



2014-15 Differentiated Pay Plan Summary

Executive Summary

In January 2010, Tennessee's General Assembly passed an ambitious set of education reforms in the landmark First to the Top Act. This Act became the centerpiece of the state's strategic plan to significantly improve its public education system and increase the state's academic results. Since that time, Tennessee has implemented a new multiple-measure teacher and principal evaluation system with a specific emphasis on student academic achievement. Armed with new data on teacher and principal effectiveness, the state and many school districts are beginning to leverage this information to make more informed human capital decisions.

In June 2013, the State Board of Education (SBE), after more than a year of discussion and research, revised the state's differentiated pay policy. The policy was updated to provide additional guidance and clarity for the law, originally passed in 2007, requiring all school districts to implement some form of differentiated pay for educators.

Districts had a full year to develop new differentiated pay plans to be implemented in the 2014-15 school year. The state provided a number of technical assistance offerings to support district planning, including a series of intensive workshops for a select group of interested districts as well as statewide training sessions. The Tennessee Department of Education (TDOE) established a framework and submission process to collect and review district plans.

Between January 2014 and June 2014, districts submitted their differentiated pay plans and updated salary schedules. Districts proposed a range of innovative strategies to ensure that effective teachers have the opportunity to earn more money through performance-based compensation, taking on additional instructional responsibilities, or serving in hard-to-staff schools or subjects.

More than one-hundred districts developed plans to recognize teachers taking on additional responsibilities, and nearly half of districts included hard-to-staff elements. One-third of districts included some type of individual, school, or district performance incentive. These changes indicate that Tennessee districts are increasingly moving away from a "one size fits all" approach to compensation. Given the diversity of the state, districts were encouraged to develop plans that help solve the unique challenges they face in recruiting, retaining, and recognizing the talented educators needed to reach student achievement goals.

Introduction

Since the passage of the historic First to the Top Act in 2010, Tennessee has focused statewide on academic progress and innovation, implementing changes in policy and practice that will help ensure all students are prepared for college and career. While the adoption of a statewide evaluation model rooted in student growth laid the groundwork for many of these changes, Tennessee's innovative work with teacher compensation actually began in the 1980s when it established one of the nation's first career ladder programs for teachers.

While support for career ladder programs began to wane in the 1980s and 1990s due in part to dwindling funds, interest in redesigning teacher compensation more broadly has continued. A growing body of research has contributed to this increasing interest in compensation redesign nationwide. Research has shown that teacher effectiveness is the single most important in-school factor in determining student achievement.¹ Considering this important finding, while also recognizing that the majority of district expenditures go towards educator compensation, it becomes essential to ensure that resources are allocated strategically to support and recognize effective teaching in ways that contribute to high levels of learning for all students.

Currently almost 90 percent of school districts nationwide use a traditional salary schedule or "lockstep" method for determining teacher pay that is based solely on years of experience and advanced degrees.^[1] These traditional salary structures are rigid in nature, leaving few district resources to recognize the most effective teachers with any additional compensation. However in recent years, several rural, suburban, and urban districts in Tennessee capitalized on competitive grant funding to explore new ways of compensating teachers. The key learnings from these grant programs along with new technical assistance from the department prompted more districts to collaborate and develop innovative differentiated pay plans during the 2013-14 school year. While the differentiated pay policy served as the impetus for this collaboration, the department and district leadership recognize that this work is one part of comprehensive talent management strategy for ensuring that there is an effective teacher in every classroom.

Policy Overview

In July 2012, the State Board of Education approved the 2012-13 state minimum salary schedule set forth by the TDOE, but expressed concern about the existing schedule's rigidity and disconnect with performance data. The SBE urged continued exploration of the issue, and in February 2013, the department presented research findings that showed a lack of relationship between criteria in the current state schedule and educator effectiveness. These findings are summarized in the charts below.

¹ Educational Resource Strategies (December 2012). *Rethinking the Value Proposition*. Retrieved from <http://www.erstrategies.org/cms/files/1464-strategic-design-of-teacher-compensation.pdf>.

