

Facts About Incentive Pay

House Plan Does Not Raise Average Teacher Salary

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Last session, the Texas Legislature passed the largest performance-based pay program for teachers in the nation. Spread over the entire teacher force, the plan works out to an average of \$1,000 a year per teacher. However, statute recommends that excellent teachers receive bonuses ranging from \$3,000 to \$10,000.

But the House recently stripped the incentive program from its version of the budget, with funds instead being spread across all teachers equally. Legislators and the public have been misled into thinking this is a pay raise. In fact, it is a significant pay cut for the best teachers, and it sends the message that our best teachers deserve no better than those who are indifferent and ineffective.

Unfortunately, myths and misperceptions about incentive pay and the House's action threaten to drive bad public policy that will penalize the state's best teachers.

Myth: *Discontinuing the incentive pay plan results in an across-the-board pay raise.*

Fact: This is not a pay raise. No new money is added to teacher compensation, and average teacher pay will remain the same as it would have been under the incentive plan. This plan merely shifts pay from excellent teachers to less effective ones, with the best teachers losing up to \$10,000 each. Because the incentive pay program has already begun, tens of thousands of teachers in more than 1,100 low-income schools will immediately see their pay slashed as a result of this legislative move.

Myth: *The Legislature's move affects all campuses equally.*

Fact: Discontinuing the incentive pay plan would actually redistribute money from low-income schools to wealthier ones. Already, \$100 million in incentive pay has been awarded to more than 1,100 low-income campuses. This money would be stripped away from low-income students if the House's plan prevails.

Myth: *Incentive pay places excessive emphasis on standardized testing.*

Fact: The incentive pay programs created by the Texas Legislature in 2006 provide maximum flexibility to individual districts and campuses, which can tailor the incentive plans to reflect local needs. Teachers within a campus can choose to base their plans on a number of measures other than test scores, including portfolio assessments and local benchmarking, as well as teacher participation in mentoring, strategy meetings, and professional development sessions.

Myth: *Incentive pay is damaging to teacher morale.*

Fact: The Houston ISD results prove otherwise. After one year of incentive pay in Houston ISD, teacher retention is up and teacher absenteeism is down. Nineteen percent fewer teachers left Houston ISD in 2006 than in 2005. Among new teachers, 25 percent fewer left the district in 2006. In fact, the Houston ISD program has proven so successful that Austin ISD has committed to move forward with its own incentive plan.

The current system is demoralizing—particularly to those excellent teachers who we most need to retain. How must it feel in any pro-

fession to work harder and more effectively than your colleagues, but to be paid the exact same salary? Performance pay recognizes and shows appreciation for the value of our most effective teachers.

Myth: *Texas teachers are underpaid.*

Fact: Excellent teachers are certainly underpaid. But on average, Texas teachers are paid well compared to the rest of the country.

The most recent NEA rankings (2004-05) place us 33rd on the list, with an average teacher pay of more than \$41,000. However, when you factor in last year's \$2,000 across-the-board raise and \$1,000 average performance pay per teacher, Texas improves to 23rd.

Furthermore, this does not take account for cost-of-living, which is much lower in Texas than the U.S. average. In the most recent rankings that were adjusted for cost-of-living, Texas teachers ranked 16th in the nation. In addition, Texas pays better than any neighboring state; we are attracting far more teachers from those states than we're losing to them.

It is also worth noting that Texas has no state income tax. Steve Moore of the *Wall Street Journal* estimates that Texas' friendly tax climate adds the equivalent of 10 percent to a worker's salary. So a Texas teacher salary of \$41,000 is equivalent to \$45,000 in other states, based on the lower tax burden alone.

Myth: *Performance pay is unproven.*

Fact: The Teacher Advancement Program (TAP), which is operated by the National Institute for Excellence in Teaching, is an excellent example of a successful program that significantly involves performance-based pay. A recent study of TAP reveals that TAP teachers produce higher student

achievement gains than non-TAP teachers, and TAP teachers also experience more opportunities for collaboration and collegiality within campuses.

Performance pay has also led to outstanding results in Little Rock, Arkansas, where five of the city's elementary schools have implemented merit-based pay. Research out of the University of Arkansas found that the program resulted in higher test scores for students and better work environments for teachers.

Myth: *Schools can't pay teachers more without a state-funded pay raise.*

Fact: Schools have plenty of money with which to raise teacher salaries today, but a priority must be placed on classroom spending. Since 1995, if teacher pay had increased only at the same rate as per-student spending, teachers would be making \$7,000 more than they are today. ★

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