Rethinking Teacher Compensation to Drive Student Performance
Session 2
Welcome and Introduction to Today’s Session
Why work with an accelerated cohort?

- Differentiate technical assistance for districts
- Provide deeper support for the districts who are most interested in differentiated pay
- Partner with ERS for content and tools
- Engage BFK in follow-up support
- Share lessons and ideas with other districts
Today's session is the second of four workshops

<table>
<thead>
<tr>
<th>Session Topic</th>
<th>Type</th>
<th>Timing</th>
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<tbody>
<tr>
<td>Compensation as a Part of Human Capital Strategy</td>
<td>Whole Group</td>
<td>Sep 5</td>
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<tr>
<td>Human Capital System Choices and Impacts</td>
<td>Regional Sessions</td>
<td>TODAY</td>
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<tr>
<td>Fiscal Considerations and Trade-Offs</td>
<td>Regional Sessions</td>
<td>Nov 20 – 22</td>
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<tr>
<td>Building Support and Communication</td>
<td>Whole Group</td>
<td>Dec 11</td>
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- **Session 1** looked at 4 possible ways to implement a differentiated pay plan.
- **Homework 1** was used to gain a high level understanding of the 4 redesign ideas *within the context of your own district budget*.
- **Today**, you will start the preliminary draft of your differentiated pay plan.
- Two tools will be provided to guide you through the process.
Each Tool will build on the previous one to guide you toward completing a new differentiated pay plan

- **Homework 1**: High Level Costing
  - Understanding the breakdown of my district’s compensation spending and how much is available for new investments

- **Session 2**: District X
  - Envisioning the “Ideal System”

- **Homework 2**: Visioning & Costing
  - Starting the preliminary draft of the differentiated pay plan

- **Session 3**: Budget Hold’em
  - Looking beyond compensation dollars to the entire district budget and evaluating necessary tradeoffs

- **Homework 3**: Long-Term Financial Modeling
  - Creating the final plan for my district
## Today’s Agenda

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Feedback from Session 1
Feedback from Session 1

- Reflecting on your feedback, we made the following changes:
  - Developed a more interactive session
  - Created more concrete and specific activities/tools
  - Better connected homework activities to the session
  - Addressed the following areas of interest:
    - Timeline
    - Alternative salary schedules
    - Stakeholder engagement resources
Salary Schedule

- Approaching the critical decision about what, if any, modifications you want to make to your salary schedule.
- This choice has implications on the level of differentiation you are able to incorporate within current budget constraints.

- Options include:
  - Pursuing an alternative salary schedule
  - Modifying the step and lane schedule to look more like the state minimum’s structure
  - Keeping the traditional step and lane schedule
What constitutes an alternative salary schedule?

- Introduction of some component, most often performance criteria, in addition to or in place of education and experience to determine base pay or any scenario that would not meet the state minimums.

- Note: If you are considering this option, TDOE and BFK are able to provide additional, one-on-one support to prepare for State Board approval.
Alternative Salary Schedules

- The following **would be** considered an alternative schedule:
  - Eliminating step increases for Level 1 and 2 teachers
  - Implementing effectiveness steps (using TEAM scores to differentiate the amount of a base pay increase)
  - Eliminating pay for master’s degrees or only providing tuition reimbursement

- The following **would NOT be** considered an alternative schedule:
  - Bonuses for TEAM scores
  - Reducing the amount of your step increases or education pay (as long as you are above the state minimums)
What are options for non-tested teachers in an alternative salary schedule?

- Include them based on composite scores, just like tested teachers
- Remove the school-wide measure from non-tested teachers for the purposes of compensation
- Phase non-tested teachers into the differentiated pay plan as additional individual growth scores and more specific school-wide scores become available
What are the considerations for including an opt-in/out provision?

- Districts pursuing an alternative salary schedule are able to provide an opt-in/out provision for educators

Important considerations when allowing opt-in/out:

- Think of the overall value proposition to make opt-in more attractive
- Ensure that the majority of teachers earn the same or more in the new plan
- Provide a grandfathering period
- Determine cost implications

What happens when a teacher opts-out?

- Stay on the 13-14 schedule, continue increases for experience
- Stay at their current base pay
Differentiated Pay Plan Submission Document

- Intent of the document is to provide a relatively simple form for submitting the differentiated pay plan

- Outlines key timelines

- Alternative salary schedule addendum
Overview of Compensation
Redesign Elements
Today we narrow our focus from the entire value proposition to teacher compensation.

The Value Proposition

Teacher Compensation Pyramid

- Rewards
- Roles
- District Incentives
- Base

- Benefits
- Working Conditions
- Salary
- Career Opportunities
- Growth Opportunities
- Rewards

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Base Salary is critical for *attracting* and *retaining* teachers.

