In recent years Wisconsin experienced changes in teacher pay that resulted in the development of a wide range of compensation systems. Educators need to know the basic structures of emerging pay systems as they grapple with potential changes in their own districts. An outline of those changes is found below. Educators also need to know what principles should be employed when developing a compensation system, and what strategies might help maintain a high quality teaching corps. These issues are addressed in “What Might a Professional Development Compensation System Look Like,” the insert found in this flyer.

Four different pay systems predominate teacher compensation in the United States. By far and away most teacher pay has been based on a standardized salary schedule, widely adopted due to its predictability and objectivity. Two other compensation methods are often promoted today: professional development (skills and knowledge) pay, which provides incentives to promote professional learning and competencies, and performance (merit) pay, which bases increases on observed output measures. Finally, another set of teachers are provided with individual employment contracts, mainly in private schools, that individually set levels of compensation.

What kinds of alternative compensation are evolving in Wisconsin?

Given the breadth of statewide change it is nearly impossible to classify all the alternative compensation models being adopted by school districts. There is rarely a perfect match because districts are mixing different ideas and strategies. In general, however, many new methods of pay incorporate different aspects of the strategies identified above. In addition, two new pay systems are emerging: the first type are systems based on the accumulation of points, and the second type are hybrid plans that use new criteria for advancement fused onto existing or new salary schedule grids.
Professional development (skills and knowledge)

Professional development (PD) pay is based on educational inputs, where teachers are rewarded for what they know and what they do. In theory the system differs from traditional schedules, which rewarded educational gains, by better aligning professional development with district goals and areas of needed improvement. Pay is awarded for Master’s degrees and credits, but also for non-academic gains such as obtaining Master Educator licensure status. Successful completion of portfolios, development plans required by Educator Effectiveness, and other PD programs also are rewarded. Career ladders, in which qualified teachers advance with increased responsibilities such as mentoring, also qualify as a form of PD pay.

**Examples:** Merrill has a PD plan and DC Everest is developing one.

Pay for performance (merit pay)

Merit or performance-based pay is generally determined by measuring teacher or student outputs, and then rewarding teachers for meeting certain predetermined criteria or goals. Performance can be based upon (1) what teachers do in the classroom (as measured by observation) and/or (2) how well their students do on test scores or graduation rates. Merit pay is not a new idea. It has been tried repeatedly in different countries and time periods, probably originating in England in 1862, when teachers’ salaries were based on student attendance and the number of students passing examinations.

**Strengths:** Performance (outcome) based systems give teachers financial incentives to improve their instruction in order to meet agreed upon goals and measures. They are popular with political and business conservatives who believe that it is simple to measure the effects of a single teacher on student learning, and that market dynamics are instrumental in improving the performance of education.

**Weaknesses:** Past experiences found many problems with merit pay including narrowing of the curriculum; erratic funding where bonuses go up and down; and divisiveness, where staff compete instead of cooperate with one another to improve outcomes. Many teachers teach untested subjects, moreover, and observations can be subjective with scores influenced by student demographics. Behavioral economics suggests, moreover, that assumptions behind merit pay are incorrect. Highly skilled workers are motivated by intrinsic values. Carrot and stick approaches deme the learning process and are a disincentive. Finally, one teacher alone cannot control the myriad social and economic complexities that affect the test scores of a class of children. Major research studies found that paying teachers for test scores does not work.

**Examples:** Many districts pay additional stipends for Master Educators in Wisconsin. Sun Prairie awards professional development increases based on successful completion of approved programs, and districts can align rewards with their goals.

**Strengths:** Pay systems that are aligned with professional learning factor an environment that rewards ongoing personal- and systems-improvement, ideally applying new knowledge to improve outcomes. Teachers can control gains in professional development pay based on successful completion of approved programs, and districts can align rewards with their goals.

**Weaknesses:** Career ladders restrict upward mobility for many staff because school districts have a limited number of leadership positions. Pay also can decrease when a teacher leaves a lead position. Professional development, moreover, is not always aligned with district goals, or given time to be appropriately implemented. Some professional development plans also require extensive outside work.

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Point systems

This pay schema is growing as school districts struggle to create mechanisms for salary increases that are not directly tied to salary schedules. By counting points, these systems provide a pretense of objectivity. Points can be earned for multiple criteria, including professional development, evaluation scores, or volunteer work in the school or community. As such, point systems can incorporate merit-based criteria, professional learning criteria, or non-education related criteria for advancement. Pay increases are generally awarded after the accumulation of a predetermined number of points.

**Strengths:** There is no intrinsic strength or weakness to counting or awarding points; the system’s effectiveness is determined by the kind of activity that is valued (counted). The underlying behaviors or accomplishments for which a teacher is awarded points, in other words, is the basis upon which the credibility of the system should be judged.

**Weaknesses:** Point systems often require prior administrative approval; tracking and verification of the numerous activities for which someone can earn points; and annual summary calculations—all of which constitutes an ongoing administrative burden. Some criteria to earn points can be arbitrary, subjective, and not evidenced-based; or, in some cases, not directly related to the process of education at all.

**Examples:** Menomonie, Waunakee and DeForest use point systems for compensation. Chequamegon implemented and then discontinued a system developed there.

Hybrid plans

A number of districts are attempting to maintain the structural integrity of salary schedules because of their ease of administration and predictability. However, they are replacing step increases for longevity (years of experience) with professional development or other criteria instead. Because new criteria are layered on the schedule for advancement, these might be considered hybrid plans. As with point systems, hybrid plans can incorporate merit-based criteria, such as evaluation scores, or professional development criteria for advancement. The defining concept is that longevity is replaced with some other criteria for advancement, while a grid structure for ostensibly predictable movement remains intact. In a number of districts, traditional columns based on college credits have been replaced with different levels of teacher licensure, generally with additional columns necessary for those with Master’s degrees and above.

**Strengths:** Maintains structural integrity of pay schedule which facilitates predictability; can promote professional development; can include objective criteria for advancement; can provide potential ease of administration; can potentially align pay with district goals and objectives.

**Weaknesses:** Criteria for advancement can vary widely; criteria can be subjective; they can include annual freezes or loss in pay if levels are based on merit criteria; advancement may be tied to factors that teachers cannot control.

**Examples:** Beloit is a good example where a district incorporates PD criteria for advancement while maintaining a lane and step structure. Milton and Whitestown also have professional development criteria within a grid system of predictable advancement.