^[1] TNTP. "Shortchanged: The Hidden Costs of Lockstep Pay." 2014 Retrieved from <http://tntp.org/publications/view/shortchanged-the-hidden-costs-of-lockstep-teacher-pay>

Figure 1: Distribution of TVAAS Evaluation Composite Levels by Salary

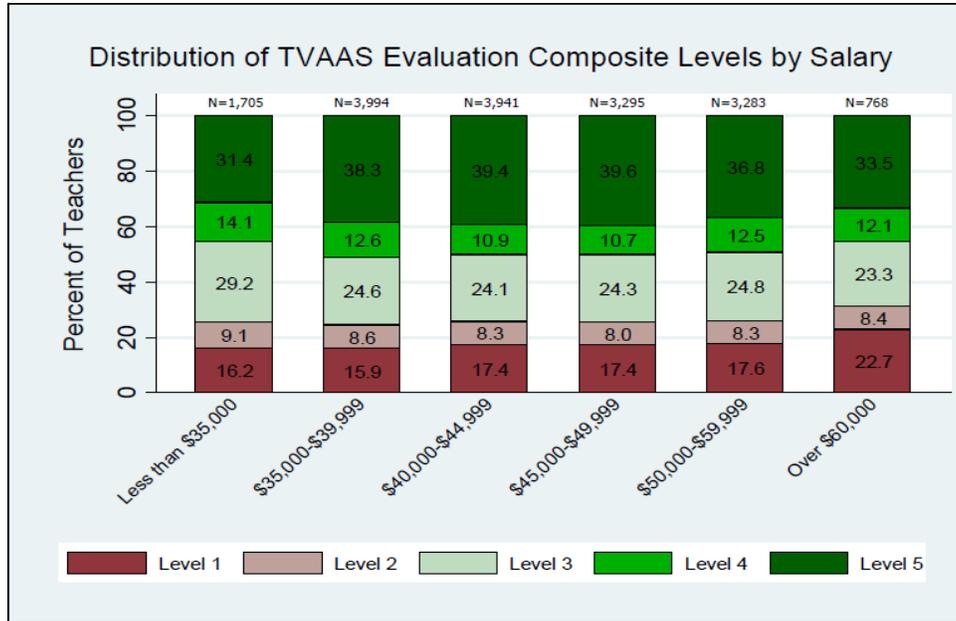


Figure 2: Distribution of TVAAS Evaluation Composite Levels by Years of Experience

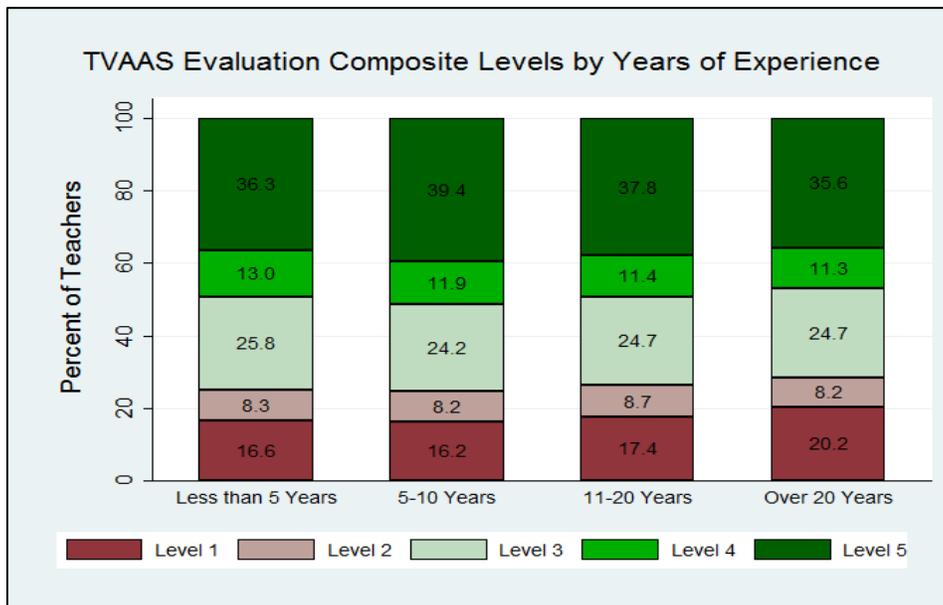
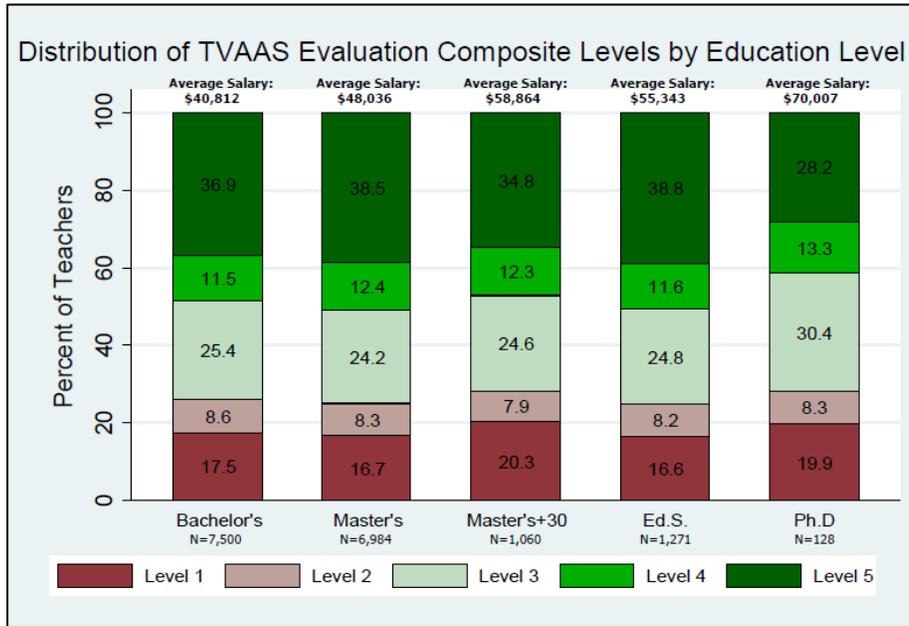