### Base Salary
- Guaranteed or set pay
- Increases over time
- Currently based on education and experience. In the future?
Design considerations for Base Salary

- Schedule is competitive with local labor market
- Starting salary is sufficient to attract required new teacher pool
- Proficient teachers earning “family living wage” early
- Incorporates other elements of the value proposition (e.g. length of day and year, time and course load, etc.)
- Human capital structures allow low performers to improve or exit
District Incentives *align* with the district’s priorities

**ALIGN**

high-performing or uniquely skilled teachers
down arrow

to challenging or hard-to-staff positions

- **Rewards**
- **Roles**
- **District Incentives** *(Typically Stipends)*
- **Base**
## Examples of how District Incentives are offered

<table>
<thead>
<tr>
<th>District/Program</th>
<th>Hard-to-Staff Schools</th>
<th>Hard-to-Staff Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver, CO</td>
<td>$2,400/yr for each year in position at a designated school</td>
<td>$2,400/yr for each year in position for a designated subject</td>
</tr>
<tr>
<td>Hillsborough County, FL</td>
<td>5% of base for each year in position for effective teachers at 90%+ FRL schools</td>
<td>$50/student who passes the exam</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>$12,200/yr to a limited # of Turnaround Teachers in low-performing schools</td>
<td>NA</td>
</tr>
<tr>
<td>Teach Plus</td>
<td>$6,000 on top of base pay for high-performing teachers in low-income, low-performing schools</td>
<td>NA</td>
</tr>
<tr>
<td>Lincoln County, TN</td>
<td>NA</td>
<td>$4,000 recruitment/retention stipend for designated subjects</td>
</tr>
<tr>
<td>Putnam County, TN</td>
<td>NA</td>
<td>Additional points towards a bonus for advanced STEM coursework</td>
</tr>
</tbody>
</table>
Differentiated Roles and Responsibilities

leverage and retain effective teachers

School Roles

- High performing teachers
- Additional responsibilities
- Extend reach to students
- Extend reach to colleagues

District Incentives

Roles

Rewards

Base
Examples of how Roles and Responsibilities can be designed

Change in Cost in Year 5 for Different Responsibilities at Example Districts

**Additional Classes**
A. Teachers teach an average of 5 classes in the district
B. 5% of teachers (all in the top 20% of teachers) agree to take on teaching an additional class
C. Those teachers are compensated at 85% the incremental spend of an additional class

**Larger Classes**
A. District average class size is 25 students
B. 10% of teachers (all in the top 20% of teachers) agree to take an additional 5 students
C. Those teachers are compensated with a $5K stipend each year

**Teacher Leaders**
A. 10% of teachers become teacher leaders
B. Those teachers are compensated with 1 period of release time
C. Coaches work with 30% of the teaching workforce

*Calculated relative to a baseline system than provides 1 step for all teachers, regardless of effectiveness.*
Rewards, Bonuses and Recognition help retain teachers

Rewards, Bonuses, and Recognition

- One time additional payments or non-monetary rewards

Diagram:
- Base
- District Incentives
- Roles
- Rewards
Design considerations for Rewards, Bonuses and Recognition

- Focus on rewarding outputs rather than inputs
- Motivating team performance is critical
- Reliability of bonus criteria is critical
- Non-monetary rewards can include public recognition and prestige
- Lack of evidence of student gains from bonuses when additional support for teachers or other human capital structures are not in place
Examples of how Rewards and Bonuses can then be designed

<table>
<thead>
<tr>
<th>Types of Bonuses</th>
<th>Criteria</th>
</tr>
</thead>
</table>
| School-based     | Achievement or Gap Closure AMOs  
                    Graduation rate or ACT growth  
                    Benchmark data  
                    Building-level TVAAS Scores |
| Team-based       | Horizontal-team bonuses  
                    Vertical-team bonuses |
| Individual       | TVAAS scores  
                    TEAM scores  
                    Improvement stipends |
A well-designed compensation system is a critical part of a compelling value proposition.
District X Compensation Redesign Exercise
What is the District X Compensation Redesign Exercise?

- The District X Exercise is a simulated differentiated pay design planning process from the perspective of one example TN district, District X.

- The insights from this exercise will be applied back into your district context during the afternoon Visioning & Costing exercise, which will be the first draft of your differentiated pay plan.
Why use the District X Compensation Redesign Exercise?

- Engage with key decisions outside of your district context and politics

- Share ideas with other district leaders by comparing the effects of policies on the same example district

- Design the system that you hope to achieve without the barriers and limitations of our current situation

- Think about the near-term and long-term financial implications of your new plan
Over two rounds of the District X exercise you will have a small group discussion to determine:

**Round I**
- **Investments** in differentiated pay plan criteria (rewards, roles, hard-to-staff schools/subjects, and base salary)
- **Opportunities** from restructuring the current base salary

**Round II**
- **Possibilities** for introducing new differentiated pay elements over time
For the exercise, we will create potential design plans for District X, a model TN district.

