Commission on Access to Sound, Basic Education
Teacher and Finance and Resources Work Groups

Resource Summary

Merit pay

The effect of teacher merit pay programs varies widely across contexts and program features.

A review of multiple studies finds a modest effect of teacher merit pay on student test scores, roughly equivalent to 3 additional weeks of learning. The effect of merit pay is larger in math and at the elementary level.

Preliminary evidence supports integrating merit pay with effective professional learning opportunities. Teachers may be more motivated by pay incentives if they are supported and provided additional capacity to meet their instructional goals.

Programs that use more than one measure of teacher effectiveness to determine incentive eligibility reported a larger effect. The debate continues over whether teacher effectiveness can ever be measured with a high enough level of accuracy and precision to be used in making personnel policy decisions.

In examining issues of cost and program duration, higher award amounts and programs early in their implementation were associated with larger effect sizes, though these effects dissipated over time.

Some programs reported increases in teacher retention, at least while the program was in operation, and among teachers who actually received the award. There was less evidence that teachers were willing to stay after staffing incentives end.

It is unclear whether the effects of pay incentives persist over time, whether pay incentives can attract and retain more effective teachers, how incentives affect teachers' instructional practice, the cost of effective incentive programs, and whether teachers are well informed of program eligibility and guidelines.

Teacher Merit Pay and Student Test Scores: A Meta-Analysis, Lam D. Pham and Tuan D. Nguyen, Vanderbilt University; Matthew G. Springer, University of North Carolina – Chapel Hill

Retention bonuses

Research has well established that racially isolated schools with high concentrations of low-income students disproportionately struggle to recruit and retain highly effective teachers, limiting disadvantaged students' opportunities to be exposed to high-quality instruction and driving institutional and community instability. This study estimates the effect of selective retention bonuses (SRB) for highly effective teachers on low-performing, high poverty schools' ability to elevate student performance by increasing access to effective instruction. The theory of action behind the bonus program is simple: SRBs result in greater numbers of highly effective teachers at participating schools, who subsequently drive larger student gains than the teachers who would otherwise fill their positions. Results indicate that schools who offered SRBs saw greater test score gains in subsequent years, especially on state reading exams.

In line with several studies before it, the findings presented indicate that financial incentives can marginally shift teachers' decisions to persist in the challenging work environments of high-accountability, high-poverty, racially isolated schools, and promote higher levels of learning than would have occurred had they left. However, for many teachers, additional pay alone is inadequate to overcome pressures to leave, and only affects the underlying learning and working conditions to the extent that retained teachers improve the leadership culture in the building. Ultimately, policies that improve working conditions and better integrate student populations across schools (thus minimizing the concentration of economic disadvantage) would likely have larger, more sustainable effects on the stability and equitable distribution of effective instruction.

Selective Retention Bonuses for Highly Effective Teachers in High Poverty Schools: Evidence from Tennessee, Walker A. Swain University of Georgia, Luis A. Rodriguez New York University, Matthew G. Springer University of North Carolina – Chapel Hill

Advanced degree supplements

These analyses consider the effects of graduate degrees, overall, and the effects of graduate degrees inside and outside teachers' area(s) of teaching. While salary supplements for all graduate degrees are not well-supported by extant research (including findings from this study), my analyses show that in-area graduate degrees are related to teacher effectiveness.

Teachers with in-area graduate degrees are more effective in middle and secondary grades mathematics and the process of earning an in-area degree boosts teacher value-added in multiple subject-areas. Furthermore, teachers with in-area graduate degrees earn higher evaluation ratings on all five professional teaching standards.

The return on an in-area graduate degree is generally smaller than teachers' on-the-job productivity gains. Perhaps more relevantly, my signaling analyses show that the return on an in-area graduate degree is smaller than that for National Board Certification, another credential associated with teacher salary supplements. Taken together, these points suggest that policymakers may need to consider statistical and practical significance when evaluating credential-based compensation policies.

A Degree Above? The Value-Added Estimates and Evaluation Ratings of Teachers with a Graduate Degree, Kevin C. Bastian Senior Research Associate, Associate Director, Education Policy Initiative at Carolina, University of North Carolina at Chapel Hill, Association for Education Finance and Policy (https:doi.org/10.1162/edfp_a_00261https)