Figure 3: Distribution of TVAAS Evaluation Composite Levels by Education Level



After review and discussion, the board asked the department to develop a revised salary schedule that would take into account the findings, as well as the emerging research on the various ways that differentiated pay can support educator effectiveness and teacher recruitment and retention. In April 2013, the department presented a revised state minimum salary schedule designed to increase district flexibility for implementing differentiated pay. The revised schedule is comparable to the 2012-13 schedule while also streamlining degree levels and creating four experience bands. The new state minimum salary schedule also included a pay increase of 1.5 percent to the base salary and went into effect for the 2013-14 school year. These revisions, approved on final reading in June 2013, provided districts with significantly more latitude to create compensation plans that meet their local needs.

Given the additional flexibility generated in the revised state minimum salary schedule, the SBE also updated the state's differentiated pay policy. State law [T.C.A § 49-3-306(h)], adopted by the General Assembly in 2007, required all school districts adopt and implement differentiated pay plans to aid in staffing hard-to-staff subject areas and schools and attracting and retaining highly qualified teachers. Due to the limited funding flexibility in the state minimum salary schedule at the time of original adoption, this policy was never enforced by the TDOE. Based on stakeholder feedback and the latest research on retention and recognition, the department revised the original policy.

On final reading, in June 2013 the SBE approved the

Wilson County:
Alternative Schedule and Roles

Educators who earned at least a Level 3 will receive a base pay increase of \$250, a score of 4 will receive an increase of \$500, and a score of 5 will receive an increase of \$750. The salary schedule will have a single Bachelors' degree lane, but the cap on potential earnings has been removed so that teachers who are at least a Level 3 will earn a base pay increase each year. The district is also providing stipends for teacher mentors and teacher coaches.

following differentiated pay principles:

- Districts may reward teachers who teach in high needs schools or high needs subject areas.
- Districts may reward teachers for performance based on state board approved evaluation criteria.
- Districts may choose to give additional compensation to teachers who take on additional instructional responsibilities (i.e. teacher mentors, instructional coaches).
- Districts may choose to adopt alternative salary schedules in order to meet requirements of the differentiated pay policy.

All districts were required to develop and implement a plan incorporating at least one of these principles for the 2014-15 school year.

Technical Assistance

Following the SBE's passage of the revised policies in June 2013, the TDOE developed a multi-phase technical assistance plan to support districts in creating differentiated pay plans aligned to local needs. In the first phase of technical assistance, the department met with a variety of stakeholder groups to increase awareness and understanding of the policy changes and accompanying district flexibility. This included presentations at the annual Superintendents' Conference, regional spring fiscal workshops, the TDOE's eight Centers of Regional Excellence (CORE) study council meetings, the Tennessee Association of School Personnel Administrators (TASPA) fall conference, the Tennessee Association of School Business Officers (TASBO) annual conference, and the Tennessee School Boards Association annual conference.