Size and Demographics

4,500 students
300 teachers
8 schools

Teacher Compensation

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Compensation Budget</strong></td>
<td><strong>$19 M</strong></td>
</tr>
<tr>
<td>Salary</td>
<td><strong>$14 M</strong></td>
</tr>
<tr>
<td>Other Pay</td>
<td><strong>$0.5 M</strong></td>
</tr>
<tr>
<td>Benefits</td>
<td><strong>$4.5 M</strong></td>
</tr>
<tr>
<td><strong>Average Teacher Salary</strong></td>
<td><strong>$44 K</strong></td>
</tr>
</tbody>
</table>

See District X Fact Sheet for more information.
District X has the following goals for its new differentiated pay plan

- **Attract**
  a high-potential teaching force

- **Retain**
  a high-performing teaching force and encourage low performers to leave the system

- **Leverage**
  expertise for continuous improvement in district-wide teaching effectiveness

- **Align**
  a high-performing teaching force to support district strategies and performance goals

- **Compensate**
  a high-performing teaching force in a **Fiscally Sustainable** way
Round I
Investment and Opportunity Decisions
Round I: Decisions to build potential design plans for a redesigned compensation system

Decision 1: District Priority Incentives
Decision 2: School Roles
Decision 3: Effectiveness Pay Outside of Base Salary
Decision 4: Bonuses, Rewards, and Recognition
Decision 5: Starting Salary
Decision 6: Education Pay
Decision 7: Experience Pay

Special Decision: State Revenue

More information will be given by your facilitator
The costs associated with these cards can be absorbed by changes in current spending.
Some cards have the ALT. icon. This means that a district may have to switch to an alternative system to adopt this policy depending on district conditions.
Directions: Making decisions to create a potential design plan (45 minutes total)

- Start using the cards to make Decisions

<table>
<thead>
<tr>
<th>Decision</th>
<th>Poster</th>
<th>~Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,2,3,4</td>
<td>Purple</td>
<td>25 min</td>
</tr>
<tr>
<td>5,6,7</td>
<td>Green</td>
<td>20 min</td>
</tr>
<tr>
<td>Special</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Cards for Decision 7 and the Special Decision will be provided by your facilitator
Round I

Whole Group Debrief
Debrief: What are the key insights you gained while making the decisions for District X? (15 min)

Consider the following:

- Which of the investments do you think has the greatest impact on attracting and retaining great teachers? Which do you think has the least impact?

- What types of roles did you choose to offer and why? How did you decide on the compensation amount or method?

- What do you think will drive the cost if implementing Effectiveness Pay?

- What are the advantages and disadvantages of changing education pay?
Round II

Tradeoffs and Staging Decisions
Balance your investment choices with the available opportunity created by your base salary decisions

Think about…

- Priority of investment decisions
- Relative cost of different investments
- Differences in size of opportunity
### Using the Staging Poster

**Step 1:** Add the opportunities from the cards on the green posters to get totals.

**Step 2:** Place your investment cards face down on the staging poster.

**Step 3:** Use your Post-Its to show your proposed staging for **District: ISD**.

<table>
<thead>
<tr>
<th>Group #:</th>
<th>Starting Salary</th>
<th>Education Pay</th>
<th>Experience Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>District: ISD</th>
<th>Year 1</th>
<th>Year 3</th>
<th>Year 5</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$50 K</td>
<td>$100 K</td>
<td>$150 K</td>
<td>$150 K</td>
</tr>
<tr>
<td></td>
<td>$25 K</td>
<td>$50 K</td>
<td>$100 K</td>
<td>$100 K</td>
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<tr>
<td></td>
<td>$25 K</td>
<td>$25 K</td>
<td>$25 K</td>
<td>$50 K</td>
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<tr>
<td></td>
<td>$0 K</td>
<td>$0 K</td>
<td>$0 K</td>
<td>$0 K</td>
</tr>
</tbody>
</table>

**Step 4:** Add each column to see if your investments are cost neutral. Adjust your Post-Its if needed.

**Step 5:** Fill in the cost outcome for each year. Did District X invest more or less than its opportunity?

<table>
<thead>
<tr>
<th>Investment</th>
<th>Year 1</th>
<th>Year 3</th>
<th>Year 5</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>$50 K</td>
<td>$100 K</td>
<td>$150 K</td>
<td>$150 K</td>
</tr>
<tr>
<td>Saving</td>
<td>$25 K</td>
<td>$50 K</td>
<td>$100 K</td>
<td>$100 K</td>
</tr>
<tr>
<td>Neutral</td>
<td>$25 K</td>
<td>$25 K</td>
<td>$25 K</td>
<td>$50 K</td>
</tr>
<tr>
<td>Invest</td>
<td>$0 K</td>
<td>$0 K</td>
<td>$0 K</td>
<td>$0 K</td>
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**Final Step:** Hand your completed poster to your facilitator to prepare for the gallery walk!!

