



Rethinking Teacher Compensation to Drive Student Performance

Session 1: September 2013

Agenda

Time	Topic
9:00 am	Introduction by TNDOE & Warren Co. Superintendent Bobby Cox
9:15 am	Project Overview
9:30 am	Compensation Reform as Part of an Overarching Human Capital Strategy
10:00 am	First Step – Rethinking the Value Proposition for Teachers
10:30 am	Group Value Proposition Exercise Parts 1 & 2
12:00 pm	Working Lunch: Reflecting on the Morning Session
1:00 pm	The Case For Change – Why Redesign Compensation?
1:15 pm	Thinking Through the Elements of Compensation Redesign - Investments
2:00 pm	Resource Opportunities
3:00 pm	Four Ideas for a Reformed Compensation System in TN
3:45 pm	Next Steps (15 min)

Project Overview

We will support compensation redesign by...

- Holding **4 monthly workshops** with district leaders and support groups
- Providing **advisory services** to fiscal consultants on compensation redesign data analytics so that consultants can support the districts in developing fiscally sustainable and comprehensive redesign plans
- Offering **interactive tools** that can be used for conceptual and contextual learning, both during and in between workshops
- Informing the state on **strategies** to maximize success in district compensation redesign and implementation

We will hold 4 group sessions throughout this engagement

Session	Type	Discussion Topics	Timing
Compensation as a Part of Human Capital Strategy	Whole Group	<ul style="list-style-type: none"> Introduce compensation reform as part of the overarching human capital strategy Identify and prioritize the value proposition to teachers Make the case for compensation redesign and define compensation reform design elements 	TODAY
Human Capital System Choices and Impacts	Regional Sessions	<ul style="list-style-type: none"> Review compensation elements and career path structures Weigh the potential cost vs. student performance impact of various design choices through <i>What Price is Right?</i> 	Oct 16 - 18
Districts engage with their stakeholders			
Fiscal Considerations and Trade-offs	Regional Sessions	<ul style="list-style-type: none"> Lay out the trade-offs and other fiscal considerations while assembling design choices into a final and comprehensive set of priorities and rationale Demonstrate trade-offs via <i>Budget Hold 'em</i> 	Nov 20 – 22
Districts engage with their stakeholders			
Building Support and Communication	Whole Group	<ul style="list-style-type: none"> Identify and prioritize implementation, communication, and other non-fiscal barriers on the road ahead 	Dec 11

Discussion: What might success look like for this engagement?

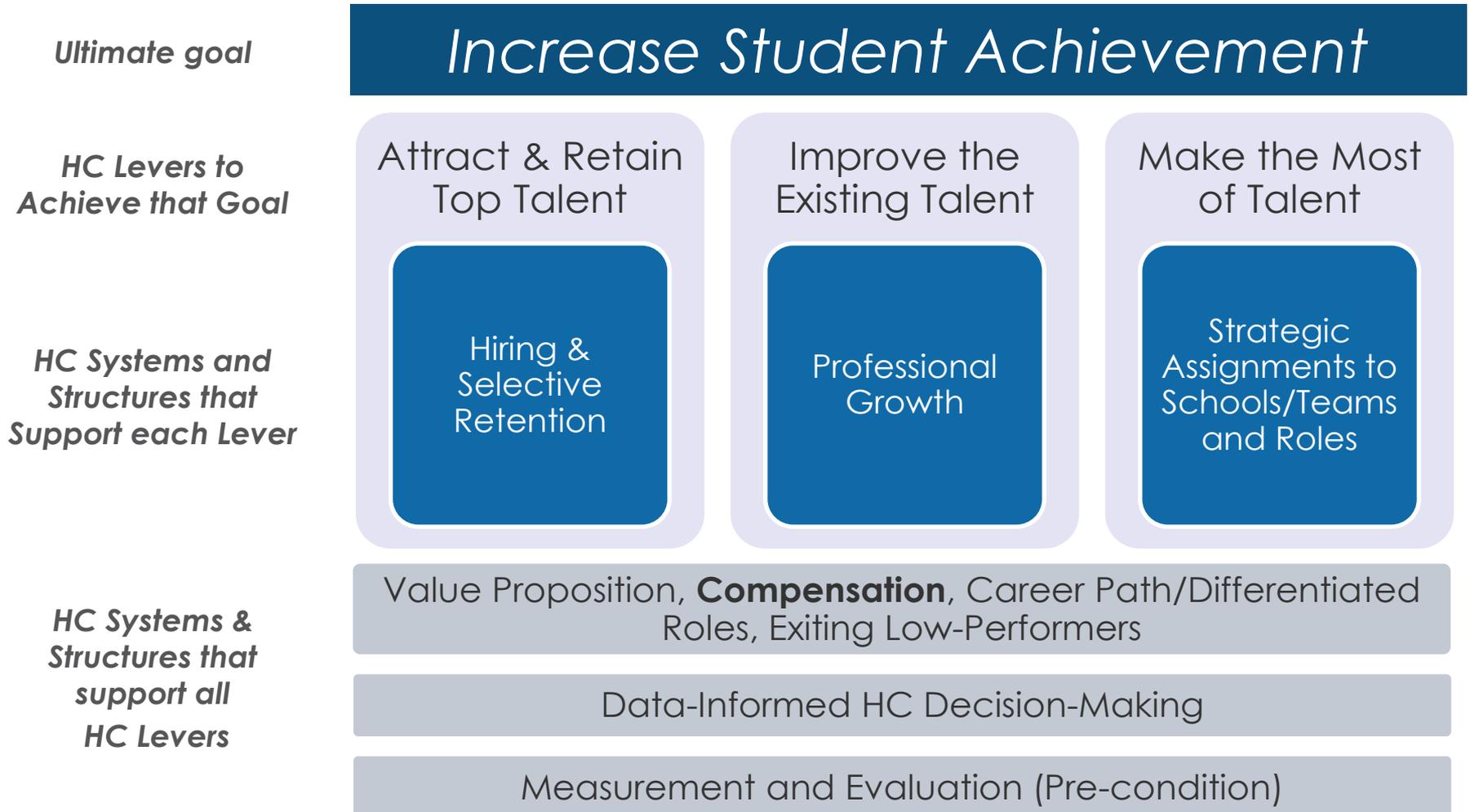
Each participating TN district will...

- Understand its value proposition relative to neighboring markets and adopt processes to continuously reevaluate its value proposition to meet its achievement goals.
- Adopt by FY15 a new compensation system that includes specific actions to make the teaching profession more attractive to highly effective teachers and to improve student learning.
- Increase retention of its most effective teachers and increase attrition of its least effective teachers.
- Meet its student achievement growth targets.

Introduction:

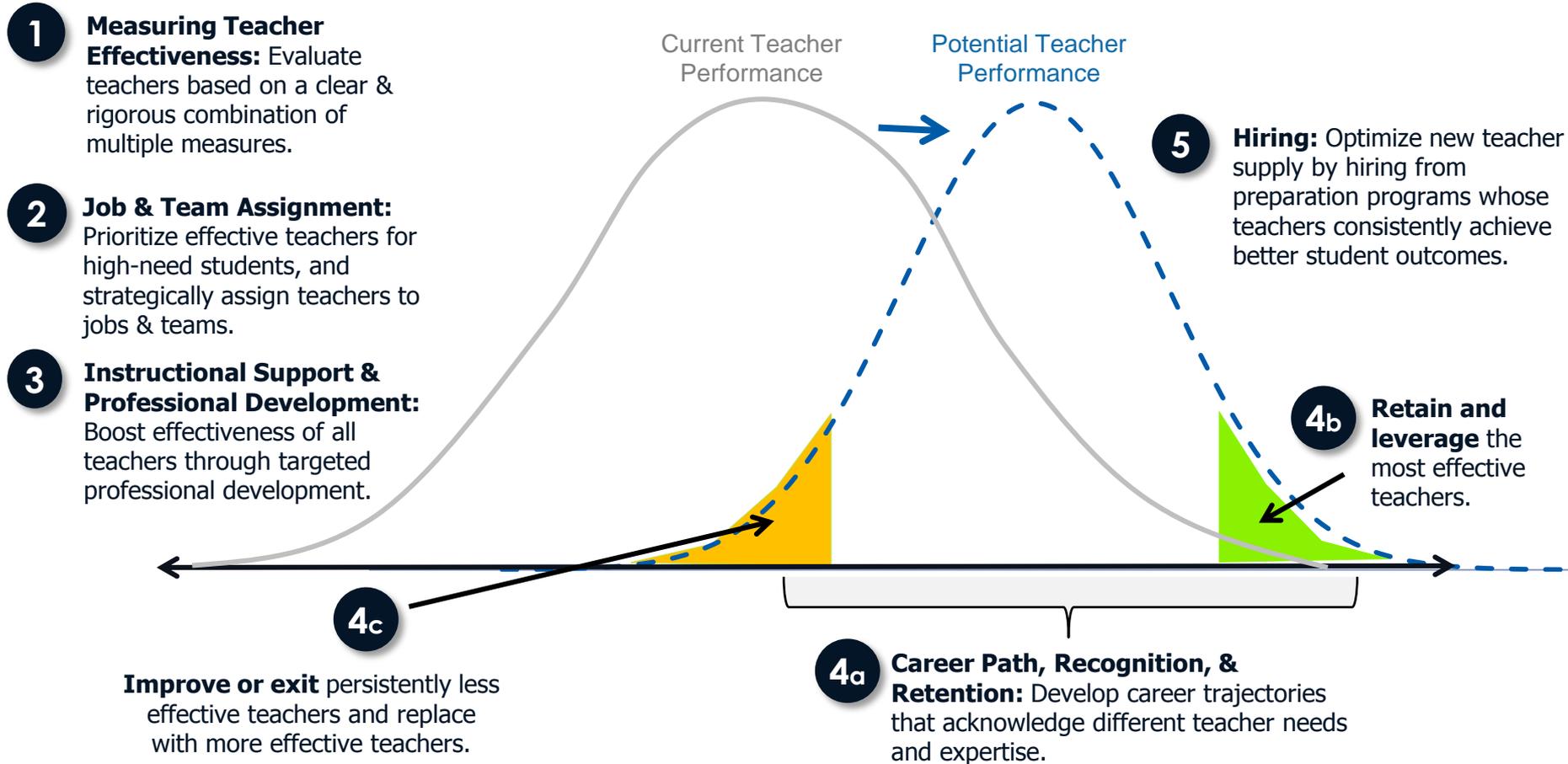
**Compensation Redesign
as a Part of the Overarching
Human Capital Strategy**

A comprehensive human capital strategy consists of...



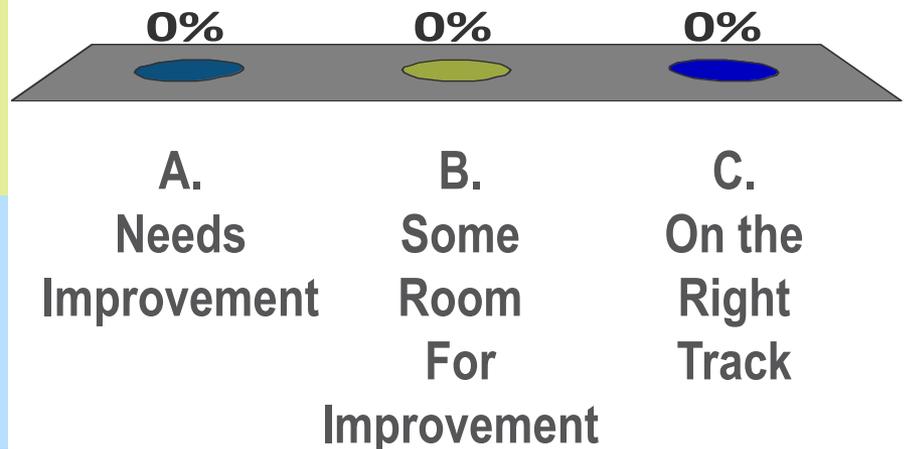
So what makes an effective human capital system?

TEACHER EFFECTIVENESS IN IMPROVING STUDENT OUTCOMES



The district has an effective program to recruit and hire high-quality teachers, especially in high-need areas:

- A.** The district does not assess teacher hiring needs in a timely manner and does not have a proactive recruitment program to fill those needs.
- B.** The district is usually able to fill all open positions by the beginning of the school year, but not all new hires are at the desired level of quality.
- C.** The district is always able to fill all open positions with high-quality teachers.

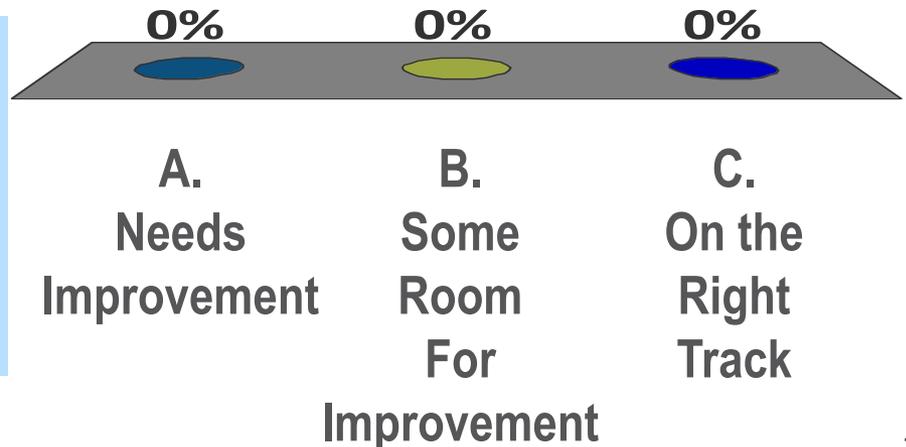


The district rigorously evaluates teachers before making tenure decisions and promotes only those who are effective:

A. The district has no clear process for evaluating teachers eligible for tenure; more than 95% of eligible teachers receive tenure.

