applications

Weak

Strong

the state's districts would pilot a locally determined, and the reform yet-to be defined, differentiated compensation plan. In Idaho, all employees of schools in the top three quartiles of state-wide performance would receive small bonuses—*not meaning half of the state's below-average schools* would get school-wide bonuses. These facts indicate that RTT did not have a revolutionary impact on performance pay. In the first round of the competition, well less than half of applying states committed to developing performance pay plans, and the majority of those that did commit developed small and/or half-hearted initiatives. This seems to raise questions about the administration's belief that a large federal financial incentives will make states embrace big and controversial but optional reforms. Further evidence for this point can be seen in the use of student performance data in teacher evaluations. Although states, in order to apply, had to remove data firewalls, only half of applying states took the critically important but optional next step—actually making student growth a part of evaluations. An additional data point calls into question another aspect of the administration's theory of action on advancing reform—that major change can be brought about through collaboration with unions. Five applicants proposed strong performance pay plans (Arizona, Delaware, Florida, South Carolina, and Washington, DC). South Carolina has no teachers unions. Washington, DC's proposal received no union support. In Florida and Arizona, only 8 and 21 percent of unions, respectively, supported the state's plan. Only Delaware was able to craft a strong performance pay plan and earn broad union support (100 percent). Finally, based on round one data, we shouldn't expect a significant increase in performance pay proposals in round two. The small number of points associated with performance pay plans told states that such policies were by no means a necessary component of a strong application. This was underscored through the administration's selection of finalists. Of the 16 round-one finalists, seven had no performance pay plan. Of the nine that did, three were weak, including eventual winner Tennessee, which made alternative compensation systems completely optional for districts and required that, before a local performance pay plan is implemented, it receive the blessing of the local union.

Summary and Discussion For those bullish about performance pay, there's a good deal of reason to be pleased with the Obama administration. First, over time, Obama has become more publicly supportive of differentiated pay. His most recent pronouncements on the subject are favorable. Second, Arne Duncan has twice programmatically advanced the cause of performance pay even though he was under no obligation to do so. His development of a pilot program while head of Chicago Public Schools and inclusion of the policy in the Race to the Top application are important

ant statements. Third, though keen on rolling back other Bush-era education initiatives, the administration

has embraced the Teacher Incentive Fund and sought ever-larger congressional appropriations for it. However, several other factors have diluted the administration's work in this area. First, instead of requiring change, Duncan, as a general rule, prefers to make reform optional, using incentives to alter behavior. Second, the secretary appears to be more interested in changing the teaching profession broadly—integrating improved data use, better evaluations, toughened tenure rules, and so forth—than advancing the narrower issue of performance pay. Third, and most importantly, the president and secretary remain committed to securing union support for change—reform a “with not to” labor. The tension between these two sets of forces was first manifested in the administration's proposed changes to TIF. Though they requested more funding, they hoped to move the program away from a sole focus on performance pay, expanding it to allow program funds to be used in ways consistent with a broader approach to reforming teaching. The tension was even more apparent in RTT. Though performance pay was present, its place was paltry, representing a microscopic percentage of the overall points and a small portion of the points associated with the new teacher quality framework. Moreover, states were penalized for not earning district and union support for their applications. Consequently, on the whole, state proposals did little to advance performance pay, and unions opposed the plans that did. In the short term, then, advocates have some reason for disappointment. Had the administration possessed slightly different preferences or merely taken a marginally different approach, considerably more might have been accomplished in this area. More interestingly—and more worrisome for administration supporters—the results to date challenge the notion that federal financial incentives plus optional reforms plus union negotiations will equal major change. But it may be the case that in the long term, the administration's efforts will have a profound positive impact on performance pay. First, though first-round applications were underwhelming on this issue, a few states were willing to consider performance pay to an extent that they hadn't before. Perhaps states willing to discuss performance pay today will be willing to pilot something tomorrow. Perhaps states proposing weak plans now will propose stronger programs in the future. Second, though giving unions a great deal of power in negotiations about differentiated pay will severely limit the number and strength of plans adopted, it might help ensure the strength and sustainability of the few plans that do emerge. That is, over the long run, one plan with union support might have greater impact and staying power than three under constant union attack. That

Finally, by encouraging states to measure student growth, embed student learning in annual teacher evaluations, and use evaluations to inform a range of personnel decisions, the administration has laid the foundation for performance-pay plans in the future. Though this framework hasn't been embraced comprehensively by every state, it will be far more prevalent post-RTT than in was pre-RTT. With these pieces in place, performance pay advocates of the future will be able to advocate from a firmer policy footing. Taking a step back, it is worth noting that the Obama administration, if nothing else, changed the conversation about performance pay. In years past, the expectation was that Democratic presidential contenders and administrations would oppose efforts to financially compensate high-performing teachers. Based on Obama's equivocal statements prior to his inauguration, even close observers would have ordered if his term would be any different. But his 17 months in office have wobbled, at least temporarily, the lines in the sand. On January 19, 2013, we'll be able to ask a Democratic administration a once inconceivable set of questions. How many billions did this administration spend on performance pay? How many new performance pay plans are now in place? Was "change through incentives and collaboration" an effective strategy? Did unions drop their reflexive opposition? Is performance pay now widely viewed as one part of an integrated teacher policy framework? The answers to these questions may not affect the outcome of the next election but they will tell us a great deal about the future of the politics and policy of K-12 education.