In the second phase of technical assistance, the TDOE partnered with the non-profit organization Educational Resource Strategies (ERS) to provide a series of in-depth, differentiated pay planning sessions. The department invited all districts to join in this accelerated planning cohort opportunity, and ultimately, 32 districts opted to participate in the training. Accelerated planning districts committed to:

- Exploring both short and long-term plans to substantially change compensation structures
- Attending four day-long planning sessions between September to December 2013
- Convening a compensation leadership team of 4-6 members to attend all four planning sessions
- Convening a team of stakeholders, including multiple teacher representatives, to provide

Rutherford County: Alternative Schedule and Hard-to-Staff

The district has proposed an alternative schedule that requires each teacher receive a Level of Effectiveness of at least "at expectations" in order to receive a base pay increase. The salary schedule has also been modified from five degree lanes to three degree lanes. The district also offers a \$3,000 signing bonus for physics, chemistry, and math teachers, and a stipend for Response to Instruction Intervention (RTI²) coaches.

***Henderson County:
Performance Bonus and Roles***

Teachers who have a Level of Effectiveness of 5 will receive \$500 bonus, while teachers who have a Level of Effectiveness 4 will receive \$300 bonus. The district also plans to create 4-6 teacher leadership roles per school. Teacher leaders will be responsible for activities like leading Professional Learning Communities (PLCs) and mentoring teachers. They will receive a \$1,500 stipend.

feedback and input into the compensation plan following the state planning sessions

Through the series of four sessions, the department and ERS supported districts in assessing key human capital strengths and weaknesses, studying current compensation structure, and exploring options for compensation redesign to support human capital improvement. Support also included a customized design and financial model that districts used to develop their differentiated pay plans.

During the third phase of technical assistance, the department used the materials and tools from the accelerated planning cohort to provide additional support to interested districts. This included an optional

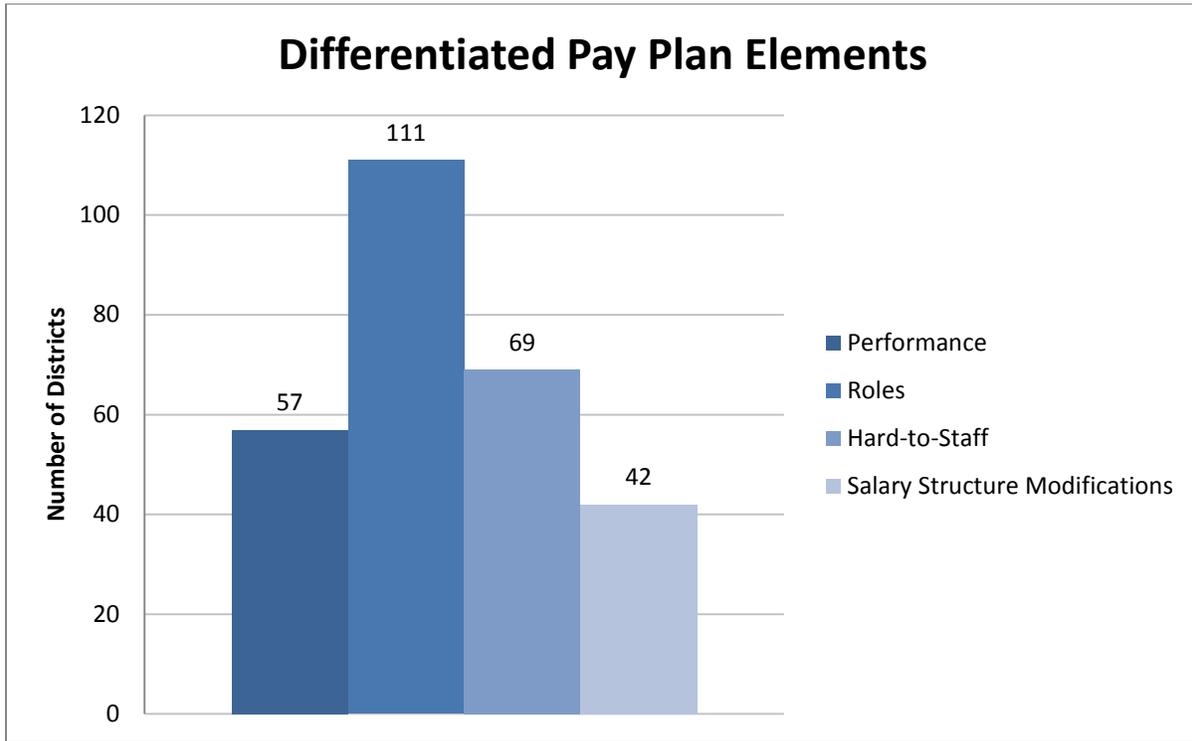
series of planning sessions for district teams in each CORE region. The department also released a series of Differentiated Pay Resource Guides and accompanying webinars on stakeholder engagement and compensation design options. An online version of the design and financial model created for the accelerated planning cohort was also developed for all districts and released in January 2014. Finally, the department has also continued its partnership with Battelle for Kids to provide individual planning support for districts as requested.