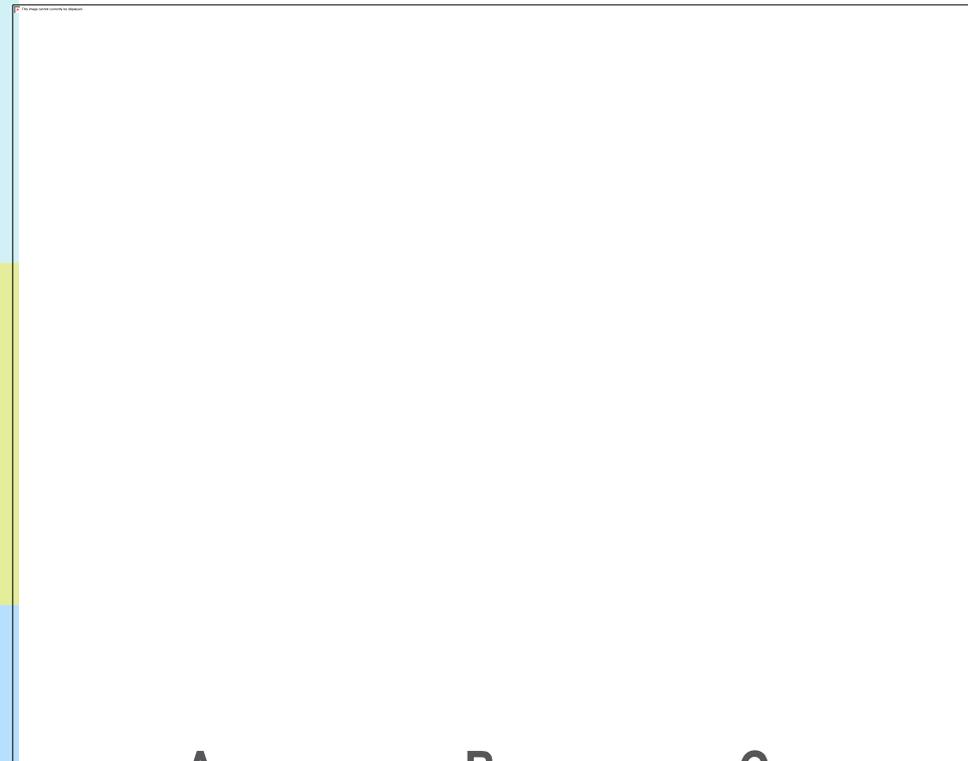
B. The district has a clear process for evaluating teachers eligible for tenure, but more than 95% of eligible teachers receive tenure.

C. The district has a clear process for evaluating teachers eligible for tenure and only effective teachers receive tenure.



The district provides opportunities for strong teachers to pursue multiple leadership paths:

- A.** Opportunities for advancement are limited to full-time administrative positions such as principal or assistant principal.
- B.** Limited opportunities exist for leadership positions that include both teaching and other responsibilities (e.g., teacher leader, department head).
- C.** The district offers a robust “career lattice” that includes a variety of opportunities for teachers to combine leadership roles with teaching and to take on increased responsibilities throughout their careers.



A.
Needs
Improvement

B.
Some
Room
For
Improvement

C.
On the
Right
Track

First Step:

**Rethinking the
Value Proposition
for Teachers**

Think of teaching as a value proposition



We want to attract and keep great employees

Why do people start teaching and keep teaching?
They are attracted by the...

- Intrinsic value
- **Value Proposition**

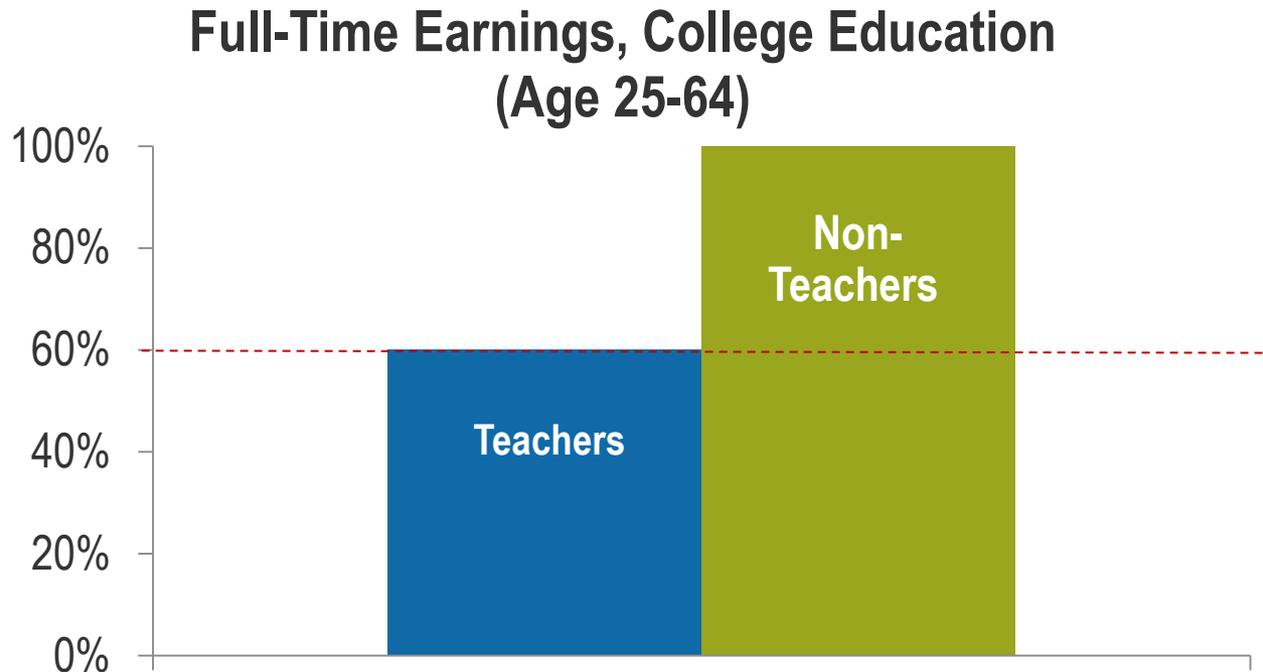
Looking at all the components of the value proposition together is critical



Teachers' perceptions of their school administrators is the most important factor affecting whether or not they decide to stay at a school, trumping concerns about base salary.⁶

What does the current value proposition look like?

15 year teacher salaries are 60% of full-time earnings for 25-64 year olds with a BA



What does the current value proposition look like?

“The majority of Illinois public school teachers are willing to pay just **17 cents for a dollar increase** in the present value of expected retirement benefits.”



Teachers do not fully value districts' significant investments in their **benefits and pensions**

What does the current value proposition look like?

A recent study surveyed **top 1/3** of college graduates:

- Only 1/3 believe teaching pays enough to support a family



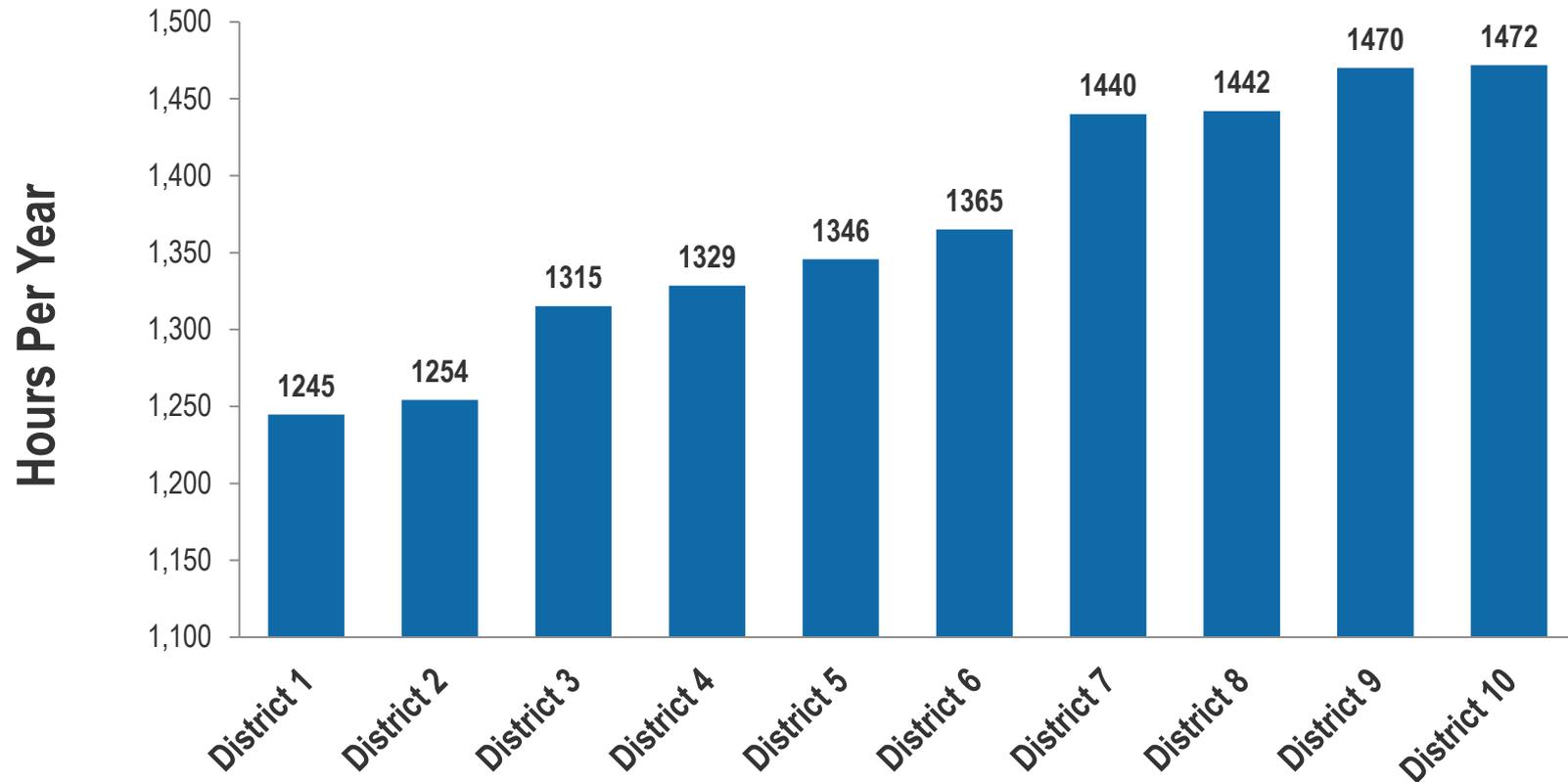
- 1/2 believe they could earn more as a garbage collector

Source: Auguste, Byron, Paul Kihn and Matt Miller. (September 2010). "Closing the Talent Gap: Attracting and Retaining Top-third Graduates to Careers in Teaching." McKinsey & Company. <http://goo.gl/cSr3j>

*Note: Median pay for Refuse and Recyclable Material Collectors is \$32.9K, Kindergarten and Elementary School Teachers is \$51.3K, Secondary School Teachers is \$55.1K

Districts can vary widely in certain aspects of the value proposition, such as total teacher hours

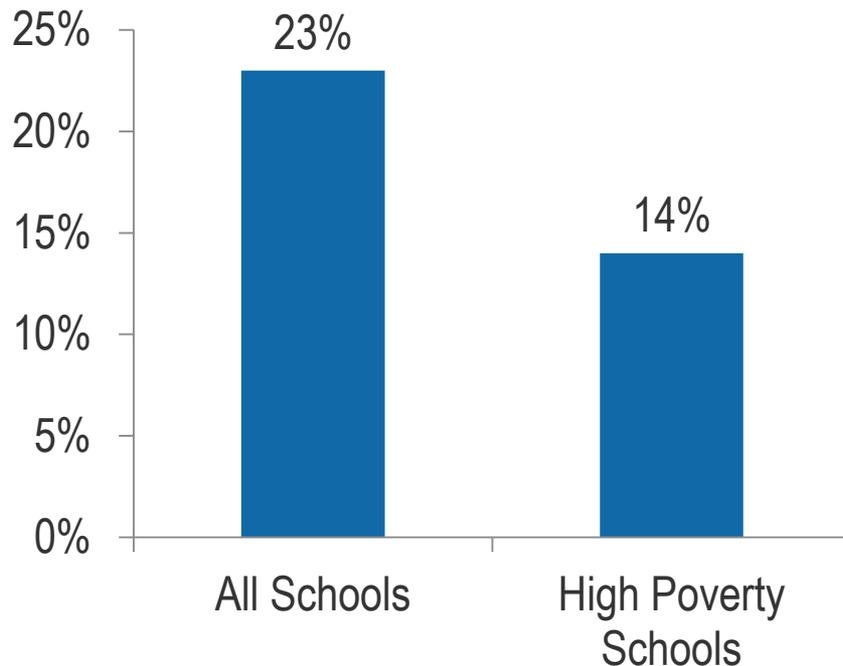
Total Number of Contractual Annual Teacher Hours
(Length of Teacher Day) x (Number of Days)



As such, we're not always attracting and retaining the top talent...

ATTRACT

Percent of Teaching Workforce from "Top Third" of College Graduates¹



RETAIN

Teachers in the **top quartile** of performance on entrance exams are **twice** as likely to leave the profession as those in the **lowest quartile**²

Attracting and retaining top talent requires a holistic approach to the entire value proposition

Emerging initiatives to attract and retain teachers at high-need schools share 5 common types of teacher incentives

	T3 (Turnaround Teacher Teams) BOSTON	AUSL (Academy for Urban School Leadership) CHICAGO	Promise Readiness Corps PITTSBURGH	SSI (Strategic Staffing Initiative) CHARLOTTE
Move with Team	●	●	●	●
Additional Support/Training	●	●	●	●
Strong School Leader		●		●
Prestige	●		●	●
Additional Compensation	●		●	●

Where are the mismatches in value proposition in order to attract and retain the most effective teachers?