**Using the Staging Poster:**

- **Step 1:** Add the opportunities from the cards on the green posters to get totals.
- **Step 2:** Place your investment cards face down on the staging poster.
- **Step 3:** Use your Post-Its to show your proposed staging for **District: ISD**.
- **Step 4:** Add each column to see if your investments are cost neutral. Adjust your Post-Its if needed.
- **Step 5:** Fill in the cost outcome for each year. Did District X invest more or less than its opportunity?
Tradeoffs and Staging (30 minutes)

Balance your investment choices with the available opportunity created by your base salary decisions

- **Step 1:** Sum the opportunities from the cards on the green posters to get totals
- **Step 2:** Place your investment cards face down on the staging poster
- **Step 3:** Use your Post-Its to show your proposed staging for District X
- **Step 4:** Add each column to see if your investments are cost neutral, and adjust your Post-Its if needed
- **Step 5:** Add each column to see if your investments are cost neutral, and adjust your Post-Its if needed
- **Step 6:** Hand your poster to your facilitator to prepare for the gallery walk!
Round II

Gallery Walk
Gallery Walk

- We have posted each group’s design on the wall
- Take **15 minutes** to walk around the room and observe what each district selected
- As you look at each poster consider District X’s goals to:

```
Attract  Retain  Leverage
Align    Fiscal Sustainability
```
Round II

Whole Group Debrief
Debrief: Tradeoffs and Staging (15 minutes)

- How did you prioritize your investments?
- Did anyone have to delay investments until later years due to not enough resources? If so...
  - Did anyone reconsider their investments in roles, incentives for hard-to-staff positions, or bonuses?
  - Did anyone reconsider the changes to their base salary structure, such as increases or decreases in the starting salary?
- Did anyone find that all of their investments could be made without any additional revenues?
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For Your Own District:
Visioning and Costing Exercise
Purpose of the Visioning & Costing Exercise

For the remaining two hours of the afternoon, you will be able to start the draft of your preliminary differentiated pay plan.

You will not be able to complete the draft during today’s session, but we will encourage you to share the completed drafts in a few weeks.

Apply your insights from the District X Exercise to your district’s specific context and arrive at initial plans for each compensation element.
You will be provided with…

The Visioning Template: This is where you will make your design decisions based on an array of investment and funding options. When completed, this will become your draft plan.
You will be provided with…

The Quick Cost Checker: This is where the cost for your own district will be outlined for each of the decision points that you go through in the Visioning Template.
District Priority Incentives & School Roles

Instructions:

1. Start with the **Visioning Template** and read over the *considerations* as you decide on the *visioning criteria*.

2. Then, turn to the corresponding section of the **Quick Cost Checker** to obtain the cost estimates for that section.

3. Toggle back and forth between these two tools. One tool will continually inform the other.
Debrief: District Priority Incentives & Roles

- For your own districts:
  - Which investments are you considering? Why?

- Were your investments…
  - Similar to those made for District X?
  - Different from those made for District X?

- What is the main driver of differences in decision making for your district compared to District X?
Effectiveness Pay & Bonuses, Rewards & Recognition

Instructions:

1. Open the Visioning Template to page 8 for the Effectiveness Pay section.

2. Turn to the corresponding section of the Quick Cost Checker to obtain cost estimates, on page 4.

3. Toggle back and forth between these two tools. One tool will continually inform the other.
Debrief: Effectiveness Pay & Bonuses, Rewards & Recognition

- For your own districts:
  - Which investments are you considering? Why?

- Did anyone make investments that were...
  - Similar to those made for District X?
  - Different from those made for District X?

- What is the main driver of differences in decision making for your district compared to District X?
Stakeholder Engagement Strategies
Stakeholder Engagement

- We asked all accelerated planning districts to commit to conducting at least one stakeholder engagement activity between Session 2 and 3.

- TDOE created Differentiated Pay Resource Guide
  - Part I focused on Stakeholder Engagement strategies
Next Steps
Next Steps

- Please fill out the **Session 2 Evaluation** before you leave

- Fill out and turn in your reimbursement form

- Please complete the rest of the District Specific Compensation Redesign Exercise for homework

Contact Information:
- Laura Encalade, [Laura.Encalade@tn.gov](mailto:Laura.Encalade@tn.gov) or (615) 854-4064
- Fiscal consultants
## Session 2 Agenda (Friday)

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