Submission and Approval Status

Districts submitted their differentiated pay plans by June 30, 2014 to the department for review, feedback, and approval. The division of Teachers and Leaders, in collaboration with the commissioner, is responsible for reviewing and approving districts pay plans. The approved plans represent a variety of differentiated pay options and demonstrate the flexibility that districts have under the revised policies to align compensation with local needs.

Figure 4, below, illustrates the variety of differentiated pay elements included in the 146 pay plans approved. District plans often include a combination of several differentiated pay principles, and the call-out boxes throughout this paper also illustrate several specific examples of approved district plans.

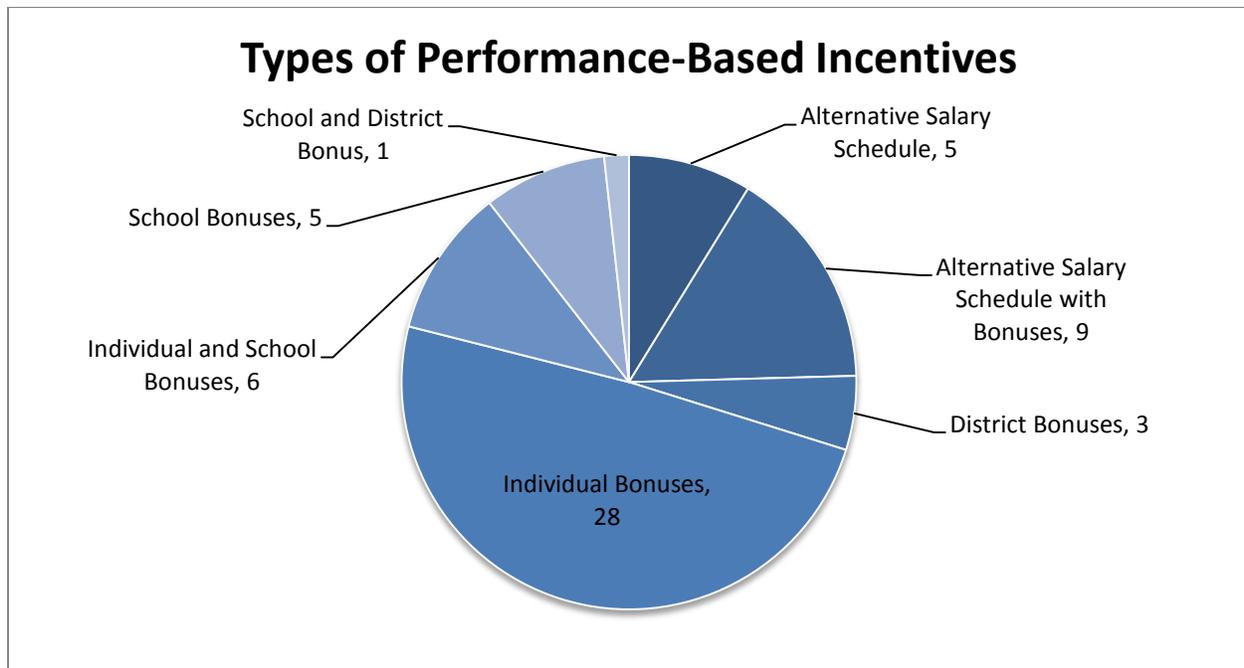
Figure 4: Summary of Differentiated Pay Plan Elements