Career/Growth Opportunities	Working Conditions	Salary	Benefits	Rewards
<p>Learning Opportunities</p> <ul style="list-style-type: none"> <input type="checkbox"/> Tuition Reimbursement <input type="checkbox"/> Sabbaticals <input type="checkbox"/> Professional Dev. <input type="checkbox"/> Opportunities for collaboration with peers /on-the job learning time <input type="checkbox"/> Coaching and mentoring <input type="checkbox"/> Performance reviews <input type="checkbox"/> Certification renewal <p>Instructional Supports</p> <ul style="list-style-type: none"> <input type="checkbox"/> Curriculum supports <input type="checkbox"/> Formative Assessment <p>Advancement Opportunities</p> <ul style="list-style-type: none"> <input type="checkbox"/> Career ladders and pathways <input type="checkbox"/> Leadership opportunities 	<p>Job Structure</p> <ul style="list-style-type: none"> <input type="checkbox"/> Flex time <input type="checkbox"/> Part-time <input type="checkbox"/> Job-sharing <input type="checkbox"/> School schedule (day and year) <input type="checkbox"/> Load, number of preps, and duties <input type="checkbox"/> Planning time <p>Working Conditions</p> <ul style="list-style-type: none"> <input type="checkbox"/> Safe and clean environment <input type="checkbox"/> Collegial working conditions <input type="checkbox"/> Opportunities for input, participation, and impact <input type="checkbox"/> Strong school leadership <input type="checkbox"/> Job protection 	<p>Salary (Min, Max, Potential/Expected Trajectory, COLA)</p> <p>District-Priority Premiums</p> <ul style="list-style-type: none"> <input type="checkbox"/> High-needs areas and schools <p>Market-Incentive Premiums</p> <ul style="list-style-type: none"> <input type="checkbox"/> Math and science teachers <p>Roles and Responsibilities</p> <ul style="list-style-type: none"> <input type="checkbox"/> Leadership <input type="checkbox"/> Contribution/Additional responsibilities <input type="checkbox"/> Stipends for additional hours <p>Monetary Rewards</p> <ul style="list-style-type: none"> <input type="checkbox"/> Individual and group performance 	<p>Health and Welfare</p> <ul style="list-style-type: none"> <input type="checkbox"/> Medical plans <input type="checkbox"/> FSAs <input type="checkbox"/> Life insurance <input type="checkbox"/> Disability insurance <input type="checkbox"/> Discounts for fitness clubs, etc. <p>Retirement</p> <ul style="list-style-type: none"> <input type="checkbox"/> Pension <input type="checkbox"/> Accumulated leave <input type="checkbox"/> Health insurance <p>Pay for Time Not Worked</p> <ul style="list-style-type: none"> <input type="checkbox"/> Summer/winter breaks <input type="checkbox"/> Vacation <input type="checkbox"/> Holidays <input type="checkbox"/> Religious holidays <input type="checkbox"/> Sick leave <input type="checkbox"/> Bereavement leave <input type="checkbox"/> Maternity/paternity leave 	<p>Service Awards</p> <p>Peer-recognition awards</p> <p>Performance awards</p> <p>Appreciation awards</p> <p>Innovation awards</p> <ul style="list-style-type: none"> <input type="checkbox"/> Individual and school

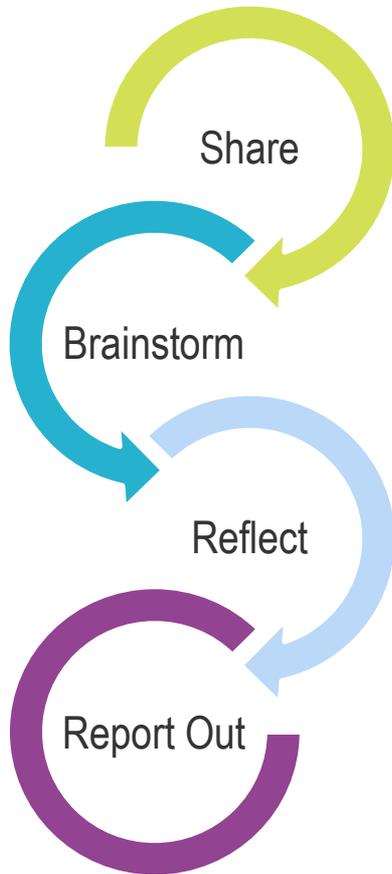
Exercise: Thinking about Our Value Proposition (Part I)

Group: Be sure that you are seated with your district team



1. **Focus** on your biggest needs for improvement to attract and keep the best. For which groups of teachers do you need to improve your value proposition? **(5 min)**
2. **Identify** the strengths and weaknesses of your current value proposition for each of the five components listed on your handout **(15 min)**
3. **Prioritize** the top three weaknesses that are most important to address and list why **(15 min)**
4. **Flag** elements of the value proposition that would require more information to assess **(10 min)**

Exercise: Thinking about Our Value Proposition (Part II)



Group: Form groups of 2 – 3 districts

- 1. Share** the three priorities that you identified in Part I
- 2. Brainstorm** different ideas on how to best make progress on your priorities
- 3. Reflect** on your district's list of priorities. Are there any changes to the list based on what was shared and discussed?
- 4. Report out** your value proposition priorities to the whole group

What are some ways to continuously evaluate your district's value proposition?

- **Benchmarking**

- Salaries
- Working Hours
- Principal Quality

- **Surveys**

- Declined offers: Why were teaching offers turned down?
- Entry: Why did teachers join the district?
- Exit: What made teachers decide to leave the district?

- **Informal conversations w/ teachers**

District leaders need to **continuously reflect** on how confident they are in the value proposition, what they are **tracking** and how they can **make it better over time**.

Working Lunch: Reflecting on the Morning Session (45 min)

During this time....

- Please be sure to enjoy your lunch and to fill out the front page of the handout.
- Please hold onto the forms, we will ask you to fill out the back and we will collect the forms at the end of the day.
- Feel free to check your emails and phones.

The Case for Change:

**Why We Need
Compensation
Reform**

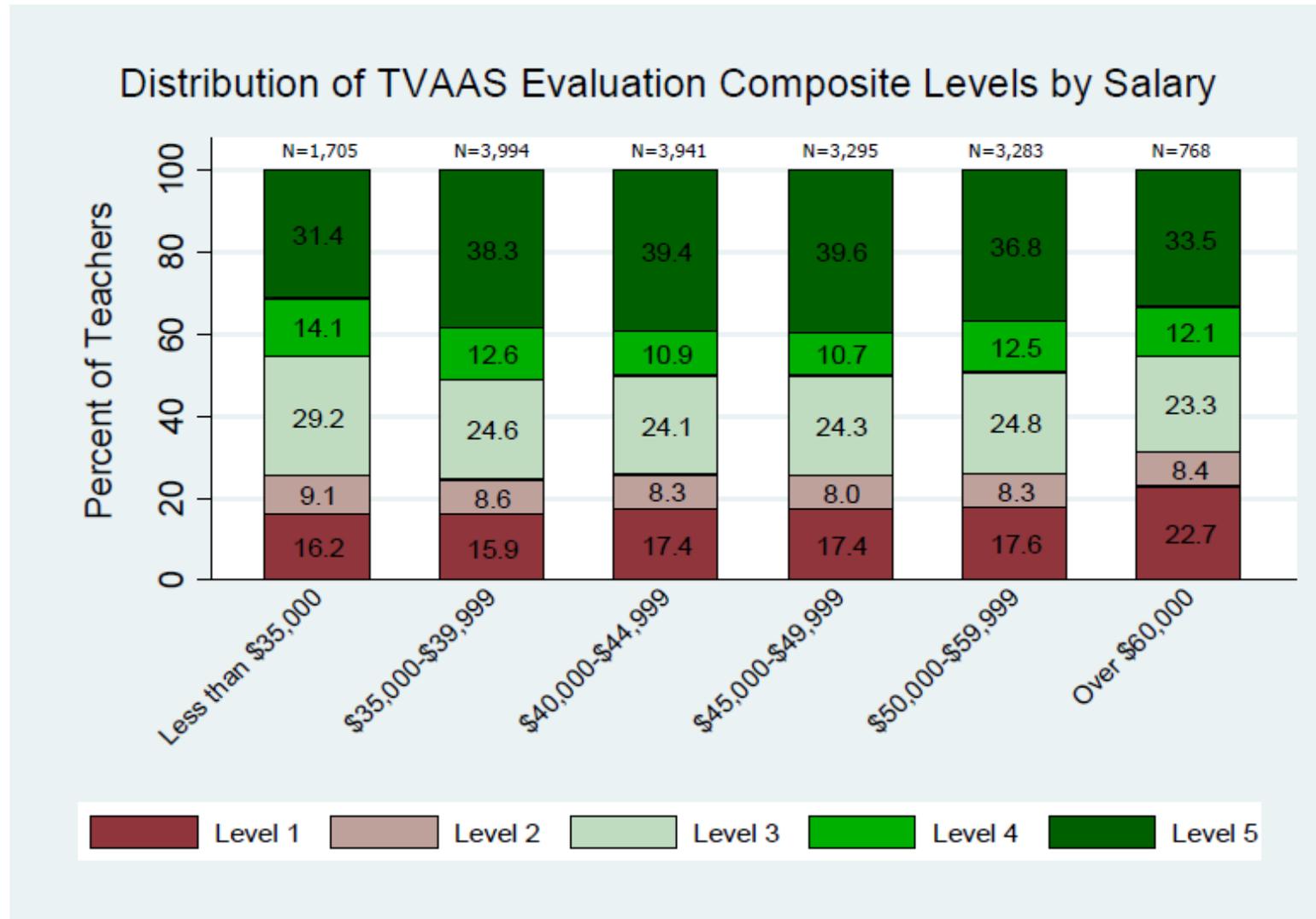
The current salary structure is a one size fits all approach

Teachers are generally treated the same regardless of...

- performance
- contribution
- skills
- knowledge



The TN data shows that teachers with the lowest TVAAS scores are among the highest paid in the state

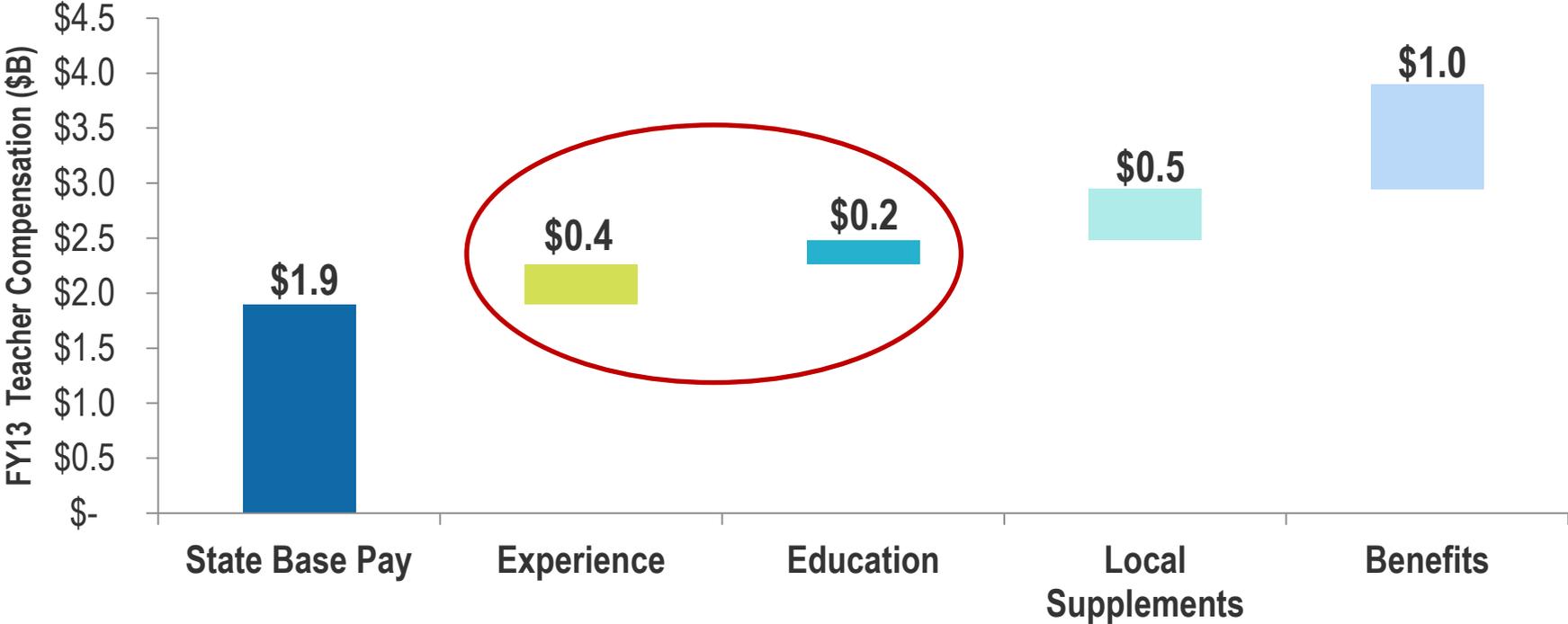


The current compensation structure is not aligned with research

- **Experience Pay:** Research has shown that years of teaching experience have little effect on student performance after the first 3-5 years¹
- **Education Pay:** There is no demonstrated correlation between teaching effectiveness and educational attainment beyond a bachelor's degree, except for a slight impact in the case of high school math and science²

Spending on experience and degrees represents significant investment, making up 15% of total compensation dollars

