

TENNESSEE STATE BOARD OF EDUCATION	
STRATEGIC COMPENSATION POLICY	5.600

T.C.A. § 49-3-306 requires local education agencies (LEAs) to adopt and implement differentiated pay plans to aid in staffing hard-to-staff subject areas and schools and attracting and retaining highly qualified teachers. Additionally, State Board of Education Rule 0520-01-02-.02 requires LEAs to develop, adopt, and implement a differentiated pay plan under guidelines established by the State Board of Education (State Board) and subject to approval by the Department of Education (department) to aid hard-to-staff subject areas and schools and in hiring and retaining effective teachers.

T.C.A. § 49-3-306 and State Board Rule 0520-01-02-.02 provide districts the flexibility to propose their own alternative salary schedule to the Commissioner and State Board for approval.

This policy outlines the guidelines and approval processes for both differentiated pay plans and alternative schedules.

POLICY SECTIONS

1. Differentiated Pay Plans
2. Differentiated Pay Plan Criteria
3. Alternative Salary Schedules

1. DIFFERENTIATED PAY PLANS

The primary purpose of differentiated pay is to support educator effectiveness and improve teacher recruitment and retention. All differentiated pay plans shall meet the following guidelines:

- a. Each LEA shall develop and adopt differentiated pay plans for teachers that shall be submitted to the Department of Education annually for approval. Any changes made to the differentiated pay plan after approval must be re-submitted to the department for approval.
- b. Differentiated pay plan approval shall be contingent upon the following:
 - i. Evidence of implementation of an approved differentiated pay plan in the previous school year; and
 - ii. Evidence the proposed differentiated pay plan meets the criteria outlined in this policy.
- c. Differentiated pay shall be one (1) component of a district's overall human capital/talent management strategy and shall be considered as part of district's overall compensation structure. When determining funding scenarios, districts should examine all applicable federal, state, and local funding received to determine what sources will fund the differentiated pay plan.
- d. Each differentiated pay plan shall have at least one (1) component from the criteria below. Analysis of educator effectiveness data from the district's Human Capital Data Report should be utilized in the development of the differentiated pay plans.

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- e. Each LEA shall report annually on the implementation of its differentiated pay plan. Implementation of a differentiated pay requires that districts compensate eligible educators as outlined by the approved district plan for the year in which they are reporting. Creating a plan in which there are no eligible educators to meet the criteria will not be considered for approval.
- f. Districts may provide additional compensation for other responsibilities that support student organizations or extracurricular activities, attendance bonuses, or national board certification. However, these opportunities will not be considered in determining whether the minimum differentiated pay guidelines have been met.
- g. Districts may provide additional compensation for school and district administrators, however, these opportunities will not be considered in determining whether the minimum differentiated pay guidelines have been met.

2. DIFFERENTIATED PAY PLAN CRITERIA

Each differentiated pay plan submitted to the department shall include compensation for educators based on at minimum one (1) of the following criteria:

- a. High needs subject areas and schools, sometimes referred to as hard to staff:
 - i. High needs schools are defined as schools with significant populations of historically disadvantaged students (low income, special education, racial/ethnic subgroups), schools with significant populations of Below Basic/Basic (or Below/Approaching) students, schools with low teacher retention rates or high teacher turnover, and schools with equity gaps/effective teaching gaps.
 - ii. High needs subject areas are defined as content or grade levels that districts struggle to recruit and retain effective educators for positions. Metrics to determine this could include any positions not filled by July 1, shifting effective teachers to priority areas, etc. The Every Student Succeeds Act (ESSA) outlines the necessity for providing a well-rounded education, which means high needs subject areas are not limited to reading or math but could also include fine arts, special education, foreign language, career/technical educators, etc.
 - iii. Districts are encouraged to use annual or trend district or school-level data to determine which areas of need could be supported with a hard to staff incentive.
- b. Instructional roles and/or responsibilities:
 - i. Instructional roles and/or responsibilities are defined as duties assigned to educators that allow them to build leadership capacity and increase effective educator practice across schools and the district. Roles should support increasing educator effectiveness at the grade, school, or district level.

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- ii. The Tennessee Teacher Leader and Professional Learning Standards are embedded in the revised Tennessee Instructional Leadership Standards (TILS). The Tennessee Instructional Leadership Standards were adopted by the Board as part of the Tennessee Learning Centered Leadership Policy (5.101). These standards outline strong instructional practices for districts implementing teacher leader roles as a way to build the capacity of effective educators.
- c. Performance:
 - i. Performance components differentiate pay based on educator effectiveness data or accountability data (for use at school/district level).
 - ii. Districts can provide stipends/bonuses or base pay increases. Base pay increases determined by an educator's level of overall effectiveness qualify as an alternative salary schedule and are subject to approval by the Board.

3. ALTERNATIVE SALARY SCHEDULES

- a. An alternative salary schedule uses some other component, often performance criteria, in addition to or in lieu of education and experience to determine base pay.
- b. Alternative salary schedules are those that significantly deviate from the state minimum salary schedule, such as not automatically recognizing advanced degrees at the Master's level or providing base pay increases based on performance data, and are subject to State Board approval as an alternative salary schedule.
- c. Districts proposing an alternative salary schedule as a component of their differentiated pay plan should notify the department no later than February 1. For districts with an existing alternative salary schedule, any substantive changes should be submitted by February 1.
- d. State Board approved alternative salary schedule approvals are valid for three (3) years. Every three (3) years, districts must re-submit approval to the Board to continue with the alternative salary schedule. If substantive changes are proposed during the three (3) year approval cycle, the district must contact the department to determine whether State Board consideration and approval is necessary. The department will work with the LEA to recommend the alternative salary schedule to the State Board for approval.