As depicted in the chart above 39 percent of the 146 districts and state special schools developed a performance-based incentive for their differentiated pay plan. Performance incentives can take a variety of forms, and districts chose to adopt a mixture of alternative salary schedules⁴, individual, school, and district bonuses. Several districts also created hybrid models, choosing to combine several types of performance incentives. For example, six districts created both individual and school-based bonus plans. The chart below details the various types of performance-based incentives approved:

⁴ An alternative salary schedule is defined as a salary schedule where base pay increases are determined by performance criteria. Any increases become a part of the new base salary in the following year.

Figure 5: Types of Performance-Based Incentives



The district and school performance incentives recognize attainment of achievement and gap closure Annual Measureable Objectives (AMOs) or improvements in schoolwide value added scores. In 14 districts teachers are able to earn a base pay increase based on their Level of Effectiveness (LOE), and in another 34 districts teachers are also eligible to receive individual performance bonuses.

The majority of Tennessee districts (76 percent) incorporated additional instructional roles or responsibilities as the primary component of the differentiated pay plans. As previously noted, the 2007 policy did not recognize additional instructional roles or responsibilities as part of differentiated pay. However, research indicates that educators want to have opportunities to stay in the classroom or in an instructional support role, and earn more money without having to become a school administrator⁵. While several districts had existing roles, many districts have used the differentiated pay policy as an opportunity to create opportunities for new or expanded teacher leadership roles. Serving as an instructional coach, conducting observation as a peer evaluator, presenting professional development sessions, facilitating Professional Learning Communities (PLCs), and mentoring new or struggling teachers are common responsibilities included in the new roles developed by districts.

⁵Met Life Foundation. "Met Life Survey of the American Teacher" (2012).
<https://www.metlife.com/assets/cao/foundation/MetLife-Teacher-Survey-2012.pdf>

Forty-seven percent include some type of hard-to-staff incentive. The structure of these incentives varies by local needs and market conditions. Several plans include signing or retention bonuses for secondary math and science teachers, while others offer a pay differential for teachers who currently serve in hard-to-staff schools.

In addition to developing a pay plan based on the differentiated pay principles, 29 percent of districts utilized the enhanced flexibility generated through the state minimum salary schedule changes to make structural modifications to their local salary schedules.

These changes have included eliminating education lanes that recognize partial degree completion, such as a bachelor's degree plus 10 credit hours, or limiting recognition of advanced degrees to content specific areas.

Moving Forward

All districts submitted their final differentiated pay plans by June 30, 2014. Plans were subsequently reviewed against the differentiated pay criteria by department staff, and school districts were notified of approval within three weeks of submission.

The department has posted copies of all approved differentiated pay plans for the 2014-15 school year at the following website: <http://www.tennessee.gov/education/districts/pay.shtml>. Department staff are finalizing the next phase of technical assistance and planning support for districts that want to build on or expand their differentiated pay plans during the 2014-15 school year.

Obion County: Performance and Hard-to-Staff

Educators are eligible for up to 100% tuition reimbursement for pursuing an endorsement in one of seven hard-to-staff areas. The district will also award performance bonuses for teachers with a Level of Effectiveness of 3 or higher. Teachers will earn shares of a bonus pool to be split at the end of each school year with a level 3 earning 3 shares, a level 4 earning 4 shares, and a level 5 earning 5 shares.

Clinton City: Schedule Modifications and Roles

The district consolidated several advanced degree lanes to streamline the salary schedule from seven to four lanes. Roles like STEM leader, technology coordinator, and extended learning teachers will receive stipends as well.

In Tennessee, districts are rethinking how educators are compensated. The changes in the state compensation policies now give districts more flexibility in determining how to reward and recognize great performance, specialized skills, and additional instructional responsibilities. In developing differentiated pay plans for the 2014-15 school year, school districts have taken an important first step in meaningfully reforming compensation plans.

In order to remain the fastest improving state, it is critical that Tennessee districts find ways to develop and retain excellent teachers and leaders in schools across the state. Compensation represents one significant lever that districts can use as part of a comprehensive talent management strategy.