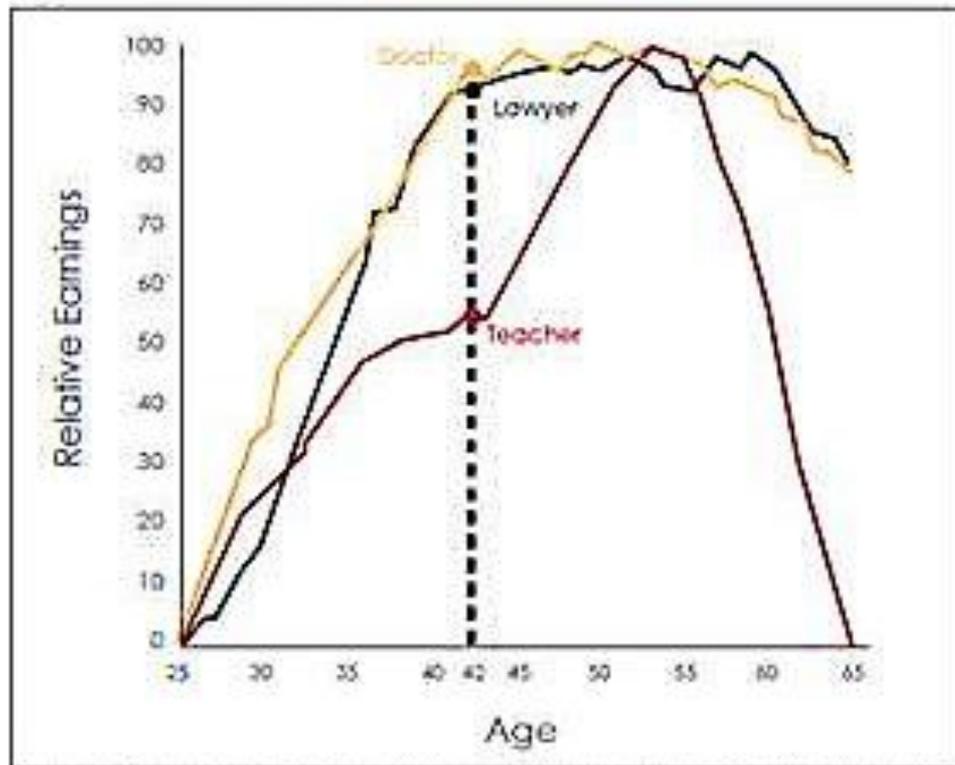
Total Teacher Compensation on Allocated Positions ~ \$3.9 B



% of Total Teacher Compensation	48%	9%	6%	12%	24%

Note: Spending on Benefits for Additional Positions was calculated based of the % spending on Benefits for BEP funded positions.

It takes teachers a significant amount of time to reach their top salary



Source: Vigdor, Jacob. Scrap the Sacrosanct Salary Schedule, Education Next, Fall 2008, Vol. 8, No. 4

Doctors and lawyers reap the full rewards of competence in their profession within almost 15 years of entrance. Teachers must wait three times that long, even though evidence suggests that they become fully competent in their profession just as quickly.⁴

There are few opportunities for teachers to grow professionally without leaving the classroom

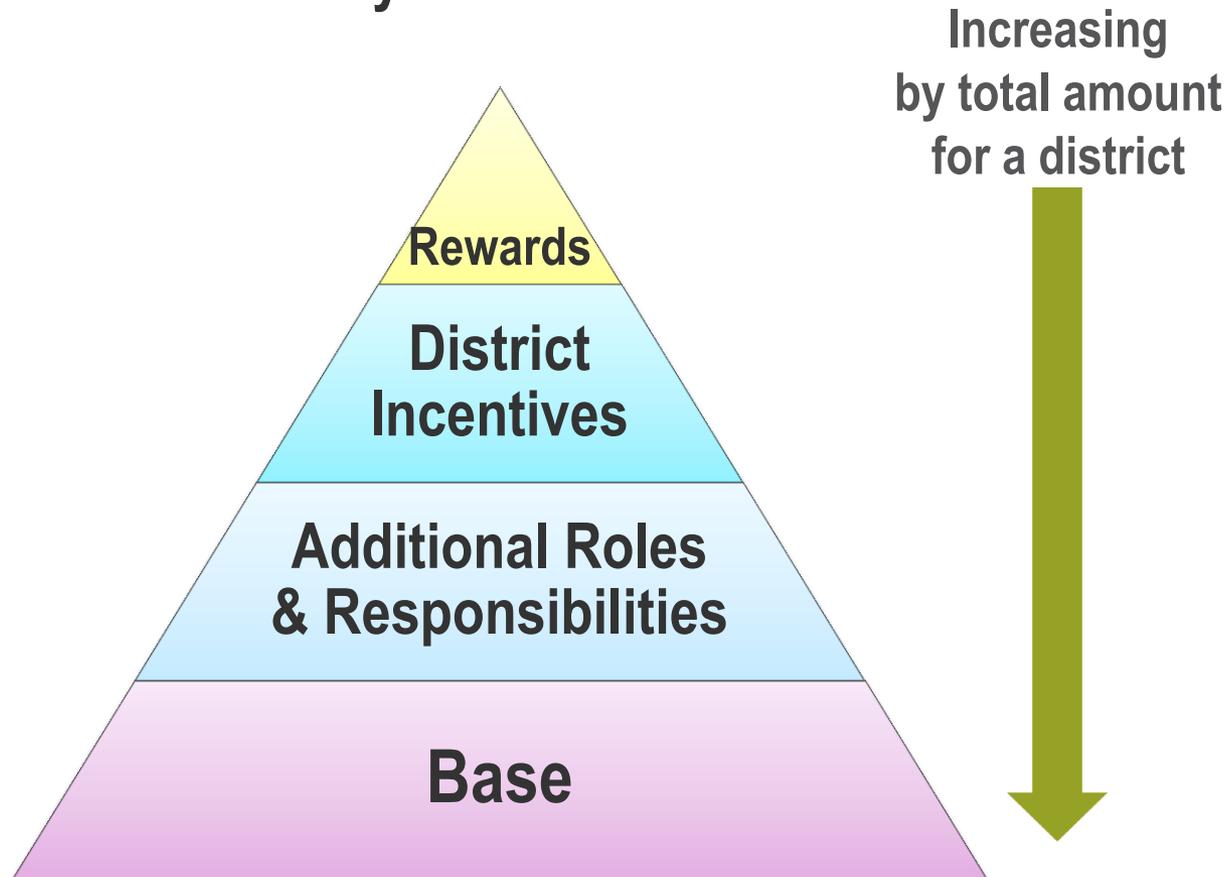
Few districts offer career pathway opportunities that more broadly leverage teacher skills



The most significant differences between teaching and the chosen careers of top-third college graduates are rooted in compensation and career pathway opportunities.⁵

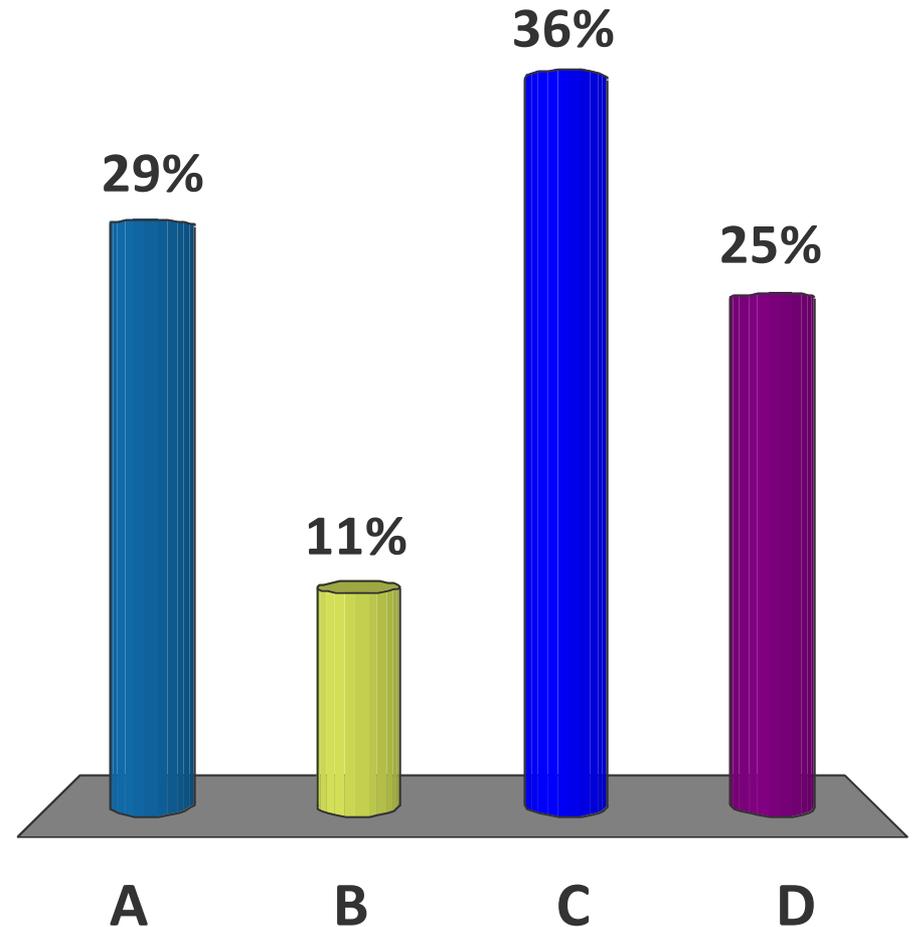
Instead, a carefully designed and effective compensation system will consist of the following four components...

Teacher Compensation Pyramid



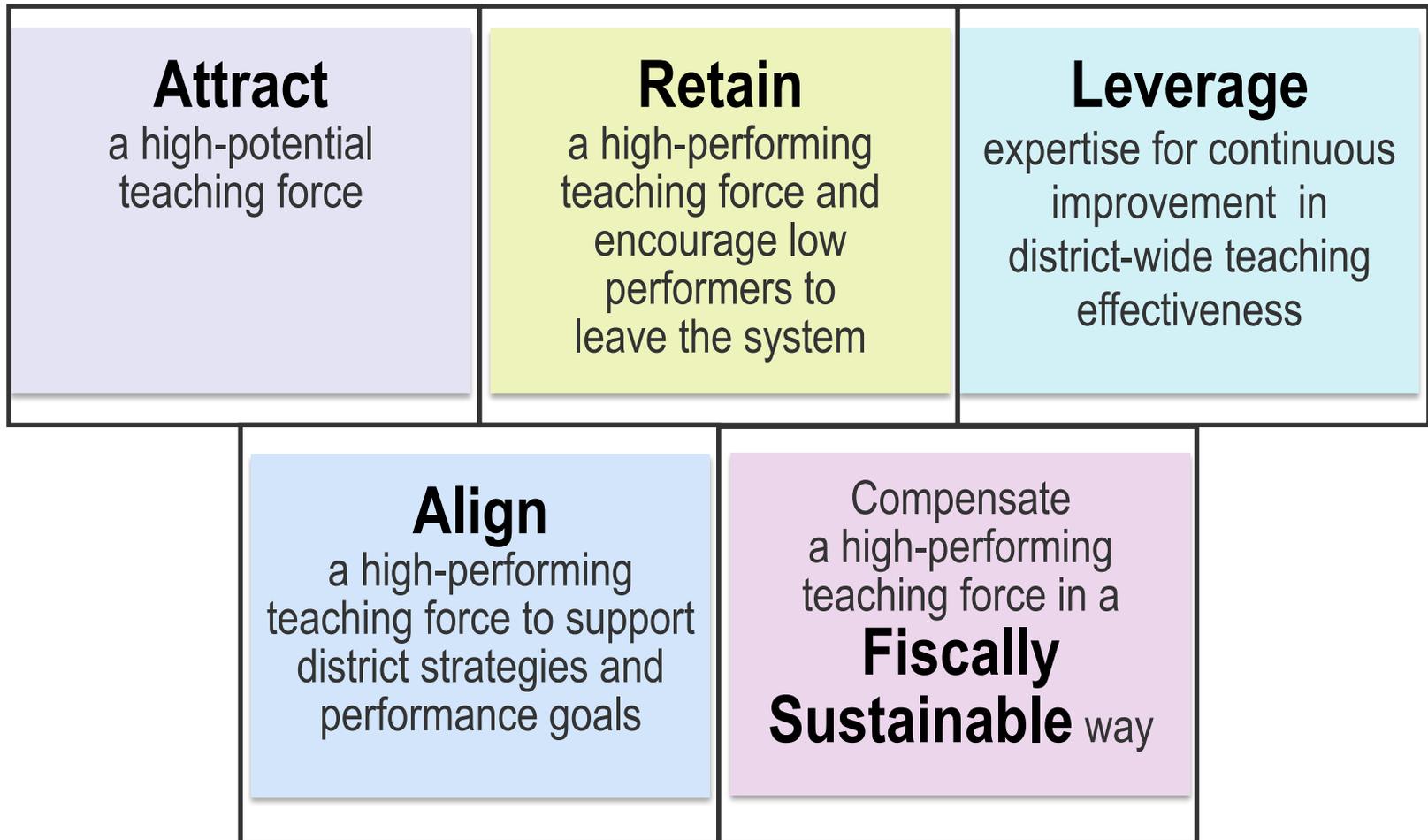
Which problems do you think are most urgent to solve?

