

# **What do Nashville and other cities and school districts need to consider to make pay for performance programs sustainable?**

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## Cliff Notes

1. Educate stakeholders about vulnerabilities in current organizational policies and practices.
2. Institutionalize frameworks and strategies for strategic performance management.
3. Don't fall victim to the dilution-to-irrelevance effect.
4. Continuously monitor and evaluate program implementation and outcomes.

*(Remember performance pay is not a magic bullet)*

# 1. Stakeholders Need to be Aware of Vulnerabilities

- Teachers are the single most important determinant of students' experiences and outcomes of schooling...

but...

- Most needy students generally end up being taught by least-qualified and least-effective teachers.
- Salary schedule suppresses pay differentials by field, and clears market on quality.
- Teacher pay practices are marginally correlated, at best, with student outcomes.

## **2. A Framework and Strategy for Performance Management**

- Most school districts do not have frameworks and performance management systems required to successfully implement incentive pay plans.
- Rushing to implement a program before teachers and other personnel understand how it works is a significant problem (setting the stage for failure/negative findings).
- Performance pay demands considerable change to the core technology of the education system. Even the most basic program will test the capacity of an organization.

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*“...when he received a district report that rated his [teaching] performance, he was surprised to see his rating dragged down by two classes of low-scoring French students – classes he didn’t teach, and couldn’t have because he doesn’t speak French.”*

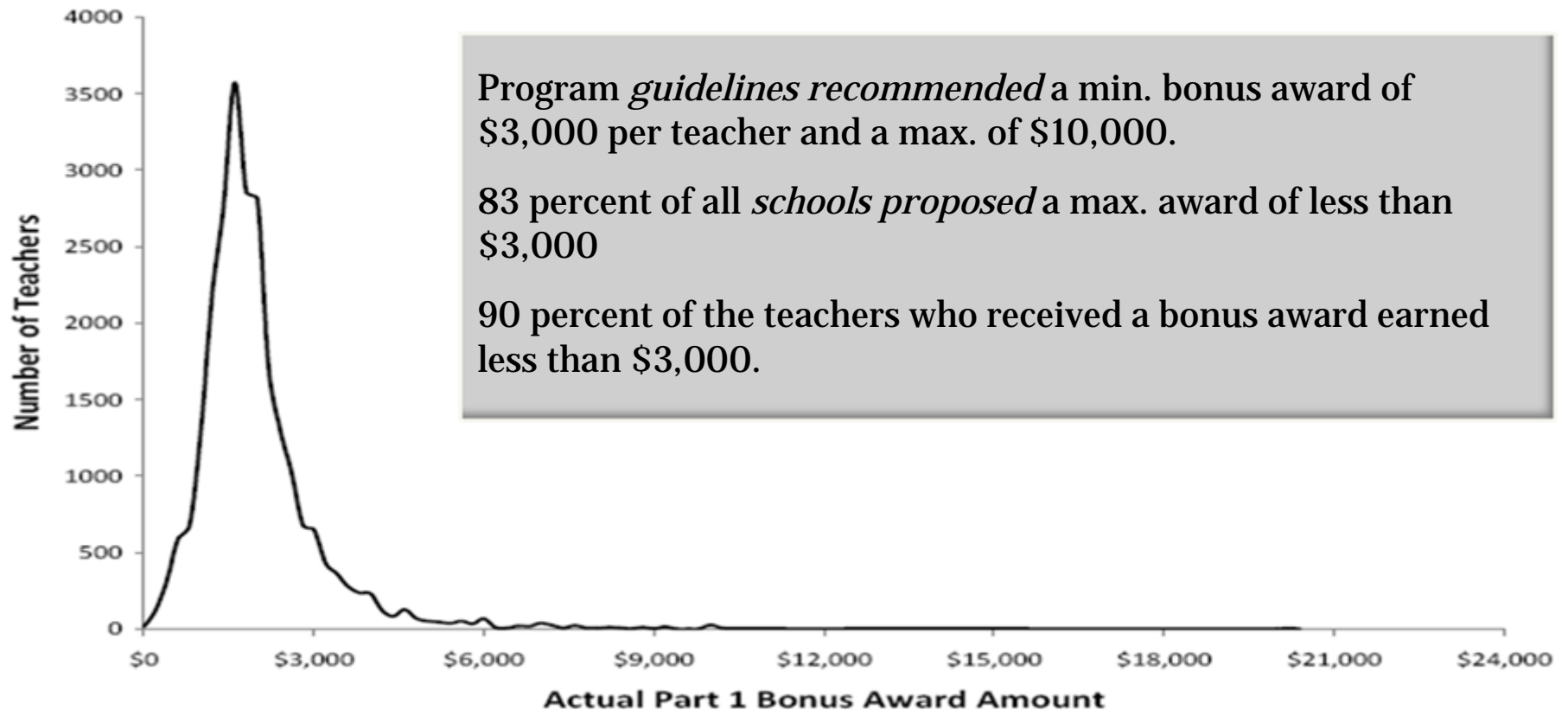
*- Dallas Morning News (February 23, 2008)*