_____ i “Remarks of Senator Barack Obama to the National Education Association Annual Meeting,” July 5, 2007, http://www.barackobama.com/2007/07/05/remarks_of_senator_barack_obam_18.php ii Sen. Barack Obama, “Speech to the 146th Annual Meeting and 87th Representative Assembly of the NEA,” July 5, 2008, <http://thepage.time.com/pool-report/tra n scri pt of-obamas-nea-speech/> iii “Remarks by the President to the Hispanic Chamber of Commerce on a Complete and Competitive Education,” March 10, 2009, http://www.whitehouse.gov/the_press_office/Remarks-of-the-President-to-the-United-States-Hispanic-Chamber-of-Commerce/ iv “Partners in Reform: Remarks of Arne Duncan to the National Education Association,” July 2, 2009, *2009 State Teacher Policy Yearbook: Illinois* (National Council on Teacher Quality, 2009) v www2.ed.gov/news/speeches/2009/http://07/07022009.html vi Frederick Hess and Coby Loup, *The Leadership Limbo: Teacher Labor Agreements in America’s Fifty Largest School Districts* (Thomas B. Fordham Institute, February 2008). The current contract (2007 – 2012), at nearly 200 pages, has a standard salary schedule with six different lanes for education levels (bachelor’s degree through Ph. D.). It places a particular premium on longevity. “Chicago Teachers Contract” (Board of Education of the City of Chicago and the Chicago Teachers Union, Local No. 1, American Federation of Teachers, AFL-CIO, 2007) vii Steven Glazerman et al., *Evaluation of the Teacher Advancement Program (TAP) in Chicago’s Public Schools: Study Design Report* (Washington, DC: Mathematica Policy Research, Inc., November 14, 2007) viii Chicago Public Schools Announces First Cohort for “R.E.A.L.” Program, Press Release (Chicago Public Schools, May 27, 2007) ix and “Memorandum of Understanding Between the Chicago Board of Education Chicago Teachers Union, Local No. 1, AFT, AFL-CIO,” July 24, 2007 x This resulted in deviations from the national TAP model, including locally determined teacher bonuses and the inclusion of increased pay opportunities for principals. Steven Glazerman, Allison McKie, and Nancy Carey, *An Evaluation of the Teacher Advancement Program (TAP) in Chicago: Year One Impact Report Final Report* (Washington, DC: Mathematica Policy Research, Inc., April 27, 2009) xi It received \$99 million in 2006. After no funding in 2007, it again received approximately 100 million in 2008 and 2009. xii See “FY 2010 Budget Summary: Table of Contents,” Budget Materials, U.S. Department of Education, February 1, 2010, <http://www2.ed.gov/about/overview/budget/budget10/summary/index.html> xiii There are limits, however, to Congress’s support. For example, in 2009 an amendment offered in the U.S. Senate sought to shift funds into TIF from Title II, a longstanding and more traditional federal formula-based program for teacher support. Several members balked and the amendment was killed. Alison Klein,

“Senate Panel Rejects Bid to Further Boost TIF,” *Education Week*, July 31, 2009, <http://www.edweek.org/ew/articles/2009/07/31/37senatebudget-2.h28.html?tkn=WWWfVWQiwzXPfDDnrrExPoiuon58kqTZLji> ^{xiv} See “Teacher Incentive Fund Program Priorities” (U.S. Department of Education, February 26, 2010); Steve Sawchuk, “UPDATED: ED Releases Teacher Incentive Fund Regs,” *Education Week*, *Teacher Beat*, February 26, 2010, http://blogs.edweek.org/edweek/teacherbeat/2010/02/ed_releases_teacher_incentive.html; and Stephen Sawchuk, “Dept. Unveils Revamped Rules for Teacher Fund,” *Education Week*, March 10, 2010. ^{xv} For example, see “Education Reform: Stakeholder Support vs. Bold Ideas,” *National Journal Education Experts*, May 3, 2010, -Pay <http://education.nationaljournal.com/2010/05/education-reform-stakeholder-s.php> ^{xvi} Since it is one-third of a seven-point sub-sub-subsection, performance pay would be worth $(1/3 * 7)$ 2.3 points.