- A. Lack of reward for differential effectiveness
- B. Lack of career paths
- C. Compensation increases not tied to student performance improvement
- D. Great teachers cannot reach top pay early in their careers

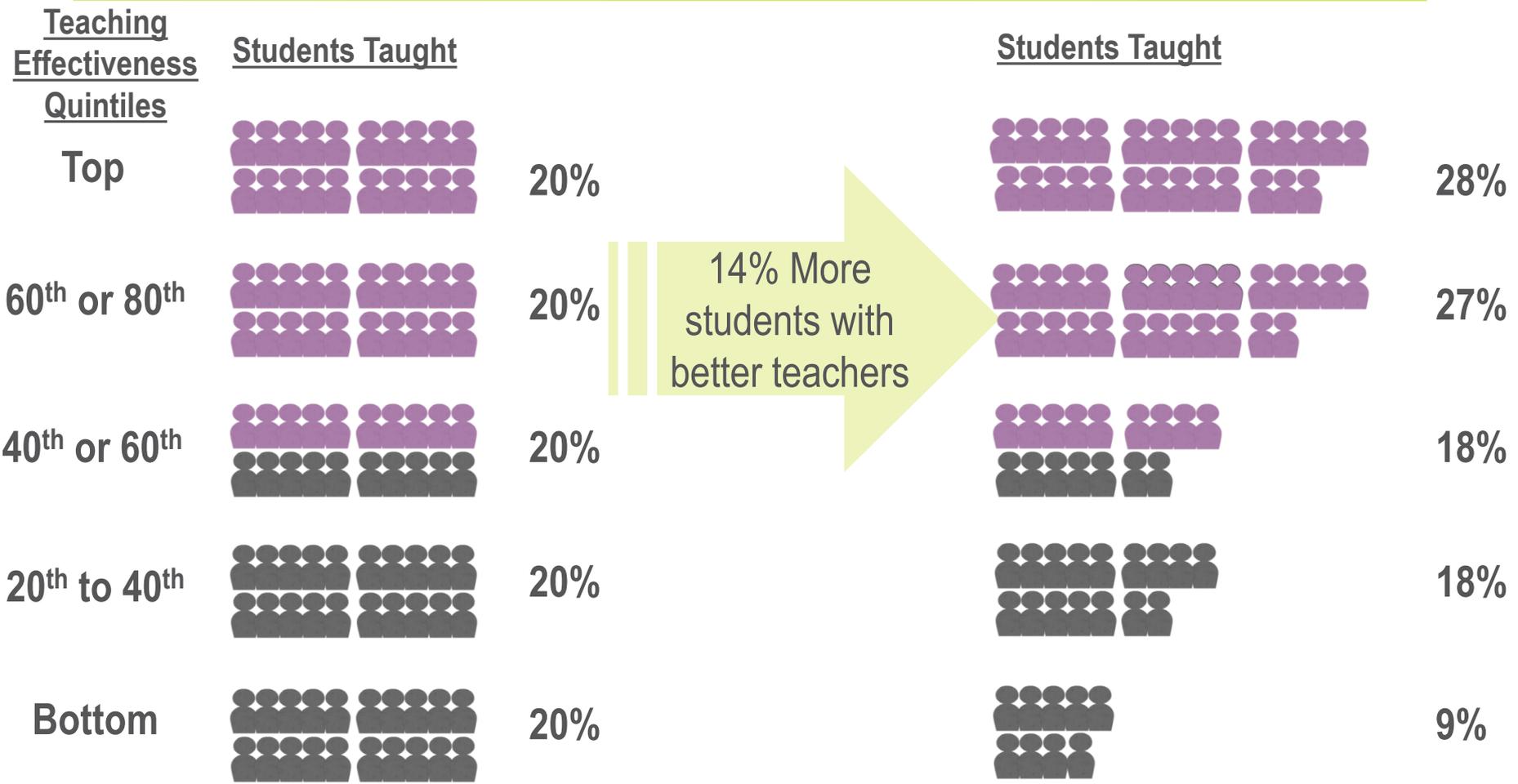


Thinking Through the Elements of Compensation Redesign – Investments

Five Goals for Effective Teacher Compensation to Improve Student Outcomes



Revised compensation should increase the number of students taught by effective teachers



Shifted students (14%) receive teachers who are on average ~50% more effective resulting in a system-wide 7% increase in experienced teacher effect size.

What if every K-12 student learned 3-5 years more than at present? What would change?

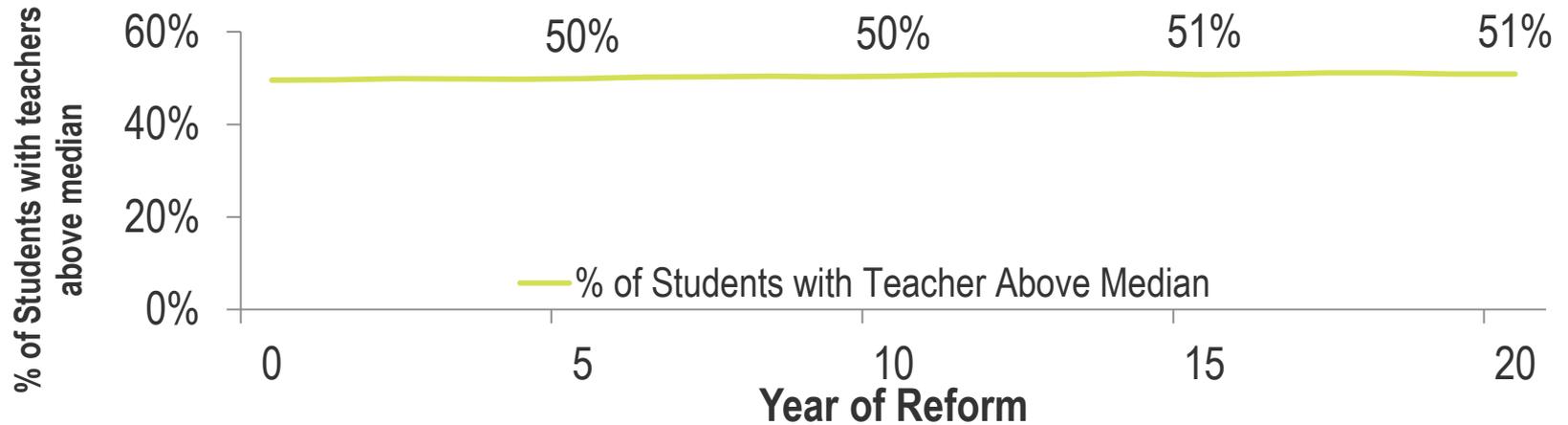
[A] Students with Teachers Above Current Median	Size of Shift in [A]	Δ in Teacher Effect (TE)*	Typical Student K-12 Learning Increase (yrs)	US Education System Impact
100%	50%	25%	3-5	Exceeds any known system
75%	25%	12-18%	2-4	Exceeds any known system
70%	20%	7-11%	1.5-2.5	Top Tier
60%	10%	5-7%	0.7-1.5	Noticeable improvement

What are immediate and long-term implications of this?

*Teacher effect: growth in student learning based on shift in effective teachers and the shift of the distribution of students across those teachers

The conundrum: Only paying more to top performers for the same job may be expensive and cost ineffective

Distribution of Students Across Teachers in Redesigned System



Year	1	5	10	15	20
Δ in TE	0%	0%	0%	0%	1%
Δ in cost	0%	1%	1.5%	2%	2.5%
TE/Cost	100%	99%	99%	98%	98%



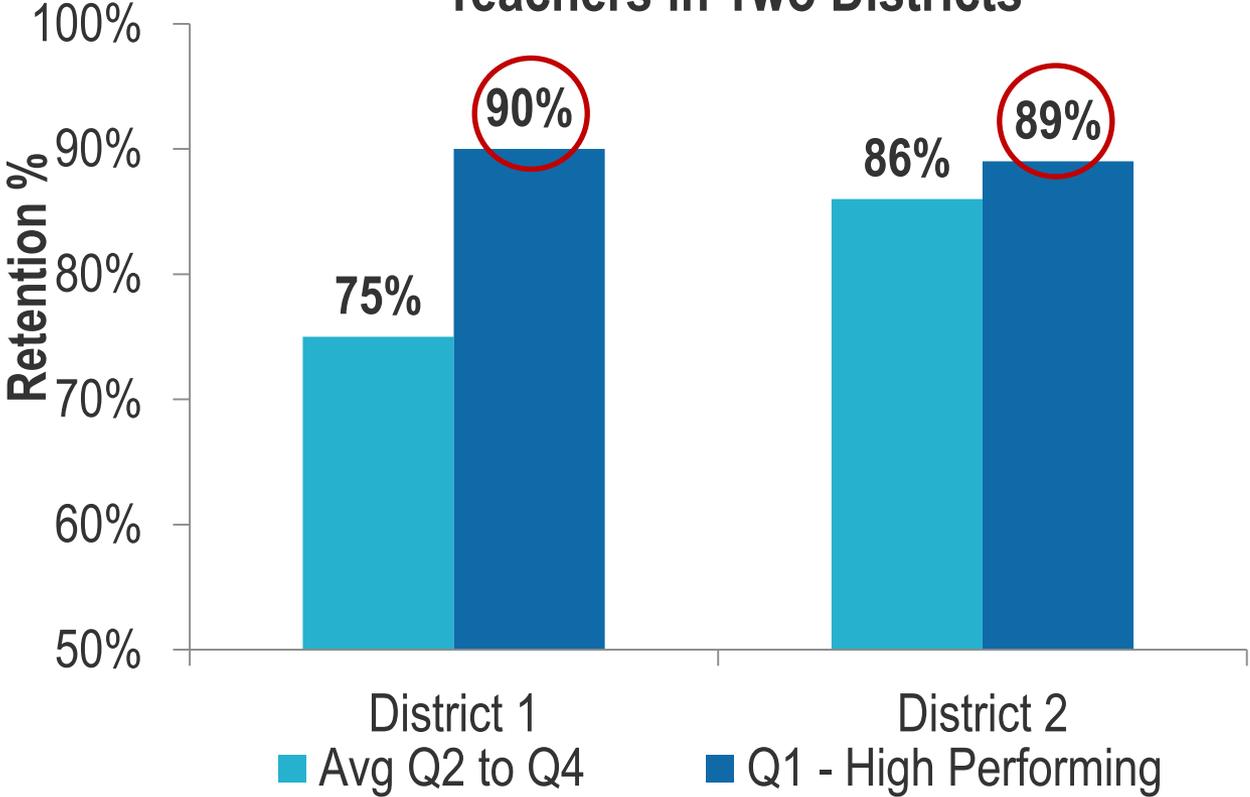
Pay Top Performers More (Double raise for level 5, 10% higher raise for level 4)



Effectiveness Steps (Remove raise from category 1 and 2)

Why don't we see a bigger effect for just paying top performers more? In part, because today's top performers are already retained

Average Retention Rates by Performance Quartile for all Teachers in Two Districts



At most, we will retain ~5% more highly effective teachers at a cost that exceeds the immediate benefit

In short, paying top performers more for the same job they do today is, at best, a long-run proposition ...

Suppose a 20% increase in pay for most effective teachers...

Districts would have to increase the Top Quartile Teachers by...	To return to the current level of Student Achievement Outcome per Dollar Spent
10%	...in more than 20 years, if ever
20%	
30%	
40%	19 Years
50%	13 Years
60%	12 Years

Is this possible?

We will show later that we can end up with top performers earning more than lower performers by reducing raises for low performers and supplementing effectiveness pay with pay for taking on additional roles and responsibilities

The solution: Three sustainable ways to reward top contributors with current revenue streams

- 1) Eliminate raises to Level 1 & 2 teachers and invest the difference in slightly higher raises to Level 5 teachers (effectiveness steps)
- 2) Define effectiveness bands (e.g.: novice, professional, master, etc.)
- 3) Create roles that allow us to expand the impact of our effective teachers on students and teachers

1) Effectiveness Steps: Annual increases that vary based on effectiveness level

- Annual raises vary by effectiveness
- Low performing teachers receive no raise
- Effectiveness Steps often replace experience pay

Current Avg. Step: \$314

Example Effectiveness Steps:

Level 5: \$400 per year

Level 3,4: \$315 per year

Levels 1,2: No annual raises

1) Effectiveness steps allow us to improve or maintain career earnings for ~90% of TN teachers

Career Earnings, by Teacher Perspective and System

	% of Workforce	Current System	Redesigned System
A teacher entering the new system			
Level 5	33%	\$1.4M	\$1.5M
Level 4	35%	\$1.4M	\$1.4M
Level 3	22%	\$1.4M	\$1.4M
Level 2	9%	\$1.4M	\$1.2M
Level 1	1%	\$1.4M	\$1.2M

~90% of teachers would earn equal or greater salary over their careers and no teachers would lose money that they are currently earning

2) Effectiveness Bands

ILLUSTRATIVE

Band	Criteria	Pay Change*	Roles/Privileges
Novice/ Probationary	New teachers or those not meeting standards	Starting salary + \$0K	Provisional contract Mandatory PD
Professional	2 years rated as a Level 5, or 3 years rated as a Level 3 or 4	+0-\$2K	Year-long contracts Avail roles may vary based on effectiveness level: mentor, etc.
Master 1	Same as Professional + Additional skills	+0-\$4K	2-3 year contracts Additional roles which continue to vary by effectiveness level
Master 2	Same as Master 1 + Additional experience and evidence of strong leadership	+0-\$4K	Additional leadership roles

***While many systems pay a significant band differential, ERS recommends that pay differential for bands be minimized in favor of “effectiveness steps”**

3) Another way to increase pay for top performers is to create and reward roles and career pathways....



Instructional Leaders

Extended Reach Teachers
Multi-Classroom Leaders



Content and Curriculum

Curriculum Writers
Literacy/Math Facilitators



Pedagogy & Coaching

Peer Evaluators Model Classroom Teachers
Instructional Coaches Team Leaders



Administration & Leadership

Assistant Principals
Principal Interns

3) A few roles can be implemented immediately with little or no additional investment...

Some options to extend the reach of high performers require little to no additional investment yet generate meaningful return in student learning.

<u>Action (examples)</u>		<u>Investment</u>		<u>Outcome Driver</u>
High performers teach an additional class	➔	Savings	+	More students learn from best teachers
Replace coaching positions with teacher leader roles	➔	Cost neutral	+	Teachers improve with leadership and coaching
Match best teachers to highest-need students	➔	Low	+	Neediest students benefit from better teachers

But most roles would require us to free up money from elsewhere.