## 3.1. The Dilution-to-Irrelevance Effect

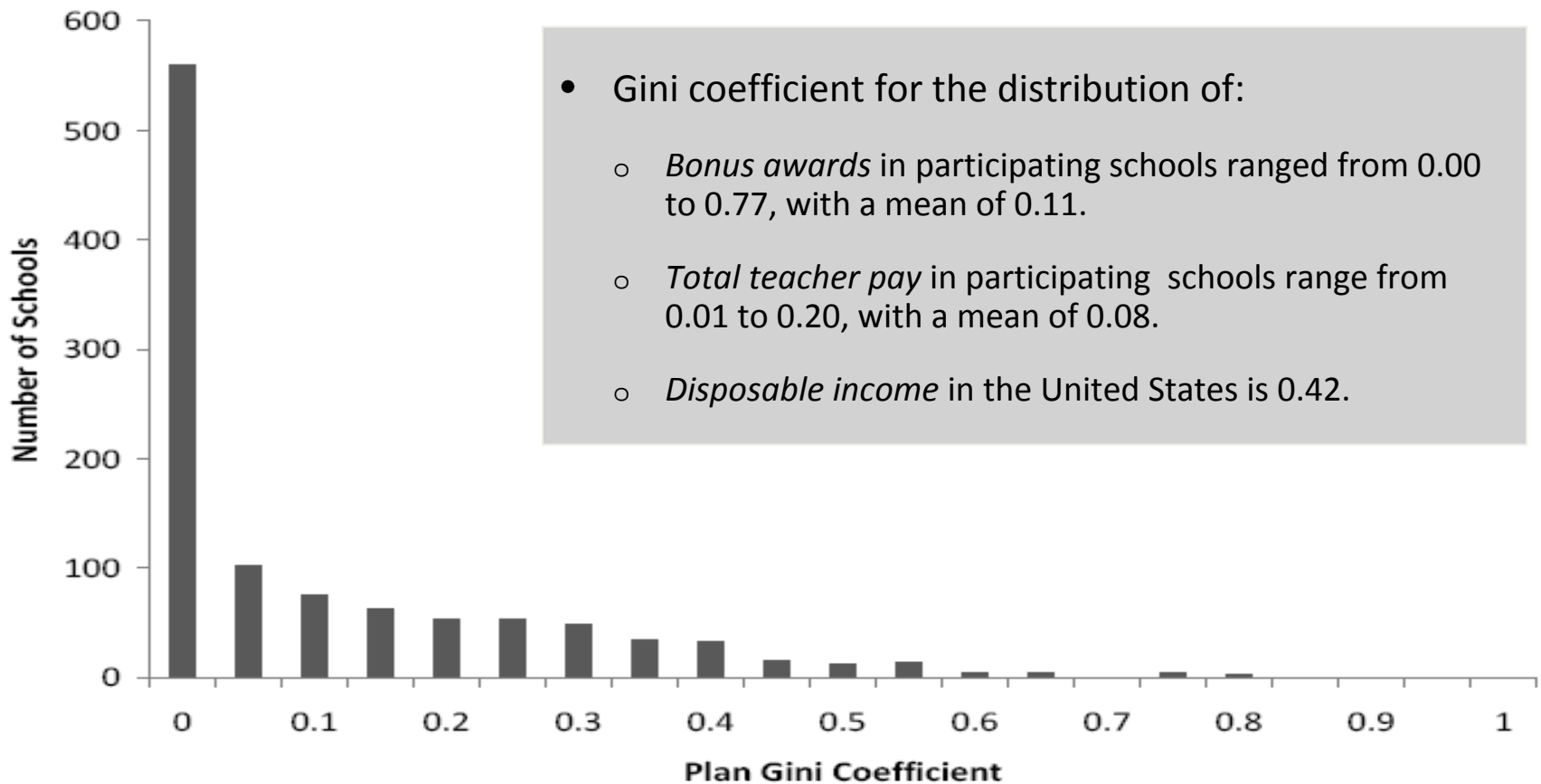
- Implementation of performance pay programs will inevitably be met by resistance.
- Giving stakeholders a voice in design of plans is often viewed as a solution.  
but...
- If local actors have too much say in designing incentive plans, poorly designed plans can result.

## 3.2. Teachers in Texas Received Relatively Small Bonuses



Source: Springer, M.G., et al. (2008). Evaluation of the Texas Educator Excellence Grant Program: Year 2 Findings. Nashville, TN: National Center on Performance Incentives.

### 3.3. Bonus Award Distribution Within Schools



Source: Springer, M.G., et al. (2008). Evaluation of the Texas Educator Excellence Grant Program: Year 2 Findings. Nashville, TN: National Center on Performance Incentives.

## **4. Monitor, Evaluate, and Revise**

- Embrace an implementation strategy that supports evaluation and mid-course adjustments.
- We will not learn much from hastily-conceived and implemented programs, the likely result if too many programs are undertaken at once.
- The optimal performance pay program requires tinkering and will only be realized through continuous quality improvement.
- Resistance to performance pay is more easily overcome if the plan is clearly labeled an experiment or demonstration project.



## 5. Summary

- Existing teacher pay practices are ineffective but we do not know what should replace present pay system.
- Performance pay demands considerable change to the core technology of the education system.
- Don't fall victim to the dilution-to-irrelevance effect.
- Model good practice. Continuously monitor and evaluate program implementation and outcomes.
- Invent. Don't replicate.