Appendix

Appendix A: Differentiated Pay Plan Components by Individual District

District	Hard-to-Staff	Performance	Roles	Salary Structure Modifications
Achievement School District		X		X
Alamo			X	X
Alcoa		X	X	X
Alvin C. York		X	X	
Anderson County			X	X
Arlington			X	
Athens		X	X	
Bartlett City			X	
Bedford County	X		X	
Bells	X		X	X
Benton County			X	X
Bledsoe County	X		X	
Blount County			X	
Bradford	X	X		X
Bradley County			X	
Bristol	X			
Campbell County			X	
Cannon County		X	X	X
Carroll County	X			
Carter County	X			
Cheatham County	X		X	
Chester County	X	X	X	X
Claiborne County	X		X	
Clay County	X		X	
Cleveland	X		X	
Clinton	X		X	X
Cocke County			X	
Coffee County	X			X

District	Hard-to-Staff	Performance	Roles	Salary Structure Modifications
Collierville		X	X	
Crockett County			X	
Cumberland County			X	X
Davidson County		X	X	
Dayton	X	X		X
Decatur County			X	
DeKalb County			X	
Dickson County	X		X	
Dyer County		X		
Dyersburg	X		X	
Elizabethton	X		X	X
Etowah		X	X	X
Fayette County	X			
Fayetteville	X		X	
Fentress County	X	X	X	X
Franklin County	X			
Franklin SSD			X	
Germantown			X	
Gibson Co Sp. District		X	X	X
Giles County		X		
Grainger County	X		X	
Greene County	X		X	
Greeneville			X	
Grundy County		X		
H Rock Bruceton		X		
Hamblen County	X		X	
Hamilton County	X	X	X	
Hancock County		X		
Hardeman County	X	X		
Hardin County			X	X
Hawkins County			X	X

District	Hard-to-Staff	Performance	Roles	Salary Structure Modifications
Haywood County	X	X	X	X
Henderson County		X	X	
Henry County			X	X
Hickman County	X	X		
Houston County	X		X	
Humboldt		X		
Humphreys County	X		X	
Huntingdon			X	
Jackson County	X	X	X	
Jefferson County		X		X
Johnson City	X		X	
Johnson County		X		
Kingsport	X	X		X
Knox County	X	X	X	
Lake County			X	X
Lakeland			X	
Lauderdale County			X	
Lawrence County			X	
Lebanon		X	X	
Lenoir City			X	X
Lewis County	X		X	
Lexington		X		X
Lincoln County	X	X	X	X
Loudon County	X		X	
Macon County			X	
Madison County		X		
Manchester		X	X	
Marion County			X	
Marshall County	X		X	
Maryville			X	X
Maury County		X	X	

District	Hard-to-Staff	Performance	Roles	Salary Structure Modifications
McKenzie	X			
McMinn County	X		X	X
McNairy County			X	
Meigs County	X		X	X
Milan			X	
Millington			X	
Monroe County	X		X	
Montgomery County	X		X	X
Moore County	X		X	X
Morgan County		X	X	
Murfreesboro	X			
Newport	X		X	
Oak Ridge	X		X	
Obion County	X	X		
Oneida	X		X	
Overton County			X	
Paris			X	
Perry County		X		
Pickett County	X	X	X	
Polk County		X		X
Putnam County	X	X	X	X
Rhea County	X	X	X	X
Richard City		X		
Roane County	X	X	X	X
Robertson County	X		X	
Rogersville		X		
Rutherford County	X	X	X	X
Scott County		X		
Sequatchie County	X	X	X	X
Sevier County	X			
Shelby County	X	X	X	X

District	Hard-to-Staff	Performance	Roles	Salary Structure Modifications
Smith County		X		
South Carroll			X	
Stewart County			X	
Sullivan County			X	
Sumner County			X	
Sweetwater	X		X	X
Tipton County	X	X	X	
TN School for the Blind	X		X	
TN School for the Deaf	X		X	
Trenton			X	
Trousdale County	X	X	X	X
Tullahoma	X		X	
Unicoi County			X	
Union City		X		
Union County	X		X	
Van Buren County		X		
Warren County		X	X	
Washington County			X	
Wayne County	X		X	
Weakley County			X	
West Carroll Sp. District			X	
West TN School for the Deaf	X		X	
White County		X		
Williamson County			X	
Wilson County	X	X	X	X