3) Other roles typically require an additional investment...

- **Multi-Classroom Leader:** A teacher who assumes responsibility for the professional development of several less proven teachers as well as the learning of their students
- **Model/Demonstration Classroom:** A highly effective teacher who demonstrates effective classroom practice for visiting teachers throughout the year
- **Principal Intern:** A classroom teacher and principal candidate who takes on principal responsibilities during release time (There are many ways to implement this concept).



Group Discussion

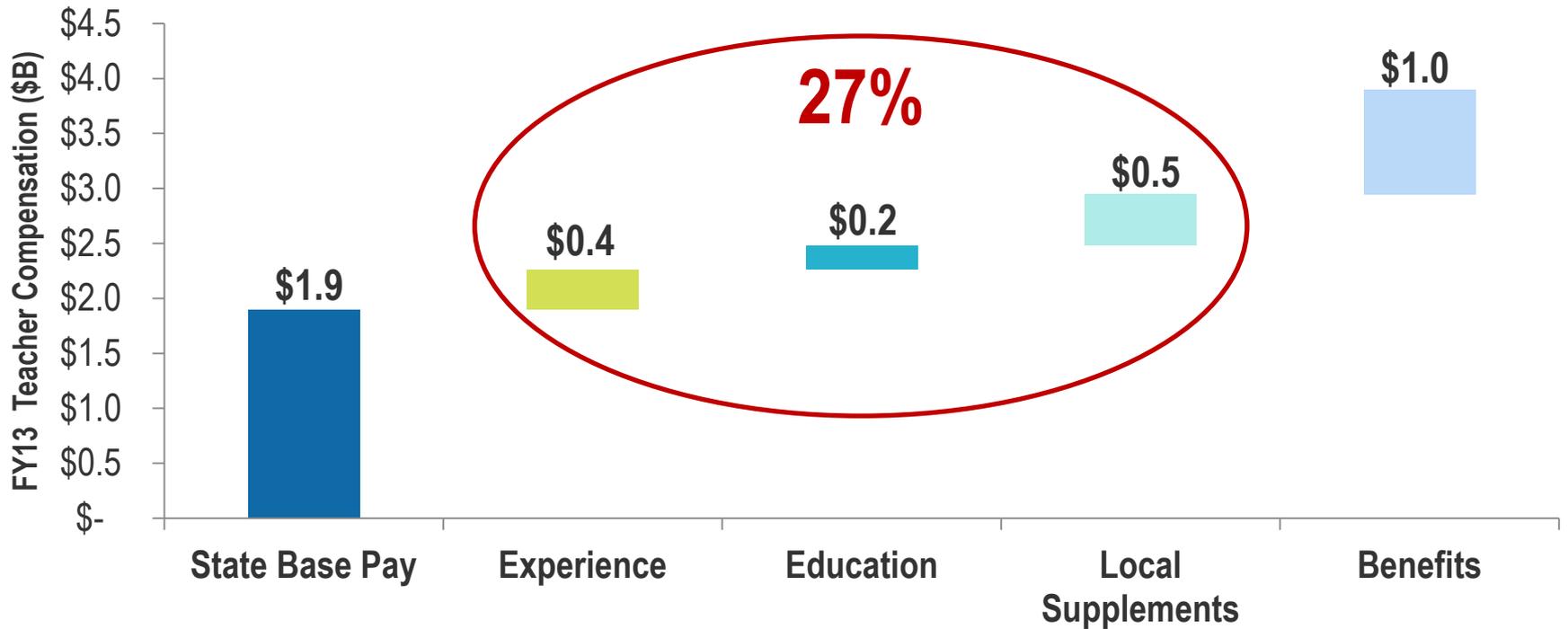
- Turn to your group, discuss the biggest “aha moment” from this section
- What is one actionable takeaway?

*Be prepared to share your ideas with the entire group

**Thinking Through the
Elements of Compensation
Design – Resource
Opportunities**

In TN, 27% of compensation is spent on discretionary components for “allocated” teachers

Total Teacher Compensation on Allocated Positions ~ \$3.9 B



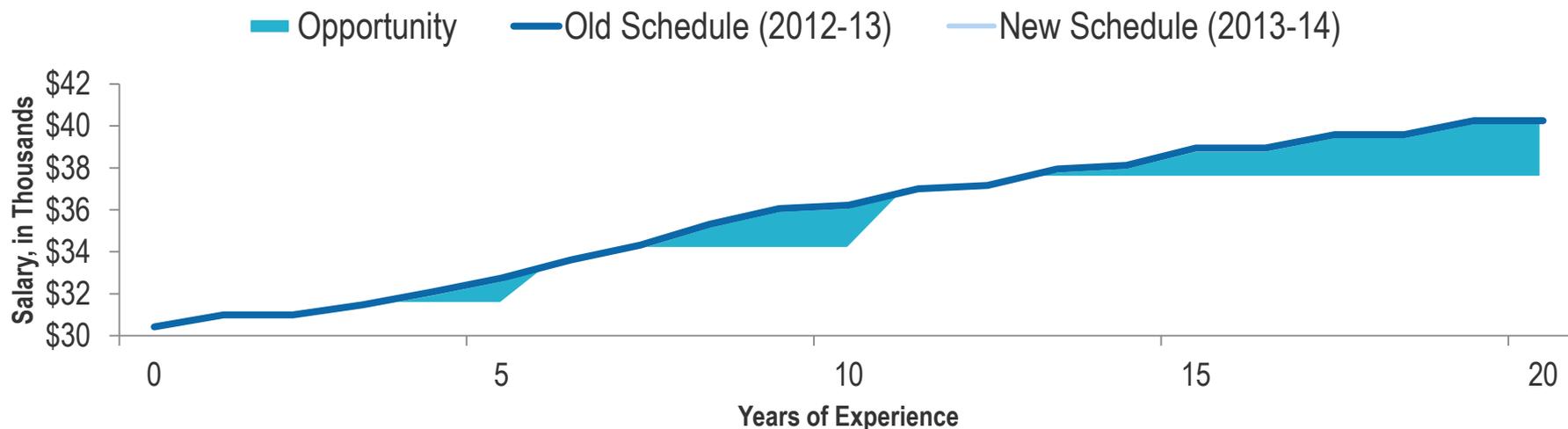
% of Total Teacher Compensation	49%	9%	6%	12%	24%
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Note: Spending on Benefits for Additional Positions was calculated based of the % spending on Benefits for BEP funded positions.

Traditional: The amount of experience pay freed up is <2% of total teacher compensation

Reinvestment Opportunity Created by New Salary Schedule

Bachelor's Example



Previous Schedule:

- Avg. Annual Step Increase: \$492
- 20 Year Experience Pay: \$113,235

New Schedule:

- Avg. Annual Step Increase: \$314
- 20 Year Experience Pay: \$84,650

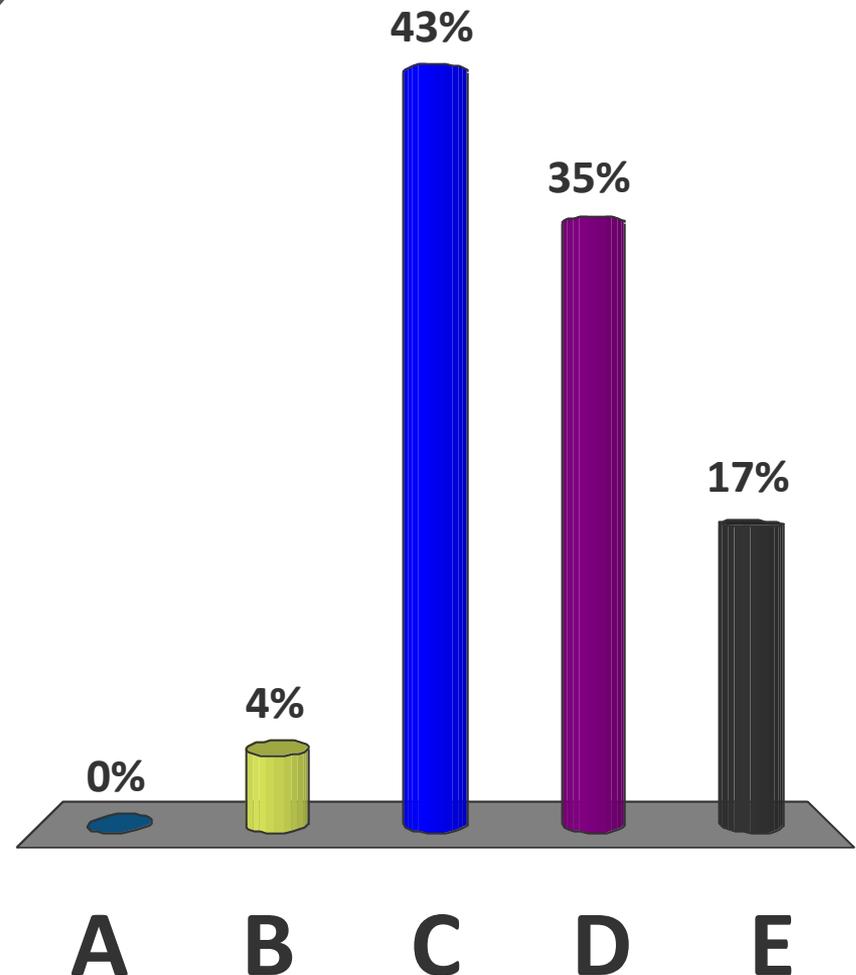
Immediate Opportunity from Freezing Experience Pay: \$29.2M (0.6% of tchr. comp, \$380 per tchr.)

Long term Maximum Opportunity of Transition to New System: \$89.9M (1.9% of tchr. Comp, \$1,170 per tchr.)

How difficult would it be to reduce or eliminate *Experience Pay* and use the difference to fund a redesigned compensation investment such as roles or effectiveness steps or bands?

- A. Not Difficult
- B. A Little Difficult
- C. Somewhat Difficult
- D. Very Difficult
- E. Extremely Difficult

Within your own district,
take 5 minutes to decide.
(voting opens after 3 minutes)

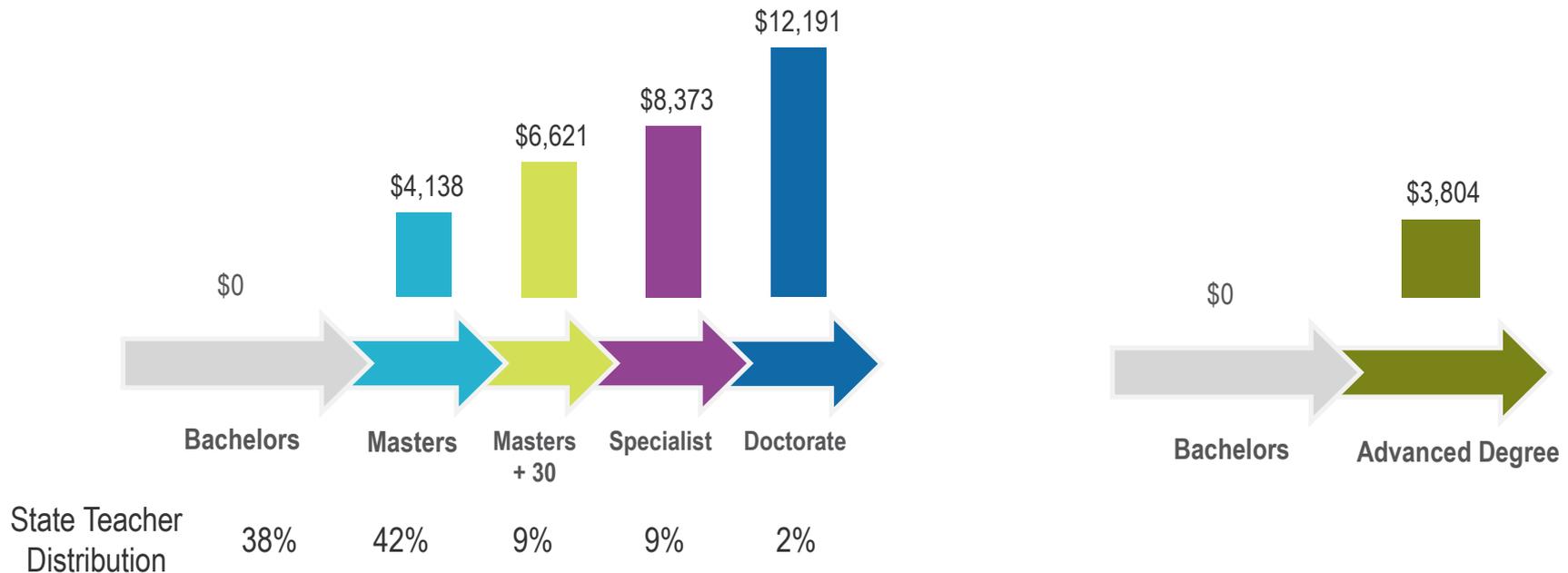


Traditional: Education lane consolidation frees up another <1% of teacher compensation

Avg. Education Pay per Year, by Degree Type

Previous Schedule:

New Schedule:



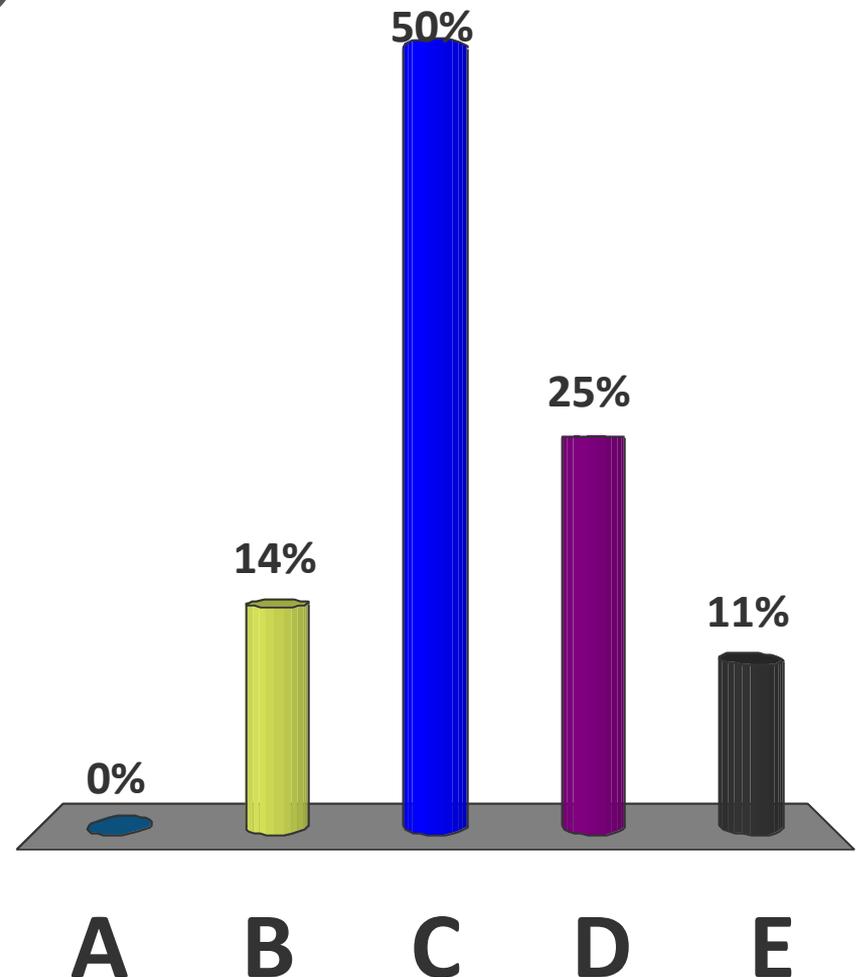
Immediate Opportunity from Freezing Education Pay: \$2.5M (0.1% of tchr. comp, \$32 per tchr.)

Long term Maximum Opportunity of Transition to New System: \$52.2M (1.1% of tchr. Comp, \$670 per tchr.)

How difficult would it be to reduce or eliminate *Education Pay* and use the difference to fund a redesigned compensation investment such as roles or effectiveness steps or bands?

- A. Not Difficult
- B. A Little Difficult
- C. Somewhat Difficult
- D. Very Difficult
- E. Extremely Difficult

Within your own district,
take 5 minutes to decide.
(voting opens after 3 minutes)



Local supplement opportunity varies based on current use...



Local Supplement – Starting

- Difference between local and state starting salary for a teacher with a BA



Local Supplement – Experience

- Difference between local and state spending for teacher experience



Local Supplement – Education

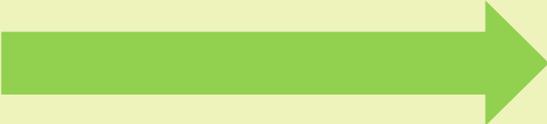
- Difference between local and state spending for teachers with advanced degrees



Locally Funding Positions

- Paid entirely from local funds

By increasing starting salary for everyone, districts can spend less for education than the state suggests, increasing the opportunity by a small amount...

	State		District 1
Starting Salary	\$30,420		\$33,573
Avg Education Pay	\$3,855		\$2,367
Avg Pay Adv Degree	\$39,723		\$42,693

Even with this, the combined opportunity under the traditional schedule is <10% of teacher compensation for most districts

How difficult would it be to rethink the existing use of *Local Supplement Dollars* for allocated positions and use the difference to fund a redesigned compensation investment such as roles or effectiveness steps or bands?

- A. Not Difficult
- B. A Little Difficult
- C. Somewhat Difficult
- D. Very Difficult
- E. Extremely Difficult

**Within your own district,
take 5 minutes to decide.
(voting opens after 3 minutes)**

In TN, alternative salary schedules can offer more flexibility than traditional schedules given state minimum requirements...

Mechanisms to implement the differentiated pay plans include...

Traditional Schedules	Alternative Schedule
<ul style="list-style-type: none">- Changes to current step and lane system, in keeping with state minimums- Stipends for roles & responsibilities- Bonuses	<ul style="list-style-type: none">- Effectiveness pay<ul style="list-style-type: none">○ Increase pay for effective teachers○ Limit pay to ineffective teachers- Flexibility over education pay (e.g. Tuition reimbursements)- Requires state board approval

Approval Process

- Differentiated pay plans that keep the traditional schedule will be approved by TDOE.
- Differentiated pay plans that transition to an alternative salary schedule must be approved by TDOE and then recommended to the State Board for approval.
 - Application components may include:
 - Copy of the new schedule
 - Any associated policy changes
 - Evidence of stakeholder engagement
 - Communications plan
- TDOE is available to provide extensive support and guidance for districts considering this option.

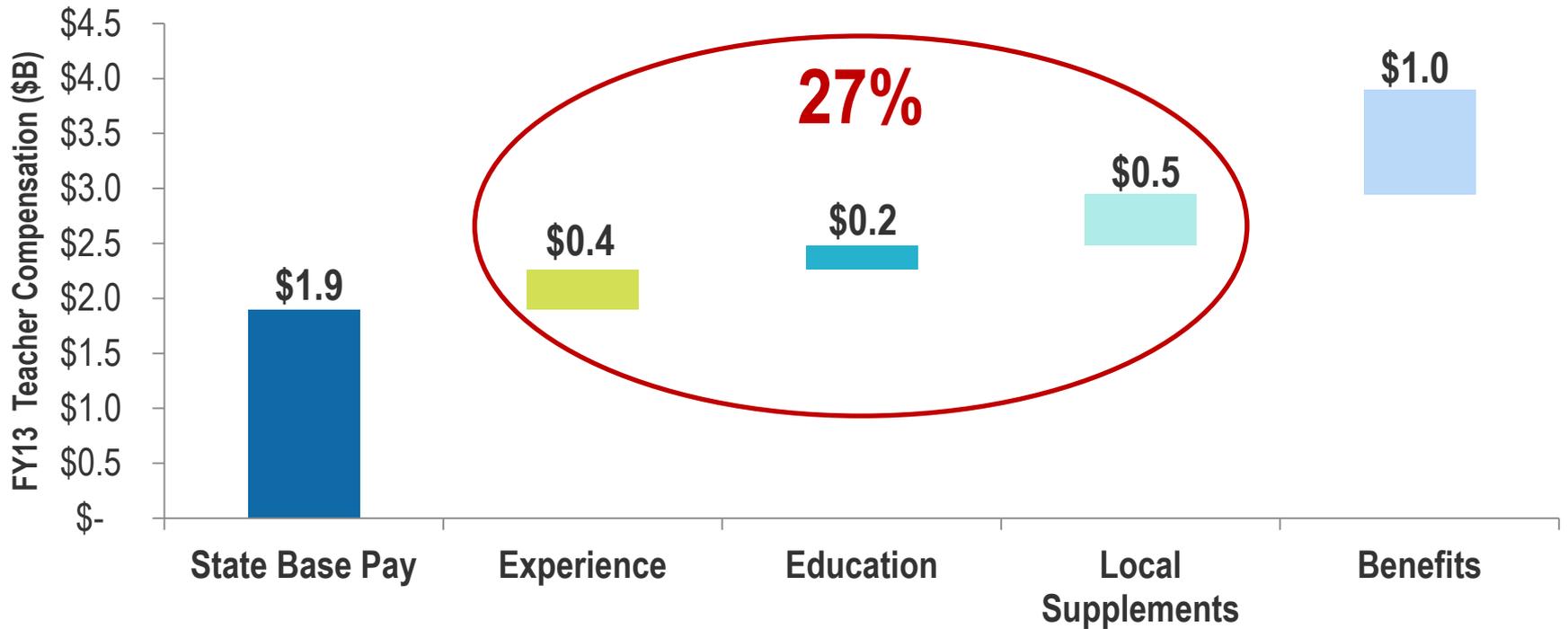
Alternative: Even if we kept starting salaries constant, we free an opportunity to redirect 18% (\$11K per teacher)

- **Starting:** Currently the average starting salary in TN is ~\$36k
- **Experience:** On average districts in TN spend \$7.7k on experience
- **Education:** On average districts in TN spend \$3.4k on education

If all districts were to base an alternate salary structure off of their current starting salary they would have **\$11k per teacher to invest in other parts** of their value proposition

If we rethink starting salaries, the opportunity becomes even greater (27%)....

Total Teacher Compensation on Allocated Positions ~ \$3.9 B

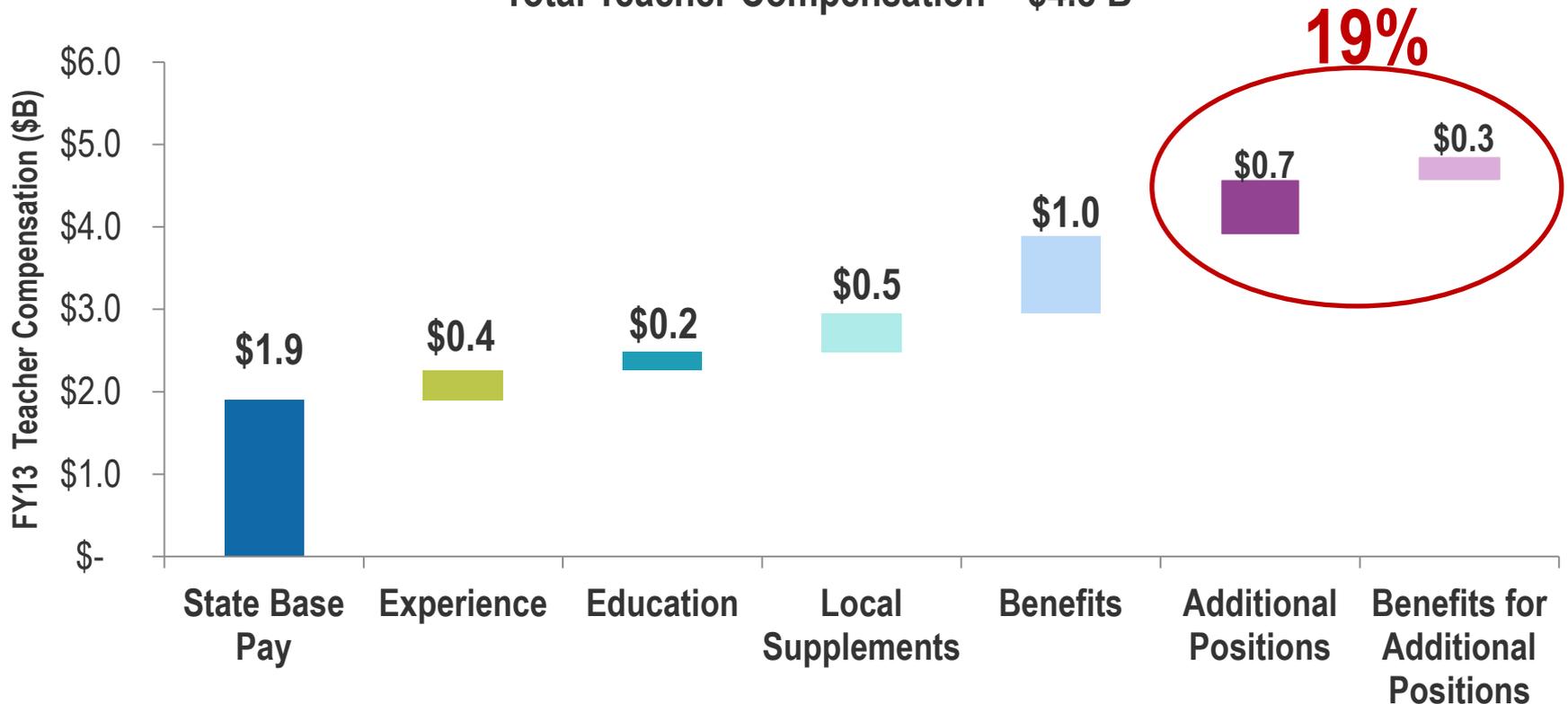


% of Total Teacher Compensation	49%	9%	6%	12%	24%

Note: Spending on Benefits for Additional Positions was calculated based of the % spending on Benefits for BEP funded positions.

In session #3, we will discuss other opportunities to free resources for higher comp, such as locally funded positions

Total Teacher Compensation ~ \$4.8 B



19%

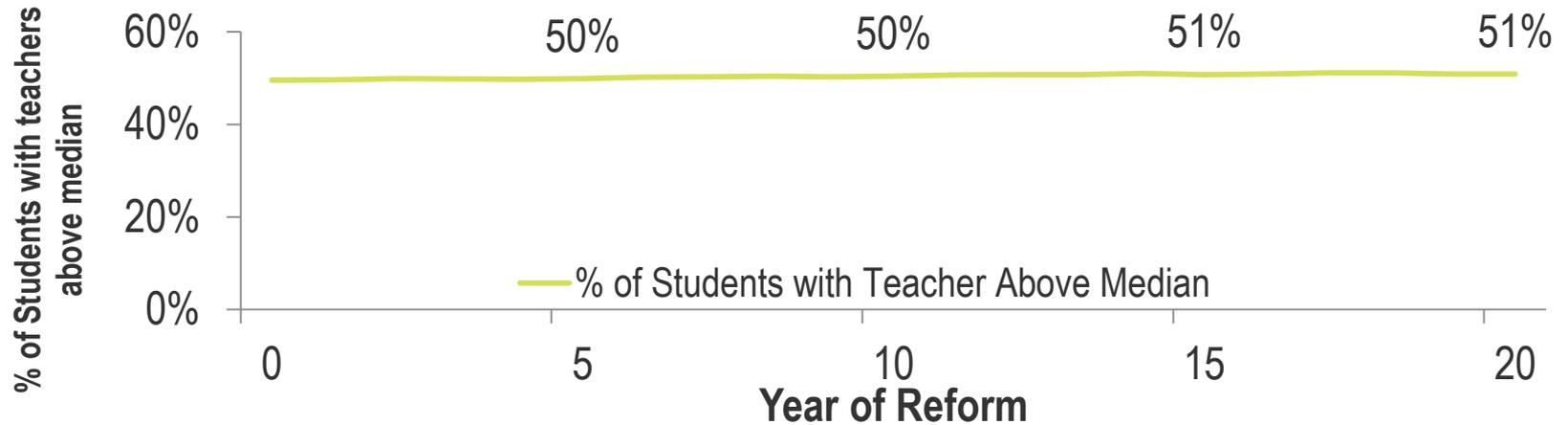
% of Total Teacher Compensation	39%	8%	4%	10%	20%	14%	5%
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Note: Spending on Benefits for Additional Positions was calculated based of the % spending on Benefits for BEP funded positions.

**Four ideas for a reformed
compensation system in TN
that improves student
performance at no extra cost**

The conundrum: Only paying more to top performers for the same job may be expensive and cost ineffective

Distribution of Students Across Teachers in Redesigned System



Year	1	5	10	15	20
Δ in TE	0%	0%	0%	0%	1%
Δ in cost	0%	1%	1.5%	2%	2.5%
TE/Cost	100%	99%	99%	98%	98%



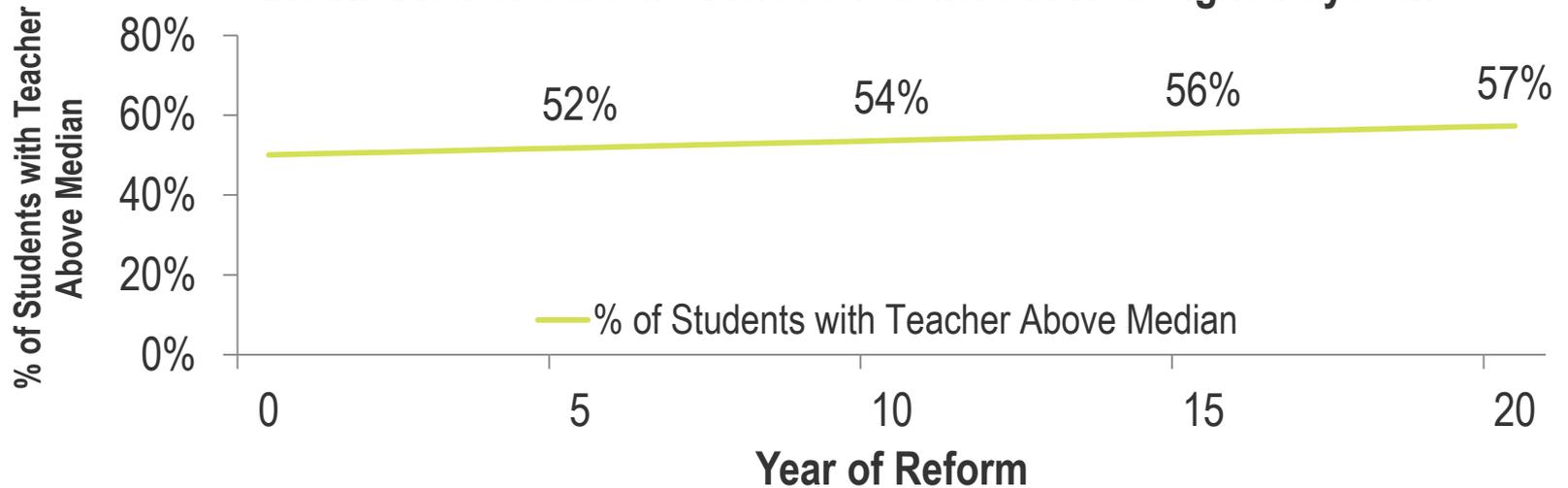
Pay Top Performers More (Double raise for level 5, 10% higher raise for level 4)



Effectiveness Steps (Remove raise from category 1 and 2)

Idea 1: Implement no raises for Level 1 & 2 teachers and award the difference to Level 5 teachers...

Distribution of Students Across Teachers in Redesigned System



Year	1	5	10	15	20
Δ in TE	0%	1%	2%	3%	4%
Δ in cost	0%	0%	0%	0%	0%
TE/Cost	100%	101%	102%	103%	104%

Pay Top Performers More

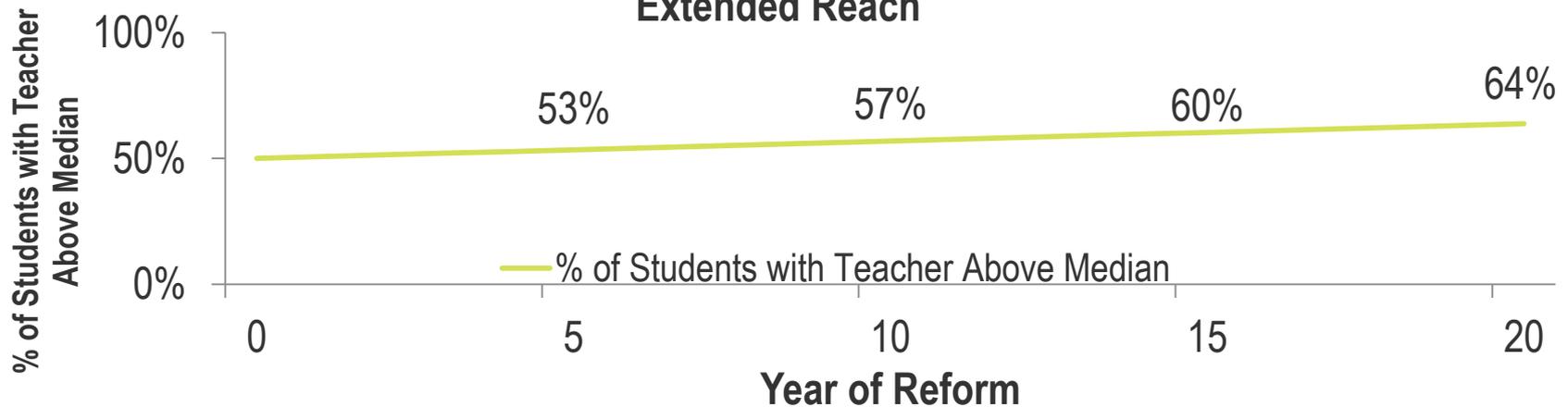
Effectiveness Steps

Extend the Reach of Top Performers

Manage Out Underperformers

Idea 2: Invest to expand the roles of effective teachers to students and other teachers...

Distribution of Students Across Teachers in Redesigned System with Extended Reach



Year	1	5	10	15	20
Δ in TE	0%	2%	4%	5%	7%
Δ in cost	0%	0%	0%	0%	0%
TE/Cost	100%	102%	104%	105%	107%

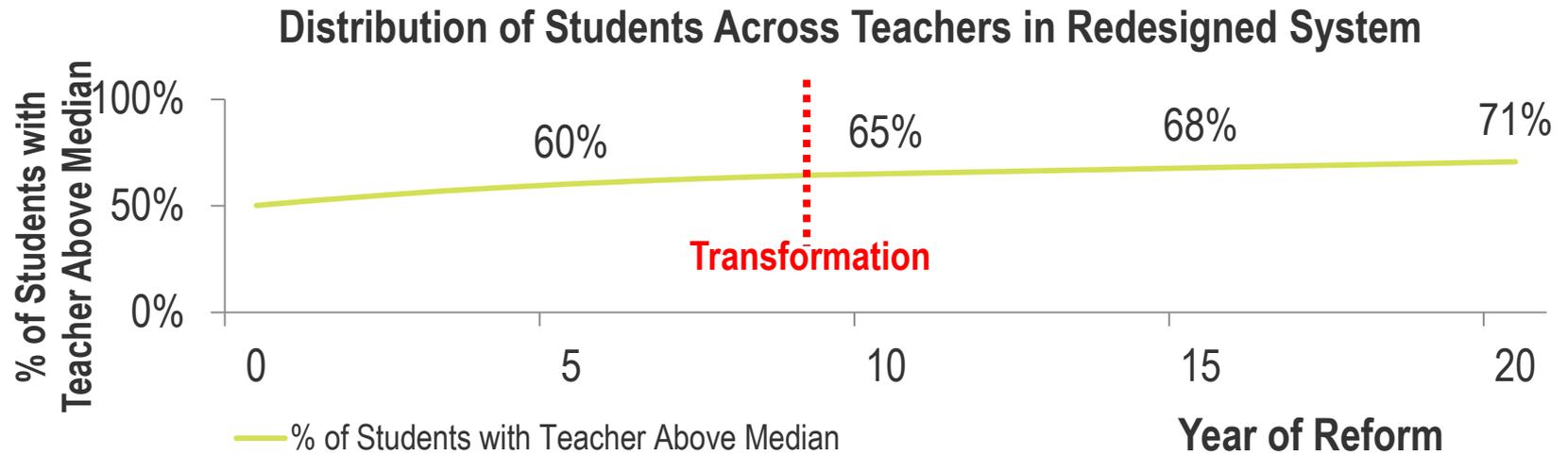
Pay Top Performers More

Effectiveness Steps

Extend the Reach of Top Performers

Manage Out Underperformers

Idea 3: Implement compensation reform in the context of broader human capital strategy that includes exiting low performers...



Year	1	5	10	15	20
Δ in TE	1%	5%	8%	9%	10%
Δ in cost	0%	0%	0%	0%	0%
TE/Cost	101%	105%	108%	109%	110%

✓ Pay Top Performers More

✓ Effectiveness Steps

✓ Extend the Reach of Top Performers

✓ Manage Out Underperformers

Idea 4...and improving other elements of the human capital system

- Hiring and Recruiting
 - Improve the overall quality of the applicant pool and the selection of top candidates
- Professional Development
 - Ensure sufficient school based expert support through an effective professional development model
 - Help underperforming teachers succeed through remediation

District Discussion/Reflection (20 min)

Idea 1

- Rethink Experience Pay, consider Effectiveness Steps

Idea 2

- Invest to expand the role of the most effective teachers

Idea 3

- Manage out underperformers

Idea 4

- Other Human Capital Strategy Improvements

Discuss with your district teams and prepare to be called upon:

- 1) Which of these represent possibilities for your district?
- 2) What other ideas do you have?
- 3) What would be the barriers to making these kinds of changes?
- 4) What support do you need from ERS and the DOE to address these barriers and to explore these opportunities further?

Next Steps

We will support compensation redesign by...

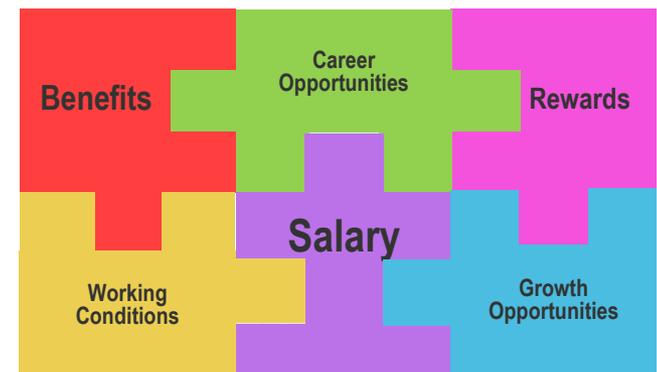
- Holding **4 monthly workshops** with district leaders and support groups
- Providing **advisory services** to fiscal consultants on compensation redesign data analytics so that consultants can support the districts in developing fiscally sustainable and comprehensive redesign plans
- Offering **interactive tools** that can be used for conceptual and contextual learning, both during and in between workshops
- Informing the state on **strategies** to maximize success in district compensation redesign and implementation

Upcoming Work and Next Steps

Session	Type	Discussion Topics	Timing
Human Capital System Choices and Impacts	Regional Sessions	<ul style="list-style-type: none"> Review compensation elements and career path structures Weigh the potential cost vs. student performance impact of various design choices through <i>What Price is Right?</i> 	Oct 16 - 18

District Homework:

- Finalize Value Proposition Exercise:** Review and assess items that you “flagged” for not having data
- Complete the Session 1 Homework:** Be on the look out for a follow up email from Laura
- Be prepared to discuss top 3 value proposition and compensation priorities**



Imagine what this work will mean for our state and districts:

- **We make the teaching profession more attractive:**
 - Teachers have a variety of meaningful career and promotion opportunities that do not require them to leave the classroom
 - Applicants and existing teachers know that they can earn more earlier in their careers and over their lifetime
 - We understand and continuously improve our value proposition and our recruiting and hiring practices in ways that improve our ability to attract, identify, retain, and expand the reach of our top performing teachers
 - Teams of teachers collaborate and learn from each other
- **Our student learning improves dramatically**
 - We make changes that immediately begin to improve student learning
 - In as few as 7-8 years, we have met or exceeded our ambitious student learning goals
- **We make a strong case for a for long-term higher overall salary structure**

Appendix
Methodology

ERS Methodology splits an employee's salary into various components

Table: Salary Breakdown for Education Specialist with 5 Years of Experience

Years of Experience	BA	MA	MA+30	Education Specialist	Doctorate
1	\$30,420	\$33,835	\$36,050	\$37,525	\$40,785
2	\$30,990	\$34,430	\$36,640	\$38,105	\$41,370
3	\$30,990	\$34,430	\$36,640	\$38,105	\$41,370
4	\$31,475	\$34,975	\$37,215	\$38,725	\$42,060
5	\$32,080	\$35,690	\$37,955	\$39,510	\$42,940
...					
20	\$40,255	\$45,025	\$47,570	\$49,775	\$54,105

Experience Pay:
\$1,660

Education Pay:
\$7,430

Starting Pay:
\$30,420

Experience Pay:
\$1,660

Education Pay:
\$7,430

Total Pay:
\$39,510

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